

UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

EL SALVADOR

PROJECT PAPER

NON-TRADITIONAL AGRICULTURAL  
EXPORT PRODUCTION AND MARKETING

AID/LAC/P-708

PROJECT NUMBER: 519-0392

UNCLASSIFIED

BEST AVAILABLE COPY

APPENDIX 3A, Attachment 1  
Chapter 3, Handbook 3 (TM 3:43)

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Debit

Amendment Number

DOCUMENT CODE

3

COUNTRY/ENTITY  
El Salvador

3. PROJECT NUMBER  
519-0392

4. BUREAU/OFFICE  
Latin America and the Caribbean  LAC

5. PROJECT TITLE (maximum 40 characters)  
NTAE Production and Marketing

6. PROJECT ASSISTANCE COMPLETION DATE (FACD)  
MM DD YY  
016 310 916

7. ESTIMATED DATE OF OBLIGATION  
(Under "B." below, enter 1, 2, 3, or 4)  
A. Initial FY 911 B. Quarter 3 C. Final FY 914

8. COSTS / \$000 OR EQUIVALENT \$1 =

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	500	150	650	6,000	3,000	9,000
(Grant)	( 500 )	( 150 )	( 650 )	( 6,000 )	( 3,000 )	( 9,000 )
(Loan)	( )	( )	( )	( )	( )	( )
Other						
U.S.						
Host Country						
Other Donor						
CLUSA		100	100		2,337	2,337
TOTALS	500	250	750	6,000	5,337	11,337

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION/PURPOSE CODE	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ARDN	230	230				2,500		9,000	
(2)									
(3)									
(4)									
TOTALS						2,500		9,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To increase the volume of export marketing of selected non-traditional agricultural export crops produced by cooperatives and small farmers.

14. SCHEDULED EVALUATIONS

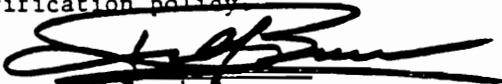
Interim MM YY 06 94 Final MM YY 06 916

15. SOURCE/ORIGIN OF GOODS AND SERVICES

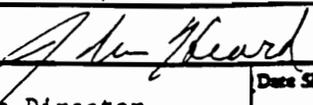
000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

I certify that the methods of payment and audit plans are in compliance with payment verification policy.

  
Frank Breen  
A/CONT

17. APPROVED BY

Signature John Heard 

Title Acting Mission Director

Date Signed MM DD YY 06 28 91

18. DATE DOCUMENT RECEIVED IN AID/W. OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES OF AMERICA A I D MISSION  
TO EL SALVADOR  
C/O AMERICAN EMBASSY  
SAN SALVADOR, EL SALVADOR, C. A.

PROJECT AUTHORIZATION

Name of Entity: Cooperative League of the USA  
(CLUSA)

Name of Project: Non-traditional Agricultural  
Export Production and Marketing

Number of Project: 519-0392

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Non-traditional Agricultural Export Production and Marketing Project, entailing a Cooperative Agreement with CLUSA and involving a total planned obligation of not to exceed nine million United States Dollars (\$9,000,000) in grant funds, subject to the availability of funds in accordance with A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned period of obligation is five years.

2. The project consists of providing technical assistance and training to increase and improve production, expand marketing of Non-Traditional Agricultural Export products, and to develop better links to international markets for selected farmers groups. Project activities support the efforts of Salvadoran cooperatives and individual farmers to develop their production and marketing capacity and their management capability. CLUSA will facilitate contacts between producers, local processors, and foreign buyers in order to diversify the marketing options available to the cooperatives. The project would also take a proactive role in the promotion of export contracts and joint ventures between the Salvadoran cooperatives and CLUSA's U.S. member cooperatives.

3. The Cooperative Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the applicable Standard Provisions for U.S. Grantees and U.S. Sub-Grantees.

A. Source and Origin of Procurement of Commodities and Other Services

Commodities and services financed by A.I.D. under the Project shall have their source and origin in the United States and El Salvador in accordance with Buy America guidance issued December 5, 1990.

B. Conditions Precedent to Disbursement

Prior to initial disbursement of funds under this Cooperative Agreement, 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.:

1. A statement of the name of the person(s) empowered to act for CLUSA with reference to the A.I.D. Agreement, along with a specimen signature of such person(s); and
2. Evidence that CLUSA has established a separate account to control the receipt and disbursement of A.I.D. funds.
3. Written Agreement with CLUSA that an Environmental Assessment (EA) will be undertaken and approved by the LAC Chief Environmental Officer prior to commitment of funds by CLUSA for any activity that would procure, use, or promote the use of pesticides or herbicides, or that would lead to any clearing of forests. Prior to conducting this Environmental Assessment, the mission must first undertake a scoping exercise. The resulting scope of work for the EA must be submitted to the LAC Chief Environmental Officer for approval.

*John Heard*  
 \_\_\_\_\_  
 John Heard  
 Acting Mission Director  
 USAID/El Salvador

6/28/91  
 \_\_\_\_\_  
 Date

Drafted: PRJ: R'herry	_____	Date	_____
PRJ: MDugan	(draft)	Date	6/27
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ADDR: Kellis	<i>Kellis</i>	Date	<i>6/28/91</i>
WPPPRJ/17			

## EXECUTIVE SUMMARY

### A. PROJECT PURPOSE

The profitable production and marketing of non traditional agricultural exports (NTAE) by cooperatives and other participant farmers.

This purpose will be accomplished by:

- increasing and improving production of NTAE;
- improving and expanding the NTAE marketing systems;
- strengthening existing and developing new linkages between NTAE producers and processors/exporters; and
- promoting investment in NTAE production and marketing.

This purpose is consistent with the USAID and the GOES rural sector goal of increasing employment and incomes and the macroeconomic goal of increasing the agricultural sector's foreign exchange contribution to the national economy.

### B. SUMMARY DESCRIPTION OF PROJECT

The proposed CLUSA NTAE Production and Marketing Project is an expansion of the current CLUSA Cooperative Production and Marketing pilot project as recommended by the USAID/El Salvador evaluation (August 1990).

The pilot project was the first concerted effort to bring together the various NTAE participants for their mutual benefit. As such, it was a learning process for all participants -- the producers-cooperatives, the processors, the exporters, the U.S. brokers, and the CLUSA team. Increased and improved NTAE exports, increased producer income, and improved management of most participating cooperatives were some of the positive results of the pilot project. Facilitating development of sound economic relationships among all NTAE players is the strategy of the proposed project.

Working with 24 cooperatives, five exporters and four processors in El Salvador, and three principal food brokers in the United States, CLUSA facilitated contractual arrangements between agrarian reform cooperatives which produced NTAE products, and NTAE exporters and processors who were seeking reliable sources of quality produce.

The proposed project expands the CLUSA role of providing intensive, in-the-field training and technology assistance to producers in the production, harvesting and postharvest handling and packing of NTAE products. This NTAE Production Technology Transfer is a major component of the proposed project. In addition to providing appropriate TA/T, the project will link cooperatives and other producers, private sector suppliers and local buyers (processors/exporters). Exports directly to U.S. cooperatives will be promoted and pursued. In addition, intensified marketing/investment efforts in the U.S. and other foreign markets will be made.

Simultaneously, the project will strengthen the level of technical assistance provided by exporters and processors to the cooperatives and producer-farmers to assure the quality and timing of product.

The development of a network of business enterprises to provide efficient and competitive services to the NTAE sector is a major objective of the project. The project proposes to work with producers, processors and exporters to facilitate development of these ancillary service organizations.

The proposed project will continue to expand NTAE Market Promotion by facilitating links with potential U.S. brokers, importers, and investors. In cooperation with DIVAGRO, CLUSA will continue to provide information to processors and exporters regarding current U.S. market demand and prices for NTAE products.

Limited short-term investments were encouraged in the pilot project, and will continue to be in the new project. Incorporated as a sub activity in the NTAE Market Promotion Component, the project will undertake a modest but aggressive attempt to identify potential U.S. or other investors for the Salvadoran NTAE sector. Through its network of member cooperatives and associations, CLUSA/Washington will work to identify potential produce importers and joint venture investment partners.

The primary project focus will be on NTAE operations. However, to maintain balance and encourage growth and maturity in the cooperatives as business enterprises, the third project component, Strengthening Cooperative Agribusiness Management, expands the technical assistance and training to cooperatives of the pilot project to meet the breadth of cooperative management needs. This component is critical because cooperatives still consider themselves social, not business, organizations.

The three project components -- Production, Marketing and Investment Promotion, and Cooperative Agribusiness Management -- will be reinforced by three project support activities: Information and Data Base Management, Technical Assistance and Training, and Office Support.

In the pilot project, first steps were taken to computerize production and marketing information by developing the initial phase of a management information system. The installation of the full MIS system will be accomplished early in project implementation. It will be a valuable information and decision-making tool for cooperative management use and will assist in project monitoring. Adapted software packages will be made available for use by exporters, producers and service businesses in the NTAE sector.

Production, marketing and cooperative strengthening are implemented through the intensive use of technical assistance and training. CLUSA believes that these activities can be made more effective by greater use of non-formal education techniques. Therefore, the project will have a special support unit that will have specific responsibility for training, particularly training-of-trainers, and preparation of materials and training packages.

Most training in El Salvador is didactic and very structured. The unique contribution of the training unit will reach well beyond this project. This unit will emphasize experiential methods. It will sponsor seminars and workshops on non-formal education techniques not only for trainers and technicians directly involved in the project, but also provide specific subject training for cooperative members and boards of directors, project staff, bank credit agents, processor/exporter field and management staff, and other organizations which provide TA/T to cooperatives and the NTAE sector.

C. TARGET BENEFICIARY GROUP

The primary target beneficiary group has been expanded to include any cooperative and small to medium size growers groups which meet the selection criteria.

The USAID/El Salvador CDSS estimates 10,000 families "...who are potential new producers of non-traditional agricultural products for exports...(and) 28,000 farmers who already produce non-traditional agricultural products, but who lack adequate knowledge of, or good contacts with, export markets..."

The project directly targets 8,000 NTAE producers who are members of agrarian reform cooperatives and up to 25 growers who are not affiliated with a cooperative.

D. END OF PROJECT (EOPS)

The end-of-project status includes:

1. 7,250 additional hectares of selected non traditional agricultural export crops.
2. 21,800 metric tons of additional non-traditional agricultural crops will have been produced under the project and exported.
3. 50 cooperatives (and perhaps some individual farms) representing 163,000 people will be profitably engaged in non-traditional agriculture export production for part of their income.

E. BUDGET

The AID contributions to this five-year project is \$9,000,000; CLUSA will furnish in-kind counterpart estimated at \$2,260,000 and cash counterpart of \$77,000. The total project is valued at \$11,337,000.





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LIST OF ACRONYMS AND ABBREVIATIONS

BCR	Banco Central de la Reserva
BFA	Banco de Fomento Agricola
CAPS	Central American Peace Scholarship
CENTA	Ministry of Agriculture research and extension service
CENTREX	BCR export promotion center
CLUSA	Cooperative League of the USA
DIVAGRO	agricultural financial subsidiary of FUSADES
ENA	School of Agriculture
EOPS	end of project status
EXPRUSA	Salvadoran company exporting fresh produce to U.S.A.
FESCORA	Agrarian Reform Cooperative Federation
FINATA	Phase III Agrarian Reform Institution
FIDEX	export enterprise and infrastructure financing subsidiary of FUSADES
FUSADES	Salvadoran Foundation for Economic and Social Development
GOES	Government of El Salvador
ha.	hectare
IESC	International Executive Service Corps
INSAFOCOOP	Salvadoran Institute for Cooperative Promotion
IPM	integrated pest management
ISTA	Phase I Agrarian Reform Institute
MAG	Ministry of Agriculture
mz.	manzana
NTA	non traditional agriculture
NTAE	non traditional agricultural exports
OPIC	Overseas Private Investment Corporation
OSPA	Ministry of Agriculture policy division
QQ	quintales
TA	technical assistance
TA/T	technical assistance and training
TNS	TechnoServe
TOT	training-of-trainers
UTFRA	BCR unit responsible for monitoring and developing policy for agricultural loans
VOCA	Volunteers in Overseas Cooperative Assistance



## SECTION ONE: PROJECT BACKGROUND AND ENVIRONMENT

### A. RATIONALE FOR EXPANSION OF CURRENT PROJECT

Exports of traditional agricultural products decreased in volume during the 1980s. Faced with the negative impact this trend had on the Agrarian Reform cooperatives, CLUSA conducted a study for USAID/El Salvador of alternative production activities. The results of the study were used to design a project to forge linkages between Agrarian Reform cooperatives and processors/exporters of non traditional agricultural export (NTAE) products. It was assumed that these linkages would result in 1) increased export of non traditional agricultural products and 2) an increase in income for and improved management of participating cooperatives.

USAID/El Salvador approved the thirty-month pilot project in August 1988, to be implemented by CLUSA. Project activities were initiated in October 1988 involving ultimately 24 cooperatives. Annex C lists and gives brief profiles of 8 of the participating cooperatives visited by the project design team.

In August 1990, the project was evaluated by an external consulting firm, contracted by USAID/El Salvador. The evaluation report recommended that "...the pilot Cooperative Production and Marketing Project be expanded into a full project for a period of not less than four years, incorporating the lessons learned in this pilot project."

The proposal now presented to USAID/El Salvador is an NTAE development project which expands the successful elements of the pilot project, while adding some innovations.

### B. CLUSA EXPERIENCE IN PROJECT AREA

In addition to the current project, CLUSA has had experience in implementing cooperative development projects with export promotion components in: Haiti (coffee); Guatemala (NTAE); and Indonesia (variety of agricultural and non-agricultural products). In addition, CLUSA has provided management and organizational assistance to cooperatives and secondary level cooperatives and small and micro enterprise service organizations in other countries in Central America, the Caribbean, Africa and Asia. (See Annex H for details.)

### C. HOST COUNTRY ACTIVITY IN PROJECT/PROGRAM AREA

#### 1. Private Sector

Apart from the CLUSA pilot project activities and those of Salvadoran exporters and processors (some of which have been active participants in the pilot project), the major private sector role in NTAE production and marketing is played by FUSADES (Salvadoran Foundation for Economic and Social Development) through two of its subsidiaries: DIVAGRO (agricultural diversification) and FIDEX (export enterprise and infrastructure financing). Annex D lists some of the major processors and exporters involved in NTAE marketing, and provides short profiles on some of these organizations visited by the project design team.

DIVAGRO maintains an office in Miami as an extension of its External Market and Investment Promotion division. This division provides assistance to NTA exporters and processors in market information, marketing, potential product

identification and transportation coordination. It is also charged with promoting Salvadoran NTAE products in the U.S. and other potential markets.

FIDEX has three major portfolios for export promotion:

- financing for light industry and manufacturing (US dollars);
- financing for irrigation, and processing and packing plants (Salvadoran colones);
- financing for agroindustry and aquaculture (dollars and colones).

It currently controls and has available about \$30,000,000 (in colones and dollars).

The CLUSA pilot project coordinates its activities with FUSADES, principally DIVAGRO, to assure complementarity and avoid duplication. Jointly CLUSA and DIVAGRO are providing NTAE inspection services at Florida and Texas ports of entry. The proposed NTAE project will expand these contacts with FUSADES, and will tap its resources in order to maximize the outreach of both FUSADES and CLUSA.

FUSADES' contribution to NTAE and this project is addressed in subsequent sections of this proposal.

## 2. GOES

In August 1990, the GOES released its five-year export promotion strategy. Non-traditional agricultural and aquacultural products represent a small proportion (7%) of the overall export projections. However, these products are expected to be one of the fastest growing export components, almost tripling the \$ 44 million estimate for 1990 to an anticipated \$120 million in 1994. Within this non traditional exports component, fresh produce is expected to increase at an even greater rate: from \$ 6 million in 1990 to an anticipated \$29 million in 1994. The pilot CLUSA project accounted for almost two-thirds (\$3.8) of the \$6 million 1990 fresh produce exports.

The GOES export strategy relies heavily on the private sector. The government role is that of trying to create the policy and investment climate which will accelerate NTAE production, processing and exportation. CENTREX, the one-stop export expediting center created by law in BCR (Central Bank), plays an important role in facilitating but not necessarily promoting exports.

The Departamento de Proteccion Agropecuaria has a critical role to play in integrated pest management.

The Minister of Agriculture has indicated his strong support for the pilot project and its expansion in a letter to the USAID/El Salvador Mission Director. He perceives the project as "...providing an important vehicle for the development and evolution of cooperatives as true agribusiness enterprises." He further expresses his appreciation for "...the manner in which the project has provided processors and exporters with greater access to small farmer producers while simultaneously assisting these producers (predominantly members of cooperatives) to meet the exacting demands of the (non traditional agricultural) export market." (See Annex A for a complete copy of the letter.)

#### D. RELATIONSHIP TO THE CDSS

Minimal crop and other export product diversifications leaves the Salvadoran economy vulnerable to variations in coffee earnings. To reduce this risk, the Mission seeks to promote existing NTAE products as well as to introduce a variety of new crops which could be successfully cultivated and exported. The efforts are linked to the land reform program, so that the newly titled reform beneficiaries can share in the increased income to be derived from the introduction of higher value crops. The principal NTAE are fresh cantaloupe and honeydew melons, decorticated sesame seed, and frozen okra and black-eyed peas. Promising NTAE earners through 1992 appear to be pineapple, farmed shrimp, cut flowers, and ornamental plants.

Approximately 70% of AID-supported NTAE were produced in 1989 on land which had been distributed under the agrarian reform. The average producer managed 7 hectares or less, and operated the farm himself. Impetus for NTAE expansion has come from the exchange rate reform, which no longer penalizes exports, and from the combination of technical assistance and marketing access which was provided by FUSADES through the various exporters under the Agribusiness Development Project.

NTAE exports in AID-supported crops in 1989 amounted to \$9.0 million. The CDSS goal is an annual increment of 25% of the 1988 level of NTAE foreign exchange earnings, or \$6 million. The CDSS did not set goals for employment generation or investment through NTAE.

#### Relationship to Other Donor Programs

In 1991, no other multilateral or bilateral donors are active in Salvadoran nontraditional agriculture. The GOES is negotiating an agriculture sector loan jointly with the Interamerican Development Bank and the World Bank. A part of this loan would finance enhanced plant quarantine and sanitation services which would prevent the importation of pests and which would help reduce the export of products with undesirable chemical residues. If approved, the sector loan would become active in late 1992.

#### E. FACTORS AFFECTING PROJECT CONTENT

The August 1990 USAID evaluation of the pilot project and the design team for the NTAE Production and Marketing Project identified four factors which affect the contents of the new project: economic, technological, sociocultural and institutional.

## 1. Economic Analysis

### a. Sector Analysis

Before 1989, there was a wide divergence between private and social profitability of investments in manufactured and agricultural products for export in the Salvadoran economy. It could always be argued that investments in these sectors were economically or socially profitable: the abundance of skilled and semi-skilled labor gave the country a comparative advantage in the production and export of a wide variety of labor intensive, light manufactures and agricultural products.

Private profitability, however, was so low that it discouraged investment in such exports. An overvalued exchange rate, quantitative controls on imports, price controls on a wide range of final and intermediate products, and a structure of nominal import tariffs that produced a wide dispersion of effective rates of protection all distorted domestic prices to the point that investments in tradable goods, especially non traditional agricultural exports, were simply not profitable to many potential investors.

With the implementation of the GOES structural adjustment program in 1989, many of these distortions have been removed. The anti-export bias inherent in the old policy regime was attacked through a sweeping liberalization of the foreign trade market. These reforms included: the substitution of a flexible exchange rate regime for the prevailing overvalued fixed rate regime; a compression in the range of nominal tariffs on imports; and the elimination of numerous nontariff barriers (NTB) to imports (e.g., quotas, imports prohibitions and prior deposits for foreign exchange permits). These measures were designed to increase the profitability of exports, thus enhancing incentives to invest in the sector that holds the greatest promise of higher growth rates for the Salvadoran economy -- the export sector.

The most noteworthy accomplishment was the adoption of a new exchange rate regime. The GOES gradually moved away from the fixed exchange rate, progressively passing more foreign transactions to the free market. After this, the GOES implemented a fully flexible exchange rate system in 1990. This has not halted the growing overvaluation of the colon, but has achieved an estimated 20% devaluation of the real exchange rate through September 1990.

To complement and reinforce the beneficial effects of the new exchange rate system, the distorting effects of imports tariffs and NTBs were reduced. The elimination of most nontariff barriers and the adjustments of import tariff rates to narrows the difference between the minimum and maximum tariff rates supported the new exchange rate regime. These changes have not only exposed domestic production to the healthy effects of international competition, but have led to less dispersion of effective protection among productive activities, significantly reducing disincentives for investment in a wide range of profitable export activities.

The GOES also swept away a host of price controls and state trading that posed serious constraints to increased investment in the productive

sectors of the Salvadoran economy. Price controls were removed for 230 items. Only a few essential items now remain under price controls: wheat; flour, edible oil, refined petroleum products, sugar, cement and public services such as electricity, water and port charges.

In sum, the divergence in social and private rates of return to investments in the target sector has been significantly narrowed. The incentives to investments in non-traditional agricultural products for export has increased, allowing the Salvadoran economy to realize its comparative advantage in such products.

#### **b. Economic Viability**

The principal non-traditional agricultural export (NTAE) crops produced in El Salvador include honeydew melons, cantaloupe, sesame seed, frozen okra and black-eye peas. Just in the area of melon production, export volumes during the 1989-90 harvest season exceeded 524,000 boxes of honeydew melons and 240,000 boxes of cantaloupe. Agrarian reform sector cooperatives produced almost 70 percent of the export melon crop. In addition, Salvadoran producers exported 5.1 thousand metric tons of sesame seed in 1990.

The economic profitability of NTAE crops for the cooperative enterprise varies according to yields and costs of production. Based on interviews with various cooperatives we have been able to construct sample farm budgets (see Table I) illustrating the probable net values accruing to the five products in NTAE group. A sensitivity analysis (see Table II) has also been performed in the case of one major product in this group, honeydew melons, showing the sensitivity of net value to the impact of cost, price and yield. Very little adjustment was necessary to bring the market prices of foreign exchange and labor in line with their scarcity values. With the current floating exchange rate regime in El Salvador, the nominal exchange rate is fairly close to the shadow price of foreign exchange. Moreover, given the current tightness in rural labor markets, the nominal wage now paid to agricultural workers is also close to its scarcity value. This analysis indicates that in about 80% of the situations, there will be a net economic profit from NTAE production. Furthermore, economic profitability should increase as the co-ops gain production, marketing, administrative and management expertise.

#### **c. Project Contribution**

NTAE crops offer the promise of creating major changes in the agricultural export sector in El Salvador. Many NTAE products are high value when marketed as fresh produce and often lend themselves to value added processing in the country of origin. They stimulate the development and expansion of private sector agro-industries; i.e. food processors, machinery suppliers and agricultural services.

NTAE production is management and labor intensive. It creates rural employment and directly impacts family income. Under current costs and yields, for example, one manzana (approximately 0.725 hectares) of honeydew melons

- generated about \$900.00 (27,200) in gross profit
- provides about 75 person days of employment during a period of about 3 months.

One manzana of okra for processing generates 135 days of employment at the farm level and additional employment for the handling, transportation and processing of the product. Over a five year period the CLUSA NTAE project will lead to the establishment of over 10,000 manzanas (approximately 7250 Has.) of NTAE crops for fresh and processed product exports. That level of NTAE production will generate an average of 800,000 person days of employment per year. Rural employment generation at this scale will significantly impact the family incomes of cooperative members and the surrounding rural communities.

TABLE I . :

Typical Ranges of Cost, Yields, Farm/Coop Prices US\$

	Cost/Mz	Yield/Mz	Farm Prices (USDLS)
Honeydew	\$ 750 - \$ 1,000	400 - 800 boxes	\$2.20 - \$2.80 per box
Cantaloupe	\$ 875 - \$ 1,125	300 - 400 boxes	\$3.00 - \$3.50 per box
Okra	\$ 500 - \$ 687	9,000 - 16,000 lbs	\$ 9.70 - \$ 10.00/cwt
Blackeyed Pea	\$ 375 - \$ 437	5,000 - 8,000 lbs	\$ 9.40 - \$ 9.90/cwt
Sesame	\$ 212 - \$ 275	1,500 - 500 lbs	\$ 23.75 - \$27.50/cwt

TABLE II: HONEYDEW MELONS

Net Income per Manzanas:  
US Dollars at Three Levels of  
Cost, Yields and Farm Level Prices

¢ and \$ Range of Cost per Manzana	400 Boxes/Mz			600 Boxes/Mz			800 Boxes/Mz		
	Farm Price Received/Box (USDLS)			Farm Price Received/Box (USDLS)			Farm Price Received/Box (USDLS)		
	2.20	2.50	2.80	2.20	2.50	2.80	2.20	2.50	2.80
	NET PROFIT/MZ (\$)			NET PROFIT/MZ (\$)			NET PROFIT/MZ (\$)		
AT ¢6000 <hr/> \$ 750	130	250	370	570	250	930	1010	1250	1490
AT ¢7000 <hr/> \$ 875	5	125	245	445	625	805	885	1125	1365
AT 8000 <hr/> \$1000	-120	0	120	320	500	680	760	1000	1240

## 2. Social Soundness Analysis

The land reform of the early 1980s permitted the project's target population to have collective access to land. However, the mere access to land did not bring with it the desired increase in rural incomes and wellbeing. Participation in the export market for nontraditional products was not possible without economies of scale in production and without the offer for sale of truckload lots of acceptable quality produce. The small farmers in the agrarian cooperatives have land and labor available for such production; bank credit is available to qualifying cooperatives. The project is to supply the production, marketing, and management technology. This social soundness analysis examines whether the delivery of that technology in combination with bank credit and the cooperatives' own resources will contribute to increased rural wellbeing. Data for this analysis have been taken from the 1989 El Salvador Land Use and Land Tenure Study and from a survey of 18 land reform cooperatives which participated in the pilot project.

The social benefit of the Project can be illustrated with the example of the 8,000 families who are members of and resident on lands owned by agrarian reform cooperatives in the plains of southwestern El Salvador. About 50 of such reform cooperatives will be affected by the Project. Annual family cash income in the beneficiary population in 1990 amounted to 4,700 colones (\$590). That level falls into the lower range of what the GOES considers to be poverty, but above the line for extreme poverty (\$300 annual cash income). Women head 19% of households. Electricity is available to slightly less than half of the homes, and health services are available within an average of 10 km of the cooperative. Adults are functionally illiterate, with only 30% having completed the second grade. Children are taken from school at about age 12 to begin work; a typical school leaver has completed the third grade.

The traditional family income derives from excess production on the subsistence basic grain plots allotted to each family in the cooperative. Diversification by the cooperative into NTAE products is accomplished either by substituting NTAE for corn, cotton or cattle pasture, or by bringing fallow land back into production. Therefore, the family income is not at risk from the investment in the export crops which the Project advocates, provided that there is sufficient family labor to till the subsistence plot as well as to be employed in the export operations. The cooperatives hire their members for a cash daily wage in the production and packing of export products. Therefore, family incomes should increase during the periods when NTAE are being produced. Provided that no financial loss is sustained by the cooperative as a business, there is no discernable negative effect of the Project on the beneficiary population.

The cooperatives use the proceeds from NTAE marketing, that is, net of production costs, wages paid to members, and borrowing costs, to finance capital investments within the cooperative. Thus, in good years, the cooperative might attain funds which its management may invest in a

schoolhouse, a packing facility, or other priority. In years where there is no profit from one or another traditional or NTAE operation, management may not be able to make capital investments as it had planned. However, the Project benefits accrued by the individual families remain.

As demonstrated in the pilot project, the production for export of a variety of horticultural crops is feasible for the cooperatives and is accepted by them. During the pilot project melons experienced one year of high prices due to affluence in the U.S. market, as well as a year of recession in the U.S. when demand fell and prices were lower than originally anticipated. (However, the recession affected only one of the two types of melon promoted by the project. Only 30% of the cooperatives which produced it ended the year with a loss in that product line.) Thus the producers have experienced the risk that is inherent to income derived from NTAE and may be expected to reflect aversion to that risk in future investment decisions. However, the farmers have also seen the incremental income in the good year: the return on investment from NTAE greatly exceeds that of cattle or cotton. Because the typical cooperative maintains the majority of its traditional income sources as well as being diversified into two or three NTAE operations, there is adequate protection from losses which might be incurred in any one NTAE crop.

The Project does not alter the family structure of the beneficiary population. Additional income can be expected to increase nutritional status, use of health care, and perhaps the number of students per family in school. To the extent that additional family members are hired in the care, harvesting, and packing of NTAE products, the Project contributes to participation of women in the cash economy. The Project technical assistance methodology stresses competence of management without regard for traditional gender roles, which can be expected to have a slight positive effect on the access of women to management and decisionmaking jobs.

### 3. Institutional Factors

CLUSA was instrumental in focusing public and private resources on the two Phase III and 22 Phase I agrarian reform cooperatives which participate in the pilot project.

Cooperatives have now proven reliable sources for NTAE products. CLUSA pilot cooperatives have helped legitimize the role of cooperative organizations as important players in the NTAE arena alongside that of the public and private institutions promoting or supporting the NTAE sector. The CLUSA team has worked with most of these institutions during the implementation of the pilot project and has developed good working relations with them. CLUSA's relationship with DIVAGRO illustrates this point. DIVAGRO has provided training and services mainly to private sector growers and exporters but has little direct contact with Agrarian Reform cooperatives. At both policy and operational levels, the CLUSA team has worked and will work with DIVAGRO to extend the resources of that institution to the CLUSA project target group.

One type of institution not mentioned above is the secondary level cooperative organization. In El Salvador these are predominantly cooperative federations often created for political rather than agribusiness purposes. Thus their usefulness to the project is negligible since their political activities overshadow whatever agribusiness functions they may have been designed to perform.

However, FESACORA (Agrarian Reform Cooperative Federation), in spite of its political affiliation, provides a limited but useful farm mechanization service on a contract basis, through funding provided by the Italian government. While not directly involved in NTAE production and marketing, UCRAPROBEX (a union of coffee producers/exporters) provides a useful model of a secondary level cooperative, export marketing organization.

CLUSA will continue to assist cooperatives, producers, exporters and processors in organizing secondary level enterprises -- cooperatives or mixed ownership (individuals and cooperatives), sociedades anonimas and other types of enterprises to serve the NTAE community.

## SECTION TWO: PROJECT DESCRIPTION

### A. GOAL AND PURPOSE

The project contributes to the goal of increasing rural income through production of alternative crops and access to more lucrative markets. The project purpose is to increase the production and marketing of non traditional agricultural exports (NTAE) by cooperatives and other small farmers.

This purpose will be accomplished by:

- increasing and improving production of NTAE;
- diversifying and improving NTAE marketing systems;
- strengthening existing and developing new linkages between producers and processors/exporters; and
- increasing investment in NTAE production and marketing.

### B. ANTICIPATED ACHIEVEMENTS

The projected outputs are based on the situation existing in the pilot as of December 31, 1990, and estimated by CLUSA as reasonable expectations over the next five years.

1. Outputs

OUTPUT	12/31/90	TARGETS (CUMULATIVE)				
		Pilot	91/92	92/93	93/94	94/95
NTAE products	4	5	7	9	10	12
Cantaloupe (bxs*)	80	120	170	250	300	350
Honey Dew (bxs*)	350	680	705	735	775	830
Okra (QQ*)	22	32	38	50	60	70
Sesame (QQ*)	5	9	10	11	13	15
Bl-eyedPeas (QQ*)	22	32	56	63	71	78
Hectares	1520	1725	2500	4000	5500	7250
Irrigated	120	175	275	450	750	1000
Cooperatives	24	27	30	35	45	50
Members	3000	3375	4800	5600	7200	8000
Unafil. Producers	0	0	5	10	15	25
Ttl Beneficiaries	18000	24000	28800	33600	43200	48000
Action Plans	26	30	38	48	62	78
Exporters	4	5	6	7	8	9
Processors	2	4	4	5	5	6
US/Foreign Mkt.Firms	3	3	4	5	5	6
Foreign Investors	0	0	1	2	2	3

\*In thousands. This list is based on current pilot activities. Expanded/different mix of products may emerge based on information from DIVAGRO and/or from Marketing/Investment promotion component.

Please note the base data (12/31/90) above will need to be adjusted to reflect status at pilot completion in July. This will undoubtedly lead to refinement of expected results at the end of each project year. An updated EOPS will be submitted by the project team with the work plan.

2. EOPS (End of Project Status)

Project participants' NTAE production increased by	250 %
Project participants' gross revenue increased by	200 %
Average family income increased by	75 %

Participating cooperatives *	from	25 to	50
Participating cooperative members **	from	4000 to	8000
Participating unaffiliated producers ***	from	0 to	25
Total direct/indirect beneficiaries ****	from	20000 to	40125

Coop enterprises exporting directly			3
Self-sustaining NTAE coops/minimum TA			5
Increase in ha. dedicated to NTAE	from	1725 to	7250
Increase in irrigated ha.	from	175 to	1000
Increase in NTAE products	from	5 to	12
Secondary level priv. sector enterprises	from	2 to	5
Collaborating exporters	from	5 to	9
Collaborating processors	from	4 to	6
Participating US/foreign mkt firms	from	3 to	6
Foreign Investors	from	0 to	3

\* While the pilot project has worked with a total of 24 cooperatives, the number of participating cooperatives is currently 16. The decline was due to infiltration by guerrillas, voluntary decision not to participate in NTAE production and marketing, failure to dedicate minimum number of hectares to NTAE production, over saturation of external assistance in addition to CLUSA TA, etc. However, during the first year of the new project the number of participating cooperatives will be increased to 25. These may include reinstatement of some pilot cooperatives.

\*\* Cooperative membership figures are based on an average of 160 per cooperative, ranging from the smallest -- 36 -- to the largest -- 631.

\*\*\* While the pilot project concentrated on Agrarian Reform beneficiaries, the new NTAE project will invite participation by small to medium size unaffiliated farmers who meet the criteria.

\*\*\*\* Total direct/indirect beneficiaries is calculated on the basis of a family of five for each direct beneficiary (cooperative member or unaffiliated producer). This does not include seasonal farm labor hired during planting and harvesting activities.

Sustainability/Institutionalization:

Sustainability of the cooperatives, particularly the land reform cooperatives, would not be so much a problem today had the issue been more appropriately addressed at the time of their formation.

Sustainability of cooperatives is a very difficult issue. Few cooperatives in El Salvador are currently able to fend for themselves because the members consider the cooperatives as social organizations rather than business which they own. Low education levels of members and lack of accounting and management skills only intensify the problem.

CLUSA defines as sustainable those cooperatives with viable business opportunities which: operate with high levels of member commitment; have growing and expanding markets; are adequately capitalized with member equity and accumulated reserves; and provide services to their members which are valued through loyal patronage. In Salvador, debt levels/management are also of concern.

A viable economic activity is required or the cooperative will not survive. The others are required to lesser degree but most must be present or able to be developed if the cooperative is to become sustainable.

CLUSA's development approach focuses on two points: (1) cooperatives must become businesses if they are to survive. There is usually little business acumen in the cooperatives, their member/owners or the boards of directors, thus the Agribusiness Management Component of the project. Because it can deal with the problems at the levels where the problems exist, the non-formal education support unit of this project is critical to project success. (2) Salvadorans must take over the activities as rapidly as they are able to build experience and self-confidence during the period of project assistance and expatriate advisors. The dependence cycle must be broken.

To the extent that these two can be implemented: the cooperatives have a chance to become viable at least in certain cost centers of their operations (assuming cost accounting can be successfully introduced); small business will develop to meet the needs of the cooperatives/members and individual producers/processors/exporters which they can not meet themselves but must pay for; and new associations formed will be based on a business relationship/an economic activity from the beginning which will put them ahead in an understanding of their purpose and need for survival.

However, there are situations within the cooperative themselves which may tend to undermine the success of project assistance and their own sustainability. For example, the requirement that boards of directors be elected every two year and that no direct can serve more than two terms. This must be changed. The cooperatives need a management team which has been trained so this can be passed on to new managers, members or boards of directors. Without this, there can be no continuity in commitment, approach or vision.

Much money has been vested in cooperatives, particularly in Latin America, over the past twenty years. Unfortunately with little success to show for the effort. CLUSA does not want this to become another of those interventions. However, there is little doubt that in a five year project period, few of the Salvadoran cooperatives will emerge as viable business entities, perhaps as few as five after the five years, but there will be 45 others that will be making progress toward that goal.

CLUSA will bring every effort, experience, and creative approach to these cooperatives to move them toward viability during the life of the project, recognizing that some will be more successful than others. All cooperatives will either make progress toward this goal, or the project team will have to determine the appropriateness of continued assistance. Moreover, there are two important elements: (1) the producer/members, and processors have to understand and believe that what they are doing is important and necessary, i.e. bottom up development, not that they are participating just to receive the project assistance, and (2) everyone involved must be introduced to the idea of fee for services which will ensure that the cooperatives get the message that there are services which are needed and which must be paid for. These include, but are not limited to, accounting services, information services, marketing services, research, technology, technical assistance and training.

In the pilot project, cooperatives were introduced to qualified processors/exporters and marketing agents. This type of linkage would remain in tact if CLUSA were to pull out of the cooperatives tomorrow. As part of the follow on project cooperative management/growers will be linked to market information services such as provided by Fusades/Divagro, GOES, or other institutions. Market information services include but are not limited to market prices, marketing firm classification, exporter selection, freight costs, guidance on crop selection and future production. Linkages will also be made to extension type services (private sector companies) in crop production,

apiary service, equipment rental, and companies providing ground preparation services, pesticide application, etc. This network of interrelated, supportive business enterprises will bring efficiency and competitiveness to the NTAE sector.

To illustrate, consider the work with Santa Teresa cooperative during the pilot project. Santa Teresa is a small business with a membership base of 38 on the way to self-sufficiency.

The CLUSA project began providing TA/T to Santa Teresa during March, 1989. Specially designed training and appropriate technical assistance have been the key components of the program support.

Initial investigations found the following conditions in Santa Teresa: traditional activity in corn, cattle, and rice; non-traditional activity in melons for last 4 years; lacking in building and equipment infrastructure; and weak management, administration, and organization.

During 1989/90, Santa Teresa:

- developed and implemented a 2-year NTAE business plan;
- established linkage with new export company (Exfrusa);
- established linkage with new broker (Wheatley);
- participated in commission sales in order to create a better competitive environment for negotiating fixed price contracts;
- increased melon yield per manzana by 125%;
- established reputation for high quality Salvadoran honey dew melons;
- participated in melon inspection program;
- received TA on type and model of tractors and implements to purchase;
- received training in soil preparation, safe use and application of chemicals, production planning and management development.

In 1990/91, this cooperative:

- assisted in the formation of Salvador Fresh, a new export company to market melons for them;
- received TA in contract negotiations between Santa Teresa/Salvador Fresh/Wheatley;
- developed linkage with Fusades/Divagro for assistance in securing ocean transportation and other logistical support;
- improved melon production contracts;
- introduced and established new marketing linkage with Quality Foods for the production of blackeye peas;
- reduced marginal melon production area;
- set up cost and production control system for NTAE;
- introduced, through Salvador Fresh, to Fruveg and Couture Farms, new fresh produce marketing firms.

These linkages will help to ensure the sustainability of Santa Teresa after the project assistance ends.

Further, in order to avoid the pitfalls previously experienced in work with top-down creation of cooperatives, the project will assist NTAE producers, exporters and/or processors who on their own initiative identify the need for these types of enterprises and request advice and technical assistance. Two examples of this from the pilot are the creation of Salvador Fresh and EXFRUSA, which were formed with considerable technical assistance from the project.

Consideration will also be given to the possibility of selecting 4 or 5 of the most administratively advanced, organized cooperatives to purchase under-used or vacant packing and pre-cooling infrastructure to help maximize revenue. Opportunities for development of fruit and vegetable agro-processing by the cooperatives will be explored (See: Fruit and Vegetable Processing Options for the Latin American and Caribbean Region, Volume I by ATMA International).

Possibilities for debt guarantees will be explored to strengthen links between cooperatives and the commercial banking system. All efforts directed at creating viable cooperatives in El Salvador which can profitably carry out their role as primary exporters of NTAE.

CLUSA expects that the passage of the cooperative law will assist the cooperative in behavior modification and ensure interest by the farmers in participating as member owners. Training programs on the impact of the law will be needed. The passage of the law will assist CLUSA greatly in the implementation of the cooperative-to-cooperative program which was so anticipated under the pilot project, and which will lead to establishment of longer-term relationships between U.S. and Salvadoran cooperatives.

During the pilot initial cooperative-to-cooperative visits were made. There were 5 U.S. cooperatives willing to participate in the identification of Salvadoran partners. The civil strife deterred participation; however, more important was the belief that until the law clarified land ownership, there was little that could be done to legitimize the Salvadoran cooperatives or their members' commitment to them. It is now expected that these programs can be moved forward in the project implementation and that these developing relationships will be instrumental in improving the sustainability possibilities of the cooperatives. CLUSA/Washington will work through its agricultural members to facilitate these cooperative-to-cooperative linkages.

#### C. ASSUMPTIONS

The five basic assumptions on which the pilot project was based are still valid:

1. Private Firms Participate in NTAE. Private investors, processors and exporters maintain and increase their interest and investment in NTAE.
2. FUSADES Continues Support of NTAE. DIVAGRO's Agribusiness Development Project assists in the promotion of NTAEs.
3. Cooperatives and Small Producers Supply Quality NTAE. Cooperatives (Traditional and Phase I and III) and small producers not affiliated with cooperatives are reliable sources of export quality agricultural products.
4. Technical Assistance Is Provided by Processors/ Exporters. Technical assistance in field production and post harvest handling and packing continues to be provided by packers and processors, complementary to technical assistance and training provided by project.
5. Credit Is Available. Production and investment credit is available to cooperatives, producers and private firms from BFA and other sources, including joint ventures in which US firms make investment commitments.
6. Business Climate Remains Relatively Stable. The political and economic environment does not deteriorate significantly; guerrilla activities do not unduly jeopardize project operations; and pacification opens new areas for project expansion.

In addition, three more assumptions are added:

7. Weather Conditions Are Favorable. Unfavorable weather conditions do not occur over a prolonged period or in sequences which have a devastating effect over several crop cycles.
8. El Salvador Maintains Competitive Advantage in NTAE. Production costs, world prices and demand for El Salvador's NTAE production reinforce Salvadoran competitive place in the world NTAE market.
9. Producers Accept and Adapt TA/T. Producers, both individually or as cooperative members, understand technological advice and routinely incorporate technological improvements into their operations.

#### D. TARGET POPULATION/SELECTION CRITERIA

Targets for project technical assistance and training (TA/T) are NTAE producers and potential producers, processors and exporters. Based on the pilot project experience, there is need for continued TA/T at all levels of the proposed project intervention. By use of the following selection criteria, CLUSA will be able to select those beneficiaries that have the potential to produce quality and volume in non-traditional products. The question is not the demand for project services; it is how to ensure that the project services are directed to those growers most likely to succeed and be mainstreamed as reliable producers and to those processors and exporters who are likely to survive and continue behavior consistent with their selection for project participation. Therefore, the selection criteria are extremely important.

The project targets 50 of the best cooperatives qualified to enter the field of non-traditionals; the pilot began by interviewing 50 cooperatives and selected 12 to receive project TA/T based on pilot selection criteria. New groups of farmers will be formed which will have a business reason for their association, and thus avoid some of the problems inherent in land reform cooperatives.

Further, the pilot was restricted to non-conflictive areas. With resolution of these problems, large numbers of producers/cooperatives become available for consideration for project assistance.

##### 1. Producer Target Population

There will be two types of producers in the target population: cooperative members who produce or can produce NTAE crops; and limited numbers of individual, small to medium size farmers who produce or can produce NTAE crops. To be eligible to participate in the project, the target population will be required to meet the selection criteria.

It is estimated that for the life of the project participants will include 50 cooperatives with approximately 8000 members and 25 individual growers. Together this represents a total beneficiary population of about 40,000.

In addition, some producers not participating directly in the project will receive assistance through participation in specific training and observation events conducted for the benefit of the target population. Other producers will benefit by growing and selling NTAE produce through participating cooperatives.

## 2. Producer Selection Criteria

While the pilot project focused exclusively on Agrarian Reform cooperatives, this project will include any cooperative and small producer groups which satisfy the criteria listed below. (MAG estimates there are 474 agricultural production cooperatives.) In addition, individual growers who group together with at least 10 hectares will be invited to participate in project activities as long as they satisfy the minimum criteria of producing or planning to produce NTAE, are within the geographical coverage of the project, and are willing to follow the advise and guidance of the CLUSA team.

This criteria is exclusionary in order to concentrate limited project resources on producers most likely to absorb and utilize project TA/T, minimize distances which project staff must travel from producer group to producer group, and assure economies of scale.

Cooperatives and small producer groups which do not meet the criteria can enjoy some project benefits by working with and marketing their produce through cooperatives which are active project participants. For example, Sta. Teresa will act as a collection center for the NTAE production of Bola de Monte and La Cabanas; Hoja de Sal will provide the same service for La Paz. Both cooperatives will apply the same rigid standards utilized in their own production and postharvest handling to assure quality of product delivered to exporters.

Basic criteria include:

### a. Location:

- Accessible during rainy season. Transportation is not a major problem.
- Regional groupings. Producers should be located where several can be served by the same project personnel.
- Same geographic areas covered by pilot project (Middle Coast, Western Coast, Western Lowlands, Western Highlands except northern part). As pacification provides opportunities in other areas, project will expand its operations in a manner which will not strain project resources.

### b. Credit Classification:

- Participating cooperatives and small producer groups must be credit worthy.

### c. Size:

- Cooperatives or small producer groups should have a membership that exceeds 10. For cooperatives (traditional, Phase III or restructured/parcellized Phase I), whose members are individual landowners, and small producer groups, a minimum of 10 producers must sign an agreement to participate and name a representative with whom project staff can interact and channel technical assistance and information.
- Total land area available for production by any one group should exceed 10 hectares.

d. Experience:

- At least one year's experience growing an NTAE crop and at least one year's linkage (sales agreement) with a private processor or exporter.

OR

- At least five years' experience growing a traditional crop and judged to be a well-managed cooperative or business-oriented small producer group.

e. Resources:

Participating producers should have access to the following resources (e.g. through bank loans, processor/exporter assistance, rental or loan from cooperatives):

- Physical assets (building, equipment, infrastructure) necessary for NTAE production and post harvest handling.
- Leadership and management in order to make decisions and operate according to plans.
- Financing (working capital and investment credits).
- Water, either existing supply or expanded irrigation systems.
- Land agronomically and ecologically suitable for NTAE crops.
- Labor for planting and harvesting.

f. Market:

- Reasonable assurance that market exists for NTAE crop under production or planned.

g. Exclusions:

- The project will not provide advice to producers of sugar, palm oil or citrus for export. Cooperative and/or producers who produce these crops and also NTAE will be eligible for project assistance on their NTAE production.
- The project will not provide advice to cooperatives or producers whose export plans include products also exported by the U.S. to the same market.

3. Processors and Exporters - Selection Criteria:

a. Assistance to Producers:

- Only processors and exporters who are willing to provide technical assistance to producers complementary to project TA/T will be eligible for project technical assistance.

b. Track Record:

- Only those processors and exporters who demonstrate willingness to share profits on equitable basis with producers will be eligible for project technical assistance.

## E. PROJECT COMPONENTS

The project has four basic components:

- NTAE Production Technology Transfer
- NTAE Market Promotion
- NTAE Investment Promotion
- Strengthening Cooperative Agribusiness Management.

Since the project is designed to promote and strengthen NTAE production and marketing, the first three components are interrelated. These components constitute the core functions of the project. (See Flow Chart of NTAE Activities.) The fourth component addresses the corollary needs of cooperatives to learn to operate in a business-like manner and to assure that non-NTAE production and organizational activities do not drain the resources and profits from NTAE production. (See Major Functions of Agribusiness Unit Chart.)

In addition there are three major support activities which provide services to all four project components:

- Information and Data Base Management
- Technical Assistance and Training
- Office Support

The components and project support activities are summarized below. (A detailed description appears in Annex F.)

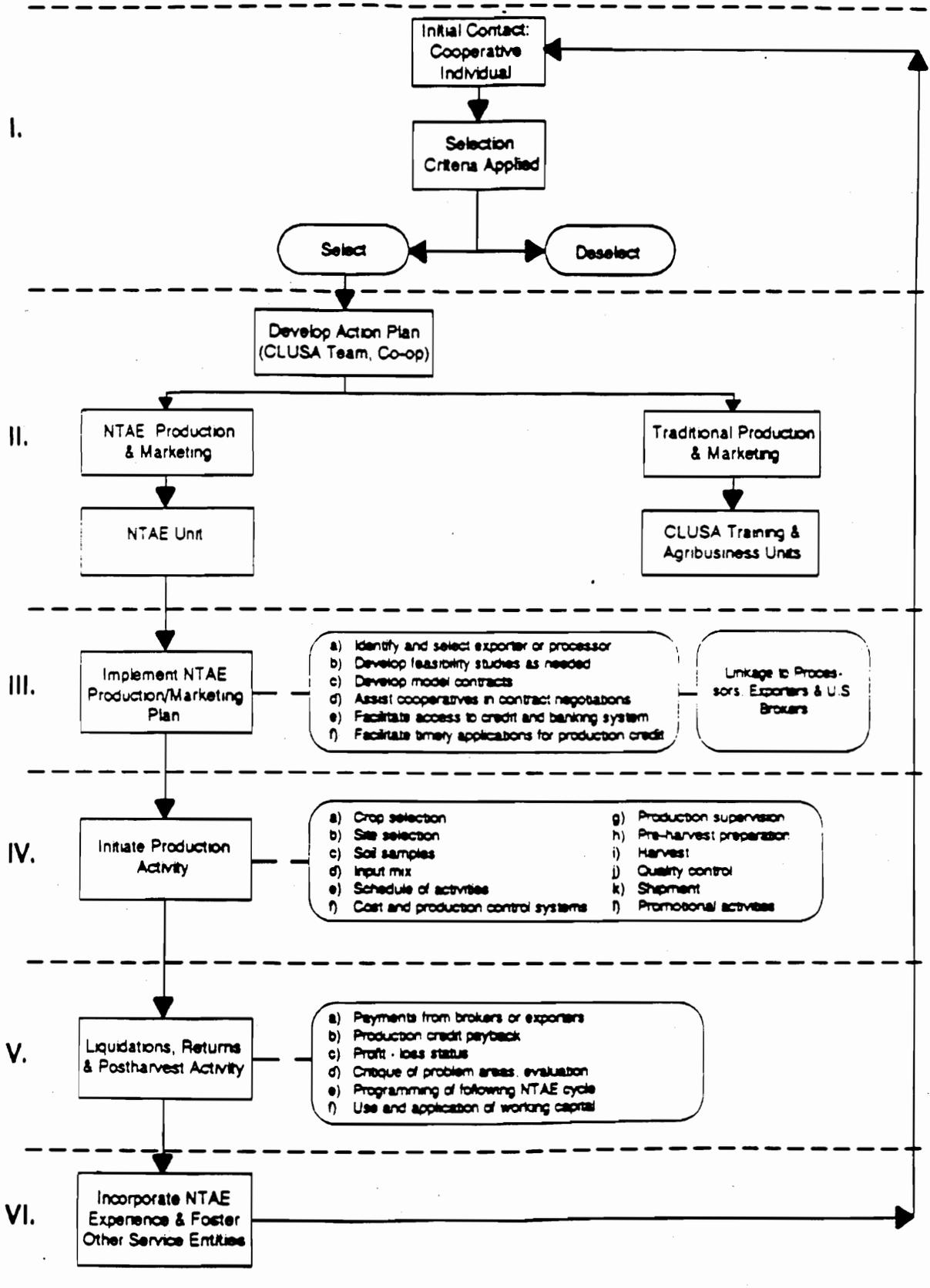
### Component 1: NTAE Production Technology Transfer

The CLUSA NTAE project will employ an integrated strategy to improve the flow and transfer of NTAE agricultural technologies to the target group. This consists of:

- \* intensive training and focused technology assistance for low resource farmers and producers;
- \* linkage of producers to other producers, private sector suppliers and buyers (processors/exporters);
- \* development of a network of private sector agricultural service enterprises. These rural enterprises will perform specialized technical services for the target group of producers as well as the processors and exporters.

Intensive training and technology assistance, as in the pilot project, will include in-the-field demonstration, supervised production activities, and topical training sessions. In the pilot project these have included planning and product selection, land selection and soil preparation, fertilization, pest control including correct utilization of pesticides and other chemical products, phytosanitary control, irrigation management, harvest and postharvest management and quality control, equipment calibration, and welding and acetylene use. (This list will be expanded to include topical areas as illustrated in Annex G.)

## Flow Chart of NTAE Activities



Simultaneously, the CLUSA NTAE project will strengthen the level of technical assistance provided by exporters and processors to the cooperatives and producer-farmers. Currently, the exporters provide limited support to the growers; they need to give explicit advice and technical assistance to assure the quality and timing of product to support the NTAE industry.

To be eligible for project assistance, processors and exporters must be willing to provide technical assistance and have a track record of dealing equitably with the producers. The project will provide assistance in negotiating equitable contracts between producers and processors/exporters.

Technology assistance to processors and exporters who grow some of their own produce will also be provided.

The project will access technologies that have been successfully employed in El Salvador and in other areas of Central America by:

- visiting cooperatives participating in the pilot project which have demonstrated efficient application of project provided TA/T and can serve as examples of what can be accomplished;
- training in product use and safety by agrichemical companies;
- visiting production, packing and processing facilities in other Central American countries and the United States;
- negotiating marketing and technical assistance agreements with U.S. agricultural cooperatives;
- arranging CAPS training for potential leaders;
- establishing direct contacts between research and training institutions, such as CATIE, Escuela Agricola Panamericana (Zamorano), PROEXAG/ROCAP, CENTA, ENA, and the producers and exporters/processors participating in the project.

The project will promote and encourage the development of a network of service enterprises to meet the needs of the expanding and maturing NTAE sector. Options for setting up service enterprises are the establishment of secondary level cooperatives, independent business entities, and specialized divisions within larger cooperatives or marketing organizations.

Examples of service enterprises include:

- apiary management and pollination services (one cooperative is already providing this service to others);
- integrated pest management and pesticide application services;
- soil and foliar testing and fertilizer application services;
- heavy tillage and land preparation;
- pre-cooling, packing and post-harvest management services;
- feasibility and marketing studies;
- management accounting and loan packaging services.

CLUSA will continue its advocacy and intermediary role in assisting participating cooperatives to secure production and other credit from the banking system, capitalizing on the relationship it has established with the

UTFRA, the BCR unit responsible for defining and monitoring agrarian reform credits.

CLUSA will continue to work with ISTA and FINATA particularly in helping them understand what is involved in assisting cooperatives to diversify production by introducing NTAE products. Their field workers (i.e., the ISTA facilitadores) will be invited to attend training-of-trainers sessions sponsored by the Training Unit of the project.

#### Component 2: NTAE Market and Investment Promotion

Parallel to the NTAE production technology transfer component, CLUSA will continue to expand NTAE market and investment promotion. Much of the information and intelligence gathered will affect the activities needed in transfer of production technologies. Activities with DIVAGRO will provide information to processors and exporters about U.S. and Canadian market demand and price quotations for NTAE products.

Activities to be implemented which are designed to strengthen the marketing capability of the exporters and processors include:

- in conjunction with DIVAGRO, assist in implementing a system for in-country quality control inspection and certification of exports;
- in coordination with DIVAGRO, assist in implementation of a quality assurance service for all product exported;
- visit ports of entry to observe U.S. Customs, USDA, and FDA inspection procedures;
- design packing/loading systems to reduce handling fresh produce (e.g. utilization of palletized loads);
- assist in marketing feasibility studies.

The marketing promotion activities are key to promotion of NTAE investment. Investment promotion activities introduced in the pilot project will be continued in the proposed NTAE project. However, the marketing strategy of the proposed project opens the way for joint ventures between brokers and importers in the U.S. and Salvadoran producers, exporters and processors.

Despite the continued civil conflict, El Salvador offers an attractive environment for foreign investment in the NTAE sector. The country has both overland and marine transportation options through which product can reach the principal markets of the United States. Government regulations facilitate the registration of foreign capital, the repatriation of profits and the importation of equipment and materials utilized in the export of product and institutions such as FUSADES provide both direct and indirect subsidies to firms that export Salvadoran product. OPIC will be requested to provide U.S. investment protection information. These facts need to be aggressively presented to potential brokers and investors.

The project does not propose a major investment promotion campaign, rather a modest but aggressive attempt to identify potential U.S. and other foreign investors and link them to the Salvadoran NTAE sector through equity joint ventures and contract joint ventures.

The former involves long term commitments of investment capital in infrastructure or in share participation of a Salvadoran export or processing business. The latter has been used by some NTAE processors and exporters in contracts with U.S. brokers.

The project will continue to promote forward contracting by the produce buyer, for example:

- provision of production credit at time of planting;
- broker purchase and supply of cartons and packing materials;
- joint investment by buyers and brokers in postharvest infrastructure;
- investment of the exporters and brokers in production infrastructure for use by the producers.

The investment promotion activity has four objectives:

- increase the number of foreign buyers and businesses who enter into equity or contract joint ventures;
- increase the total dollar amount of capital and extend the terms under which foreign companies invest in NTAE businesses;
- develop equitable arrangements among the brokers, buyers and producers' cooperatives;
- distribute the risk more fairly between producers, exporters and buyers.

CLUSA will draw on the resources of FUSADES/DIVAGRO.PRIDEX whenever possible. The intention is not to duplicate their efforts, but to use their assistance, expertise, and outreach office in Miami and to assist them in implementation of some of their programs.

The market/investment promotion will be done jointly by CLUSA in El Salvador and Washington. Washington will be responsible for developing initial contacts and following up on leads/enquiries provided by staff in El Salvador. CLUSA staff in El Salvador will be responsible for providing detailed product information to potential buyers, providing current cost information on products, shipping, etc. CLUSA/Washington will have follow-up responsibilities, including letters of credit (as appropriate), assistance with shipping, customs documentation, etc.

Based on our experience with exports in Indonesia, this method, while requiring considerable coordination between Washington and the field, is very workable and reassuring to clients. The fact that there is CLUSA in Washington and San Salvador to deal with problems and to facilitate communication adds credibility to the operation; buyers' experience with cooperatives inability to deliver quantity and quality as scheduled is (unfortunately!) notorious.

There are already expressions of interest in NTAE by U.S. cooperatives. The positive is that once they are aware that commodities are available through cooperatives, they are interested in participating or willing to suggest someone who might be. The negative is that the cooperatives are usually purchasing rather small quantities, so that while direct purchases could be arranged, the cost may become too high. CLUSA is exploring ways of combining shipments while keeping costs in an acceptable range.

Markets outside of the U.S. also need to be explored. Building upon existing relationships with other organizations, CLUSA will pursue foreign markets for Salvadoran NTAE. In this regard, McCormick will visit Salvador in August, 1991 to discuss ways in which they might assist with marketing efforts for sesame in Europe, the Middle East, and Korea where a less processed product is required.

The challenge with all products will be coordinating the production and marketing efforts so that one does not get out of balance with the other. In certain areas, sesame for example, the current production is not sufficient to make the cooperatives players in the market; however, if production is increased, there must be a market for the increased production at a price which is beneficial to the producer.

The work of market promotion and investment is a process of developing and expanding a network of possible buyers based upon an ability to provide quality and quantity product in a timely fashion. While contacts are individual in nature, success depends on the process. It is extremely important that no one individual become indispensable. To this end CLUSA/Washington is committed to ensuring that their part of the process involves more than one person. On the Salvador side, it is important that Salvadorans are involved in all steps of the process and gradually, yet as rapidly as possible, take over the activity. The Salvadoran cooperatives need to develop credibility as reliable suppliers; this will (CLUSA experiences show) be easier to accomplish while ex-patriate staff, with diminishing participation in the process, are involved. (Note: Indonesian cooperatives are now setting asides reserves for use to continue expatriate assistance after the project ends.)

This marketing promotion can become institutionalized over the life of the project. At minimum, there is a cadre of trained people who understand the process. This may result in the development of a business enterprise to support marketing efforts which the cooperatives may be unable to carry out on their own.

Investment potential is greatly diminished as long as the civil conflicts continue; on the other hand, there is no reason to believe that investment in the form of contract joint ventures as pursued in the pilot will not continue with other buyers, if not the cooperatives.

U.S. cooperatives are in general very conservative organizations; therefore, cooperative investment may more likely take the form of in-kind investment in the provision of training in, for example, use of pesticides and their proper storage, fertilizer application, equipment repair, as well as sessions on cooperative board and member responsibilities, accountability, cost accounting, etc. These would supplement the sustainability efforts of the project, even though the cooperatives may not be direct buyers of the NTAE.

CLUSA/Washington has failed to support the marketing efforts undertaken during the pilot. Further, Cooperative Business International, which was to have played a role in the marketing/investing, has decided, for the present at least, that it cannot deal with fresh produce. Therefore, under the project, this marketing/investment promotion responsibility will be vested in the CLUSA International Development Division and implemented as described above. This is an advantage in that monitoring all project components and their interaction will be simplified. There is no loss in terms of interaction with CLUSA member affiliates.

### Component 3: Strengthening Cooperative Agribusiness Management

The CLUSA experience in the pilot project confirms the need to strengthen the administrative, organizational and financial management capacity of the members, director and managers of El Salvador's cooperatives. Far too many members and leaders have not grasped the importance of the development of the cooperative as an agribusiness which, only after profits are realized, can provide social (individual and community) benefits. Too often, they perceive the delivery of social benefits as the cooperative's major raison d'être.

Since most of the participating cooperatives are involved in the production of traditional crops as well as NTAE crops, and, since in some instances the amount of land devoted to the former is greater than that devoted to NTAE production, profits reaped from NTAE production and marketing can be quickly dissipated if other production activities suffer losses. Some cooperatives also are carrying heavy debt loads due to inadequate financial management or mismanagement. These factors must be addressed to ensure viability and sustainability of participating cooperatives.

To prevent distraction from the NTAE production, marketing and investment activities, a separate Cooperative Agribusiness Unit will be set up to address the business, financial and training needs of the cooperatives. The Unit will provide some direct TA/T, complemented by the activities of other TA/T providers (such as Technoserve) under subcontract work orders.

The major project activities designed to strengthen the management capacity of the cooperatives include:

- developing action plans for the overall enterprise, of which NTAE operations will be a major component;
- developing practical accounting systems within the cooperatives that provide information relating to all of the production and marketing activities of the cooperative;
- building functional management structures within the participating cooperatives to promote the delegation of production and administration responsibilities to cooperative managers.
- developing business norms, operational procedures and administrative controls;
- building communication skills and techniques to improve the ability of managers to report and communicate with the directors and improve the capacity of the directors to communicate with the general membership;
- developing secondary level cooperatives or other organizations which can assist in coordinating the production and harvest activities of landowners who are members of cooperatives which do not participate in the NTAE project and of individual small and medium size farmers who are not affiliated with any cooperative.

**F. PROJECT SUPPORT ACTIVITIES**

**1. Information and Data Base Management**

The CLUSA pilot project developed and implemented a record keeping and reporting system to monitor the production of the participating cooperatives. The system evolved into complex functions involving a multitude of steps, multipart forms and manually produced reports. Project staff and cooperative managers maintain this system. Although cumbersome, it generally provides project management with critical information needed to evaluate and monitor the project, such as:

- areas planted summarized by producer organization and planting seasons;
- production yields from each cultivated plot summarized by producer organization and planting season;
- percentage of export quality production summarized by cultivated plot, planting season and the producer organization;
- itemized material, labor and equipment costs to produce crops summarized by plot, producer and planting season;
- income summaries showing distribution of income to each cooperative;
- production value summaries showing economic returns from each operation;
- summary of training activities completed within each cooperative;
- comparative summary of services and prices offered by exporter and packing organizations;
- breakdown of counterpart contributions to the project.

Under the pilot project CLUSA has begun the process of computerizing this information, as well as other data that would be useful for project monitoring, for producers, exporters and processors, and for U.S. brokers and investors.

The first phase of installing this management information system has been a modular design and plan allowing for phased development and implementation. It utilizes a menu driven, relational database. Once fully installed, it will greatly simplify and reduce the paperwork currently required.

After CLUSA has completed installation, making the information and data base system fully operational and testing its usefulness in the implementation of the project, it will adapt software packages to meet the needs of the exporters, producer cooperatives or service businesses supporting the NTAE sector. CLUSA will set up a mechanism to distribute the redesigned software packages to the NTAE community.

:-

## SECTION THREE: PROJECT IMPLEMENTATION

### A. IMPLEMENTATION STRATEGY AND PLAN

#### 1. Strategy

The strategy for achieving the purpose is implicit in the statement of purpose: the strengthening and development of effective and efficient linkages between producers and processors/exporters for mutual benefit. These linkages will increase and diversify processor/exporter sourcing of produce and exert demands on producers for quantity and quality product in a timely manner.

It is assumed that there will be no break between the termination of the pilot project and the initiation of the new NTAE project. The CLUSA team currently on-board will continue its regular technical assistance and training activities scheduled for the last quarter of the pilot project (April-June 1991). It will also begin planning the activities for Year One of the new project, particularly the first quarter (July-September 1991). A complete Work Plan will be prepared once the new team members assume their positions.

To achieve a smooth transition from pilot project to a full-scale development project, the CLUSA team will pursue the current pilot project strategy while simultaneously beginning to implement the project expansion strategy, as follows:

CURRENT PILOT PROJECT STRATEGY: Continuation of the successful elements of the pilot project:

- select new cooperatives and continue working with participating cooperatives, utilizing selection criteria;
- provide participating co-ops with intensive TA/T in NTAE production, harvesting, and post-harvest handling and packing;
- assist cooperatives to prepare work/action plans;
- identify TA/T need in cooperative management and in other farm activities. Use Technoserve subcontract or referrals to other institutions to meet needs;
- sign agreements with participating cooperatives for project TA/T.
- assist participating cooperatives in negotiating equitable contracts with processors and exporters of NTAE products;
- provide advice/guidance to participating processors and exporters willing to provide technical assistance to the cooperatives and to enter into mutually beneficial contracts with them;
- maintain necessary contacts with U.S. produce brokers and importers.

EXPANSION STRATEGY: Expansion from pilot project to full development project includes but is not limited to the following:

- revise selection criteria to include all types of cooperatives and select individual small and medium sized farmers who otherwise meet the criteria;

## 2. Technical Assistance and Training

Training and technical assistance are the major tools for supporting and reinforcing the components of the NTAE Production and Marketing Project.

Over the course of the pilot project, CLUSA has employed an effective, hands-on, interactive and participatory training methodology. Whenever appropriate, the CLUSA team has brought training activities to the field where the farmers and producers can more easily assimilate the technology being advocated. The proposed project will expand the range of training and technical assistance activities and increase the number of participating receiving production and management assistance.

To provide support to the NTAE Production Unit and Agribusiness Unit, a specialized training and technical assistance unit will be set up. This unit will be headed by a non formal education specialist and will perform the following functions:

- develop training modules for the participating producers and other project clients;
- develop work orders and sub-contracts for vendors of training services;
- conduct training-of-trainers programs in participatory, interactive training methodologies;
- monitor the delivery of training services provided by subcontractors;
- evaluate the effectiveness of training modules and delivery systems in the transfer of technology;
- coordinate the delivery of training services to project participants.

The project will select individuals to be trained as trainers who are members of the participating groups or who live in the project areas who demonstrate leadership skills and training ability. Neither formal education nor training experience will be prerequisites for project-trained trainers.

Rather than develop an in-house capacity, CLUSA will subcontract certain services to specialized sources. Three contracts are proposed: one for data management design (a U.S. firm), one for accounting and business management advice (Technoserve, a U.S. PVO), and one for agronomics and marketing advice (a Salvadoran firm). The use of Technoserve and the Salvadoran company is a cost-effective means of obtaining training and advice. Technoserve has considerable experience in cooperative management training in El Salvador, while CLUSA's strength lies in applying trained management to business opportunities. CLUSA will retain these contractors on a requirements basis so as to permit tailored assistance according to the needs of the 50 client cooperatives and of the emerging farmer groups. Section III.A.6. shows specific procurement details.

Other organizations in El Salvador which have special expertise in areas of concern/needs for cooperatives/producers/processors will also be subcontracted for project work under work orders.

- intensify TA/T provided by project to producers through introduction of new NTAE topics or products, and new training materials and techniques (including training of the trainers);
- expand non-NTAE TA/T for producers through the direct activities of the Agribusiness and Training Units supplemented with referrals and sub-contract work orders with other providers of TA/T (e.g., Technoserve). TA/T will include overall cooperative management and administration assistance.
- expand group of participating processors and exporters who meet project selection criteria to encourage greater competition and coverage;
- expand number of U.S. (and eventually other foreign) importers/brokers, to enlarge export market;
- include, as appropriate, individuals and organizations not participating in project training events, seminars and workshops, i.e. other cooperatives and producer organizations, other TA/T providers, other processors/ exporters, and institutions such as ISTA;
- expand the information and data base management functions of the project into a service for both producers and processors/exporters for which appropriate fees will be charged and which could be spun off as a service enterprise;
- introduce non formal education techniques as a major TA/T tool; hold seminars, workshops and demonstrations to expand application of the techniques. Some of these activities will be training-of-trainers events primarily for individuals working directly with the project. However, space permitting, other NTAE-related organizations will be invited to participate; (see Table IV)
- explore the legal and practical implications of instituting charges for services; i.e., some TA/T activities, utilization of fax messages re shipments and current market price quotations, utilization of the information and data base system, participation in training events;
- stimulate the formation of viable secondary level NTAE enterprises, such as EXPRUSA, to provide needed business services to participating cooperatives and producer-members.

TABLE IV : KEY INSTITUTIONAL LINKAGES

INSTITUTION	RELATION TO NTAE PRODUCTION
<p>Credit/Finance: Banco Central de Reserva</p> <p>CENTREX</p> <p>BFA and Bank System</p> <p>Ministry of Economy</p>	<p>Establishes loan portfolios for agricultural production; polices and procedures for lending by the banking system</p> <p>Issues export licenses; maintains statistical database on all exports from El Salvador</p> <p>Principal source of production credits to agrarian reform cooperatives</p> <p>Establishes norms and regulations governing foreign investment and export</p>
<p>Ministry of Agriculture:</p> <p>A) Proteccion Agropecuaria</p> <p>B) OSPA</p> <p>C) CENTA/ENA</p>	<p>Enforces phytosanitary norms and procedures to conform to USDA requirements for imported crops</p> <p>Develops and maintains data base for statistical analysis of the agrarian reform sector cooperatives</p> <p>Develops some didactic materials; some dissemination capabilities and training capacity</p>
<p>FUSADES:</p> <p>A) DIVAGRO</p> <p>B) FIDEX</p>	<p>Implements short courses and formal training activities for private sector producers and exporters; extends services supporting export of NTAE crops; is source of research and technology developments.</p> <p>Channels long term credits and capital investments into agro-industrial projects</p>
<p>ISTA/FINATA</p>	<p>Regulate and monitor reform Phase I and Phase III cooperatives</p>

## 2. Institutional Relationships

Table IV identifies the main institutions with which CLUSA will work during the implementation of the NTAE project. The specific relationship which the CLUSA team develops with any given institution will reflect the anticipated level of involvement of the institution with the target NTAE production and marketing groups. The project's position will allow it to direct complementary resources from other institutions to increase benefits for all project participants and strengthen their position within the larger agricultural sector. The key element in working with these institutions is seeking this complementarity.

## 3. Project Management

The project will be managed and/or supervised at three levels:

- by CLUSA project team in El Salvador;
- by CLUSA/Washington;
- by USAID/El Salvador, as funding agent and project monitor.

### a. CLUSA In-Country Team

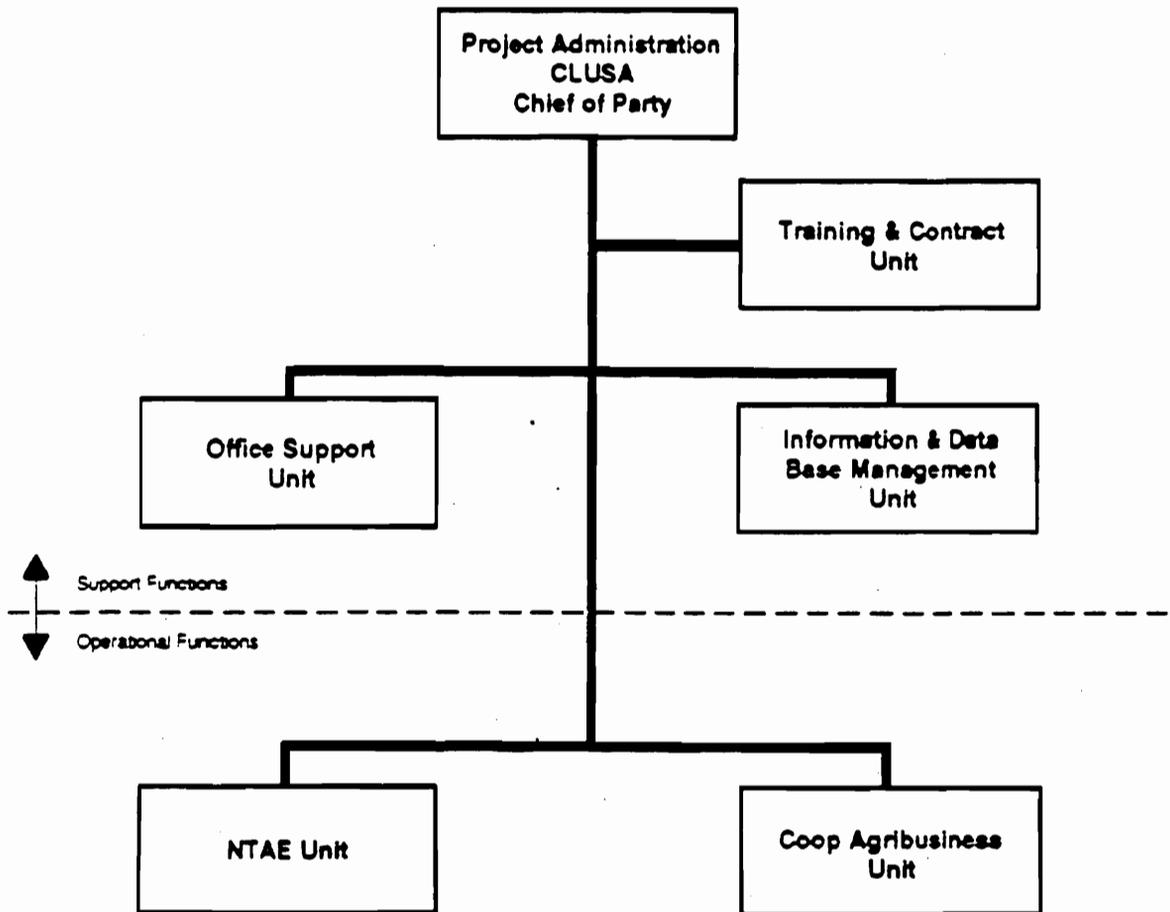
The team will consist of a core team of three expatriates supported by Salvadoran staff. Team efforts will be complemented by the staff of other institutions, such as Technoserve, who will provide TA/T under specific work orders. The Team will also take advantage of project-related activities of other organizations, such as DIVAGRO.

As indicated in Project Organization Chart and the Project Organization Functions Chart, the CLUSA team will be divided into two operational and three support units:

- NTAE Unit, headed by the expatriate Chief of Party, who has extensive in-country experience in NTAE production, and marketing and investment promotion;
- Cooperative Agribusiness Unit, headed by an expatriate agribusiness specialist with cooperative experience;

## Project Organization Chart

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*See project organization functions  
on the following page*

## Project Organization Functions

Project Administration	<ul style="list-style-type: none"> <li>• Project Management</li> </ul>
Office Support Unit	<ul style="list-style-type: none"> <li>• Office Management</li> <li>• Project Accounting and Fiscal Control</li> <li>• Secretarial Services, etc.</li> </ul>
Information & Data Management Unit	<ul style="list-style-type: none"> <li>• Tracking of Production Contracts</li> <li>• Tracking of NTAE Activities</li> <li>• Project Data Reporting</li> </ul>
NTAE Unit	<ul style="list-style-type: none"> <li>• Direct T/A to Producers, Processors and Exporters</li> <li>• Contract Negotiation</li> <li>• Marketing Assistance</li> <li>• New Product Introduction</li> <li>• Post Harvest Management</li> <li>• Production Credit Assistance</li> </ul>
Coop Agribusiness Unit	<ul style="list-style-type: none"> <li>• Farm Enterprise Action Plan Development</li> <li>• Evaluation of Enterprise and Adjustments to Action Plan</li> <li>• Integration of NTAE Production Activities with Other Farm Operations</li> </ul>
Training/Contract Unit	<ul style="list-style-type: none"> <li>• Development of Training Modules</li> <li>• CLUSA/Coop Work Agreement Sub-contracts</li> <li>• Training Work Orders and Sub-contracts</li> <li>• Training of Trainers (TOT)</li> <li>• Monitoring of Sub-contractors</li> <li>• Evaluation of Training</li> </ul>

- Technical Assistance and Training Unit, headed by a expatriate non-formal education specialist;
- Information and Data Base Management Unit, headed by a computer specialist;
- Office Support Unit.

The NTAE Unit and the Cooperative Agribusiness Units are directly responsible for project operations. The other units provide services to both of the operational units.

The units will interact and work as a team. While the NTAE Unit will concentrate exclusively on NTAE activities, the other units will provide support to it as well as undertake other activities which strengthen the entire system. For example, the Agribusiness Unit will focus on cooperative business development, but it will also be responsible for the development of the producers' action plans.

The three expatriate Unit Chiefs will each have a Salvadoran deputy who will assist in supervising the activities of the Salvadoran staff assigned to that unit and will be trained during the life of the project to assume responsibility for running the unit.

The three technical units will have the following Salvadoran staff, in addition to the Unit Deputy:

- NTAE Unit - 8 Production Specialists
- Agribusiness Unit - 1 Production Specialist  
2 Agribusiness Specialists
- Training Unit - 1 Contract Supervisor  
1 Training Specialist  
1 A/V Specialist  
1 Materials Development Specialist

The Data Base Unit will be staffed with one Salvadoran Computer Specialist.

The Office Support Unit Chief will be a Salvadoran Administrative Assistant/Office Manager. Other staff in the unit will include:

- Accountant
- Secretary
- Receptionist/Typist
- Messenger
- Security Guard
- Cleaning Crew

The project will field short-term consultants and technicians as needed. Recruitment will be done by CLUSA/Washington. The following is list of short-term consultants which may be required:

- Tropical Disease Control Specialist
- Post Harvest Control Specialist
- Apiary Specialist
- Plant Nutritionist
- Specialty Crop Advisor (highland crops, i.e. berries)
- Irrigation Specialist
- Equipment Specialist
- Procurement Specialist
- Specialized Market Advisor

- Investment Advisor
- Computer/Data Systems Specialist
- Organization Specialist
- Materials Development Specialist
- Specialized Non Formal Education Advisor
- Private Sector Training Specialist
- Rural Savings Advisor
- WID Advisor
- Cooperative Business Training Specialist
- Cooperative-to-Cooperative Specialist

CLUSA will also solicit technical assistance, as appropriate, from IESC and VOCA.

b. CLUSA/Washington Role

The CLUSA headquarters office is responsible for:

- contacts in U.S. with potential produce brokers or joint venture partners including U.S. cooperatives;
- supervisory monitoring, including frequent communication and two trips a year to El Salvador;
- personnel recruitment: short and long-term;
- major equipment and materials procurement;
- participation in annual review and internal audits and evaluations;
- overall contract/grant negotiations; and
- overall financial accounts and reports.

CLUSA/Washington will utilize its network of associate and member cooperatives and organizations to develop an active cooperative-to-cooperative component of the project. It will also contract, as needed, the services of short-term specialists who can promote the program with potential brokers/importers as well as potential investors and joint venture partners.

To enhance CLUSA/Washington's familiarity with the project and its developments, the Project Monitor will make semi-annual trips to the field.

CLUSA/Washington project monitoring begins with recruitment. CLUSA overseas staff need not only technical knowledge, but also the experience, leadership and vision to implement and institutionalize a project.

Once team positions have been filled and team members oriented, the most important monitoring from Washington takes place during frequent telephone calls and faxes. The CLUSA/Washington role is to help the team identify areas needing home office support. Frequent communication allows early identification of problems and, consequently, early resolution. In instances when problems can neither be easily identified nor resolved by the team in the field, immediate CLUSA/Washington staff project visits attempt to bring these issues to closure.

The NTAE Production and Marketing Project is fortunate because it will have the experienced and extremely capable Chief of Party of the pilot project. CLUSA/Washington knows from past experience that he will seek guidance in resolution of problems and keep us abreast of project successes and difficulties; he knows he can count on unified support from CLUSA/Washington.

CLUSA/Washington will recruit the new expatriate members of the team -- the Agribusiness Specialist and the Non Formal Education Specialist. CLUSA/Washington will send the resume of the most qualified candidate for each position to CLUSA/El Salvador and to USAID/El Salvador RDO. With USAID/ES and

CLUSA/ES concurrence, CLUSA/Washington will arrange trips to El Salvador for the candidates for final interviews and verifications of their appropriateness as team members.

All major equipment purchases will be handled directly by CLUSA/Washington in compliance with AID procurement policies. Equipment specifications will be developed in collaboration with the in-country team. One of the major criteria for CLUSA procurement is that equipment purchased in the United States can be repaired in El Salvador.

c. USAID/El Salvador Role

Regardless of the mechanism for financing, USAID-funded projects require regular monitoring of project activities, as well as analysis of scheduled financial and quarterly reports, and any other special reports that may be required. USAID/El Salvador will communicate regularly with the Chief of Party and through him with other members of the CLUSA project staff. USAID/El Salvador monitoring will also include field trips, visits to the office, formal and informal reviews of the project, and analyses of financial and special request reports.

USAID/ES will specify and control audits and evaluations of the project on schedules which will be announced in a timely fashion to the Chief of Party. USAID will also inform the Chief of Party about content and timing of any reports requested in addition to the quarterly financial and progress reports.

4. Implementation Schedule

The LOP (life of project) is planned for five years, beginning July 1991 and terminating June 1996. The project will be implemented in five major phases:

-- Project Expansion	Year One	1991/92
-- Project Consolidation	Year Two	1992/93
- Second Expansion	Year Three	1993/94
-- Second Consolidation	Year Four	1994/95
-- Phase-Out Activities	Year Five	1995/96

This phasing provides adjustment to the agricultural year and permits assessment at the conclusion of each phase to determine whether changes or modifications need to be made in the design or implementation of the project.

The Implementation Schedule (see next page) is the proposed schedule for the last quarter of the pilot project and the four quarters of Year One. Once the new team members have joined the existing team and have had sufficient orientation time, the CLUSA NTAE Project Team will prepare a Two-Year Work Plan, similar to the one prepared for the pilot project in October 1989. Rather than having the design team and current CLUSA team leader prepare the Work Plan, CLUSA believes that it is important that the major team members should prepare the Work Plan as part of a team-building/participation exercise.

This Work Plan will be presented to USAID/El Salvador for its review and approval and will again be formally reviewed and revised, as appropriate, during the first annual review of the project scheduled for the fourth quarter of Year One.

The Project will be fully staffed by the end of the third quarter of Year One, on the following schedule:

1st Quarter: Begin with current staff:  
1 expatriate, 2 secretaries, 8 professionals  
(Technoserve staff assigned through the sub-contract to the pilot project will be hired directly by the expanded project)

Recruit:  
Expat Agribusiness Specialist  
Additional Administrative Support Staff  
Computer Specialist  
3 additional ag production professionals

2nd Quarter: Recruit:  
Expat Non Formal Education Specialist

3rd Quarter: Recruit:  
Salvadoran Training Unit Staff

The Chief of Party/NTAE Unit Chief and the Training Unit Chief positions will be maintained throughout the five-year period. The Agribusiness Specialist position will be phased out at the conclusion of Year Four if the Cooperative Agribusiness Unit's activities have been sufficiently institutionalized that the Salvadorans can effectively carry out the work of the Unit.

IMPLEMENTATION SCHEDULE

LAST QUARTER PILOT PROJECT, FIRST YEAR NEW PROJECT

<u>ACTIVITY</u>	<u>PILOT PROJ.</u>	<u>NTAE PROJECT - JUL/91-JUN/92</u>			
		<u>JUL-SEP</u>	<u>OCT-DEC</u>	<u>JAN-MAR</u>	<u>APR-JUN</u>
<u>EXPANSION START-UP</u>					
Extend contracts (Carry-over staff)	xx				
Recruit new ES staff			xx	xx	
Identify new office	xx				
Rent new office		xx			
Furnish new office		xx			
Procure vehicles & equipment		xxxxxxxx			
Recruit new Expats	xx				
1st Expat ES visit*		xx			
1st Expat approval		xx			
1st Expat in-country			xx		
Install Data Base Sys.			xxxx		
2nd Expat ES visit**			xx		
2nd Expat approval			xx		
2nd Expat in-country				xx	
Master Work Plan				xx	
USAID approval WkPln				xx	
First TA/T work orders					xxxx
<u>BASIC NTAE ACTIVITIES</u>					
Activities continue	xx				
Select new producers		xxxxx			xxxxx
Identify export/proc		xxxxx			xxxxx
New Work Plans		xxxxx			xxxxx
TA/T Agrmnts CLUSA/prod		xxxxx			xxxxx
Contracts exp/proc/prod			xxxx		
Implement work plans				xxxxxxxxxxxxxxxxxxxx	
Liquidations/post harvest				xxxxxxxxxxxxxxxxxxxx	
Evaluate/replan					xxxx

\*Agribusiness Advisor  
 \*\*Non Formal Education Advisor

## 5. Project Monitoring

Project monitoring will be at three levels of project management. Scheduled and unscheduled reports will be major tools for project monitoring. The Work Plan will identify overall objectives and quarterly targets. The quarterly progress reports will indicate measure of success in meeting these objectives and targets. The overall project will be monitored by a foreign national personal services contractor financed under the AID managed budget element.

## 6. Procurement

Major equipment procurement (vehicles, etc.) will be done by CLUSA/Washington in order to have the maximum effect for Buy America preference. Minor equipment and supplies procurement will be done by CLUSA/El Salvador in accordance with applicable shelf item regulations. Import to El Salvador from the U.S. can enter duty free under U.S. Embassy/USAID agreements for this project. CLUSA will procure vehicles, motorcycles, spare parts, household furnishings and security items, and office equipment as shown in item 9 of the Detailed Budgets.

Procurement of services (including subcontract work orders) will be done by CLUSA/El Salvador utilizing guidelines provided by AID and by CLUSA/Washington.

Procurement of technical services under the planned El Salvador agronomics requirements contract will not exceed \$250,000 in order to comply with Buy-America guidance dated December 5, 1990.

Procurement of short-term technical consultant services will be done by CLUSA/Washington in coordination with CLUSA/El Salvador.

## B. MEASUREMENT AND EVALUATION OF PROJECT ACCOMPLISHMENTS

In addition to the project monitoring listed above, the following will be utilized for the measurement and evaluation of accomplishments:

1. Annual Review of Project, followed by amended or new Action Plan.
2. In-House Evaluations. At the conclusion of Year Two and Year Four, CLUSA will conduct expanded annual reviews which will be in-house evaluations, utilizing contract consultants and/or Washington staff.
3. USAID Evaluations. Unless USAID/ES determines otherwise, two USAID evaluations will be conducted -- one at the end of Year Three and one at the end of Year Five. These evaluations will be financed from the AID-managed budget element. USAID will conduct periodic audits of the project financed under the A.I.D. managed budget element. Both audits and evaluations will be directly contracted by A.I.D.

#### SECTION FOUR: BUDGET

The detailed budget for \$11,337,000 NTAE Marketing and Production Project follows this introductory page. The total A.I.D. contribution to the project is \$9 million. Counterpart contributions by producers/buyers/cooperatives have been identified and included at \$2,260,375. A revenue component valued at \$77,000 has also been included.

Project funds will be advanced to CLUSA through a Treasury Letter of Credit. In liquidating these advances to the accounting section of M/FM in A.I.D. Washington, the USAID Project Manager will be requested by AID/W by two-way memo to provide administrative approval of the liquidation. CLUSA will furnish a courtesy copy of each liquidation request to the Project Manager in USAID/El Salvador as it submits its documentation to M/FM. This copy will be used by the Project Management as the basis upon which his administrative approval of the liquidation would be made.

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ILLUSTRATIVE FINANCIAL PLAN  
BY BUDGET ELEMENT

<u>BUDGET ELEMENTS</u>	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>	<u>TOTAL</u>
1. Salaries and Wages	\$ 401,795	452,858	484,561	518,482	423,695	2,281,391
2. Fringe Benefits	91,697	102,015	109,157	116,798	83,029	502,695
3. Consultant Fees	27,360	28,728	30,164	31,672	33,256	151,180
4. Travel and Transportation	147,367	109,293	151,110	157,832	138,234	703,836
5. Allowances	213,981	212,000	223,811	236,294	125,824	1,011,910
6. Other Direct Costs	61,425	63,410	66,583	69,912	73,408	334,738
7. Overhead	362,352	371,829	409,108	434,300	336,939	1,914,528
8. Subordinate Agreements	215,944	150,000	125,000	125,000	100,000	715,944
9. Procurement of Equipment	413,455	43,575	169,234	10,998	11,549	648,811
10. General and Administrative Costs	58,202	42,990	50,304	46,877	36,593	234,966
11. USAID-Administered Project Support and Management	70,000	145,000	70,000	70,000	145,000	500,000
Sub-Total A.I.D. Contribution	\$ 2,063,578	1,721,698	1,889,032	1,818,165	1,507,527	9,000,000
12. Personnel Expenses	114,250	139,130	172,540	216,771	256,800	899,491
13. Operating Expenses	166,250	207,390	254,972	337,187	395,085	1,360,884
14. Estimated Fees for Services	2,500	5,000	10,000	20,000	40,000	77,500
Sub-Total USA Counterpart	\$ 283,000	351,520	437,512	573,958	691,885	2,337,875
PROJECT TOTAL	\$ 2,346,578	2,073,218	2,326,544	2,392,123	2,199,412	11,337,875

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LINE ITEM	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR	YEAR FIVE	TOTAL
<b>2. FRINGE BENEFITS</b>						
a) Expatriate Field Personnel: 70% of Salaries	49,664	57,148	56,852	58,648	57,154	247,654
b) Washington Project Monitor: 18% of Salaries	2,816	2,157	2,288	2,470	2,647	11,594
c) Salvadoran Staff: 17% of Salaries (includes 13th month pay)	48,817	46,718	49,988	53,487	57,231	247,442
<b>TOTAL FRINGE BENEFITS</b>	<b>91,697</b>	<b>102,215</b>	<b>109,156</b>	<b>116,797</b>	<b>83,029</b>	<b>502,695</b>
<b>3. CONSULTANT FEES</b>						
Four person months yrs 1 thru 5 @ \$295/day (average) (24 days/mo.)	\$17,368	\$28,728	\$38,164	\$31,672	\$33,256	\$151,188
<b>4. TRAVEL AND TRANSPORTATION</b>						
a) In-country travel vehicle-rent	588	525	551	579	688	2,763
b) In-country travel - vehicle fuel & maint. 19 vehicles @ 28,000 mi/yr/vehicle @ 15 miles/gal/veh @ \$3.50/gal	88,667	93,188	97,755	102,643	107,775	469,948
c) International Travel: Relocation Three Employees (with 3 dependents each) @ \$988 per person (yr.1) - yr.1, 12 persons @ \$888/person (to post) - yr.3, 4 persons @ \$882/person (to US) - yr.3, 4 persons @ \$882/person (to post) - yr.4, 6 persons @ \$926/person (to US) - yr.5, 4 persons @ \$972/person (to US)	7,888		7,528	7,528	7,488	3,888
d) Int'l Travel: R&R (to Bahamas) @ \$488/pers. - yr.2, 12 persons @ \$488/person - yr.4, 12 persons @ \$462/person		4,588		5,544		10,132
e) Int'l Travel: Home Leave @ \$882/pers. - yr.3, 8 persons @ \$882/person			7,056			7,056
f) Int'l Travel, US Advisor & staff: 2 trips per yr. for conferences & seminars @ \$1,888/trip.	1,888	2,128	2,288	2,315	2,471	11,881
g) International Travel, Project Monitor: 2 trips ea. yr. @ \$688/trip (yr.1)	1,888	1,688	1,764	1,852	1,945	9,841
h) International Travel, Consultants: four trips per year @ \$888/trip	3,288	3,368	3,528	3,784	3,888	17,652
i) Recruitment travel: 3r/t - US/ES/US @ \$888	2,488					2,488

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LINE ITEM	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR	YEAR FIVE	TOTAL
<b>4. TRAVEL AND TRANSPORTATION (CONTINUED)</b>						
a) Transportation: E @ 2,522 lbs. @ \$1.22/lb						
- yr.1, 2 families @ 2,522 lbs. @ \$1.22/lb. (to post)	20,522					20,522
- yr.2, 2 families @ 2,522 lbs. @ \$1.22/lb. (to US)		8,078				8,078
- yr.3, 2 families @ 2,522 lbs. @ \$1.22/lb. (to post)		8,078				8,078
- yr.4, 2 families @ 2,522 lbs. @ \$1.48/lb. (to US)				17,482		17,482
- yr.5, 1 family @ 2,522 lbs. @ \$1.61/lb. (to US)					4,828	4,828
k) Transport: Pers. vehicles, Expatriate Advisors:						
- yr.1, 3 vehicles (to post) @ \$1,250/vehicle	3,750					3,750
- yr.3, 1 vehicle (to US) @ \$1,378/vehicle			1,378			1,378
- yr.3, 1 vehicle (to post) @ \$1,378/vehicle			1,378			1,378
- yr.4, 2 vehicles (to US) @ \$1,447/vehicle				2,894		2,894
- yr.5, 1 vehicle (to US) @ \$1,519/vehicle					1,519	1,519
l) Transportation of unaccompanied baggage @ 700 lbs. per family						
- yr.1, 3 families @ 2,100 lbs. @ \$4.00/lb. (to post)	8,400					8,400
- yr.3, 1 family @ 700 lbs. @ \$4.41/lb. (to US)			3,087			3,087
- yr.3, 1 family @ 700 lbs. @ \$4.41/lb. (to post)			3,087			3,087
- yr.4, 2 families @ 1,400 lbs. @ \$4.63/lb. (to US)				6,482		6,482
- yr.5, 1 family @ 700 lbs. @ \$4.86/lb. (to US)					3,402	3,402
m) Storage HME in US @ \$858/yr./expatriate adv.	2,550	2,678	2,812	2,953	1,834	12,827
n) Move HME from storage to residence @ \$1,000/adv			1,000	2,100	1,103	4,203
o) Passports, visas, airport tax	1,000	1,050	1,103	1,158	1,216	5,527
p) Physical exams @ \$120/person	1,200		800	800	400	3,200
<b>TOTAL TRAVEL AND TRANSPORTATION</b>	<b>147,367</b>	<b>189,293</b>	<b>151,110</b>	<b>157,837</b>	<b>130,235</b>	<b>705,955</b>
<b>5. ALLOWANCES</b>						
a) Post Differential: @15% of expatriate salaries	23,280	24,918	26,653	28,519	18,853	144,215
b) Danger Pay: @20% of compensation						
- Expatriate Field Staff	31,848	33,213	35,538	38,025	14,471	182,857
- Home Office Project Monitor	2,240	2,397	2,565	2,744	2,926	15,972
- Consultants	5,472	5,746	6,020	6,304	6,581	30,236
c) Quarters and Utilities @ \$2,000/mo./expatriate (yr.1)	72,000	75,600	79,200	83,749	29,170	509,581
d) Education Allowance, 6 children, yrs 1-4: 2 children, yrs 5 @ \$4,000 children/yr.	24,000	25,200	26,400	27,750	4,704	137,954
e) School Fee @ \$2,000/child/yr. (3 children)	12,000					12,000
f) Per Diem: US Advisors @ 14 days/yr. @ \$134/day (US seminars and conferences)	1,876	1,970	2,066	2,172	2,288	10,362
g) Per Diem: Expatriate Advisors, recruitment; trips to El Salvador: 5 days each @ \$77/day	1,155					1,155
h) Per Diem (El Salvador): Consultants 120 days/yr. @ \$77/day	9,240	9,702	10,167	10,696	11,231	51,257
i) Per Diem: Washington Project Monitor 14 days/yr @ \$77/day	1,078	1,132	1,186	1,248	1,318	5,957
j) Per Diem: 17 technicians - extension assignments @225 days/yr/technician @ \$8/day	30,600	32,130	33,737	35,423	37,194	169,084
<b>TOTAL ALLOWANCES</b>	<b>213,981</b>	<b>211,999</b>	<b>223,809</b>	<b>236,294</b>	<b>125,824</b>	<b>1,011,907</b>

LINE ITEM	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR	YEAR FIVE	TOTAL
<b>6. OTHER DIRECT COSTS</b>						
a) Telephone, telex, cable	5,222	5,222	5,222	5,222	5,222	27,658
b) Airfare and passenger	2,222	2,222	2,222	2,222	2,222	11,851
c) Postage and courier rental	2,222	2,222	2,222	2,472	2,647	13,877
d) Research materials	1,000	100	100	100	100	1,600
e) Office Rent - San Salvador @ \$2,250/mo	27,000	28,050	29,760	31,056	32,814	149,192
f) Office supplies	3,000	3,150	3,308	3,473	3,647	16,577
g) Vehicle insurance @ \$600/yr./veh. 19 vehicles	15,200	15,960	16,756	17,596	18,476	83,990
h) Miscellaneous	5,000	5,250	5,513	5,789	6,078	27,628
<b>TOTAL OTHER DIRECT COSTS</b>	<b>61,425</b>	<b>67,418</b>	<b>66,501</b>	<b>69,910</b>	<b>73,405</b>	<b>334,730</b>
<b>TOTAL MODIFIED COSTS (#1 THRU 6)</b>	<b>943,626</b>	<b>968,304</b>	<b>1,065,378</b>	<b>1,130,984</b>	<b>877,441</b>	<b>4,985,734</b>
<b>7. OVERHEAD</b>						
Total Modified Direct Cost (#1 thru #6)	943,626	968,304	1,065,378	1,130,984	877,441	4,985,734
Multiplied by provisional O.H. rate	38.40%	38.40%	38.40%	38.40%	38.40%	38.40%
<b>TOTAL OVERHEAD</b>	<b>362,352</b>	<b>371,829</b>	<b>409,105</b>	<b>434,298</b>	<b>336,937</b>	<b>1,914,522</b>
<b>8. SUBORDINATE AGREEMENT</b>						
Urban Systems, Inc.						
(i) Information and Data Base Management System	45,360					45,360
(ii) Development of Marketing and Training Packages	28,584					28,584
<b>Subtotal Urban Systems, Inc.</b>	<b>73,944</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,944</b>
<b>Subtotals with salvadoran firms</b>	<b>52,000</b>	<b>52,000</b>	<b>52,000</b>	<b>52,000</b>	<b>52,000</b>	<b>258,000</b>
<b>Requirements Work Orders with U.S. Firms</b>	<b>100,000</b>	<b>120,000</b>	<b>75,000</b>	<b>75,000</b>	<b>50,000</b>	<b>420,000</b>
<b>TOTAL SUB CONTRACTS</b>	<b>215,944</b>	<b>152,000</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>715,944</b>
<b>9. PROCUREMENT OF EQUIPMENT</b>						
a) Computer, hardware and software - data base	12,300					12,300
b) Project vehicles (includes shipping)						
(i) Yr.1 - 17 vehicles (Jeep Cherokees) @ \$16,000 ea.	272,000					272,000
(ii) Yr.2 - 2 Cherokees @ \$16,000 ea.		33,600				33,600
(iii) Yr.3 - 9 Cherokees @ \$17,640 ea.			158,760			158,760
c) Motorbikes - four (4) @ \$2,500 ea.	10,000					10,000
d) Vehicle parts @ \$500/yr./vehicle x 19 veh.	9,500	9,975	10,474	10,997	11,547	52,493
e) Radios - three (3) @ \$2,800 ea.	8,400					8,400
f) Radio communication system	26,000					26,000
g) Security system for two expatriate homes	4,000					4,000
h) Generators for two exp. homes	4,000					4,000
i) Household furn. & appliances @ \$14,000/adv. 2 adv.	28,000					28,000
j) Airconditioners for 2 exp. homes 4 @ \$900	3,600					3,600
k) Office telephone system	4,347					4,347
l) Office furniture	7,500					7,500
m) Refrigerator for office	800					800
n) Audio-visual (projector, camcorder, screen, etc)	25,000					25,000
<b>TOTAL PROCUREMENT</b>	<b>413,455</b>	<b>43,575</b>	<b>169,234</b>	<b>10,997</b>	<b>11,547</b>	<b>648,808</b>

LINE ITEM	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR	YEAR FIVE	TOTAL
<b>10. GENERAL AND ADMINISTRATIVE COST</b>						
a) Base of Modifications:						
1) Total Modified Direct Costs (Items 1 thru 9)	947,626	968,384	1,065,378	1,138,984	877,441	4,995,733
2) Total Subcontracts and Procurements (8 + 9)	209,799	197,575	294,274	178,997	111,547	1,764,752
c) Total Direct Cost (2 a) + (2 b) a) :	1,157,425	1,165,959	1,359,652	1,317,981	988,988	6,750,485
d) Multiplied by S & A Rate	3.78%	3.78%	3.78%	3.78%	3.78%	3.78%
<b>TOTAL S &amp; A</b>	<b>58,282</b>	<b>42,998</b>	<b>58,386</b>	<b>46,878</b>	<b>36,593</b>	<b>234,968</b>
<b>11. USAID-ADMINISTERED PROJECT SUPPORT &amp; MANAGEMENT</b>						
a) Audit	38,000	38,000	38,000	38,000	38,000	190,000
b) External Evaluations		75,000			75,000	150,000
c) PBN Project Manager	48,822	48,822	48,822	48,822	48,822	242,808
<b>TOTAL USAID-ADMINISTERED PROJ. SUPP. &amp; MGMT.</b>	<b>78,822</b>	<b>145,822</b>	<b>78,822</b>	<b>78,822</b>	<b>145,822</b>	<b>508,000</b>
<b>12. TOTAL COST</b>						
a) Total Modified Direct Cost (01 thru 6)	943,626	968,384	1,065,378	1,138,984	677,441	4,995,733
b) Overhead (07)	362,352	371,829	409,185	434,298	336,937	1,914,521
c) Subcontracts (08)	215,944	158,000	125,000	125,000	100,000	715,944
d) Procurements (09)	413,455	47,575	169,234	18,997	11,547	646,808
e) S & A (010)	58,282	42,998	58,386	46,878	36,593	274,968
<b>TOTAL NOAA AGREEMENT COST</b>	<b>1,993,579</b>	<b>1,576,697</b>	<b>1,819,223</b>	<b>1,748,156</b>	<b>1,362,516</b>	<b>8,500,000</b>
f) USAID Administered Costs	78,822	145,822	78,822	78,822	145,822	508,000
<b>TOTAL COST</b>	<b>2,062,579</b>	<b>1,721,697</b>	<b>1,889,223</b>	<b>1,818,156</b>	<b>1,507,516</b>	<b>9,002,000</b>

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COOPERATIVE LEAGUE OF THE USA  
 EL SALVADOR COOPERATIVE PRODUCTION II  
 ESTIMATED REVENUE & COUNTERPART CONTRIBUTIONS (File name: ES\_RV.MU)  
 DATE PREPARED: 5/09/91  
 Assumes 5% year inflation rate - Budget in US \$)

DESCRIPTION	YEAR ONE	YEAR TWO	YEAR THREE	YEAR FOUR	YEAR FIVE	TOTAL
1. ESTIMATED COUNTERPART CONTRIBUTIONS (1) (Assumes 5% annual inflation increase per organization)						
a) Personnel						
(i) Cooperatives						
(a) Number of participating co-ops	25	30	35	45	50	
(b) Multiplied by average contribution per co-op	\$2,500	\$2,625	\$2,736	\$2,834	\$3,039	
Equals contributions of Personnel by co-ops	62,500	76,750	96,460	130,230	151,950	519,890
(ii) Private Firms						
(a) Number of participating firms	9	10	12	13	15	
(b) Multiplied by average contribution per firm	3,750	6,038	6,340	6,657	6,990	
Equals contributions of Personnel by co-ops	51,750	60,380	76,080	86,541	104,850	379,601
Subtotal Personnel	\$114,250	\$139,130	\$172,540	\$216,771	\$256,800	\$893,491
b) Operating Expenses						
(i) Cooperatives						
(a) Number of participating co-ops	25	30	35	45	50	
(b) Multiplied by average contribution per co-op	5,750	6,038	6,340	6,657	6,990	
Equals operating expense contrib. by co-ops	143,750	181,140	221,900	299,565	349,500	1,195,855
(ii) Private Firms						
(a) Number of participating firms	9	10	12	13	15	
(b) Multiplied by average contribution per firm	2,500	2,625	2,736	2,834	3,039	
Equals operating expense contrib. by firms	22,500	26,250	33,072	37,622	45,585	165,031
Subtotal Operating Expenses	\$166,250	\$207,390	\$254,972	\$337,187	\$395,085	\$1,360,816
TOTAL ESTIMATED COUNTERPART CONTRIBUTIONS	\$280,500	\$346,520	\$427,512	\$553,958	\$651,885	\$2,260,314
2. REVENUE - ESTIMATED FEES FOR SERVICES (2)	\$2,500	\$5,000	\$10,000	\$20,000	\$40,000	\$77,500

NOTES:

- (1) Counterpart contributions consists of expenses of cooperatives and other firms which advance project objectives.
- (2) Project revenue to be used to offset project costs or to fund an NTAE service organization.

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ILLUSTRATIVE FINANCIAL PLAN  
BY COMPONENT

<u>BUDGET ELEMENTS</u>	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>	<u>TOTAL</u>
1. Production Technology and Transfer	\$ 583,343	489,518	655,065	508,889	563,654	2,800,009
2. Market and Investment Promotion	42,363	43,184	18,123	19,029	19,980	142,679
3. Strengthening Coop. Agrib. Management	409,498	347,856	388,068	414,188	194,377	1,753,987
4. Training & Information Management	510,450	367,822	410,729	439,707	197,377	1,926,085
5. Administrative Support	447,915	328,763	347,029	366,334	386,739	1,876,780
6. AID Managed Activities	70,000	145,000	70,000	70,000	145,000	500,000
6.1 Project Manager	50,000	50,000	50,000	50,000	50,000	250,000
6.2 Audit	20,000	20,000	20,000	20,000	20,000	100,000
6.3 Evaluation	—	75,000	—	—	75,000	150,000
Sub-Total A.I.D. Contribution	\$ 2,063,569	1,722,143	1,889,014	1,818,147	1,507,127	9,000,000
1. Production Technology and Transfer	283,000	351,520	437,512	573,958	691,885	2,337,875
Sub-Total CLUSA Counterpart	\$ 283,000	351,520	437,512	573,958	691,885	2,337,875
PROJECT TOTAL	\$ 2,346,569	2,073,663	2,326,526	2,392,105	2,199,012	11,337,875



LINE ITEM	TOTAL FRINGE BENEFITS					TOTAL \$90,120
	TECHNICAL TRANSFER	TRAINING INVESTMENT	ADMIN. MANAGEMENT	TRAINING & CONFERENCES	ADMIN. SUPPORT	
<b>FRINGE BENEFITS</b>						
a. Employees Public Personnel, 100% of Salaries	22,000		11,000	11,000		44,000
b. Washington Project Monitor 100% of Salaries					11,000	11,000
c. Salvadoran Staff 17% of Salaries (includes 10th month pay)	94,167		52,076	67,708	37,248	247,199
<b>TOTAL FRINGE BENEFITS</b>	<b>195,766</b>	<b>0</b>	<b>103,076</b>	<b>104,708</b>	<b>48,248</b>	<b>580,190</b>
<b>7. CONSULTANT FEES</b>						
Four person months (one 1 thru 6 @ \$250 day (averaged) 24 days work)	75,591	37,795	37,795			\$151,181
<b>4. TRAVEL AND TRANSPORTATION</b>						
a. In-country travel - vehicle-rent					2,760	2,760
b. In-country travel - vehicle fuel & maint. 19 vehicles @ 20,000 mi/yr/vehicle @ 15 miles gal/ver @ \$7.50/gal.					489,948	489,948
c. International Travel: Relocation Three Expatriates with 2 dependents each @ \$222 per person (yr.1)						
- yr.1, 12 persons @ \$222 person (to post)	2,664		2,664	2,664		8,000
- yr.2, 4 persons @ \$222 person (to US)	888					2,816
- yr.3, 4 persons @ \$222 person (to post)	888					2,816
- yr.4, 8 persons @ \$90 person (to US)			720	720		2,400
- yr.5, 4 persons @ \$90 person (to US)	360					1,152
d. Int'l Travel: R&F to Bahamas @ \$422 pers. - yr.1, 12 persons @ \$422 person	5,064		5,064	5,064		15,652
- yr.4, 12 persons @ \$422 person	5,064		5,064	5,064		15,652
e. Int'l Travel: Home Leave @ \$222 pers. - yr.1, 8 persons @ \$222 person	1,776		1,776	1,776		5,424
f. Int'l Travel: US Advisor & staff: 2 trips per yr. for conferences & seminars @ \$1,000/trip.	2,000		2,000			6,000
g. International Travel: Project Monitors: 2 trips ea. yr. @ \$200 trip (yr.1)					400	1,200
h. International Travel: Consultants: four trips per year @ \$200 trip	800	4,400	4,400			17,600
i. Recruitment travel: Brit - US @ \$200	200		200	200		600



	1968-1969	1969-1970	1970-1971	1971-1972	1972-1973	TOTAL
1. OTHER DIRECT COSTS					304,738	304,738
a. Office rent - Bar St. Bldg. @ \$2,000 mo					24,000	24,000
b. Office supplies					25,877	25,877
c. Vehicle insurance @ \$200 mo. per vehicle					60,998	60,998
d. Miscellaneous					27,863	27,863
<b>TOTAL OTHER DIRECT COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>304,738</b>	<b>304,738</b>
2. OVERHEAD					1,127,469	4,985,704
a. Total Allocated Direct Cost, % shown as	1,574,489	67,922	992,556	1,127,059	1,127,469	4,985,704
b. Multiplied by provisional O.M. rate	73.42%	73.42%	73.42%	73.42%	73.42%	73.42%
<b>TOTAL OVERHEAD</b>	<b>1,574,489</b>	<b>67,922</b>	<b>992,556</b>	<b>1,127,059</b>	<b>1,127,469</b>	<b>4,985,704</b>
3. SUBORDINATE AGREEMENT					0	15,744
a. Urban Systems, Inc.					0	15,744
b. Information and Data Base Management System					45,758	45,758
c. Development of Marketing and Training Packages					28,984	28,984
<b>Subtotal Urban Systems, Inc.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74,742</b>	<b>74,742</b>
b. Subtotal with salvadorian firms	158,222		158,222			316,444
Requirements work Orders with U.S. Firms	158,222	58,222	158,222	158,222		472,888
<b>TOTAL SUB CONTRACTS</b>	<b>158,222</b>	<b>58,222</b>	<b>158,222</b>	<b>158,222</b>	<b>0</b>	<b>472,888</b>
4. PROCUREMENT OF EQUIPMENT						91,946
a. Computer, its owns and software - data base					12,522	12,522
b. Project vehicles (includes shipping)						
c. 1971 - 17 vehicles (used Chevrolet) @ \$16,000 ea.	272,000		64,000	64,000	16,000	376,000
d. 1972 - 1 Chevrolet @ \$16,000 ea.	16,000					16,000
e. 1971 - 9 Chevrolets @ \$17,542 ea.	157,878		17,542	17,542		192,962
f. Motorcycles - four - 4 @ \$2,500 ea.	10,000				1,522	11,522
g. Vehicle parts @ \$200 mo. per vehicle 17 veh.					60,450	60,450
h. Radios - three - 3 @ \$1,600 ea.					4,800	4,800
i. Radio communication system					16,222	16,222
j. Security system for two expatriate homes					4,222	4,222
k. Generators for two exp. homes					4,222	4,222
l. Household furn. & appliances @ \$14,222 adv. 2 adv.					28,444	28,444
m. Airconditioners for 2 exp. homes 4 @ \$922					3,688	3,688
n. Office telephone system					4,347	4,347
o. Office furniture					7,500	7,500
p. Refrigerator for office					800	800
q. Audio-visual (projector, camcorder, screen, etc)					25,000	25,000
<b>TOTAL PROCUREMENT</b>	<b>292,580</b>	<b>0</b>	<b>81,640</b>	<b>91,946</b>	<b>162,640</b>	<b>648,806</b>

	TOTAL B & A					
	1974	1975	1976	1977	1978	TOTAL
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1. Total Modified Direct Cost (100% thru 100%)	1,874,433	27,928	392,556	1,167,255	1,167,433	4,929,704
2. Total Subcontracts and Procurements (B & A)	142,522	52,222	222,800	25,944	152,642	1,024,750
3. Total Direct Cost (100% thru 100%)	2,016,955	80,150	615,356	1,423,199	1,320,075	5,954,454
4. Multiplied by B & A Rate	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
TOTAL B & A	78,000	4,215	48,996	52,771	52,694	224,596
10. USAC-ADMINISTERED PROJECT SUPPORT & MANAGEMENT						
a. Audit					152,222	152,222
b. External Evaluations					152,222	152,222
c. USN Project Manager					152,222	152,222
TOTAL USAC-ADMINISTERED PROJ. SUPP. & MGMT.	0	0	0	0	522,222	522,222
11. TOTAL COST						
a. Total Modified Direct Cost (100% thru 100%)	1,874,433	27,928	392,556	1,167,255	1,167,433	4,929,704
b. Overhead (B)	224,524	24,945	222,157	443,227	452,959	1,924,518
c. Subcontracts (B)	152,222	52,222	222,800	25,944	0	715,944
d. Procurements (B)	192,552	0	52,648	91,945	152,642	449,829
e. B & A (B)	78,000	4,215	48,996	52,771	52,694	224,596
TOTAL USAC-ADMINISTERED COST	0	0	0	0	522,222	522,222
f. USAC Administered Costs	0	0	0	0	522,222	522,222
TOTAL COST	2,822,224	142,522	1,794,779	2,996,129	2,776,791	9,222,222

COMPARATIVE LEADS OF THE USA  
 IN SALVADOR COOPERATIVE PRODUCTION IS  
 BARELY ENOUGH TO COVER THE (100%  
 BARE PRODUCTION 1/10/76 OR 2/10/76  
 Shows 24/year inflation rate - Budget in US \$)

LINE ITEM	YEAR 1					YEAR 2						
	TECHNICAL STAFF	AGRICULTURE & FORESTRY	ADMIN. PERSONNEL	TRAINING & INFO. STAFF	ADMIN. SUPPORT	TOTAL YEAR 1	TECHNICAL STAFF	AGRICULTURE & FORESTRY	ADMIN. PERSONNEL	TRAINING & INFO. STAFF	ADMIN. SUPPORT	TOTAL YEAR 2
<b>1. SALARIES AND WAGES</b>												
Shows 24 CIRA = 24 month term/yr												
a) Expatriate Field Personnel												
(i) Chief of Party/MSB Advisor, 3 years @ 600,000/yr.	600,000					600,000	600,000					600,000
(ii) Crop Agribusiness Advisor, 4 years @ 200,000/yr.			20,000			20,000			22,500			22,500
(iii) Non-Forest Education Advisor, 4 years @ 200,000/yr.				20,000		20,000				22,500		22,500
Sub-total Expatriate Activities	20,000		20,000	20,000		120,000	25,000		22,500	22,500		166,000
b) Home Office Project Monitoring Two person months per year @ 20,000/mo.					11,200	11,200					11,200	11,200
c) Salvadoran Staff												
(i) Support Staff												
Admin. Asst./Office Mgr. @ C 20,000/yr.					10,200	10,200					11,200	11,200
Accountant @ C 27,000/yr.					8,400	8,400					8,700	8,700
Secretary @ C 60,000/yr.					7,200	7,200					8,000	8,000
Receptionist/Typist @ C 22,000/yr.					4,800	4,800					5,100	5,100
Computer Specialist @ C 20,000/yr.				11,200		11,200			12,000			12,000
Messenger @ C 10,000/yr.					2,200	2,200					2,400	2,400
Cleaning Person @ C 12,000/yr.					1,200	1,200					1,400	1,400
Security Guard @ C 20,000/yr.					2,200	2,200					2,400	2,400
Sub-total Salvadoran Support Staff				11,200	28,100	49,300			12,000	40,700		56,000
(ii) MSB Unit												
Deputy to MSB Advisor @ C 20,000/yr.	12,000					12,000	12,000					12,000
Agro/Prod. Specs 120, off 7/1/76 @ C 20,700/yr.	23,200					23,200	27,200					27,200
Agro/Prod. Specs 120, off 10/1/76 @ C 20,700/yr.	25,115					25,115	29,400					29,400
Sub-total MSB Unit	60,315					60,315	68,600					68,600
(iii) Agribusiness Unit												
Deputy to Agribusiness Advisor @ C 20,000/yr.			12,000			12,000			12,000			12,000
Prod. Specialist 112, off 7/1/76 @ C 20,700/yr.			10,710			10,710			11,600			11,600
Co-ops/Agribus. Specs 120, off 10/1/76 @ C 20,700/yr.			25,115			25,115			26,400			26,400
Sub-total Agribusiness Unit			47,825			47,825			26,711			26,711
(iv) Training Unit												
Deputy to HF Ed Advisor @ C 20,000/yr.				12,000		12,000				12,000		12,000
Contract Supervisor 111 @ C 20,700/yr.				10,710		10,710			11,600			11,600
Training Specialist 111 @ C 20,700/yr.				10,710		10,710			11,600			11,600
Materials Bwdl. Spec. 111, off 10/1/76 @ C 20,700/yr.				8,020		8,020			11,600			11,600
A/V Specialist 111, off 10/1/76 @ C 20,700/yr.				8,020		8,020			11,600			11,600
Sub-total Training Unit				49,511		49,511			26,711			26,711
Total Salvadoran Staff	60,315		47,825	60,711	10,110	179,000	104,200		26,711	70,710	60,711	276,000

COMPENSATIVE LEASE OF THE US  
 (1) SALARIES (COMPENSATIVE PROVISION 1)  
 (2) BUDGET BY COMPONENT (File name: ESE COMP)  
 DATE PREPARED: 3/9/78 REV. 5/10/78  
 Assumes 3%/year inflation rate - Budget in US \$

LINE ITEM	YEAR 1					YEAR 2					
	TECHNOLOGY TRANSFER	AGRICULTURE INVESTMENT	AGRICULTURE EQUIPMENT	TRAINING & INF. NET	ADMN. SUPPORT	TECHNOLOGY TRANSFER	AGRICULTURE INVESTMENT	AGRICULTURE EQUIPMENT	TRAINING & INF. NET	ADMN. SUPPORT	TOTAL YEAR 2
<b>2. PRIME BENEFITS</b>											
a) Equatorial Field Personnel 30% of Salaries	17,664		16,000	16,000		16,700		17,120	17,120		53,140
b) Washington Project Monitor 10% of Salaries					2,016					2,137	2,137
c) Salvadoran Staff 17% of Salaries (includes 12th month pay)	23,809		7,561	16,329	6,477	17,779		7,701	12,027	6,330	66,717
<b>TOTAL PRIME BENEFITS</b>	<b>62,282</b>		<b>67,561</b>	<b>66,329</b>	<b>66,493</b>	<b>62,679</b>		<b>67,101</b>	<b>62,147</b>	<b>69,087</b>	<b>618,614</b>
<b>3. OPERATIONAL FEES</b>											
Four person van/yr @ \$200/day (average) (24 days/mo.)	61,600	66,000	66,000			67,350	61,364	67,102	67,102		608,720
<b>4. TRAVEL AND TRANSPORTATION</b>											
a) In-Country travel - vehicle rent					300	300				323	323
b) In-Country travel - vehicle fuel & maint. 19 vehicles @ 20,000 mt/yr/vehicle @ 13 miles/gal/vch @ 63.30/gal					60,667	60,667				93,100	93,100
c) International Travel: Reimbursement Three Employees (with 3 dependents each) @ \$600 per person (yr. 1) - yr. 1, 12 persons @ \$600/person (to pool) - yr. 2, 12 persons @ \$600/person (to US) - yr. 3, 12 persons @ \$600/person (to pool) - yr. 4, 12 persons @ \$720/person (to US) - yr. 5, 12 persons @ \$720/person (to US)	3,700		3,700	3,700		3,600					
d) Int'l travel: 2 R (to Panama) @ \$400/pers. - yr. 2, 12 persons @ \$400/person - yr. 3, 12 persons @ \$400/person							1,600	1,600	1,600		4,800
e) Int'l travel: Home Leave @ \$600/pers. - yr. 1, 8 persons @ \$600/person											
f) Int'l travel, UN Advisors & staff: 2 trips per yr. for conferences & seminars @ \$1,000/trip	1,000		1,000			2,000	1,000	1,000			2,100
g) International travel, Project Monitor: 2 trips ea. yr. @ \$600/trip (yr. 1)					1,600	1,600				1,600	1,600
h) International travel, Consultants: four trips per year @ \$500/trip	1,600	600	600			3,700	1,600	640	640		3,200
i) Requisitioned travel: 2 R/1 - UN/ES/US @ \$600	600		600	600		2,400					

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COOPERATIVE LEASE OF THE USA  
 IN SUPPORT COOPERATIVE PRODUCTION II  
 BUDGET FISCAL YEAR 1970-71  
 BUDGET FISCAL YEAR 1971-72  
 Maximum 20-year inflation rate Budget in US \$

LINE ITEM	YEAR 1					YEAR 2						
	TECHNOLOGY TRANSFER	MARKETING & INVESTMENT	AGRICUL. EQUIPMENT	TRAINING & INFO. NET	ADMN. SUPPORT	TOTAL YEAR 1	TECHNOLOGY TRANSFER	MARKETING & INVESTMENT	AGRICUL. EQUIPMENT	TRAINING & INFO. NET	ADMN. SUPPORT	TOTAL YEAR 2
<b>4. TRUCKS AND TRANSPORTATION (CONTINUED)</b>												
a) Transport M.M.E. @ 2,300 lbs/family @ \$3.00/lb.												
- yr. 1, 3 families @ 2,300lb. x \$3.00/lb (to post)	7,300		7,300	7,300		22,300						
- yr. 2, 1 family @ 2,300lb. x \$3.31/lb (to US)												
- yr. 3, 1 family @ 2,300lb. x \$3.31/lb. (to post)												
- yr. 4, 2 families @ 2,000lb. x \$3.60/lb. (to US)												
- yr. 5, 1 family @ 2,300lb. x \$3.61/lb. (to US)												
b) Transport Pass. Vehicles, Expatriate Advisors:												
- yr. 1, 3 vehicles (to post) @ \$1,250/vehicle	1,250		1,250	1,250		3,750						
- yr. 2, 1 vehicle (to US) @ \$1,370/vehicle												
- yr. 3, 2 vehicles (to post) @ \$1,370/vehicle												
- yr. 4, 2 vehicles (to US) @ \$1,447/vehicle												
- yr. 5, 1 vehicle (to US) @ \$1,519/vehicle												
c) Transportation of unaccompanied baggage												
0 700 lbs. per family												
- yr. 1, 3 families @ 2,100lb. x \$0.19/lb (to post)	2,000		2,000	2,000		6,400						
- yr. 2, 1 family @ 700lb. x \$0.41/lb (to US)												
- yr. 3, 1 family @ 700lb. x \$0.41/lb. (to post)												
- yr. 4, 2 families @ 1,400lb. x \$0.63/lb. (to US)												
- yr. 5, 1 family @ 700lb. x \$0.86/lb. (to US)												
d) Storage MME in US @ \$0.20/yr./expatriate adv.	600		600	600		2,300	673		673	673	2,676	
e) Move MME from storage to residences @ \$1,000/adv.												
f) Passport, visa, airport fee	250	250	250	250		1,000	263	263	263	263	1,050	
g) Physical exam. @ \$100/person	400		400	400		1,600						
<b>TOTAL TRUCKS AND TRANSPORTATION</b>	<b>91,650</b>	<b>91,650</b>	<b>91,650</b>	<b>91,650</b>	<b>930,767</b>	<b>9147,387</b>	<b>67,480</b>	<b>91,183</b>	<b>94,643</b>	<b>94,730</b>	<b>970,303</b>	<b>9197,673</b>
<b>5. ALLOWANCES</b>												
a) Pool Differential: 61% of expatriate salaries	6,700		7,300	7,300		23,200	6,860		6,860	6,860	24,910	
b) Danger Pay: 80% of compensation												
- Expatriate Field Staff	11,040		10,000	10,000		31,040	11,613		10,700	10,700	33,013	
- Home Office Project Staff					2,260	2,260					2,260	
- Consultants	2,736	1,368	1,368			3,472	2,873	1,436	1,436		3,745	
c) Quarters and Utilities												
0 \$2,000/mo./expatriate (yr. 1)	24,000		24,000	24,000		72,000	23,200		23,200	23,200	73,600	
d) Education Allowance, 6 children, yrs 1-5												
2 children, yr. 3 @ \$4,000/child/year	8,000		8,000	8,000		24,000	8,400		8,400	8,400	25,200	
e) School Fee @ \$2,000/child (yr. 1) & 6 children	4,000		4,000	4,000		12,000						
f) Per Diem Advisors @ 14 days/yr. @ \$124/day												
100 contacts and conferences	500		500			1,875	500		500		1,970	
g) Per Diem expatriate advisors, recruitment/												
trips to El Salvador: 3 days/adv. @ \$111/day	333		333	333		1,130						
h) Per Diem (2) Salvador's Consultants												
100 days/yr. @ \$77/day	4,670	2,335	2,335			7,740	4,670	2,426	2,426		9,702	
i) Per Diem Washington Project Staff												
10 days/yr @ \$77/day					1,070	1,070				1,132	1,132	
j) Per Diem 17 technicians - extension assignments												
0 \$25 days/year/technician @ \$6/day				30,600		30,600				32,130	32,130	
<b>TOTAL ALLOWANCES</b>	<b>63,779</b>	<b>63,678</b>	<b>636,701</b>	<b>664,480</b>	<b>63,310</b>	<b>6213,701</b>	<b>667,382</b>	<b>63,662</b>	<b>607,171</b>	<b>604,430</b>	<b>63,249</b>	<b>6211,979</b>

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COMPETITIVE LEADERS OF THE USA  
 A. BILVERSON (COMPETITIVE PROBLEMS II)  
 ADMIN. AGREEMENT BY (COMPONENT #) (to name) (SIC) (COST)  
 DATE PREPARED: 3/8/73 REV. 3/16/73  
 (Assume 3% year inflation rate - Budget in US \$)

LINE ITEM	YEAR 1					YEAR 2					TOTAL YEAR 1	TOTAL YEAR 2	
	TELEPHONE NUMBER	TRAINING & INVESTMENT	ADM. SUPPL.	TRAINING & INFO. NET	ADM. SUPPORT	TELEPHONE NUMBER	TRAINING & INVESTMENT	ADM. SUPPL.	TRAINING & INFO. NET	ADM. SUPPORT			
<b>A. OTHER DIRECT COSTS (BILVERSON II)</b>													
a) Telephone, telex, cable					3,000							3,250	3,250
b) Postage and messenger					2,000							2,100	2,100
c) Photocopying/copier rental					3,000							3,150	3,150
d) Research material					1,775							700	700
e) Office Rent - San Salvador @ \$2,000/mo					27,000							28,350	28,350
f) Office Supplies					3,000							3,150	3,150
g) Vehicle Insurance @ \$600/yr./veh. = 19 vehicles					12,000							12,570	12,570
h) Miscellaneous					3,000							3,250	3,250
<b>TOTAL OTHER DIRECT COSTS</b>					<b>61,475</b>							<b>63,410</b>	<b>63,410</b>
<b>TOTAL MODIFIED DIRECT COSTS (A + B + C)</b>	<b>875,144</b>	<b>611,368</b>	<b>6294,384</b>	<b>6238,625</b>	<b>6213,383</b>	<b>6943,624</b>	<b>6283,126</b>	<b>612,146</b>	<b>6266,316</b>	<b>6246,685</b>	<b>6224,682</b>	<b>6968,300</b>	<b>6968,300</b>
<b>D. OVERHEAD</b>													
Total Modified Direct Cost (A + B + C + D)	875,144	611,368	6294,384	6238,625	6213,383	6943,624	6283,126	612,146	6266,316	6246,685	6224,682	6968,300	6968,300
Multiplied by provisional G.N. rate	38,406	38,406	38,406	38,406	38,406	38,406	38,406	38,406	38,406	38,406	38,406	38,406	38,406
<b>TOTAL OVERHEAD</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>	<b>38,406</b>
<b>A. SUBCONTRACT AGREEMENT</b>													
Urban Systems, Inc.													
ii) Information and Data Base Management System					45,360								
iii) Development of Marketing & Technical Training Packages					29,384								
<b>Subtotal Urban Systems, Inc.</b>					<b>74,744</b>								
Subcontracts with Salvadoran Firms	25,000		25,000			50,000	25,000		25,000				50,000
Requirements Mark Orders with U.S. Firms	25,000	25,000	25,000	25,000		100,000	25,000	25,000	25,000	25,000			100,000
<b>TOTAL SUBCONTRACTS</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>		<b>275,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>			<b>275,000</b>

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COMPENSATION LEASE OF THE LBN  
 ON ANNUAL COOPERATIVE PRODUCTION II  
 BUREAU BUDGET BY COMPONENT (file name) (S2) (LDP)  
 DATE PREPARED: 3/11/91 REV. 5/10/91  
 (Assume 3%/year inflation rate - Budget in US \$)

LINE ITEM	YEAR 1					YEAR 2					
	TECHNOLOGY TRANSFER	MARKETING & INVESTMENT	ADMIN. MANAGEMENT	TRAINING & INFO. NET	ADMIN. SUPPORT	TECHNOLOGY TRANSFER	MARKETING & INVESTMENT	ADMIN. MANAGEMENT	TRAINING & INFO. NET	ADMIN. SUPPORT	TOTAL YEAR 2
<b>9. PROCUREMENT OF EQUIPMENT</b>											
a) Computer, hardware and software - data base				10,300	10,300						
b) Project Vehicle (includes shipping):											
i) W.1 - 17 Chevrons @ 010,000/ea.	180,000		64,000	64,000	16,000	272,000					
ii) W.2 - 2 Chevrons @ 010,000							33,600				33,600
iii) W.3 - 3 Chevrons @ 017,600 ea.											
c) Motorbikes - 4 @ 02,500 each	7,500				2,500	10,000					
d) Vehicle parts @ 0000/yr./vehicle @ 19 veh.					3,500	3,500				9,975	9,975
e) Radio - three (3) @ 02,000 each					6,000	6,000					
f) Radio communications system					20,000	20,000					
g) Security system for two equip. rooms					4,000	4,000					
h) Generators for two equip. rooms					4,000	4,000					
i) Household furn. & appliances @ 010,000/adv. @ 2 adv					20,000	20,000					
j) Airconditioners for 2 equip. rooms @ 1.500					3,000	3,000					
k) Office telephone system					4,317	4,317					
l) Office furniture					7,500	7,500					
m) Refrigerator for office					800	800					
n) Audio-visual (projector, camcorder, screen, etc.)					25,000	25,000					
<b>TOTAL PROCUREMENTS</b>	<b>0123,500</b>	<b>004,000</b>	<b>074,300</b>	<b>0139,647</b>	<b>0411,420</b>	<b>0323,600</b>				<b>09,975</b>	<b>043,575</b>
<b>10. GENERAL AND ADMINISTRATIVE COST</b>											
a) Base of Applications											
i) Total Modified Direct Cost (lines 1 thru 6)	273,144	11,260	294,304	230,625	213,303	943,624	203,136	12,146	290,310	240,640	224,082
ii) Total Subcontracts & Procurements (0 - 9)	103,500	25,000	110,000	163,252	139,617	649,379	83,600	25,000	30,000	25,000	9,975
<b>b) Total Direct Cost (total = 10a+ii)</b>	<b>460,644</b>	<b>36,260</b>	<b>404,304</b>	<b>463,877</b>	<b>352,920</b>	<b>1,592,993</b>	<b>286,736</b>	<b>37,146</b>	<b>320,310</b>	<b>265,640</b>	<b>234,057</b>
c) Multiplied by 0.5 A rate	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
<b>TOTAL 0 AND A</b>	<b>017,044</b>	<b>01,353</b>	<b>011,000</b>	<b>014,341</b>	<b>013,027</b>	<b>020,110</b>	<b>013,370</b>	<b>01,374</b>	<b>09,333</b>	<b>09,025</b>	<b>00,650</b>
<b>11. UNID-ADMINISTERED PROJECT SUPPORT &amp; NET.</b>											
a) Staff					30,000	30,000				30,000	30,000
b) External evaluation										75,000	75,000
c) FIB project manager					60,000	60,000				60,000	60,000
<b>TOTAL UNID-ADMINISTERED PROJECT SUPPORT &amp; NET.</b>					<b>090,000</b>	<b>090,000</b>				<b>0165,000</b>	<b>0165,000</b>
<b>12. OVERHEAD COST</b>											
a) Total Modified Direct Cost (01 thru 06)	273,144	11,260	294,304	230,625	213,303	943,624	203,136	12,146	290,310	240,640	224,082
b) Overhead (07)	103,625	4,542	70,714	91,632	81,700	362,214	100,732	4,664	77,771	22,732	80,040
c) Subcontracts (08)	20,000	25,000	30,000	30,344		213,314	30,000	25,000	30,000	25,000	130,000
d) Procurements (09)	133,300		64,000	70,300	139,617	413,223	33,600			9,975	43,373
e) 0.5 A (010)	17,044	1,353	11,000	14,341	13,027	20,110	13,370	1,374	9,333	9,025	0,650
<b>Total UNID Agreement Cost</b>	<b>563,343</b>	<b>42,355</b>	<b>409,478</b>	<b>316,450</b>	<b>447,913</b>	<b>1,992,369</b>	<b>409,600</b>	<b>43,184</b>	<b>347,026</b>	<b>307,027</b>	<b>380,763</b>
f) UNID-Administered Cost					70,000	70,000				145,000	145,000
<b>TOTAL COST</b>	<b>0563,343</b>	<b>042,353</b>	<b>0409,478</b>	<b>0316,450</b>	<b>0517,913</b>	<b>02,062,369</b>	<b>0409,600</b>	<b>043,184</b>	<b>0347,026</b>	<b>0307,027</b>	<b>0473,763</b>

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COMPENSATIVE LEADER OF THE LEAD  
 21 ON UNDER COMPENSATIVE PRODUCTION 11  
 BUREAU BUDGETARY BY EXPENDITURE (Title name) ES/11001  
 UNIT PROGRAMS: 1/01/71 REV 3/10/71  
 Assume 30/year inflation rate Budget in US \$1

LINE ITEM	YEAR 3					YEAR 4					TOTAL YEAR 4
	TECHNICAL STAFF	MANAGEMENT & INVESTMENT	ADMIN. SUPPORT	TRAINING & INFO. MGT	ADMIN. SUPPORT	TECHNICAL STAFF	MANAGEMENT & INVESTMENT	ADMIN. SUPPORT	TRAINING & INFO. MGT	ADMIN. SUPPORT	
<b>I. SALARIES AND WAGES</b>											
Assume 2% COLA + 2% merit incr./yr											
a) Expatriate Field Personnel											
i) Chief of Party/ITE Advisor, 5 years @ \$25,000/yr.	65,190					65,190	67,422				67,422
ii) Co-op Agribusiness Advisor, 4 years @ \$20,000/yr.			37,245			37,245		61,252			61,252
iii) Non Formal Education Advisor, 4 years @ \$20,000/yr.				37,245		37,245			61,252		61,252
Sub-total Expatriate Salaries	65,190		37,245	37,245		177,680	67,422	61,252	61,252		190,127
b) Head Office Project Monitoring Two person-months per year @ \$5,600/mo.					12,023	12,023				13,720	13,720
c) Salvadoran Staff											
i) Support Staff											
Admin. Ass't./Office Mgr. @ C \$4,000/yr.					12,021	12,021				12,021	12,021
Accountant @ C \$7,200/yr.					9,617	9,617				10,270	10,270
Secretary @ C \$6,000/yr.					6,507	6,507				7,100	7,100
Receptionist/Typist @ C \$3,600/yr.					4,809	4,809				5,145	5,145
Computer Specialist @ C \$9,000/yr.				12,000	12,000				13,702	13,702	13,702
Messenger @ C \$8,000/yr.					2,576	2,576				2,726	2,726
Cleaning Person @ C \$2,000/yr.					1,717	1,717				1,830	1,830
Security Guard @ C \$3,000/yr.					4,293	4,293				4,599	4,599
Sub-total Salvadoran Support Staff				12,000	43,623	36,301			13,702	46,674	60,436
ii) ITE Unit											
Deputy to ITE Advisor @ C \$6,000/yr.	13,737				13,737	14,701				14,701	14,701
Agro/Prod. Specs (31, off 1/1/71) @ C \$5,700/yr.	61,252				61,252	63,647				65,647	65,647
Agro/Prod. Specs (31, off 10/1/71) @ C \$5,700/yr.	36,811				36,811	37,300				37,300	37,300
Sub-total ITE Unit	111,800				111,800	119,736				119,736	119,736
iii) Agribusiness Unit											
Deputy to Agribusiness Advisor @ C \$6,000/yr.			13,737		13,737			14,701		14,701	14,701
Prod. Specialist (11, off 1/1/71) @ C \$5,700/yr.			12,270		12,270			13,129		13,129	13,129
Co-op/Agribus. Specs (31, off 10/1/71) @ C \$5,700/yr.			36,811		36,811			37,300		37,300	37,300
Sub-total Agribusiness Unit			62,818		62,818			67,210		67,210	67,210
iv) Training Unit											
Deputy to Trng Adv @ C \$6,000/yr.				13,737	13,737			14,701		14,701	14,701
Contract Supervisor (11) @ C \$5,700/yr.				12,270	12,270			13,129		13,129	13,129
Training Specialist (11) @ C \$5,700/yr.				12,270	12,270			13,129		13,129	13,129
Materials Devol. Spec. (11, off 10/1/71) @ C \$5,700/yr.				12,270	12,270			13,129		13,129	13,129
AV Specialist (11, off 10/1/71) @ C \$5,700/yr.				12,270	12,270			13,129		13,129	13,129
Sub-total Training Unit				62,818	62,818			67,210		67,210	67,210
Total Salvadoran Staff	111,800		62,818	75,701	43,623	294,045	119,736	67,210	81,000	46,674	314,620
<b>TOTAL SALARIES AND WAGES</b>	177,680		100,063	112,946	104,444	644,356	187,158	128,462	142,252	86,373	831,475

COOPERATIVE LEASE OF THE LOR  
 IN DIVISION COOPERATIVE PRODUCTION II  
 BUDGET BREAKDOWN BY COMPONENT (File name: ESE.COP)  
 DATE PREPARED: 3/01/71 REV. 3/10/71  
 Maximum 30/year inflation rate - Budget in US \$

LINE ITEM	YEAR 3					YEAR 4					TOTAL YEAR 4
	TOTALS BY TRANSFER	FUNDING & INVESTMENT	PERSONNEL	TRAINING & INF. MGT	ADMIN. SUPPORT	TOTALS BY TRANSFER	FUNDING & INVESTMENT	PERSONNEL	TRAINING & INF. MGT	ADMIN. SUPPORT	
<b>2. PRIME BENEFITS</b>											
a) Equatorial Field Personnel 20% of Salaries	20,000		10,310	10,310		26,000		21,670	13,601	13,601	64,841
b) Washington Project Monitor 10% of Salaries					2,300	2,300					2,470
c) Bolivarian Staff 17% of Salaries (includes 1300 month pay)	15,000		10,600	12,050	7,416	45,200	20,250		11,427	13,770	7,320
<b>TOTAL PRIME BENEFITS</b>	<b>35,000</b>		<b>20,910</b>	<b>22,360</b>	<b>7,416</b>	<b>73,400</b>	<b>20,250</b>		<b>25,028</b>	<b>27,371</b>	<b>74,631</b>
<b>3. OTHER NON PERS</b>											
Four person mos. yrs 1 - 6 @ 6000/day (average) 120 days/yr.	610,000	67,041	67,341			626,164	613,626	67,918	67,918		631,673
<b>4. TRAVEL AND TRANSPORTATION</b>											
a) In-Country travel-vehicle rent					301	301				379	379
b) In-Country travel - vehicle fuel & maint. 10 vehicles @ 20,000 mt/yr/vehicle @ 15 mt/mi/gal/vol @ 43.20/gal					97,720	97,720				102,643	102,643
c) International travel: Relocation Three Employees (with 3 dependents each) @ 6000 per person (yr. 1) - yr. 1, 12 persons @ 6000/person (to post) - yr. 2, 12 persons @ 6000/person (to US) - yr. 3, 12 persons @ 6000/person (to post) - yr. 4, 12 persons @ 6000/person (to US) - yr. 5, 12 persons @ 6000/person (to US)								3,704	3,704		7,408
d) Int'l Travel: 8 @ (to Bahamas) @ 6400/pers. - yr. 1, 12 persons @ 6400/person - yr. 2, 12 persons @ 6400/person							1,640	1,640	1,640		3,280
e) Int'l Travel: Home Leave @ 6000/pers. - yr. 1, 8 persons @ 6000/person			3,200	3,200		7,406					7,406
f) Int'l travel, US Advisors & staff: 2 trips per yr. for conferences & seminars @ 91,000/trip	1,100		1,100			2,200	1,150	1,150			2,315
g) International travel, Project Monitor: 2 trips ea. yr. @ 6000/trip (yr. 1) 4 trips ea. yr. @ 6000/trip					1,704	1,704				1,802	1,802
h) International travel, Consultants: four trips per year @ 6000/trip	1,704	602	602			3,200	1,652	206	206		3,704
i) Recruitment travel: 3 cr/ - US/ES/US @ 6000											

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COMPARATIVE TABLE OF THE USA  
 (A. SALVADOR COOPERATIVE PRODUCTION II)  
 BUDGET BREAKDOWN BY COMPONENT (Fiscal Years 1972-1973)  
 DATE PREPARED: 3/11/73 REV. 3/10/73  
 (Assumes 24/year - inflation rate - Budget in US \$)

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LINE ITEM	YEAR 3					YEAR 4					TOTAL YEAR 4
	TECHNICAL STAFF	MANAGEMENT & INVESTMENT	ADMINS. MANAGEMENT	TRAINING & INFO. MGT	ADMINS. SUPPORT	TECHNICAL STAFF	MANAGEMENT & INVESTMENT	ADMINS. MANAGEMENT	TRAINING & INFO. MGT	ADMINS. SUPPORT	
<b>1. TRAVEL AND TRANSPORTATION (CONTINUED)</b>											
jj Transport M.V.E. @ 2,500 lbs/family @ \$3.00/lb.											
- yr. 1, 3 families @ 7,500lb. @ \$3.00/lb. (to post)											
- yr. 2, 1 family @ 2,500lb. @ \$3.31/lb. (to US)	0,870					0,870					
- yr. 3, 1 family @ 2,500lb. @ \$3.31/lb. (to post)	0,870					0,870					
- yr. 4, 2 families @ 2,000lb. @ \$3.60/lb. (to US)							6,700	6,700			17,000
- yr. 5, 1 family @ 2,500lb. @ \$3.61/lb. (to US)											
kk Transport Pers. Vehicles, Expatriate Advisors											
- yr. 1, 3 vehicles (to post) @ \$1,250/vehicle											
- yr. 2, 1 vehicle (to US) @ \$1,370/vehicle	1,370					1,370					
- yr. 3, 1 vehicle (to post) @ \$1,370/vehicle	1,370					1,370					
- yr. 4, 2 vehicles (to US) @ \$1,447/vehicle							1,447	1,447			2,894
- yr. 5, 1 vehicle (to US) @ \$1,519/vehicle											
ll Transportation of unaccompanied baggage											
4700 lbs. per family											
- yr. 1, 3 families @ 2,100lb. @ \$4.10/lb. (to post)											
- yr. 2, 1 family @ 700lb. @ \$4.41/lb. (to US)	3,087					3,087					
- yr. 3, 1 family @ 700lb. @ \$4.41/lb. (to post)	3,087					3,087					
- yr. 4, 2 families @ 1,400lb. @ \$4.63/lb. (to US)							3,241	3,241			6,482
- yr. 5, 1 family @ 700lb. @ \$4.63/lb. (to US)											
mm Storage fee in US @ \$500/yr./expatriate adv.	537		537	537		2,811	304	304	304		2,352
nn Move fee from storage to residences @ \$1,000/adv.	1,000					1,000		1,050	1,050		2,100
oo Passports, visas, airport tax	276	276	276	276		1,193	287	287	287		1,150
pp Physical exam. @ \$100/person	800					800		600	600		800
<b>TOTAL TRAVEL AND TRANSPORTATION</b>	<b>930,415</b>	<b>91,150</b>	<b>96,725</b>	<b>94,741</b>	<b>9106,071</b>	<b>9151,199</b>	<b>96,131</b>	<b>91,216</b>	<b>923,747</b>	<b>9100,074</b>	<b>9157,831</b>
<b>2. ALLOWANCES</b>											
aa Post Differential: 81% of expatriate salaries	5,480		8,587	8,587		26,634	10,143	9,188	9,188		28,519
ab Danger Pay: 90% of compensation											
- Expatriate Field Staff	12,640		11,449	11,449		35,338	13,244	12,258	12,258		38,804
- Home Office Project Monitor					2,363	2,363				2,744	2,744
- Consultants	3,016	1,508	1,508			6,032	3,167	1,584	1,584		8,333
ac Quarters and Utilities @ \$2,000/mo./expatriate (yr. 1)	26,460		26,460	26,460		79,380	27,783	27,783	27,783		83,349
ad Education Allowance, & children, yrs 1-4											
2 children, yr. 3 @ \$4,000/child/yr	8,020		8,020	8,020		26,460	9,261	9,261	9,261		27,783
ae School Fee @ \$2,000/child (yr. 1) @ 6 children											
af Per Diem US Advisors @ 14 days/yr. @ \$124/day	1,736		1,736			2,868	1,086	1,086			2,172
ag All costumes and conferences											
ah Per Diem expatriate advisors, recruitment/ trips to El Salvador 3 days/adv. @ \$77/day	5,074	2,347	2,347			19,187	3,348	2,674	2,674		19,636
ai Per Diem El Salvador's Consultants 120 days/yr. @ \$77/day											
aj Per Diem Washington Project Monitor 14 days/yr. @ \$77/day						1,108	1,108			1,748	1,748
ak Per Diem 17 Technicians - extension assignments @ \$75 days/year/technician @ \$6/day				11,737		11,737				35,423	35,423
<b>TOTAL ALLOWANCES</b>	<b>966,344</b>	<b>94,020</b>	<b>940,400</b>	<b>989,053</b>	<b>93,753</b>	<b>9273,809</b>	<b>970,312</b>	<b>94,258</b>	<b>963,806</b>	<b>973,900</b>	<b>943,732</b>

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COOPERATIVE LEASE OF THE USA  
 (I) SALVADOR COOPERATIVE FACILITIES II  
 BUREAU OF BUDGET BY COMPONENT (File # 44-157-100)  
 DATE PREPARED: 2/01/78 REV. 5/10/78  
 Assume 3% per inflation rate Budget in US \$.

LINE ITEM	YEAR 3					YEAR 4						
	TECHNOLOGY TRANSFER	PROPERTY & INVESTMENT	ADMINS. MANAGEMENT	TRAINING & INFO. SFT	ADMIR. SUPPORT	TOTAL YEAR 3	TECHNOLOGY TRANSFER	PROPERTY & INVESTMENT	ADMINS. MANAGEMENT	TRAINING & INFO. SFT	ADMIR. SUPPORT	TOTAL YEAR 4
<b>6. OTHER DIRECT COSTS (UNREVENUE)</b>												
a) Telephone, telex, cable					3,513	3,513					3,700	3,700
b) Postage and courier					2,095	2,095					2,315	2,315
c) Photocopying/printer rental					3,300	3,300					3,473	3,473
d) Research material					210	210					221	221
e) Office Rent - San Salvador @ \$2,750/mo					27,750	27,750					31,256	31,256
f) Office Supplies					3,300	3,300					3,473	3,473
g) Vehicle Insurance @ \$600/yr./veh = 19 vehicles					11,700	11,700					17,576	17,576
h) Miscellaneous					3,313	3,313					3,700	3,700
<b>TOTAL OTHER DIRECT COSTS</b>					<b>66,581</b>	<b>66,581</b>					<b>65,910</b>	<b>65,910</b>
<b>TOTAL MODIFIED DIRECT COSTS (I THRU G &amp; H)</b>	<b>6324,389</b>	<b>612,754</b>	<b>6273,733</b>	<b>6737,386</b>	<b>6226,572</b>	<b>11,662,376</b>	<b>6321,632</b>	<b>613,372</b>	<b>6254,309</b>	<b>6291,132</b>	<b>6247,773</b>	<b>11,130,700</b>
<b>7. OVERHEAD</b>												
Total Modified Direct Cost (I thru G & H)	114,389	12,754	223,733	257,386	236,372	1,062,376	121,632	13,372	254,309	291,132	247,773	1,130,700
Multiplied by provisional O.H. rate	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
<b>TOTAL OVERHEAD</b>	<b>6120,400</b>	<b>64,077</b>	<b>662,914</b>	<b>697,044</b>	<b>650,044</b>	<b>6697,104</b>	<b>6121,307</b>	<b>63,142</b>	<b>697,716</b>	<b>6111,010</b>	<b>677,773</b>	<b>6424,277</b>
<b>8. SUBCONTRACT AGREEMENT</b>												
Urban Systems, Inc												
i) Information and Data Base Management System												
iii) Development of Marketing & Technical Training Package												
Subtotal Urban Systems, Inc												
Subcontract with Salvadoran firms	25,000		25,000			50,000	25,000		25,000			50,000
Requirements Mark Orders with U.S. firms	25,000		25,000	25,000		75,000	25,000		25,000	25,000		75,000
<b>TOTAL SUBCONTRACTS</b>	<b>70,000</b>		<b>70,000</b>	<b>67,000</b>		<b>172,000</b>	<b>70,000</b>		<b>70,000</b>	<b>67,000</b>		<b>172,000</b>

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COOPERATIVE LEASE OF THE USA  
 A. SALVADOR (COOPERATIVE PRODUCTION II)  
 BUREAU BUDGET BY ELEMENT (File name: E22 (COP))  
 DATE PREPARED: 3/01/91 REV. 5/10/91  
 (Assume 3% per inflation rate - Budget in US \$)

LINE ITEM	YEAR 3					YEAR 4					TOTAL YEAR 3	TOTAL YEAR 4
	TECHNICAL SUPPORT	PERSONNEL & INVESTMENT	ADMIN. SUPPORT	INITIAL & INF. COST	ADMIN. SUPPORT	TECHNICAL SUPPORT	PERSONNEL & INVESTMENT	ADMIN. SUPPORT	INITIAL & INF. COST	ADMIN. SUPPORT		
<b>9. PROCUREMENT OF EQUIPMENT</b>												
a) Computer, hardware and software - data base												
b) Project Vehicle (includes shipping):												
i) Tr. 1 - 17 Jeep Cherokee @ 616,000/ea.												
ii) Tr. 2 - 2 Cherokee @ 616,000												
iii) Tr. 3 - 9 Cherokee @ 617,640 ea.	605,600		17,640	17,640		156,760						
c) Batteries - 4 @ 62,500 each												
d) Vehicle parts @ 4000/pr./vehicle @ 13 veh.					10,476	10,476					10,977	10,977
e) Radio - three (3) @ 62,000 each												
f) Radio communications system												
g) Security systems for two encl. homes												
h) Generators for two encl. homes												
i) Household furn. & appliances @ 616,000/adv. @ 2 adv												
j) Airconditioners for 2 encl. homes @ 4 @ 6700												
k) Office telephone system												
l) Office furniture												
m) Refrigerator for office												
n) Audio-visual (projector, camcorder, screen, etc.)												
<b>TOTAL PROCUREMENTS</b>	<b>605,600</b>		<b>17,640</b>	<b>17,640</b>	<b>10,476</b>	<b>616,236</b>					<b>10,977</b>	<b>610,977</b>
<b>10. GENERAL AND ADMINISTRATIVE COST</b>												
a) Base of Application:												
i) Total Modified Direct Cost (Items 1 thru 6)	334,309	12,754	223,733	237,906	238,372	1,063,376	321,632	13,792	254,909	291,192	249,773	1,130,700
ii) Total Subcontracts & Procurements (6 - 9)	173,400		67,640	67,640	10,476	294,236	30,000		30,000	23,000	10,977	123,777
<b>b) Total Direct Cost (Total) = (a)(i) + (a)(ii)</b>	<b>507,709</b>	<b>12,754</b>	<b>291,373</b>	<b>305,546</b>	<b>248,848</b>	<b>1,357,612</b>	<b>351,632</b>	<b>13,792</b>	<b>284,909</b>	<b>314,192</b>	<b>260,750</b>	<b>1,254,477</b>
c) Multiplied by 5.6 A rate	3,706	3,706	3,706	3,706	3,706	3,706	3,706	3,706	3,706	3,706	3,706	3,706
<b>TOTAL G AND A</b>	<b>616,731</b>	<b>612</b>	<b>610,779</b>	<b>611,119</b>	<b>652,139</b>	<b>650,300</b>	<b>613,750</b>	<b>6492</b>	<b>611,263</b>	<b>611,677</b>	<b>674,477</b>	<b>646,672</b>
<b>11. UNID ADMINISTERED PROJECT SUPPORT &amp; MGT.</b>												
a) Audit					30,000	30,000					30,000	30,000
b) External evaluation												
c) PM project manager					60,000	60,000					60,000	60,000
<b>TOTAL UNID ADMINISTERED PROJECT SUPPORT &amp; MGT.</b>					<b>670,000</b>	<b>670,000</b>					<b>670,000</b>	<b>670,000</b>
<b>12. TOTAL COST</b>												
a) Total Modified Direct Cost (6) thru (6)	334,309	12,754	223,733	237,906	238,372	1,063,376	321,632	13,792	254,909	291,192	249,773	1,130,700
b) Overhead (10)	120,605	4,877	83,914	97,044	30,844	697,104	123,307	3,142	57,916	111,818	33,914	434,297
c) Subcontracts (10)	30,000		25,000	25,000		125,000	30,000		30,000	25,000		125,000
d) Procurement (10)	123,400		17,640	17,640	10,476	163,236					10,977	163,236
e) G & A (10)	616,731	612	610,779	611,119	652,139	650,300	613,750	6492	611,263	611,677	674,477	646,672
<b>Total UNID Agreement Cost</b>	<b>630,665</b>	<b>18,123</b>	<b>308,666</b>	<b>316,719</b>	<b>317,679</b>	<b>1,819,014</b>	<b>308,689</b>	<b>13,679</b>	<b>614,188</b>	<b>639,707</b>	<b>364,324</b>	<b>1,748,146</b>
f) UNID-administered Cost					70,000	70,000					70,000	70,000
<b>TOTAL COST</b>	<b>630,665</b>	<b>618,123</b>	<b>638,666</b>	<b>641,679</b>	<b>641,729</b>	<b>617,029</b>	<b>617,029</b>	<b>614,188</b>	<b>643,707</b>	<b>643,707</b>	<b>644,324</b>	<b>618,146</b>

COOPERATIVE LEASE OF THE USA

COOPERATIVE LEADER OF THE YEAR  
 (1) SALVADOR COOPERATIVE PRODUCTION II  
 BUDGET PREPARED BY LEONORITA (File name) (52) (LDP)  
 DATE PREPARED: 3/01/91 REV. 3/10/91  
 Assumes 20/year inflation rate - Budget in US \$1

	YEAR 5			
<b>I. SALARIES AND WAGES</b>				
Assumes 20 LRA + 2% merit incr./yr				
<b>a) Expatriate Field Personnel</b>				
iii Chief of Party/WTE Advisor, 3 years @ \$20,700/yr.	972,326		972,326	
iiii Co-op Agribusiness Advisor, 4 years @ \$20,000/yr.				
iiiii Non Formal Education Advisor, 4 years @ \$20,000/yr.				
Sub-total Expatriate Salaries	972,326		972,326	
<b>b) Home Office Project Monitoring</b>				
Two person-months per year @ \$3,000/mo.		14,601	14,601	
<b>c) Salvadoran Staff</b>				
<b>iii Support Staff</b>				
Admin. Ass't./Office Agr. @ C \$4,000/yr.		11,763	11,763	
Accountant @ C \$7,200/yr.		11,911	11,911	
Secretary @ C \$4,000/yr.		3,831	3,831	
Receptionist/Typist @ C \$3,600/yr.		3,303	3,303	
Computer Specialist @ C \$9,000/yr.	14,746		14,746	
Messenger @ C \$2,000/yr.		2,343	2,343	
Cleaning Person @ C \$2,000/yr.		1,966	1,966	
Security Guard @ C \$3,000/yr.		4,913	4,913	
Sub-total Salvadoran Support Staff	14,746	49,761	64,507	
<b>iiii WTE Unit</b>				
Deputy to WTE Advisor @ C \$5,000/yr.	15,730		15,730	
Agr/Prod. Spec. (3), off 7/1/91 @ C \$3,740/yr.	20,242		20,242	
Agr/Prod. Spec. (3), off 10/1/91 @ C \$3,740/yr.	42,143		42,143	
Sub-total WTE Unit	128,117		128,117	
<b>iiiii Agribusiness Unit</b>				
Deputy to Agribusiness Advisor @ C \$5,000/yr.	15,730		15,730	
Prod. Specialist (1), off 7/1/91 @ C \$3,740/yr.	14,040		14,040	
Co-op/Agribus. Spec. (3), off 10/1/91 @ C \$3,740/yr.	42,143		42,143	
Sub-total Agribusiness Unit	71,913		71,913	
<b>iiii Training Unit</b>				
Deputy to WF @ Advisor @ C \$5,000/yr.	15,730		15,730	
District Supervisor (1) @ C \$3,740/yr.	14,040		14,040	
Training Specialist (1) @ C \$3,740/yr.	14,040		14,040	
Materials Devol. Spec. (1), off 10/1/91 @ C \$3,740/yr.	14,040		14,040	
M/V Specialist (1), off 10/1/91 @ C \$3,740/yr.	14,040		14,040	
Sub-total Training Unit		71,913	71,913	
Total Salvadoran Staff	128,117	71,913	64,670	136,622
<b>TOTAL SALARIES AND WAGES</b>	2000,473	671,923	666,670	2421,682

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COOPERATIVE LEASE OF THE LBR  
 PL. SALVADOR COOPERATIVE PRODUCTION II  
 BUREAU MEMORANDUM OF COOPERATION (File name) E&C (COP)  
 DATE PREPARED: 3/01/91 REV. 3/10/91  
 (Assumes 20/year inflation rate - Budget in US \$)

YEAR 5

2. RETIRED BENEFITS

a) Expatriate Field Personnel 30% of Salaries	23,154				23,154
b) Washington Project Monitor 10% of Salaries				2,643	2,643
c) Salvadoran Staff 17% of Salaries (includes 13th month pay)	29,700	12,227	14,734	8,470	57,231
<b>TOTAL RETIRED BENEFITS</b>	<b>64,854</b>	<b>12,227</b>	<b>14,734</b>	<b>8,113</b>	<b>68,208</b>

3. COMMUNITY FEES

Four person mos. yrs 1 - 3 @ 0200/day (average) (24 days/mo.)	616,620	60,314	60,314		637,256
--	---------	--------	--------	--	---------

4. TRAVEL AND TRANSPORTATION

a) In-Country travel - vehicle rent				600	600
b) In-Country travel - vehicle fuel & maint. 19 vehicles @ 20,000 us/yr/vehicle @ 15 us/liter/gal @ 03.50/gal				107,775	107,775
c) International travel: Relocation Three Employees (with 3 dependents each) @ 6000 per person (yr. 1) - yr. 1, 12 persons @ 6000/person (to post) - yr. 2, 4 persons @ 6000/person (to US) - yr. 3, 4 persons @ 6000/person (to post) - yr. 4, 4 persons @ 6750/person (to US) - yr. 5, 4 persons @ 6750/person (to US)	3,000				3,000
d) Int'l travel: B & B (to Bahamas) @ 9400/pers. - yr. 2, 12 persons @ 9400/person - yr. 4, 12 persons @ 9400/person					
e) Int'l travel: Home leave @ 6000/pers. - yr. 1, 8 persons @ 6000/person					
f) Int'l travel, US Advisors & staffs 2 trips per yr. for conferences & seminars @ 11,000/trip	1,216		1,216		2,431
g) International travel, Project Monitor 2 trips ea. yr. @ 6000/trip (yr. 1)				1,945	1,945
h) International travel, Consultants four trips per year @ 6000/trip	1,945	972	972		3,890
i) Recruitment travel: 3 r/y - US/ES/US @ 6000					

COMPREHENSIVE LEASE OF THE USA  
 EL SALVADOR COOPERATIVE PRODUCTION II  
 BUDGET BREAKDOWN BY COMPONENT (File name: ES2 (COP))  
 DATE PREPARED: 3/01/91 REV. 3/10/91  
 (Assumes 30/year inflation rate - Budget in US \$)

	YEAR 3					
<b>4. TRAVEL AND TRANSPORTATION (LIMITED)</b>						
a) Transport, M.V. @ 2,500 lbs/family @ 03.00/lb.						
- yr. 1, 3 families @ 7,500lb. @ 3.21/lb. (to post)						
- yr. 2, 1 family @ 2,500lb. @ 3.21/lb. (to US)						
- yr. 3, 1 family @ 2,500lb. @ 3.21/lb. (to post)						
- yr. 4, 2 families @ 5,000lb. @ 3.60/lb. (to US)						
- yr. 5, 1 family @ 2,500lb. @ 3.61/lb. (to US)	9,023					9,023
b) Transport Pers. Vehicles, Expatriate Advisors						
- yr. 1, 3 vehicles (to post) @ 01,250/vehicle						
- yr. 2, 1 vehicle (to US) @ 01,370/vehicle						
- yr. 3, 1 vehicle (to post) @ 01,370/vehicle						
- yr. 4, 2 vehicles (to US) @ 01,667/vehicle						
- yr. 5, 1 vehicle (to US) @ 01,513/vehicle	1,513					1,513
c) Transportation of unaccompanied baggage						
@ 700 lbs. per family						
- yr. 1, 3 families @ 2,100lb. @ 04.16/lb. (to post)						
- yr. 2, 1 family @ 700lb. @ 04.41/lb. (to US)						
- yr. 3, 1 family @ 700lb. @ 04.41/lb. (to post)						
- yr. 4, 2 families @ 1,400lb. @ 04.63/lb. (to US)						
- yr. 5, 1 family @ 700lb. @ 04.06/lb. (to US)	3,402					3,402
d) Storage 100 in US @ 0020/yr./expatriate adv.	1,023					1,023
e) Move 100 from storage to residences @ 01,000/adv.	1,103					1,103
f) Passports, visas, airport tax	304	304	304	304		1,216
g) Physical exam. @ 0100/person	600					600
<b>TOTAL TRAVEL AND TRANSPORTATION</b>	<b>021,034</b>	<b>01,276</b>	<b>02,472</b>	<b>0304</b>	<b>0110,320</b>	<b>0120,234</b>
<b>5. ALLOWANCES</b>						
a) Post Differential: 0120 of expatriate salaries	10,053					10,053
b) Danger Pay: 00% of compensation						
Expatriate Field Staff	14,471					14,471
- Home Office Project Manager				2,736		2,736
- Consultants	3,206	1,663	1,663			6,532
c) Quarters and Utilities						
@ 02,000/mo./expatriate (yr. 1)	29,172					29,172
d) Education Allowance, 6 children, yrs 1-4						
2 children, yr. 3 @ 04,000/child/yr	9,720					9,720
e) School Fee @ 02,000/child (yr. 1) + 6 children						
f) Per Diem US Advisors @ 14 days/yr. @ 0134/day	1,140		1,140			2,000
for seminars and conferences						
g) Per Diem expatriate advisors, recruitment/						
trips to El Salvador: 5 days/adv. @ 077/day						
h) Per Diem (El Salvador): Consultants	3,616	2,000	2,000			11,231
120 days/yr. @ 077/day						
i) Per Diem Washington Project Manager					1,310	1,310
14 days/yr @ 077/day						
j) Per Diem 17 technicians - extension assignments				37,194		37,194
@ 023 days/yr./technician @ 06/day						
<b>TOTAL ALLOWANCES</b>	<b>074,302</b>	<b>04,471</b>	<b>05,611</b>	<b>037,194</b>	<b>04,246</b>	<b>0125,023</b>

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COMPENSATIVE LEASER OF THE MDR  
 IN ORDER UNDER COMPENSATIVE PROVISIONS II  
 BUREAU MEMORANDUM OF EXPENDITURE (File name: 152 COM)  
 DATE PREPARED: 3/31/71 REV. 3/10/71  
 (Assume 5% year inflation rate - Budget in US \$)

YEAR 3

6. OTHER DIRECT COSTS (DURABLE/USABLE)

a) Telephone, telex, cable					6,978	6,978
b) Postage and messenger					2,431	2,431
c) Photocopying/copier rental					3,647	3,647
d) Research material					738	738
e) Office Rent - San Salvador @ \$2,000/mo					24,019	24,019
f) Office Supplies					3,647	3,647
g) Vehicle Insurance @ \$600/yr./veh + 13 vehicles					10,476	10,476
h) Miscellaneous					6,978	6,978

TOTAL OTHER DIRECT COSTS

973,400 973,400

TOTAL MODIFIED DIRECT COSTS (I THRU G I)

236,172 14,061 100,367 130,902 263,734 277,437

7. OVERHEAD

Total Modified Direct Costs (I thru G I)	236,172	14,061	100,367	130,902	263,734	277,437
Multiplied by provisional G.R. rate	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL OVERHEAD	210,390	40,379	120,610	150,902	303,734	318,937

8. SUBCONTRACT AGREEMENT

Urban Systems, Inc  
 I) Information and Data Base Management System  
 II) Development of Marketing & Technical Training Packages

Subtotal Urban Systems, Inc

Subcontracts with Salvadoran Firms 25,000 25,000 30,000

Requirements Met Orders with U.S. Firms 25,000 25,000 30,000

TOTAL SUBCONTRACTS 75,000 75,000 100,000

9. PROCUREMENT OF EQUIPMENT

a) Computer, hardware and software - data base  
 b) Project Vehicles (includes shipping):  
 I) Vr. 1 - 17 Jeep Cherokees @ 115,000/ea.  
 II) Vr. 2 - 2 Cherokees @ 910,000  
 III) Vr. 3 - 3 Cherokees @ 317,640 ea.  
 c) Motorbikes - 4 @ 62,500 each  
 d) Vehicle parts @ \$200/yr./vehicle x 13 veh.  
 e) Audio - three (3) @ 60,000 each  
 f) Radio communication system  
 g) Security system for two expat. homes  
 h) Generators for two expat. homes  
 i) Household furn. & appliances @ 910,000/adv. x 2 adv  
 j) Circumstances for 2 expat. homes x 1 \$500  
 k) Office telephone system  
 l) Office furniture  
 m) Refrigerator for office  
 n) Auto-visual (projector, recorder, screen, etc.)

11,347 11,347

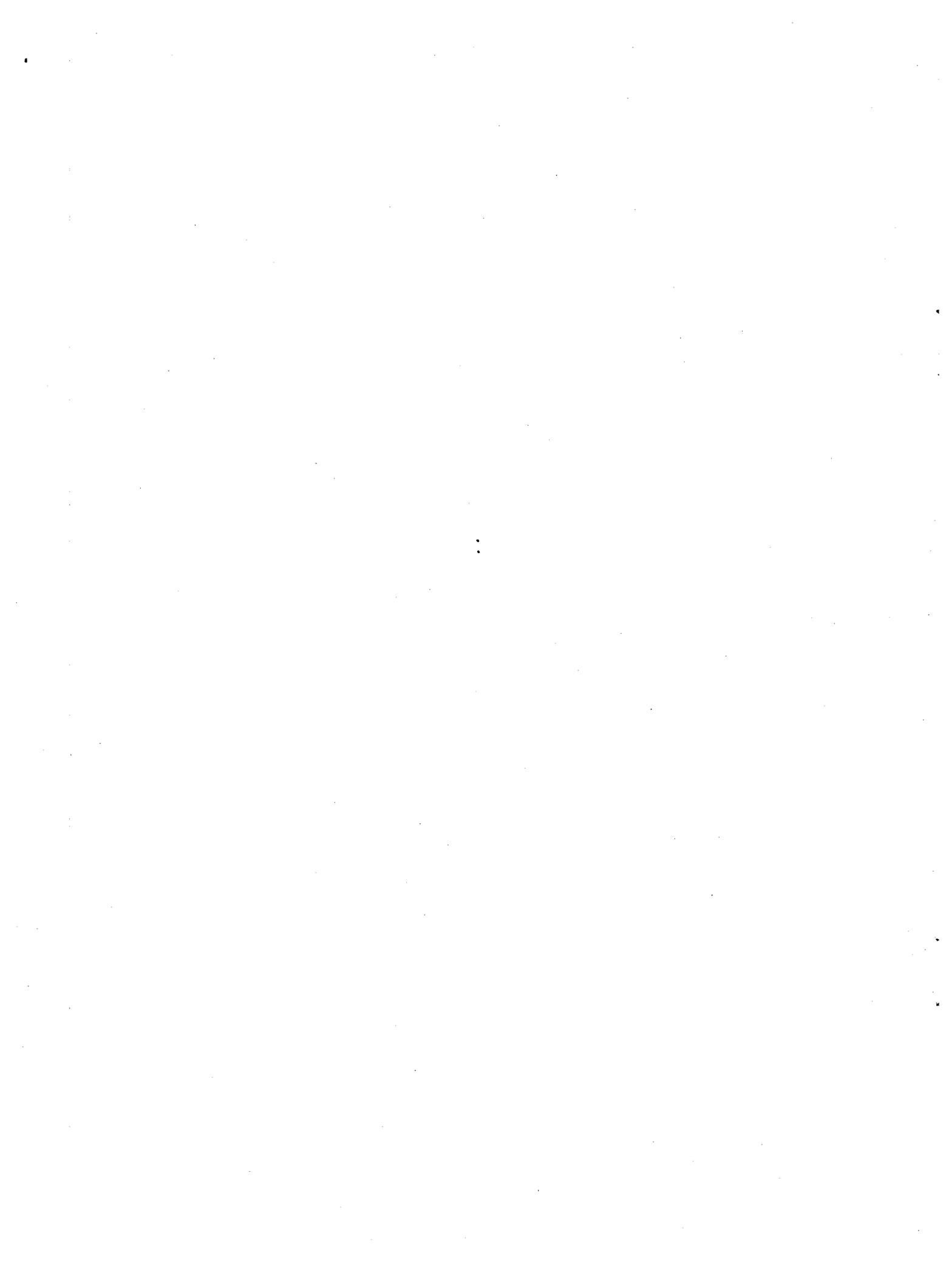
COOPERATIVE LEADERS OF THE LMB  
 OF AN UNDER COOPERATIVE PROBLEMS II  
 BUREAU OF LABOR RELATIONS (Title Name) (S/N) (198)  
 DATE PREPARED: 3/11/71 REV. 3-10-71  
 Maximum 30/year inflation rate Budget in US \$

	YEAR 5					
<b>TOTAL PROCUREMENTS</b>					811,547	811,547
<b>10 GENERAL AND ADMINISTRATIVE COST</b>						
a) Base of Applications:						
i) Total Modified Direct Cost (Items 1 thru 6)	260,172	15,061	100,567	138,902	263,734	877,437
ii) Total Subcontracts & Procurements (8 + 9)	30,000		50,000		11,547	111,547
<b>b) Total Direct Cost (Total i + Total ii)</b>	<b>410,172</b>	<b>15,061</b>	<b>150,567</b>	<b>138,902</b>	<b>275,282</b>	<b>988,984</b>
c) Multiplied by G & A rate	3,708	3,708	3,708	3,708	3,708	3,708
<b>TOTAL G AND A</b>	<b>913,176</b>	<b>6320</b>	<b>154,275</b>	<b>142,610</b>	<b>910,183</b>	<b>996,585</b>
<b>11 LMB ADMINISTERED PROJECT SUPPORT &amp; MGT.</b>						
a) Audit					30,000	30,000
b) External evaluation					73,000	73,000
c) FBR project manager					60,000	60,000
<b>TOTAL LMB ADMINISTERED PROJECT SUPPORT &amp; MGT.</b>					<b>163,000</b>	<b>163,000</b>
<b>12 TOTAL COST</b>						
a) Total Modified Direct Cost (1) thru (6)	260,172	15,061	100,567	138,902	263,734	877,437
b) Overhead (87)	130,800	5,379	30,618	51,130	101,276	326,930
c) Subcontracts (88)	50,000		50,000			100,000
d) Procurements (89)					11,547	11,547
e) G & A (101)	15,176	520	5,267	5,137	10,183	36,380
<b>Total MCR Agreement Cost</b>	<b>561,148</b>	<b>19,960</b>	<b>196,452</b>	<b>199,169</b>	<b>386,739</b>	<b>1,352,304</b>
f) LMB Administered Cost					163,000	163,000
<b>TOTAL COST</b>	<b>863,674</b>	<b>81,980</b>	<b>816,774</b>	<b>817,337</b>	<b>871,737</b>	<b>81,507,504</b>

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LOGICAL FRAMEWORK  
 NTAE PRODUCTION AND MARKETING  
 PROJECT No. 519-0392

<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATOR</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
<u>Goal</u>			
To increase rural incomes through production of alternative crops and access to more lucrative markets.	Gross wages paid. Return on Investment.	Production records. Financial statements of the cooperatives.	No increase in nontariff barriers to NTAE. Stable GOES economic policy.
<u>Purpose</u>			
To increase the production and marketing of non-traditional agricultural crops by cooperatives and small farmers.	1. 7,250 additional hectareage of selected crops. 2. 21,800 metric tons additional production on existing hectareage 3. 50 cooperatives representing 163,000 people will be profitably engaged in NTAE production for part of their income.	Project technical assistance records. Production and shipping records. Central Bank export data.	GOES monetary and fiscal policy remain favorable. Adequate and timely rain. Moderate insect infestation.
<u>Outputs</u>			
1. Production Technology Transfer.	1a. 12 NTAE products being supported. 1b. Five crops with 300% increase in production.	Project Reports and Records. Cooperative Records. Credit Files.	Markets for El Salvador's NTAE continue to grow. Land reform regulations are not modified.
2. Market and Investment Promotion.	2a. 9 additional exporters and processors participating. 2b. 6 additional offshore investors participating.		
3. Stronger Cooperative Agribusiness Management.	3a. 50 new NTAE investment plans approved. 3b. NTAE gross revenue of participating groups increased by 200%.		
<u>INPUTS</u>			
<u>A.I.D. FINANCED</u>	LOP (\$000)	A.I.D. records Project Records	Incremental A.I.D. funds will be available beyond FY 1990.
Technical Assistance	7,850		
Commodities	650		
A.I.D. Project Management, evaluation, audit	500		
A.I.D. Contribution	9,000		
CLUSA Counterpart Technical Assistance	2,337		
<b>TOTAL FUNDING</b>	<b>\$11,337</b>		



AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES OF AMERICA A. I. D. MISSION  
TO EL SALVADOR  
C/O AMERICAN EMBASSY  
SAN SALVADOR EL SALVADOR, C. A.

INITIAL ENVIRONMENTAL EXAMINATION

Project Location : El Salvador

Project Title and Number : Non-Traditional Agricultural  
Export Production and Marketing  
Project No. 519-0392

Funding : \$9,000,000 (ARDN)

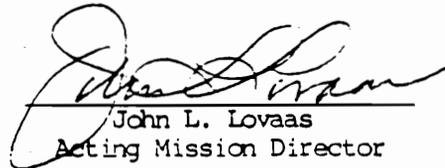
Life of Project : 5 years

IEE Prepared by : Peter Gore  
Environmental Coordinator  
USAID/El Salvador

Recommended Threshold Decision : Categorical Exclusion

Mission Threshold Decision : Concur with Recommendation

Date Prepared : May 30, 1991

  
John L. Lovaas  
Acting Mission Director

6/7/91  
Date



Description: The USAID/El Salvador Mission intends to sign a Cooperative Agreement with the Cooperative League of the U.S.A. Under the Non-Traditional Agricultural Export Production and Marketing Project (No. 519-0392). The project has a planned life of five years with planned obligations not to exceed \$9,000,000.

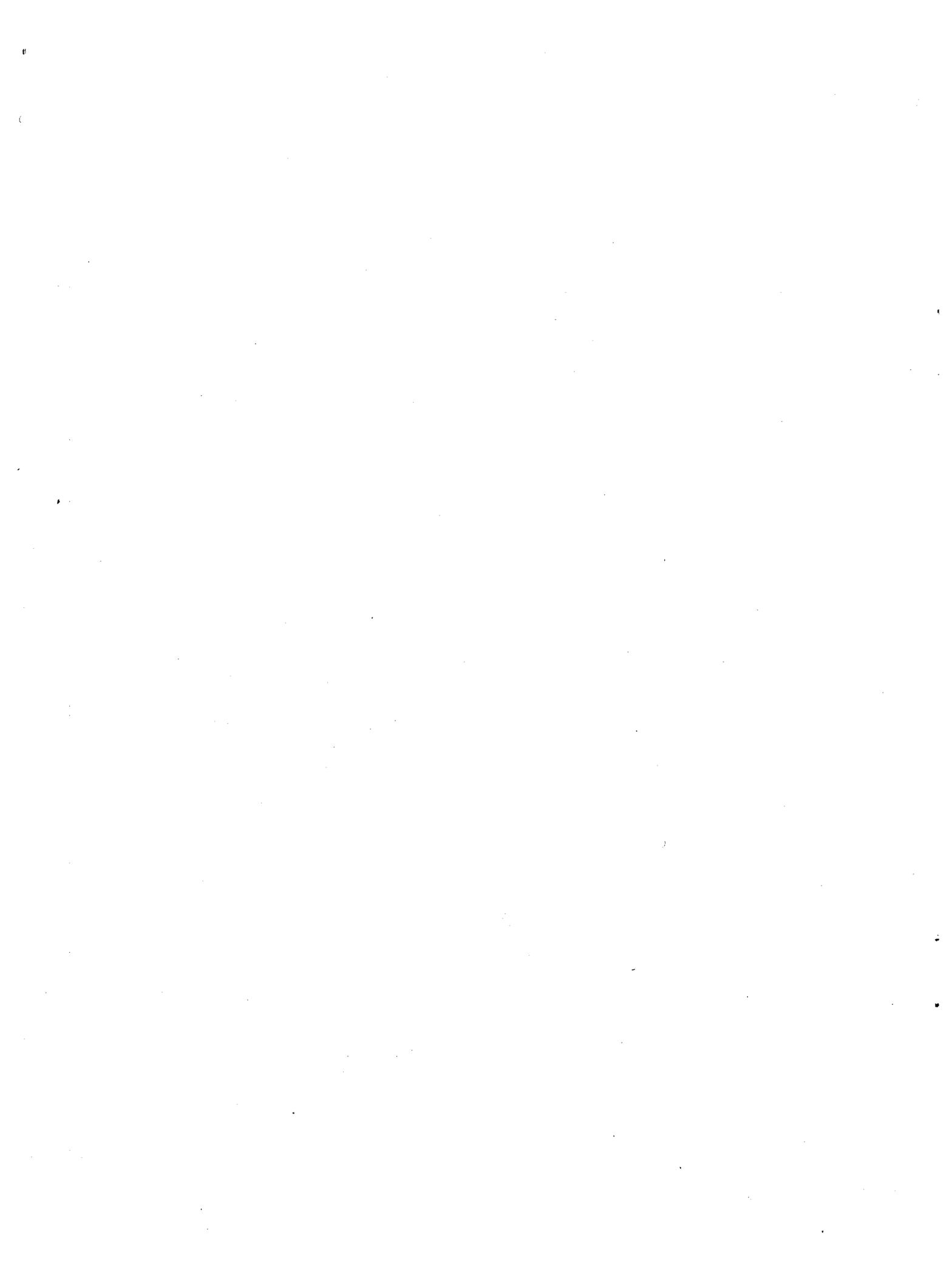
The project contributes to the goal of increasing the incomes of rural families through the diversification of their income sources and the introduction of higher value crops. The project purpose is to increase the volume of export marketing of selected nontraditional agricultural export crops produced by cooperatives and small farmers. It is a five year, \$9 million project designed to bring additional cooperatives and farmer groups into CLUSA's technical assistance activity. The project plans to increase and improve crop production, expand marketing of nontraditional agricultural export products, develop better links to international markets, and to conduct a modest foreign investment promotion in nontraditional agricultural export production and marketing.

Determination: The Project's primary emphasis is on strengthening the management and financial stabilities of rural enterprises through the provision of technical assistance and training. No funds are available for the procurement of agricultural inputs such as pesticides. Therefore, pursuant to A.I.D. environmental regulations expressed in 22 CFR Part 216.2(c) (i), "Education, technical assistance and training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.)", this Project meets the Categorical Exclusion criteria of a class of action not requiring an Environmental Assessment.

The Mission recognizes that CLUSA, in providing technical assistance to cooperatives on production issues, may propose the use of pesticides. To address such cases, the Cooperative Agreement will contain language to have CLUSA and the recipient cooperative undertake environmental analysis and institute appropriate safeguard measures for member farmers.

Recommendation: That no further environmental study be undertaken for this Project and that you sign the Initial Environmental Examination facesheet, indicating your approval of a categorical exclusion for this program.

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Agency for International Development  
Washington, D.C. 20523

LAC-IEE-91-64

ENVIRONMENTAL THRESHOLD DECISION

Project Location : El Salvador

Project Title : Non-Traditional Agricultural Export  
Production and Marketing

Project Number : 519-0392

Funding : \$9,000,000 (ARDN)

Life of Project : 5 Years

IEE Prepared by : Peter Gore, Environmental  
Coordinator, USAID/El Salvador

Recommended Threshold Decision : Categorical Exclusion

Bureau Threshold Decision : Positive Determination

Comments : Obligation of funds conditioned on  
a condition precedent to  
disbursement being included to  
require an Environmental Assessment  
(EA) be undertaken and approved by  
the LAC Chief Environmental Officer  
prior to commitment of funds for  
any activity that would procure,  
use, or promote the use of  
pesticides or herbicides, or that  
would lead to any clearing of  
forests. Prior to conducting this  
Environmental Assessment, the  
mission must first undertake a  
scoping exercise. The resulting  
scope of work for the EA must be  
submitted to the LAC Chief  
Environmental Officer for approval.

Copy to : Henry H. Bassford, Director  
USAID/El Salvador

Copy to : Peter Gore, USAID/El Salvador

Copy to : Wayne Williams, REA/CEN  
ROCAP/Guatemala

LAC-IEE-91-64

ENVIRONMENTAL THRESHOLD  
DECISION (cont.)

Copy to : Wayne Nilsestuen, LAC/DR/RD  
Copy to : Mark Silverman, LAC/DR/CEN  
Copy to : Lorraine Simard, LAC/CEN  
Copy to : IEE File

*James S. Hester* Date 6/27/91

James S. Hester  
Chief Environmental Officer  
Bureau for Latin America  
and the Caribbean

## 5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

Yes. Per PAAD 519-0369

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance 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.

The project will foster private initiative, encourage the development of cooperatives, and improve technical efficiency in agriculture through the promotion of non traditional agricultural export production

2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance 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).

The project will promote product sourcing and modest U.S. investment in Salvadorean agricultural production.

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### 3. Congressional Notification

a. General requirement (FY 1991 Appropriations Act Secs. 523 and 591; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

CN was made March 15, 1991 and expired March 30.

b. Notice of new account obligation (FY 1991 Appropriations Act Sec. 514): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

N/A

c. Cash transfers and nonproject sector assistance (FY 1991 Appropriations Act Sec. 575(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N/A

4. Engineering and Financial Plans (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

The project includes appropriately detailed financial plans, with a firm estimate of U.S. assistance.

5. Legislative Action (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

N/A

6. **Water Resources** (FAA Sec. 611(b); FY 1991 Appropriations Act Sec. 501): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)

N/A

7. **Cash Transfer and Sector Assistance** (FY 1991 Appropriations Act Sec. 575(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

8. **Capital Assistance** (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

N/A

9. **Multiple Country Objectives** (FAA Sec. 601(a)): Information and conclusions on whether projects 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.

The project will foster private initiative, encourage the development of cooperatives, and improve technical efficiency of agriculture through the promotion of non traditional agricultural export production.

10. **U.S. Private Trade** (FAA Sec. 601(b)): Information and conclusions 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).

The project will promote product sourcing and modest U.S. investment in Salvadorean agricultural production.

## 11. Local Currencies

a. Recipient Contributions (FAA Secs. 612(b), 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 in lieu of dollars.

N/A

b. U.S.-Owned Currency (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

c. Separate Account (FY 1991 Appropriations Act Sec. 575). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

N/A

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

## 12. Trade Restrictions

a. Surplus Commodities (FY 1991 Appropriations Act Sec. 521(a)): 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?

No.

b. Textiles (Lautenberg Amendment) (FY 1991 Appropriations Act Sec. 521(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

No.

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

14. **Sahel Accounting (FAA Sec. 121(d)):** If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?

N/A

15. **PVO Assistance**

a. **Auditing and registration (FY 1991 Appropriations Act Sec. 537):** If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

CLUSA is a registered PVO and has an acceptable record of response to audit.

b. **Funding sources (FY 1991 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"):** If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

CLUSA is a Cooperative Development Organization.

16. **Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)):** Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

Confirmation and documentation will be furnished upon signature of the project.

17. **Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy):** Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the

Yes

extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

18. Women in Development (FY 1991 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Yes.

19. Regional and Multilateral Assistance (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

No.

20. Abortions (FY 1991 - Appropriations Act, Title II, under heading "Population, DA," and Sec. 525):

N/A

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

b. Will any funds be used to lobby for abortion?

21. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

The project will assist 50 cooperatives to diversify their income and to increase that income through more efficient agricultural production and access to more lucrative markets.

**22. U.S.-Owned Foreign Currencies**

a. **Use of currencies (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509):** Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

CLUSA will cover much of local costs through locally raised contribution. However, approximately 35% of the grant budget will be used for local currency expenses related to provision of technical assistance.

b. **Release of currencies (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.

**23. Procurement**

a. **Small business (FAA Sec. 602(a)):** Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

Yes.

b. **U.S. procurement (FAA Sec. 604(a)):** Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him?

Yes.

c. **Marine insurance (FAA Sec. 604(d)):** If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

N/A

d. **Non-U.S. agricultural procurement (FAA Sec. 604(e)):** If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

Yes.

e. **Construction or engineering services (FAA Sec. 604(g)):** Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible

N/A

under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

f. **Cargo preference shipping** (FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent 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 such vessels are available at fair and reasonable rates?

No.

g. **Technical assistance** (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes.

h. **U.S. air carriers** (International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes.

i. **Termination for convenience of U.S. Government** (FY 1991 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Yes.

**j. Consulting services**  
(FY 1991 Appropriations Act Sec. 524): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

Yes.

**k. Metric conversion**  
(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes.

**l. Competitive Selection Procedures** (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes.

#### **24. Construction**

**a. Capital project** (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used?

N/A

**b. Construction contract** (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

c. Large projects, Congressional approval (FAA Sec. 620(k)): If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?

N/A

25. U.S. Audit Rights (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?

Yes.

26. Communist Assistance (FAA Sec. 620(h)). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

Yes.

27. Narcotics

a. Cash reimbursements (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?

Yes.

b. Assistance to narcotics traffickers (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?

Yes.

28. **Expropriation and Land Reform** (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes.
29. **Police and Prisons** (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.
30. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? Yes.
31. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes.
32. **Military Personnel** (FY 1991 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes.
33. **Payment of U.N. Assessments** (FY 1991 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? Yes.
34. **Multilateral Organization Lending** (FY 1991 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes.
35. **Export of Nuclear Resources** (FY 1991 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? Yes.

36. **Repression of Population** (FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights?

Yes.

37. **Publicity or Propoganda** (FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress?

No.

38. **Marine Insurance** (FY 1991 Appropriations Act Sec. 563): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

Yes.

39. **Exchange for Prohibited Act** (FY 1991 Appropriations Act Sec. 569): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

No.

2. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. **Agricultural Exports (Bumpers Amendment)** (FY 1991 Appropriations Act Sec. 521(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

No.

2. **Tied Aid Credits** (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

No.

3. **Appropriate Technology** (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

The project uses a proven technological model adapted to the labor intensive conditions of El Salvador.

4. **Indigenous Needs and Resources** (FAA Sec. 281(b)): Describe extent to which the activity 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 civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The project places into the hands of local people, through their cooperatives, the ability to increase disposable income.

9. Abortions (FAA Sec. 104(f); FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 535):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

No.

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

No.

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

No.

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services?

No.

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning?

No.

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

No.

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

No.

10. **Contract Awards (FAA Sec. 601(e)):** Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes.

11. **Disadvantaged Enterprises (FY 1991 Appropriations Act Sec. 567):** What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

None

12. **Biological Diversity (FAA Sec. 119(g)):** Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

No.

13. **Tropical Forests (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c)-(e) & (g)):**

a. **A.I.D. Regulation 16:** Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

Yes.

b. **Conservation:** Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent

1-11 No.

feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

12. Yes

13. No

c. **Forest degradation:** Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

No.

d. **Sustainable forestry:** If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

N/A

e. **Environmental impact statements:** Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

Yes.

14. Energy (FY 1991 Appropriations Act Sec. 533(c)): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

15. Sub-Saharan Africa Assistance (FY 1991 Appropriations Act Sec. 562, adding a new FAA chapter 10 (FAA Sec. 496)): If assistance will come from the Sub-Saharan Africa DA account, is it: (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) to be used to promote sustained economic growth, encourage private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector; (c) being provided in accordance with the policies contained in FAA section 102; (d) being provided in close consultation with African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (e) being used to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (f) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks,

N/A

to maintain and restore the renewable natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

16. **Debt-for-Nature Exchange** (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N/A

17. **Deobligation/Reobligation** (FY 1991 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

N/A

18. **Loans**

a. **Repayment capacity** (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

N/A

b. Long-range plans (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

N/A

c. Interest rate (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?

N/A

d. Exports to United States (FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

N/A

19. Development Objectives (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding 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 basis, using the appropriate U.S. institutions; (2) 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; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

The project will benefit approximately 8,000 rural families whose annual cash earnings are about \$590. The technological production model and the decision making framework both rely on intensive participation by the members of the cooperatives. Approximately one family in five is headed by a woman; these families will benefit to the same or slightly greater extent, due to the increased generation of jobs.

**20. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):**

**a. Rural poor and small farmers:** If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

Diversification of crops means increased income sources and reduced dependency on a single commodity. The project promotes diversification into crops which offer a high return on the investment of labor and capital.

**b. Nutrition:** Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

N/A

**c. Food security:** Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

N/A

**21. Population and Health (FAA Secs. 104(b) and (c)):** If assistance is being made available for population or health activities, describe 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

N/A

mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

22. **Education and Human Resources Development (FAA Sec. 105):** If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

N/A

23. **Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106):** If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

The project includes an acceptable management information system, which shares information and data with the cooperatives.

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

The project, through CLUSA, has strong links to U.S. cooperatives.

c. research into, and evaluation of, economic development processes and techniques;

N/A

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

N/A

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

N/A

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

N/A

24. Sahel Development (FAA Secs. 120-21). If assistance is being made available for the Sahelian region, describe: (a) extent to which there is international coordination in planning and implementation; participation and support by African countries and organizations in determining development priorities; and a long-term, multidonor development plan which calls for equitable burden-sharing with other donors; (b) whether a determination has been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of projects funds (dollars or local currency generated therefrom).

N/A

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c. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. **Economic and Political Stability** (FAA Sec. 531(a)): Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

2. **Military Purposes** (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes?

3. **Commodity Grants/Separate Accounts** (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

4. **Generation and Use of Local Currencies** (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106?

5. **Cash Transfer Requirements** (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 575(b)). If assistance is in the form of a cash transfer:

a. **Separate account**: Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds?

- b. Local currencies: Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

c. U.S. Government use of local currencies: Will all such local currencies also be used in accordance with FAA Section 609, which requires such local currencies to be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, and which requires the remainder to be used for programs agreed to by the U.S. Government to carry out the purposes for which new funds authorized by the FAA would themselves be available?

d. Congressional notice: Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?

28. **Expropriation and Land Reform** (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President?

Yes.

29. **Police and Prisons** (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?

Yes.

30. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities?

Yes.

31. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained?

Yes.

32. **Military Personnel** (FY 1991 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel?

Yes.

33. **Payment of U.N. Assessments** (FY 1991 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues?

Yes.

34. **Multilateral Organization Lending** (FY 1991 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)?

Yes.

35. **Export of Nuclear Resources** (FY 1991 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology?

Yes.

36. **Repression of Population** (FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights?

Yes.

37. **Publicity or Propoganda** (FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propoganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propoganda purposes not authorized by Congress?

No.

38. **Marine Insurance** (FY 1991 Appropriations Act Sec. 563): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

Yes.

39. **Exchange for Prohibited Act** (FY 1991 Appropriations Act Sec. 569): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

No.

March 1, 1991

Mr. Ken Ellis  
Rural Development Officer  
RDO USAID/El Salvador  
San Salvador, El Salvador

Dear Mr. Ellis:

On behalf of the Cooperative League of the USA (CLUSA), which does business in the United States as the National Cooperative Business Association, Inc. I am transmitting today the CLUSA proposal for an expansion of the current pilot project -- NTA Production and Marketing ----- two volumes: the proposal itself and the annexes, which provide greater detail on all facets of the proposed full-scale project.

The decision to prepare a proposal for a full-scale development project is based on recommendations made in the USAID evaluation of the pilot project, as well as on those discussions among USAID, the Ministry of Agriculture and CLUSA.

We appreciate the assistance you and your staff have provided to the CLUSA design team. They each have indicated the importance of your advice and recommendations. We are pleased that the Minister of Agriculture supports the expansion of the project and recognizes the excellent work Stanley Kuehn has been doing.

The pilot project produced encouraging results for production and promotion of Salvadoran non-traditional exports. While we remain concerned about the development of the cooperatives as solid business enterprises, we look forward to implementing the expanded program and to facilitating technology transfer, market promotion, and investment ventures.

Please communicate your comments, questions and concerns which may develop during the USAID review of the proposal. We want to be certain that we clarify any portions of the proposal for you. I can assure you of a prompt response.

Sincerely,



Russell C. Notar, CAE  
Senior Vice President  
International Development  
and Finance

**Representing America's Cooperative Business Community**

National Cooperative Business Center

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