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FINAL REPORT

SMALL FARMER ORGANIZATION

NATIONAL COMMUNITY DEVELOPMENT SERVICE

USAID/BOLIVIA

PROJECT No. 511-11-196-452

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Lewis H. Thornton
Personal Services Contract
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I. Objective of the Contract

"To assist the Mission's Community and Cooperative Development Division and the National Community Development Service (NCDS) in activities related to the implementation of the Small Farmer Organization Project."

II. Scope of Work - Activities

1. "To collaborate in the presentation by the NCDS for Mission approval of the condition precedent documentation required under Section 3.01 and 3.02 of Small Farmer Organization loan."
2. "Assist in the preparation of the Project's operating system and directives between the NCDS and the Banco del Estado, and the implementation of these directives for the NCDS and the Banco's participating field offices."
3. "Provide the Mission and NCDS with the necessary assistance and information concerning the establishment of new decentralized NCDS office system to assure that (staffing, equipment, operational procedures and other administrative aspects are implemented)."
4. "Perform other assignments in support of the Project as directed by the Chief of the Community and Cooperative Development Division."

III. Summary of Accomplishments for Each Activity

1. Conditions Precedent to initial disbursement, Article III, Section 3.01 of the Loan Agreement, were met within the extended deadline for presentation to USAID.

Conditions Precedent to disbursement of the loan funds for the Revolving Credit Fund, Section 3.02 of Loan Agreement, were also completed within the time period.

2. The Contractor participated in the preparation of the contract between NCDL and the Banco del Estado (BE), and in the negotiation between these institutions. Negotiations were favorably concluded and submitted to USAID/Bolivia in compliance with the Conditions Precedent. The operating system was developed and included in the contract between the BE and NCDS.

Further, the Contractor participated in meetings with the President of the BE, various Correntes, lawyers, etc. to determine internal operating directives of the BE, and their coordination with the operating directives of the NCDS, i.e., the Reglamento de Crédito. Formal agreement of the coordination of these two operating systems was made in the first meeting of the National Credit Committee, in which the BE is a participating member.

Plans have been made for a representative of the EE to accompany NCDS central office staff to the Interior of the country to inform the zonal and regional staff of the NCDS, and the DE's agencies, of the new operating directives.

3. At the initiation of this Contract, the Contractor spent thirteen days in the interior of the country visiting one of the four regional offices, and three zonal offices. The trip was taken in the company of two department heads of the NCDS central office, and the Chief of the Community and Cooperative Development Division. Two other groups from the NCDS central office visited the remaining regional and zonal office involved in the new SFO Program. The objective of these trips was to inform the NCDS regional and zonal staff of the new program, discuss staffing and equipment needs and explain the new operational and administrative aspects of the program. The Contractor gave his initial verbal comments on the decentralized aspects of the program to those he accompanied on the trip.

Further, the Contractor visited the regional office of La Paz (Viacha) on two occasions. One, with the Chief of National Operations of NCDS was to inform regional and zonal staff of the new program. The second occasion was a four-day visit to begin the first phase of orientation on the new administrative and organizational manuals of the NCDS.

The Contractor, prior to this visit to Viacha, analyzed the six volumes of personnel, organizational and administrative procedural manuals, and made his recommendations for changes to the Chief of the Cooperative and Community Development Division. He also participated with NCDS administrative staff, and a QUAND/Controller's technician, in the planning phases of the presentation of these manuals to NCDS regional and zonal staff, and made recommendations based upon these sessions.

Finally, the Contractor participated in meetings with NCDS central staff in the final determination of equipment needs for the first year of the new SFO program, i.e. training equipment, regional and zonal office and technical equipment, vehicle needs, etc.

4. During the period of this Contract, the Contractor wrote two papers which bear on the SFO Program: (1) "A Proposal to Determine the Ability of the Bolivian Banking System, and Other Potential Suppliers of Credit, to Provide Loans to Small Farmer Organizations", and (2) "Small Farmer Organization Management Information System". These papers are attached to this Final Report.

No other major assignments were given to the Contractor by the CDD Chief.

IV. General Observations Regarding Each Activity

1. The NCDS central office staff did a remarkable job in completing

the documentation for the Conditions Precedent prior to the June 22 deadline for submission to USAID. With only two exceptions, this information was submitted to the CDD Division for their evaluation before the deadline. The delay, and therefore the need to extend the deadline by thirty days, was due to the approval processes with the GOB, and the need to obtain signatures of various ministers.

However, for the NCDS to complete these Conditions Precedent within the time constraints set, all other technical aspects of the central staff's activities had to be put aside for many weeks, and many on-going projects suffered from lack of attention. USAID made the same kinds of requests from the NCDS for the implementation of this loan that they make from large ministries such as education, finance, health, agriculture, etc., who have large staffs to handle these kinds of activities. Where dozens of technicians are made available in these ministries to fulfill contractual obligations, the NCDS has five or six technicians to work on these activities, and they, by necessity, are key technicians with other responsibilities. It is recommended that USAID, in future requirements for this new loan and other loans that might be contemplated for NCDS, consider the burden of its requests to the Servicio and limit to the bare minimum the information that is requested of this institution. 1/

2. One of the important aspects of the contract between the Banco del Estado and the NCDS is the BE's participation on the National and Regional Credit Committees. The agreement reached with the BE is their participation on these committees as "advisors" to NCDS on credit aspects of the new loan, with voice but without vote. This is an acceptable arrangement, but the BE's active participation on these committees is extremely important. The Servicio has little experience in the banking aspects of its functions under the new loan and needs the input of the BE. Also, after the first few years of the Program, larger and more complex infrastructure loans will be given and the BE contribution will be more important. (Although it is not crucial that all aspects of each loan be evaluated by the BE, the credit worthiness of each proposed project must be evaluated closely by the BE.) These projects should be economically viable and the BE should use the same criteria it uses for commercial loans as it uses on the NCDS projects.

It is recommended that USAID/Bolivia monitor closely the national and regional credit committees for the active participation of the BE. Also, the NCDS should be continuously encouraged to seek out the active participation of the BE. It should also be mentioned here that the

1/ The same argument can be made for USAID to limit its requests that the Servicio participate in other USAID programs, e.g., colonization, education, agriculture, etc. The NCDS, as presently staffed, is quickly becoming overburdened administratively and technically in its capacity to respond to additional tasks.

participation of INALCO and IBTA is vital to the functions of the two credit committees. Steps have been taken by the Office of CCD to assure this participation, i.e., the Chief of this office has insisted that INALCO and IBTA be given a vote on these committees. But again, these two institutions do not have to evaluate all aspects of each proposed project. If they look at each project from their own perspective and expertise, they will make a major contribution to each proposed project and fill the void in project evaluation in which the NCDS technical staff does not have capabilities.

3. It is recommended that USAID/Bolivia bring pressures to bear on the NCDS to continuously seek positive organizational and administrative changes. Positive change which seeks to facilitate administrative procedures, make work easier, and improve service provision to clientele, is a goal whose pursuit should be encouraged by USAID/Bolivia. An organization which is not continually changing to meet the changes taking place in its environment is a sick organization.

As mentioned in the attached Paper to this Final Report, "Small Farmer Organization Management Information System", NCDS continues to be managed by a highly personalized and centralized staff with four or five central officials making all the important, and sometimes not so important, decisions. As also mentioned in the Paper, highly centralized management for the new SFO Project is impossible, and decentralization should be put into practice as soon as possible. This is not going to be easy when many of the key managers of this institution have been running this program from La Paz for the last twelve years.

There is no one best way to decentralize the NCDS. There is no one best model or process that can be used to accomplish this objective. Key officials of the NCDS, Robert Nathan Associates, and USAID/Bolivia must work out the decentralization aspects together so that it fits the reality of the new objectives of the SFO program.

Developing new manuals will not assure decentralization. These manuals can make it clear to all that the intention is to decentralize. The most important problems of implementation cannot be solved by laying on formal procedures and techniques. The new manuals that have been written on the organization's structure and administrative procedures are a step in the right direction toward decentralization. These manuals have been sent to the regional and zonal offices and a team has begun training personnel of these offices in the new system. But, the manuals are a long way from being complete procedures which can be used to begin to change the way the Service administers the new SFO program. Specifically, there is no system approach which ties these manuals together to give a synchronized meaning to the functions and tasks of the national, regional, and zonal levels. And, most of these manuals will have to be rewritten to take into account the reality of

the new program and the distinct service nature of the MCDS. This was to be done by a Bolivian consulting firm who was awarded a contract for this purpose. The firm was unable to do this activity. Further, there are technical gaps in most of the manuals, and if the Servicio's staff is unable to fill these gaps, qualified technicians will have to be contracted to do this work.

The team which is planning to go to the interior to discuss the manuals with regional and local administrators should observe and record carefully the reactions of these technicians so that when the manuals are rewritten, they will include the observations of those who are faced with the everyday task of administering this new program.

A training program must be developed for administrative personnel. This should be a major activity of the Nathan group. Once new tasks and roles have been designed for personnel of each of the offices of the national, regional, and local levels, those personnel must be evaluated with regard to their capabilities to handle the new functions. The difference, or gap, between their present level of technical capabilities, and their new role, is the training program that must be developed. These individuals can then be grouped into at least four categories: (1) those who need no training, and can move directly into the new role, (2) those who will need limited training, due to two weeks, and then will be able to take over new responsibilities, (3) those who will need much more training, perhaps 6 to 8 months or even a year's program, and (4) those who will never adapt to the new position, who therefore should be given a different assignment or asked to leave the Servicio.

V. Specific Recommendations for Continued Progress and Improvement in Accomplishing the Objectives of the SFO Project and the Personal Services Contract

1. Recommendations in Accomplishing Objectives of the SFO Project
 The risk to small farmers in the new SFO Program is considerable. Farmers have very rational requirements that what they produce each year leaves them better off. A new technological package can increase their net incomes, but the risk to the small farmer increases. His capital and labor inputs will increase and perhaps for the first time he is committing himself and his family to a burden of debt. He is involving himself with a banking institution with which he is not familiar, and an institution (MCDS) which will advise him on how to apply the new technology package to something he holds dear - his land. Experimental stations in Bolivia are noted, especially by campesinos, for providing little help to small farmers. The few Ministry of Agriculture extension agents that exist in Bolivia have had little contact with small farmers. Why then should anyone take for granted that the small farmer is going to commit himself to the new SFO program?

One of the weakness of this program is the lack of participation in the planning, implementation, evaluation and decision making by the small farmer. This aspect must be built into the program - institutionalized. It must be more than a dialogue between technicians and small farmers. Small farmers must actively participate in decisions that will affect their lives. These individuals should participate with the teams that carry out the socio-economic studies, not only those studies done on their own land, but other communities as well. The data gathered in these studies should be made available to them so that the decisions they make are rational and based on reliable information. Small farmers should participate with zonal technicians in the project feasibility studies, and in the presentation of these studies to the regional credit committees. The evaluation system of the new SFO program is weak, but when it is fully developed and strengthened, small farmers and their leaders should participate fully in this process too. Evaluation information from other communities and other regions of the country should be made available to campesino groups participating in the program so they have comparisons with their own activities. Small farmers must have an input in setting production targets and standards and therefore all regional and zonal planning sessions should include campesino leaders, with the results of these sessions made available to all participating communities.

These are not processes which can easily be built into any program. Resistance will come from the technicians and managers of the NCDS. It will slow the development and approval process considerably. But the advantages of this kind of participation outweigh the resistance considerably, and should be encourage from the outset of this program by USAID.

Tied closely to the above observations, and a weakness of the SFO Program, is the internal reward and motivation system for technicians of the NCDS. Like most service institutions, technicians are rewarded, and therefore motivated, by their superiors within the organization. Increases in salaries, promotions, becas, trips to regional and capital cities are all proportioned-out by superiors and directors above those technicians who have actual contact with small farmers. There is little leverage or reward mechanism built into this Program by which the small farmer can motivate zonal technicians to respond to what the small farmers feel and know are their problems. If the small farmer believes the technician is not providing good advice, or if the technicians seldom come to the farmers plot, the small farmer has little recourse.

If the farmer pays directly for the services of the technician, or a part of his services, he can always hold-out the threat of non-payment. This is obviously not the case in the NCDS. However, one possibility might be to develop a simple standard form which each participating

campesino fills out. With or without the technician present, the supervisor discusses the comments of the small farmers with them. Noted on the form could be: number of visits to farmers plots, kinds of advice given, was the advice of utility, was the problem with the regional or zonal office rather than the technician, etc. The supervisor would have to send a monthly report, along with the campesino's forms, to the regional office. Regional offices would comment on the information and send it along to the national office, still accompanied by the campesino's comments. Summaries of this information should be made to the appropriate offices, and the Director of NCDS and USAID staff, with a summary copy once a month added to the personal file of each individual technician. This information would be used in evaluating the technician for promotions, salary increases, becas, etc.

There are other processes that can be developed giving small farmers leverage to motivate technicians to respond to their needs. Alternative strategies should be developed and implemented by the Servicio, with the help of USAID.

The evaluation system developed by the NCDS, with the assistance of a contractor, is weak. It is an end-product approach, i.e., have we met targets, should we continue funding certain aspects of the program, should we change what we have been doing in the past, etc. The evaluation system should be looked at closely to develop an evaluatory/information system that takes place during all phases of the program, and so the information gathered is brought to bear on all decisions managers must make, i.e., managers in the zonal, regional and central levels. To develop such an evaluation system now, without further study, would not be helpful. The Contractor will develop such a system in the near future, taking into account the positive aspects of the present system.

2. Recommendations in Processes and Improvement in the Personal Services Contract

If the problems facing farmers are not well known, and their behavior and perception of the problems are not fully understood, then it is important to develop approaches to implementation that are flexible and respond to new information. The aim of project implementation, under conditions of uncertainty, should be with minimum reliance on preprogramming, and much more emphasis on flexible implementation, continuous monitoring and evaluation. "The tiger does not always follow the critical path", "No one has ever successfully PERTed a horse race". Revision in project design is needed to improve overall success, but it must be based upon sound information. A scarcity of knowledge is typical of such programs as this. This is particularly true when the means-ends chain is long, e.g., when certain input combinations are expected to increase volume of production, increased

production is supposed to raise producers income, and higher income is supposed to lead to well-being, commitment to more growth in production. The situation is further complicated by the knowledge that outside staff and funding will be withdrawn eventually. Implementation plans must take this into consideration.

As has been mentioned above, an evaluation and information system must be institutionalized into the Program. However, parallel to this, an independent monitoring, evaluation and diagnostic function should be provided, particularly in the early stage of implementation. A major part of the activity of the extended personal services contract should be devoted to these functions. The evaluation and information system of the NCDS will require skilled and experienced personnel who report accurately, quickly and usefully. This will take time to develop. Technicians will have a vested interest in reporting achievements. Small farmers may underestimate yields and hectares owned out of fear of taxes. Contractors may be unwilling or unable to report certain experiences or technical recommendations when the institution, for political reasons, has decided upon a different strategy.

Further, there has been little thought given to the details of implementing organizational change, decentralization and NCDS staff training beyond the manuals that have been developed. A second major part of the extended personal services contract should be devoted to this activity. Project design did not clearly identify the need to develop a systematic approach to synchronizing administrative procedures between the national, regional, and zonal offices. The organizational and administrative manuals are extremely weak in this respect and must be rewritten. If the various organizational units on the three levels are not to continue operating in isolation, a model must be developed clearly and simply coordinating the functions, tasks, and roles of the institution. The NCDS staff, the Robert Nathan Associates Contractor, and USAID must work together to develop such a model. Short-term technicians should either be added to the Nathan Contract in support of this activity, or USAID/Bolivia should consider this contractual responsibility.

The above two important activities have been stressed by the Contractor to the Chief of the Cooperative and Community Development Office, and appear in the Scope of Work for the new contract which has been agreed upon by the USAID/Bolivia and the Contractor. The other activities of the Contractor under the new contract are attached to this Final Report.

The attempt has been made in this Final Report to raise only those issues and problems that have not been discussed in-depth by the Contractor with the NCDS staff, Robert Nathan Associates or the USAID/Bolivia. Many other implementation problems, and some project design problems, have been addressed by these three groups with the Contractor's participation. Solutions to these problems have either been agreed upon or plans have been made to look for solutions to them. Therefore, all of these problems have not been raised again in this Report.

Small Farmer Organization Management Information System

After twelve years of providing social infrastructure projects to economically rural poor communities of Bolivia, the National Community Development Service (NCDS) has embarked upon a new focus of providing credit to many of these same communities to increase their agricultural production, and to provide economically viable infrastructure.

This change in focus, or new objective, of the NCDS is a major transition which is having its impact upon the organization's structure and its personnel, both technical and administrative. Under the traditional program of providing social infrastructure, NCDS technical staff could spend months, even years, developing projects with the communities at a pace which suited the NCDS. This pace was determined by availability of funds, technical expertise, political decisions and some central planning by a highly centralized and personalized national staff. The new objective of the NCDS, providing credit and economic infrastructure, is a new ball game for the institution. Credit must be made to correspond to planting dates, which vary from region to region, and also within regions for individual crops. Supervision and technical inputs must arrive in each community on the dates when campesinos are ready for this information, not when it is convenient for NCDS technicians. Fertilizers, pesticides and seeds must be available when needed and in the quantity and kind needed.

Highly centralized management for this new objective of the NCDS is impossible. The time-lag between the problems and response is too great. Only the most basic activities can be programmed nationally; credit and fertilizer allocations and the assignments of key personnel. Short range decisions can be monitored nationally, but they can only be made effective at the zonal and regional levels, e.g. reallocating fertilizer when one zone exceeds its planting target and another fails to meet it.

Although the documents presented by NCDS in developing the new objective call for decentralization of major functions, this institution continues to be managed by a highly personalized and centralized central staff. Actually, four or five key central officials are presently making all of the important decisions for NCDS.

One means of breaking out of this present situation is to begin to develop a management information system (MIS), which involves synchronized zonal, regional, and central-level decision making, keeping in mind that decentralization means allocating responsibilities (functions) to regional and zonal levels, and providing them with the resources to carry out these responsibilities.

An effective MIS does not necessarily require elaborate automatic data processing arrangements. It can be built into field operations, with basic data obtained

by zonal and regional technicians as part of their regular work. Communities can and should participate in information gathering and analysis of data, and perhaps more important, they should participate in decision making based upon this information. The analysis of the data should be quick and relatively simple. The system can produce timely results - information useful for making operating decisions. The key problem is likely to be the extent to which the data are actually used in top-level policy making.

AID participated in the establishment of a management information system as part of a program to increase rice production in the Philippines. The remainder of this paper summarizes this MIS. Perhaps it has applicability for the NCDS Program. Only the outline of the system is presented for discussion on its applicability to NCDS. Obviously, a great deal of work would be needed to adapt it to the NCDS Program.

Four problem areas were identified in which a MIS had to be adapted to fit the agricultural project.

1. Links between information sources and decision points are often extremely loose and limited.
2. Casual factors are not always clearly known, making it difficult to determine what is relevant information.
3. Collecting data presents problems of cost, resistance, and tendencies to lie.
4. The diversity of information sources can threaten the coherence and reliability of an information system.

The MIS developed in the Philippines' program sought to overcome these constraints and establish an information system for monitoring and managing a comprehensive effort to increase rice production.

The system used is a control MIS, where a few key data elements are selected for continuous observation, recording, monitoring, statistical analysis, and summarizing for management. Performance standards are established for the data items. As long as accomplishments fall within acceptable limits, management does not intervene. When results fall outside established limits management is informed, investigation takes place, and appropriate action taken.

The objective is a fast, reliable information channel between rural target areas and zonal, regional and central level analysts and decision makers. Essential features include:

1. Baseline Data: Include the anticipated timing of planting, which are developed by zonal agriculturalists, local farmers and community leaders. Planning and scheduling credit and other inputs (fertilizers, seeds, pesticides, etc.) are based upon this information. The socio/economic

studies bring target groups into the planning process, minimize tendencies toward errors and misunderstandings when the program is implemented.

2. Standard Indicators: Include input levels, timing of input delivery, areas of coverage, and production figures, and other items directly related to production.
 3. Performance Standards: Become the basis for setting targets. These are set for the achievement of targets and acceptable ranges of variance from target times and figures is determined.
 4. Standardized Formats for Reporting and Analyses: Use worksheets for recording data and reports for transmitting data. MIS problems lie in sending too much uncondensed data to management.
 5. Data Collection: Is done by agricultural technicians as part of supervising and assisting farmers. Monthly data on each farmer's operation is recorded on standardized worksheets. Each month the technician aggregates the information for all of his farmers and send it to the regional office, along with a standardized form noting any problems and asking for any assistance.
- The regional office summarizes this information and sends cumulative regional totals to the central MIS office by the fastest available means, radio, telegraph, personal dispatch, etc.
6. Data Analysis: The national level separates each key indicator on separate tables. Data for every region are compared with the target for the indicator, and the regions are rank-ordered according to performance. Regions falling above or below pre-set tolerance limits become object of staff attention.
 7. Feedback: Is accomplished by sending to each region copies of the monthly report comparing regional standings for verification and local management use.
 8. Evaluation: Is done by monthly visits by central staff to "exceptional" field sites. Periodic intensive surveys and reviews are also mounted by the central MIS staff, by agricultural evaluation staff, etc. The MIS staff also takes random field samples of production. Other departments investigate problems of input availability, managerial effectiveness, marketing, and other conditions inhibiting target accomplishments.
 9. Causal Analysis: Is based on certain assumptions about what causes increased rice production. For example, a correlation between intense supervision and increased yield is assumed. It is assumed that credit availability correlates with yield, and that loan yields are linked with loan repayment rates.

Rank-order correlation between various indicators used in the MIS should contribute to an analysis of these operating assumptions.

10. Decision Making: Any MIS is only an instrument for making better decisions. This model offers one example of an important management tool for agricultural development efforts.

Poor data quality is a continuing - and inevitable - problem. Farmers may report poor yields out of the fear of taxes. Technicians have a vested interest in reporting achievements. Earnest and well-publicized checks are an important part of the program. The entire MIS must be sustained by incentives to report accurately, quickly and usefully. The key incentive for making the system work is evidence that good information is really used in making sound, timely, practical decisions.

LThornton:cc

A Proposal to Determine the Ability of the Bolivian Banking System, and Other Potential Suppliers of Credit, to Provide Loans to Small Farmer Organizations

I. Introduction

The intent of this proposal, which is being submitted to USAID/Bolivia, is to outline an approach to determine whether the banking system of Bolivia, and other potential suppliers of credit, can effectively provide loans to groups of small farmers who have organized themselves to improve their socio-economic livelihood.

A USAID loan has been granted to the Government of Bolivia to provide credit to small farmers. One of the principle objectives of this loan is to encourage small farmers to organize into cooperatives utilizing the credits to cooperatively increase production and the development of agricultural infrastructure. The National Community Development Service will provide the mechanism by which small farmer organizations will develop into viable groups able to compete for the limited credit resources provided by government and private institutions. It is estimated that within four to five years, perhaps sooner, some of these small farmer organizations will have "graduated" from the NCDS program and be ready to compete in the credit markets. However prepared these groups are to compete, there is little experience within the banking system in dealing with this new clientele. The scarcity of knowledge of banks and private suppliers of credit, (seed producers, fertilizer and pesticide suppliers, etc.), in dealing with small farmer organizations creates a great deal of uncertainty in all institutions interested in providing credit to these groups.

This Proposal addresses the issue of scarcity of knowledge by outlining an approach to information gathering and analysis to determine whether the banking system and other suppliers of credit, as presently organized, can effectively provide credit, advice and supervision to organized small farmers. It seems clear that any system intended to reach large numbers of low-income producers will have to be based on principles different from those designed to reach a relatively few large producers. For example, small farmers require more service, including closer supervision, than the more commercialized large farmers, and more flexible policies relating to credit collateral, downpayment and repayment schedules. Therefore, if it is determined that the banking system and other suppliers cannot, as presently organized, provide these activities then we propose to bring additional information to bear to determine what changes are necessary and feasible to make these institutions more effective. We also propose to search out information regarding the experience of small farmer organizations in obtaining loans from banks and private suppliers. Again, if it is determined there may need to be changes

made in these small farmer organizations before they can effectively compete in the credit market, these changes will be presented. We also propose to identify other institutions which might supplement the efforts of the banking system and private suppliers in providing loans, advice and supervision to small farmer organizations. Further we will review the available literature to determine effective ways institutions in other Latin American countries have been organized to provide credit to small farmers. Finally, based upon an analysis of all information gathered, we propose to bring this information to bear on the kinds of decision USAID/Bolivia might wish to make if it is decided that further financial and technical assistance should be given to the Government of Bolivia in support of public and private institutions providing loans, on a commercial basis, to small farmer organizations.

II. Methodology

First, we propose to make an intensive review of existing studies which relate to the Bolivian experiences, as well as other experiences out side of Bolivia, in providing credit to small farmers. These studies will be listed with a summary of their conclusions, together with our observations directed to the central points of our proposal. 1/

Second, field interviews will be held with those banking institutions which have the potential capability of providing credit to small farmer organizations. Also, those private and public institutions which have provided credit will be interviewed.

Third, field interviews will be conducted with small farmer groups who have received credit. We will select these groups from lists provided by the institutions mentioned above, and also select groups from the three most populated regions of Bolivia, i.e., altiplano, valleys and tropics.

By the nature of the different banking institutions and small farmer groups mentioned in points two and three, different questionnaires will have to be developed. However, we propose to use basic questions in each interview which will be drawn out, placed on computer tapes for analysis in our final report. A small group of interviewers will be trained, particularly on the subtleties of explaining the need for this type of information from small farmer groups. Developing interview schedules, training interviewers, and assisting in the analysis will be the responsibility of a Bolivian sociologist who has specialized in investigation.

Fourth, we propose to classify, evaluate and summarize the information and answer the basic questions raised in the Introduction of this proposal. A sample of the kinds of general questions that must be developed into the specific questionnaires is as follows:

1/ See appendix A for a partial list of these organizations.

(We will submit to USAID/Bolivia the draft of the questionnaires for evaluation and inclusion of additional information they may wish to have).

1. What are the stated policies of the major banking institutions toward this type of lending?
2. What do key officials of the banking system really feel about lending to small farmer organizations. Should institutions specialize in providing credit, or should they be multipurpose, i.e., provide complementary services.
3. What actual experiences have these institutions had - we propose to ask for records and supporting documents.
4. What structural changes in these institutions would be necessary to reach these new clientele, e.g. staffing changes in regional and local offices, new roles, functions, and project evaluation and supervision criteria.
5. What records or studies are available with regard to the demand for credit from small farmer organizations.
6. What records are available from banking and non-banking institutions with regard to repayment rates of small farmers.
7. Would interest rates vary for small farmer groups from those presently charged to larger commercial producers. How would the interest spread be determined. Would amortization policies differ for these groups and could repayment be coordinated with crop marketing.
8. What types of projects would private and state banks be willing to finance. Are there geographical limitations. What assistance would be given in project presentation, and what supervision requirements would be made.
9. What type of guarantees would be required from small farmer organizations. What are the present policies with regard to loan guarantees. Would small farmer organizations be permitted to use their crops as guarantees, would the productive capacity of his holdings suffice, could chattel mortgages and liens be used.
10. If there were to be a national agricultural security plan for Bolivia, what would be the basic requirements for such a plan. Is such a plan feasible for Bolivia. What are the basic problems of implementation. Have there been any non-government attempts to provide crop and livestock security.
11. What institutions are presently providing technical assistance to farmers. What are the strengths and weaknesses of these institutions as seen by the banking system and small farmer organizations. Do private suppliers of credit provide advice to small farmers.

12. What has been the effect of field demonstrations upon actual adoption of agricultural innovations. How do farmers learn of or were persuaded to try new methods. (Although this is a research project in itself, which is beyond the scope of this proposal, we are attempting to get a feel for how small farmer organizations believe they can increase production sufficiently to repay new loans and leave the farmer better off.)
13. What other institutions outside the banking system and private suppliers of credit, such as seed, fertilizers and pesticide producers, could effectively assist small farmer organizations.
14. As a last resort, who do small farmers turn to for credit. What are the actual interest rates payed and what guarantees do they require.
15. What attempts have been made in Bolivia to mobilize rural savings in order to reduce the dependence of agriculture on external funds.
16. Etc.

IV. Calendar of Activities

Activities	M	August				September				October				November				December			
	W	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Intensive Review of Existing Studies Conclusions & Observations																					
Development of Questionnaires Review with USAID/Bolivia Finalize Questionnaires and prepare for Computer																					
Identification and training of interviewers																					
Field Interviews Banks and Private Suppliers of Credit (La Paz, Oruro, Sucre, Cochabamba, Sta. Cruz, Tarija, Trinidad)																					
Field Interviews with small farmer organizations (Altiplano, Cochabamba Valley, Oruro, Sucre, Sta. Cruz, Tarija, Trinidad)																					
Classification, Analysis and Evaluation of Data (Computer time included)																					
Write final report Final review with USAID/B																					

Appendix A

Partial list of institutions which will be asked to provide information and available studies related to the proposed Project.

1. USAID/Bolivia and Washington
2. BID
3. World Bank
4. UNDP
5. IICA/OAS Rural Development Division
6. INCAVI Project
7. EMBRAPA, Brazil
8. CIMM Wisconsin
9. Michigan State University
10. Indiana University
11. Wisconsin University-Land Tenure Center
12. DESEC/Bolivia
13. CONEPLAN
14. National Community Development Service
15. Instituto Nacional de Estadísticas
16. Unión de Bancos
17. Puebla Project, Mexico
18. Banco Agrícola de Bolivia

Scope of Work - New Personal Service Contract

1. Evaluate progress of decentralization program being implemented by NCDS. Make recommendations resulting from his evaluation to Contractor of NCDS (RRNA) and USAID.
2. Coordinate the preparation for, and performance of, the design by Michigan State University of an evaluation system for NCDS educational activities, and supervise NCDS and RRNA in the implementation of that evaluation.
3. Collect data on the distribution and utilization of agricultural production credit under AID Loan 511-T-055 during the first agricultural cycle as provision of technical agricultural training and availability of agricultural inputs, and make any necessary recommendations for project modifications to RRNA and USAID.
4. Explore possibilities for greater involvement of other organizations in Bolivia in the Small Farmer Organization Project, to the extent that they can complement or reinforce existing activities. Make pertinent recommendations to RRNA and USAID, and assist in the early development of appropriate inter-agency coordination mechanisms.
5. Assist NCDS and INAYCO (the National Cooperative Institute) in developing specifications to comply with procurement of commodities financed with AID grant and loan funds.
6. Assist NCDS in the identification and procurement of films and educational materials in support of project.
7. Coordinate in the implementation and evaluation of the Food for Work project.
8. Participate in the evaluation of Loan 511-T-055 scheduled for February 1977. In preparation for this evaluation, contractor must visit each regional and zonal NCDS office included in project to evaluate progress and constraints.
9. Assist in the orientation of the RRNA contract team in such matters as project background, NCDS structure and staff, and Bolivian socio-economic conditions.
10. Perform other assignments in support of the Project as directed by Community Development Advisor.