

October 14, 1970

WG
AGR
NE
COPR

TO: THE FILES

FROM: Angel M. Diaz, PRPC

SUBJECT: Work Fronts Project

1. Background

During the week of August 27-31, 1970 Owen Lustig, OPEV, and I visited work fronts projects in Paraíba, Rio Grande do Norte, and Ceará. From my viewpoint, the purpose of the trip was twofold: a) to familiarize myself more closely with the operation and problems of the program, and b) through a better understanding of the project, to offer constructive suggestions where possible, to improve its future operation. A third purpose, mostly the concern of the Evaluation Officer, was to determine whether or not a more intensive and exhaustive evaluation should be undertaken.

The projects visited, in general, were thought to be representative of typical work fronts projects in the States of Paraíba, Rio Grande do Norte and Ceará. For these visits we were accompanied by Mr. Uberaci L. Souza in Paraíba and Rio Grande do Norte and by Mr. Gilbert Sena in Ceará, both FFD field advisors. Mr. Lustig had to return to Rio on the third day of the trip and did not visit projects in Ceará.

Shortly after my return, I submitted to Mr. Lustig a draft of my report for his consideration in preparing the final report which due to other pressing tasks, I assume, he could not complete before his departure on home leave. In any event, the following represents my own views which may or may not agree with those of Mr. Lustig.

2. Summary and Conclusions

In general, projects visited meet USAID criteria as contained in existing Manual Orders. The food provided through the Work Fronts program is well accepted and in one case accepted in lieu of money. Municipalities attach great value to it and in few cases, it was an important factor for starting a project (municipality of São Paulo, RGN). It was stressed that these commodities made possible additional projects (RGN), yet for the most part the food did not seem to provide resources for additional work, rather it increased workers take home pay. In Cubati (Paraíba), for example, workers received Cr\$2 daily plus food to build a laundry house, while workers in a SUDENE work front project few kms. away were paid a maximum of Cr\$2 without food.

/...

The food commodities, to some extent, are used as a political tool by Governors. It is used to satisfy mayors demands for assistance to their municipalities, yet this is not entirely incompatible with the purpose of the program as development oriented projects are undertaken. To what extent state government resources could have been used to undertake such projects was not possible to determine. To do it requires access to state and municipal accounting records which under the circumstances was not possible. This political influence may not be completely eliminated but it could be reduced to a minimum by establishing clear-cut criteria for project selection and exercising more effective controls over approvals.

USAID's field supervision of the program seems to be satisfactory. Periodically, the FFD advisor visits each warehouse to check inventory of commodities. Every month the Prefeito prepares a report on amount of food received, how it was distributed and what was accomplished. This report is submitted to the State WF Coordinator who prepares another report every three months summarizing food distribution and accomplishments. A copy of this report goes to the governor, SUDENE and the USAID/FFDO. The FFD advisor may verify data through spot checks of records and visits to projects.

Several financial, technical and geographical problems hamper effective implementation of the work front program. States claim that the prime problem is financial but the lack of technically oriented leaders at all levels seems to be a vital reason for poor utilization of the resources made available through the program. Also, the great distances between projects greatly impedes a more effective coverage and supervision of projects as these are located in remote parts of each participating state where the needs are more pressing.

Although not too much can be done to solve the geographical problem, the financial and technical ones can be greatly alleviated. To do so requires increased collaboration of all the parties involved possibly, along the lines recommended below.

Viewed in the context of Northeast situation, it is illusory to think that the food made available through the Work Fronts program will have a significant impact in changing the appalling situation in which millions of nordestinos live. In comparison to the need, the assistance being provided is minimal. Yet, Work Fronts is one of the few US programs that is indeed directly reaching needy people at the grassroots level, providing in some cases and especially during the drought season, a minimum food intake for mere subsistence. In this sense, a project justification on humanitarian grounds reflects more accurately the reality of the Northeast situation without being conflicting with justification on economic development grounds.

This compatibility was evident in many of the projects visited. Dams for example, are development oriented and may help to reduce future dependence on relief programs.

Given proper GOB support and increased ability of the GOB federal, state and municipal governments to undertake added commitments as well as ability to honor those commitments, a carefully calculated continuation and even expansion of the program could conceivably be justified on both economic and humanitarian grounds. In the future, such programs should consider including the recommendations made below:

1. A Pro/Ag should be negotiated with each state governor delineating specific responsibilities by all parties. Some of the state government responsibilities may include:

a. The designation of a qualified individual to actively seek support, both financial and technical, from other international and GOB agencies. An important function of this person would be to coordinate the efforts of concerned GOB agencies such as ANCAR, DNOCS, SUDENE, etc. to maximize and improve utilization of WF food commodities. This individual should not be the same person designated by the state to administer food storage and distribution, although the former should be a member of a committee to approve projects.

b. Clear-cut financial commitment for each project.

c. Specific number of additional personnel to administer and assist the municipality to develop worthwhile projects.

Other provisions of the Pro/Ag may include: (a) intensive training of project coordinators and other key Brazilian personnel administering the program at the State level. This training can be provided by present USAID Direct-Hire and Contract personnel. (b) clear-cut criteria for project selection. (c) clear and well defined responsibility of the cooperating sponsor for efficient management and control of its food distribution program. (d) a description of an adequate system of internal control starting with the project approval process and the release of food commodities for which the state governors will be responsible.

2. Initiatives such as those proposed by the Ceará State Secretary of Agriculture should be explored in close coordination with SUDENE with a view to undertake larger projects which may have a lasting significant economic impact. In essence, the "Suggestion Plan" represents one possible approach to deal with problems arising from the Northeast drought conditions as well as from the state's inefficient agricultural structure. His plan entails specific

Work Fronts projects which will have a lasting economic effect while, at least initially, providing job opportunities to some 63,333 needy persons. The plan will require a heavy GOB contribution of about Cr\$42 million to cover 19 million man-days of labor. Some of the projects suggested which may have applicability in other NE states are:

a. Cashew-tree cultivation

Ceará is the main producer of cashew with 70 percent of the total Brazilian production. As cashew production is a major source of income for the State, the development and improvement of its cashew producing areas have special significance and is of paramount importance to the economy of Ceará. SUDENE's contribution would be Cr\$2 million, with 2 million man-days of work.

b. Improvement of cattle-breeding areas

A proposal to cultivate about 30,000 hectares of pasture land. SUDENE's contribution would be Cr\$3 million, with 3 million man-days of work.

c. Cattle-breeding watering areas

This is of capital importance to the NE. It entails construction of 2000 clay-pits, each built with 2,000 cubic meters of earth, and holding a total of 150 million cubic meters of water. Each worker would be paid Cr\$1.50 per square meter of pounded earth, financed through a Cr\$6 million SUDENE contribution, and providing 4 million man-days of work to the project.

d. Low land cultivation

The objective here would be to increase productivity of Ceará's subsistence farming, in particular, rice, beans, potatoes and forage crops. The proposal includes cultivation of 5,000 hectares of Ceará low lands, at Cr\$100 per hectare, with SUDENE's contribution of Cr\$500,000.

e. Subsistence cultivation

For raising agricultural productivity mainly of corn and beans by clearing 100,000 hectares of land. SUDENE's contribution would be Cr\$10 million (or Cr\$100 per cleared hectare), with 10 million man-days of work.

I don't have enough information nor the technical competence to evaluate the technical and economic feasibility of the above proposals, and therefore I cannot make specific recommendations. However, for future Work Fronts USAID-sponsored programs, these

-5-

should be carefully considered as they seem to have evolved from systematic thoughts by people who are aware and closer to the Northeast situation.

ADiaz/ambc

cc: ADPR: WGelabert ✓
DADPR: MFox
HNFD: PDavies
HNFD: PStrong
NEFFD : Ralph Germann
NEFFD : Robert R. Standley
OFEV: DCohen