

FIRST AMENDMENT TO PROJECT AUTHORIZATION

Name of Country/Entity: Guatemala : American Institute of Free
Labor Development

Name of Project: Agricultural Production and Marketing
Services

Number of Project: 520-0363

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended the Agricultural Production and Marketing Services Project was authorized on July 29, 1987. That authorization is hereby amended by deleting Section 1 and substituted the following therefore:

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Agricultural Production and Marketing Services Project for Guatemala, involving planned obligations of not to exceed ONE MILLION ONE HUNDRED THOUSAND U.S. DOLLARS (\$1,100,000) in grant funds over a three (3) year period from date of authorization, subject to the availability of funds in accordance with the AID OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is three (3) years from the date of initial obligation.
2. The authorization remains in full force except as amended hereby.

3/29/89
Date


Paul E. White
Acting Mission Director
USAID/Guatemala

ACTION MEMORANDUM FOR THE ACTING DIRECTOR

March 15, 1989

THROUGH: Richard Burke, Acting Deputy Director *R. Burke*
FROM: Audón Trujillo, Jr., Agricultural Development Officer
SUBJECT: Agricultural Production and Marketing Services Project
(520-0363)

PROBLEM:

Your approval is requested to authorize an amendment to the Agricultural Production and Marketing Services Project (520-0363) with the American Institute for Free Labor Development (AIFLD) in order to provide this Project with an additional grant in the amount of \$600,000 under Section 103 of the Foreign Assistance Act of 1961 as amended, for a total LOP of US\$1,100,000. An additional Local Currency equivalent of US\$400,000 has already been obligated.

BACKGROUND:

A. Unavailability of Local Currency under AID's Project Trust Fund Mechanism

This project was initially authorized with a LOP of \$600,000 in DA funds in addition, it was understood that AID would provide the equivalent of \$900,000 in local currency. Ultimately \$500,000 was obligated - ESF local currency and the equivalent of another \$400,000 was made available under the AID Trust Fund.

Following this, AID/W indicated that the Trust Fund mechanism could no longer be used for this purpose, since the GOG could not provide any ESF local currency funds directly to AIFLD, it was agreed that the US\$600,000 balance must be made available to AIFLD out of dollars and not Local Currency. In order to finance this obligation, an additional \$500,000 must be authorized, for a total LOP authorization of \$1.1 million.

DISCUSSION:

A. Project Purpose and Description

AIFLD is undertaking a program over a three year period that is intended to strengthen the capacity of Guatemala's National Labor Union Confederacion

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(CUSG) and its farm unions to provide needed agricultural services to its farm union members. The project includes the following major components:

1. Administration - The development of improved administration/financial systems for the efficient delivery of services;
2. Credit - The provision of technical expertise, credit and operating procedures to establish a supervised credit program that is responsive to participating farmers;
3. Technical Assistance - The provision of skilled manpower resources to resolve production problems at the farm level and to assist beneficiary small farmers in adopting modern agricultural practices to increase their production;
4. Marketing - Providing expertise and organizational structure to establish an effective marketing system, including, where appropriate, the construction of multi-purpose rural market centers to bring producers and buyers together; and
5. Education and Training - The design and implementation of education and training programs to provide a foundation for and reinforce the aforementioned assistance.

B. Mid-term Evaluation Findings

A recently completed mid-term evaluation found that the project's activities have adhered to its original purpose and objectives. Project expansion at this time, however, was not recommended by the evaluation team until the following recommendations were complied with:

1. Project activities must focus on the Project's technical aspects (i.e., agricultural, administrative, training, credit, and marketing). This is due to prior project activities focusing on training beneficiaries in union promotional aspects to the detriment of the project's technical aspects.
2. A Project Director and Educational Coordinator shall be named and the Project Director shall be given full authority to implement the project (i.e. hire and supervise staff, report on project activities, sign checks for project purchases).
3. Credit policies, regulations, procedures and forms must be officially authorized by the Project Director. Moreover, the credit mechanism for loan recuperation must be made made operable. In order to do this staff will need to receive authorized credit policies, regulations, procedures, and forms. Then a workshop must be held to discuss them.

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5. Priority access to vehicles procured under the project must be given to the agronomic, credit and marketing staff.

Additional motorcycles are needed for the Retaluleu area. Procurement of these motorcycles shall be included in the revised annual workplans procurement plan section.

On a related issue, written regulations concerning the use of project vehicles need to be developed and transmitted to all project staff. These regulations shall be approved by the Contracting Officer's technical representative and disseminated to project staff.

6. Technical assistance (TA) for the agronomic, credit and marketing components need to be scheduled for the current annual work plan (i.e., through September 31, 1989). This scheduled TA shall be submitted for approval to the Contracting Officers technical representative by the 20 of the month ending each quarter (i.e., March 20, June 20, September 20, December 20).
7. An Administrative Assistant should be hired as soon as possible. This individual shall work directly under the direction of AIFLD's Rural Development Officer. As with other short- and long-term personnel hired under the project, Mission approval for the Administrative Assistant selected shall be provided by the Regional Contracting Officer's technical representative. Should the proposed salary exceed 10% of his/her previous salary, the Regional Contracting Officer will provide approval.
8. The Educational Coordinator shall develop a "How to" manual for the project in the areas of; agricultural production (sesame and corn), safe use of pesticides, marketing, credit (finance and recuperation), technical assistance, and union education.
9. Each Project Coordinator shall prepare a detailed annual workplan and prepare monthly reports for submission to the Project Director. The Project Director in coordination with the Rural Development Officer will prepare guidelines for these annual workplans and monthly reports and train Coordinators how to develop and utilize them.

Monthly reports of 5 - 10 pages summarizing the Coordinators monthly report will be submitted by the Project Director to both the Rural Development Officer and the AID Project Manager by the 5th of each month following the reporting period. These reports will present activities carried out by evaluating actual versus planned results. Actions needed to correct deficiencies shall be reported.

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These monthly reports shall be utilized by the Rural Development Officer to prepare the ongoing quarterly project reports submitted to AID's Project Manager.

10. Design, prepare and hold a seminar for the entire project staff to study discuss and promote the project's technical objectives, components, and procedures.
11. The Marketing Coordinator shall be directed to negotiate with three or more exporters and develop options of written legal contracts for marketing sesame. Thereafter, these draft contracts shall be presented to the Project Director and the Rural Development Officer to determine which contract is most advantageous to project beneficiaries.
12. The CUSG computer system for project accounting, loans, and credit recuperation, shall be completed and made operable. Moreover, the CUSG and AIFLD computer should be interconnected.

C. Congressional Notification

A request for Congressional Notification was submitted to the Hill on February 16, 1989 (STATE 058231). It will expire on March 2, 1989.

RECOMMENDATION:

That you sign this Action Memorandum and the attached Project Authorization Amendment.

Approved



Paul E. White
Acting Director

3/27/89
Date

Disapproved

Paul E. White
Acting Director

Date

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