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Evaluation Report of GROFCC and Administrative
Functions of SNDC

Period Covered: July 8 through July 26, 1977

Small Farmer Organizations

Loan No. 511-7-055

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Contract AID 511-1161
July, 1977

There were two principle objectives of the trip to the interior to visit regional and zonal offices of SNDC:

1. An evaluation of the CROFOC Program, which is in the final phase of first agricultural cycle 1976-77.
2. A look at the overall administrative functions of regional and zonal personnel to determine their workload and accountability for the CROFOC Program. +

Three regional and four zonal offices were visited. 1/ Because the trip was limited in time, only Servicio employees were interviewed. In anticipation of this evaluation most technicians were already in the regional or zonal offices or were brought in for the day or two necessary to talk with them. As is usually the case, all technicians were extremely cooperative, open and willing to put their problem out for discussion so that solutions could be found. All reports regarding their activities were turned over for this evaluation, including internal reports that discussed particular internal problems using names of technicians, etc. Also, the plans and problems for the coming agricultural cycle were discussed freely.

This evaluation, together with the first evaluation done by the writer in January 1977, cover practically the full 1976-77 agricultural cycle. 2/ During this most recent evaluation, most regions were in the final stages of the cycle, i.e., commercialization of agricultural products were taking place. Some small farmers had begun paying back capital and interests on their loans, or plans were being made by technicians to ask for extension of credit where there were problems and where small farmers were unable to pay back their loans. Therefore, a good picture of what has taken place this year in CROFOC was obtained from this evaluation, and the previous one done in January 1977.

The administrative aspects of CROFOC can also be thought of as being in the final phase of the administrative cycle of the Program. With the exception of those cooperatives who have not paid their loans, administrative functions of CROFOC have covered a full year and administrators are preparing for the next, 1977-78, CROFOC year. Therefore, good recommendations for correcting some of the problems that have arisen this last year were put forward by these administrative technicians.

An attempt has been made to develop this evaluation of both the production credit and administrative aspects by region, that is, as these regions were visited. Although there are some differences in the Program from region to region, they are rather minor and relate primarily to cropping patterns. In Cochabamba, one finds some administrative differences due to the emphasis on irrigation projects in the region. This affects the accounting and control procedures somewhat, but primarily the workload of this office is similar to other regional offices. Therefore, the final recommendations and conclusions we have drawn from this evaluation are of a general nature and we believe they apply to all regional and zonal offices participating in CROFOC.

1/ See Annex A for list of offices visited.

2/ See "Evaluation of the Utilization and Distribution of Agr. Production Credit Under AID Loan 511-T-055 during the First Agricultural Cycle, and Evaluation of the Decentralization Program of SNDC. Lewis H. Thornton, January 1977"

PART I - CROFOC PRODUCTION CREDIT EVALUATION

Cochabamba Region

Visits were made to this Regional Office and to two zonal offices which depend upon Cochabamba for technical support - Punata and Santa Cruz. Some discussion took place on the Vallegrande Zonal Office with Cochabamba regional technicians. In general we were told that little change has taken place in the cooperatives in Cochabamba, Chapare, Vallegrande and Punata from the report submitted in April, 1977, by the Regional Office entitled, "Informe Evaluativo de Actividades - División de Cooperativas, 1er. Trimestre 1977". This report is an excellent detailed analysis of each cooperative in the Cochabamba regional office domain. Therefore, we have not attempted to go over this information again in this evaluation report. Since this Cochabamba report was written, the technicians have not been able to concentrate on CROFOC activities in any of the areas of their responsibility. They have either been in training programs, or occupied in implementing the new integral cooperative strategy.

It is difficult to determine the percentage of time each technician devotes to the various activities he is responsible for. No logs are kept of this activity. In Cochabamba, we were told the regional technicians work as a team when visiting cooperatives. The team usually consists of a cooperative specialist, an agronomist, someone with accounting background, and someone in charge of evaluation of projects. A team from the Cochabamba Regional Office visited the Vallegrande Zonal Office and the cooperative in that region only three times during the 1976-77 agricultural cycle. The zonal technicians of Vallegrande obviously visited the cooperatives many more times, but the technical backstopping from this Regional Office to Vallegrande was minimal. They visited once during planting, once during harvesting, and in January, prior to commercialization. We were told that the technical input to the cooperative came during the first visit when a demonstration plot was laid out and planted with campesinos from the cooperative observing. A new variety of potato seed was introduced with very good results. However, one advantage this cooperative had over many other cooperative projects under the CROFOC program was the large dam and irrigation system the cooperative has built. They had water throughout the whole agricultural cycle. Since this cooperative had such a good year, the technicians estimate 75 new cooperative members will enter the CROFOC Program next year. The addition of members with paid in capital is expected to increase from the 26 members presently active, to around 100. Using the Vallegrande cooperative as an example, the technicians in Cochabamba also said they do not believe campesino members will be able to take control of their own accounting. They feel Servicio technicians, or someone hired with experience in accounting, will have to handle this activity for campesinos, primarily because the new accounting manuals are too complicated.

Another cooperative which depends upon the Cochabamba Regional Office for technical backstopping (Marquella - El Progreso Ltda.) is just finishing harvesting. It is going to be a very bad year, due primarily to lack of rain, said the technicians. The cooperative lost 70% of its corn production. The price of oxen is still low, about \$3,500 per animal. These animals were purchased by the cooperative at \$4,500 last year. There is hope that these animal prices will rise somewhat, at least to cover initial purchase price. According to SNDC central office figures, the amount of the loan to this cooperative was \$545,776 with \$449,580.50 disbursed as of May 31, 1977. The loan was to be used for the production of corn and purchase of oxen. There are 98 cooperatives members participating in the credit with 50 hectares planted. This cooperative has officially asked for an eight month extension of time on their loan to complete another planting cycle,

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hopefully more productive. The technicians are waiting for a decision from La Paz regarding this extension.

With regard to specific activities pertaining to the integral cooperative strategy, the technicians are moving ahead quite rapidly. They are finishing the geographical layout of boundaries of the new GAB's which will finally be approved by the communities in the areas. They are anticipating 14 GAB's in the Valle Alto area and the technicians are anticipating the first year to have between 300 and 500 members. Each member will be asked to contribute \$b30 for their inscription, together with their \$b200 share in the cooperative. Technicians from both the Cochabamba regional office and the zonal office of Punata have been working hard the past few weeks explaining the ideas of the integral cooperative to potential members and doing the field work necessary to begin implementation when the time comes. But they are concerned that they get approval of their activities as soon as possible from La Paz. They have asked for this approval in the form of a report, which was submitted some time ago.

Punata Zonal Office

The agricultural technicians in the Punata Zonal Office are dedicating all of their time to the development of the integral cooperative. The Jefe Zonal and engineering and construction technicians and promoters are dedicating 100% of their time preparing for the many construction inaugurations that will be taking place around the second of August, "El Día del Indio", when the President and Minister of Agriculture are expected. With the increase of this work activities, over the normal period, their operating costs have increased considerable. However, their operating budget has not increased to compensate for this additional workload, which demonstrates poor administrative planning from the central office. For example, this office receives 2,000 liters of gas per month for all normal operating travel. One truck, when in heavy use, uses 1,500 liters per month. Apart from this problem this office receives its operating expense checks months late. They have also had to pay rent for their building out of their own pockets on a number of occasions. Like most of the zonal offices, this office has requested more vehicle and also motorcycles for all technicians. They maintain that if they are to communicate as frequently as are required with campesino organizations, additional vehicles, especially motorcycles, are a must.

The agricultural technicians of this zonal offices are in complete agreement with the administrator who stated that the operating funds to run this office are not adequate to do the task at hand. Last year, this office was asked to prepare a budget for operating needs, which they did. This year they were not asked and their operating budget from last year was cut, yet their workload continues to increase. Further, the accounting materials for cooperatives that were promised months ago by La Paz central offices has not arrived. Also, this office was asked by letter to send someone to La Paz to pick up the soil testing equipment they had been promised. When the person arrived from Cochabamba to pick up the equipment, he was told this equipment had been given to another office and none was available for Punata. Salary checks for this office arrive around the 20th of the month, instead of the 1st. But it is so much better than before, the personnel of the office are not complaining.

Santa Cruz Zonal Office

The situation in Santa Cruz is very difficult. Problems with the three cooperatives have existed from the very beginning of the CROFOC Program.

First, there are two different types of cooperatives in the Yapacani area, i.e., the way they are organized. One type is organized around members who live and work in the area. The other is a type of absentee landownership whereby the owners hire workers at different times of the year to do the necessary farm activities, and the owners live away from the farm land being worked.

In the three cooperatives which are under the CROFOC loan, data furnished by Santa Cruz technicians point out the following:

<u>Cooperative</u>	<u>No. of Members</u>			<u>No. of Hectares Planted</u>
	<u>Inscribed</u>	<u>Active</u>	<u>Live in Area</u>	
15 de Agosto	22	7	1	20
Luna Nueva	37	34	37	30
2 de Abril	36	25	21	20

With the exception of 15 de Agosto, which is a weak cooperative in most respects, the cooperatives which have been chosen to participate in CROFOC have most of their members active and living on the land. But in selecting these cooperatives, the SNDC had to pick cooperatives long distances from roads and the Pueblo of Yapacani to reach the smaller farmers. One can speculate, and it would need to be verified in the Yapacani colonization area, that the land closest to the roads and larger pueblos and markets are much more expensive. Therefore, the smaller campesinos which the Servicio is working with must live further out into less accessible land. The wealthier campesinos who can afford the land closer in, do not live in the colonization area. It is certainly the case that in the Yapacani area the three cooperatives now under the CROFOC, and the five new cooperatives which are being contemplated for the coming year, are located in very difficult and inaccessible areas, large distance from main roads and markets. Neither is it the most productive land. Most of the rainy season these campesinos can only get in and out of their communities by fording rivers with very high water levels.

Another negative factor for the cooperatives in this area is the situation with their main product, rice. For the last few years this has been a very unprofitable product. There is a three year supply of rice in Bolivia at present, with silos full in the Santa Cruz area. Even with this unfavorable situation, INA (Instituto Nacional del Arroz) said at the beginning of this agricultural year they would purchase all rice of the Blue Bonnet imported seed variety at a favorable price. They wanted to export this rice. However, at the present time, farmers are bringing rice to market and INA is paying the same price for Blue Bonnet as they are for the corriente, or local variety. Campesinos under the CROFOC Program were encouraged to plant the new imported Blue Bonnet, which many did. Another problem exists with INA pricing policy. Their quoted price per fanega was \$b620 at the time of our visit. But when the farmer arrives at INA with his rice, INA begins to discount the price for poor quality grain, excess weight because of too much water, etc., etc. Therefore, when we visited Santa Cruz INA was paying farmers between \$b480-520 per fanega of rice. We were told by Servicio technicians that the cost of production per hectare of rice is \$b5,800 and 10 fanegas can be produced on one hectare of land. It can be clearly seen that the cost of producing one fanega, \$b580/Ha., is more than the price being paid by INA. To complicate matters even more, the extended rains in the area have prohibited small farmers from getting their rice out of their farm areas and into market - they cannot cross the rivers - even to sell at a loss. This is the case

with these cooperatives under CROFOC, i.e., they are waiting for the rivers to go down to get their rice to market. We were also told that the Ministry of Agriculture is not purchasing rice now because they have enough for seed for the coming year. Another alternative for marketing rice was to be FEENCA, National Federation of Rice Cooperatives. They have no money now to purchase rice. All of this is not a new phenomena for rice growers in the Yapacani area. This situation has occurred in the past, too often. Small farmers continue to plant rice because as they clear land, letting logs lie in the fields and burn them, which destroys part of the chemical make-up of the soil, we were told. Rice is about all that campesinos can get to grow the first few years after this clearing process. Different, economically viable, land clearing processes are going to have to be found, together with alternative means of livelihood for these small farmers, if the CROFOC Program is going to continue working in the Yapacani area. One alternative suggested by Servicio technicians is for these campesinos to move into cattle fattening business, whereby they purchase Beni cattle, heard them down to Santa Cruz for fattening and selling in the Santa Cruz market. It is an alternative which certainly should be looked into for medium term lending by CROFOC. Otherwise, a hard look should be taken at continuing to lend to these campesinos in Yapacani. The members of the three cooperatives have told both zonal and central level Servicio technicians that they will pay back their loans for this year. They said they will cut trees to sell, attempt to sell other products they have, and perhaps sell some of their animals. What this means is that CROFOC credit has made these small farmers worse off, since they are unable to repay their loan with the product financed by CROFOC. Before this happens again in Yapacani, or any place in Bolivia, a much more detailed look at these cooperatives, their production plan, and a historical look at production in the area is vitally necessary. Perhaps one of the reasons why the historical trends of production in this area was not taken into consideration at the beginning of this agricultural year was because all of the Servicio technicians in the Santa Cruz office were brought in from Cochabamba, with no tropical agricultural experience. This is still a problem in this zonal office.

For the coming year, the technicians in the Santa Cruz office are planning to work with eight cooperatives which are located in the same area as the three presently under CROFOC. The technicians are forming GAB's, i.e., combining at least two cooperatives together to attempt to obtain 30 members. Then their plans are to form these cooperatives into an integral cooperative. Data has been gathered and campesinos in the area are being told of these plans. Some campesinos living in the area are frightened that credit will be given to both those cooperative members who live in the area and those who don't. Those who live in the area say those who don't will take loans and leave with the credit. Since this is an integral cooperative, say those who live in the area, we will have to pay back the loans of those who leave with the credit.

There is a great deal of confusion and unanswered questions that need to be quickly straightened out in the Santa Cruz zone. If the Servicio begins promoting ideas with small farmers that they must later go back and negate, it will be very difficult at a later date to work with small farmers in the area. The Servicio will be raising false expectation with small farmers that can hurt both those farmers and the Servicio.

It is recommended also that an audit be made of these three cooperatives. There is enough doubt as to how cash money was handled for paying day workers to warrant such a recommendation. We were told that almost all money was disbursed for day labor and there wasn't enough work to account for the money disbursed. If an

audit is made, a sample of active members should be interviewed, not just leaders of the cooperative, to attempt to find out how this whole process took place.

Surge Regional Offices

The Surge Regional Office areas, Tarajá, Tarabuco and Potosí zonal offices, are also having repaid members with CROFO credit this year. Each zonal office will have some cooperatives who will be unable to pay any of their credit. Other cooperatives will pay off some part of their credit and ask for an extension of time to pay the remainder. It is not always easy, especially only talking with technicians of the Servicio as we have done in this evaluation, to determine why small farmers have had such a bad year. Certainly part is due to the dry year in parts of the country, and an unusually rainy year in other parts of the country. But it is also evident that this is only part of the story. There were pest and disease that attack plants and caused some of the problems. For example, in Tarabuco the cooperative Dolores de Surina this year was originally thought to have lost all of the first planting of tomatoes because of bad seeds. We were told that this was not the case and that a pest attacked the leaves on the original plants. Later, new seeds were purchased and planted, but they produced late into the year and got caught by a hail storm and all the tomatoes were lost. Is this poor advice and lack of attention on the part of Servicio technicians? We were told these technicians had been living in these cooperatives. Could the technicians not tell the difference between the results of bad seed and pests which ate the leaves off tomato plants? Wasn't calculation made on the second planting of the timing of earliness, frost and hailstorms? Questions of this nature must be looked into in great detail before we accept the answer that this was a bad year because of poor weather conditions. There are many factors which bare upon the results we are seeing with this year's CROFO Program.

In the two other cooperatives in the Tarabuco area, we were told they would have a good year and pay back their loans. Dolores de Surina will ask for an extension to pay back their loan.

We were told that in the Tarabuco area, five new cooperatives are being promoted. Seven in all will be presented to the National Credit Committee for CROFO credit. The technicians of Tarabuco were also concerned about the 30 member per cooperative minimum placed on CROFO next year. But they said if they could include wives, they would make the limit.

Also, we discussed with the Tarabuco zonal technicians their thoughts on attending a maximum of seven cooperatives with a minimum of 30 members per cooperative. There are three zonal technicians who have responsibility for CROFO in this office. At first these technicians answered that they could attend these cooperatives without problem. Then as we continued discussing what actually needs to be attended to in these cooperatives, the many functions these technicians should be fulfilling, it became clear that they probably could not do an adequate job with so many members. As they pointed out, very seldom do you find participating members in one cooperative living adjacent to each other. To reach some members in the same cooperative may take 30 minutes to an hour walking over rugged terrain. They stated that initially, and in periodic meetings, they could talk with most members at one time and put on demonstrations. But to avert the type of disaster that struck Dolores de Surina, and to see whether small farmers really understood the explanation in the demonstration plots, or if specific instructions on planting, use of pesticides, herbicides and chemical fertilizers are being followed, Servicio's technicians must visit as many individual farmers' plots as they can and as often

as they can during the agricultural cycle. This is not being done now in CROFOC and will certainly will not be done as the number of cooperatives are increased, and as number of members per cooperative is increased.

We were unable to talk with zonal technicians from Potosí, or with the regional technicians responsible for Potosí. He had just been sent the day we arrived to talk with zonal technicians and visit the cooperatives (there are six cooperatives under CROFOC in this zone). All of these cooperatives are producing potatoes and there is a major concern in the Sucre Regional Office that many of these cooperatives will not be able to pay off their loans. That is why the Sucre regional technician was sent to find out what the present situation is like, in Potosí.

Regional technicians of Sucre who are suppose to be providing technical support to the three zonal offices are doing this very sporadically. They admit very frankly they are unable to travel enough to give the support necessary. They say it is due primarily to lack of vehicles in the Sucre office and their per diem never arrives in time, if it arrives at all. They said they made a work plan for traveling to the zonal offices, but because of lack of vehicles and per diem they were unable to carryout their plan. Zonal technicians, as a policy of the Servicio, get no per diem. They are supposed to live with campesinos when they visit them and eat their food. This is an unjustified burden on both small farmers and zonal technicians. This policy should be reevaluated as soon as possible. ✓

We were told by one regional technician that no work or activity is taking place in Potosí in relation to the integral cooperative. They are waiting for specific instruction from La Paz on how to proceed with the integral cooperative strategy.

Tarija Zonal Office

Again, this in an area in which the results of this agricultural year are varied. It is clear that two of the five cooperatives under the CROFOC Program will not be able to pay their loans. They both have planted only wheat, and neither have irrigation, one key factor in Tarija. Another cooperative, Virgen La Purísima, which planted only corn, may have made enough to pay off their loan from their corn production. However, because the commercialization of the corn production coincided with planting of the next crop, and the small farmer needed money immediately to pay for new seeds, fertilizers, etc., he used the money which should have gone to pay the CROFOC loan on the next crop. The Servicio technician working with this cooperative has actually gone from door to door trying to get the members to pay off their loan. He has not given up hope that they will pay, but to date, they have not paid their capital or interest debt.

Only two of the five cooperatives that have paid anything toward their debt have planted multiple crops and have irrigation systems. It looks favorable that they will be able to pay off their CROFOC debt. Not only the favorable factor of irrigation was evident with these two cooperatives, but they also planted at least three lines of production and could therefore absorb loses in any one line not so favorable. For example, one of these two cooperatives planted wheat, which cannot be sold at any price in Tarija; therefore, the other lines of production are carrying them through the year. 3/

3/ This is certainly an important point that those who are pushing a strategy of one line of production for the integral cooperatives should keep constantly in mind.

Regarding the wheat situation in Tarija, it has been another disastrous year. The national wheat institute which had promised to purchase wheat from farmers has gone out of business throughout the country, we were told. The only two other organizations which could purchase wheat in Tarija, Hansa Ltda.'s molino and the University's molino, are not purchasing grain from anyone. The two cooperatives which planted only wheat had a bad year because of lack of rain. (Instead of the 25 qq per hectare projected under the feasibility studies, these cooperatives produced about 3 to 4 qq/Ha.). They also cannot find anyone to sell their wheat to, and time is running out both as to loan repayment due dates, and the time when their grain will no longer be marketable due to spoilage. If they had the money to have their wheat ground into flour, they might be able to store it in their homes a little longer, but this is not a feasible solution according to Tarija technicians. Therefore, these small farmers cannot even cut their losses by selling at a loss. There are no silos in Tarija in which they could pay to wait for better times. h/

There are alternatives for these cooperatives in Tarija, and they all require medium to long term lending, e.g., milk, grapes (for table use only), fruit trees, especially apples, and nuts. The cooperative San Carlos which produced only wheat, was planning next year to take out a medium term loan to plant apple trees. Their scheme was to take out a second loan immediately, while paying off the first loan. They were willing to accept the risk that if they were unable to pay off the first loan as scheduled, their second loan would be immediately cancelled. However, this is not now feasible because they are unable to sell their wheat produced from the first loan.

At this point, none of the technicians working with cooperatives in Tarija are developing feasibility studies for the next agricultural cycle. They say the next planting season, July, August and September, comes too soon to develop projects for. They will wait until the October, November, December season to submit feasibility studies.

These technicians like most technicians throughout the areas of the country where CROFOC is active, are very concerned about the lack of improvement in cooperative organization. They pointed out that in their feasibility studies of last year they clearly indicated the lack of organization and participation by coop members in their own institutions. They also mentioned that one cooperative was approved which had a \$b300,000 debt. Yet when these technicians were pressed to explain how they had worked to improve the cooperative organization, they admitted their efforts had been minimal. This was also the case with most of the other zonal offices visited, and yet this aspect of the technicians' activity was suppose to be one of the cornerstones of the CROFOC Program, and it is being neglected.

h/ On the way back from Tarija to La Paz we stopped in the airport and met the Cochabamba General Director of Agriculture. He said that the Ministry of Commerce and Industry had recently agreed to purchase wheat in Cochabamba and Sucre, but not in Tarija. We speculated with the General Director that this Ministry did not agreed to purchase wheat in Tarija because of the dearth of silos in the area.

The discussions in Tarija regarding the possibility of an integral cooperative in the area turned on the point that there exists a central cooperative which should be built upon, rather than a new parallel integral cooperative, said these technicians. The technicians believe that CERCAT is becoming a strong, institutionalized central cooperative that has the support and respect of most campesinos in Tarija. Thirteen cooperatives are now members of CERCAT with about 2000 members, now that ~~it~~ has joined them. CERCAT has under construction just outside the city its "supermarket" in which campesinos will be able to set up stalls and sell directly to the public. There are storage facilities and plans for facilities that campesinos can sleep in at night, inexpensively, while selling their produce. CERCAT is presently, or has plans, to provide the following functions for cooperative members:

- 1 - accounting
- 2 - agricultural technical assistance
- 3 - training for members
- 4 - purchase of agricultural inputs
- 5 - marketing services
- 6 - renting tractors and other equipment to members
- 7 - commercialization of produce
- 8 - storage
- 9 - lodging for members near market
- 10 - selling of pharmaceutical products

Viacha Regional Office

Almost all of the cooperatives located in the zones under the responsibility of this Regional Office have finished their harvesting and are in the process of marketing their products, or storing them waiting more favorable marketing conditions.

None of the cooperatives in this area have begun to pay back their loans, and we were unable to tell what the production yields were from talking with regional technicians to determine the probable repayment of loans. (We visited the Huarina Zona Office to attempt to get this information, but unfortunately the technicians of this office had just returned from a 3 weeks training program and had gone directly to their cooperatives).

The lack of specific knowledge by regional technicians on what was taking place in each zonal area was surprising. It turns out that despite six month work plans which identify travel times to each zonal office, this Regional Office is run on a crisis management basis, rather than planned supervisory and technical support visits. That is, regional agricultural and cooperatives technicians, we were told, go to the zonal offices primarily when there is a crisis or problem to solve. Also, we were told this Regional Office had requested in writing detailed activity and work reports regarding the conditions in each cooperative from all zonal technicians. The date had passed when these reports were due in the Regional Office and none had been received. Perhaps this was due to the three week training program, but we were told zonal technicians had been given ample time. This Regional Office depends a great deal on written communications with its zonal offices, and it is evidently not working well. We were shown the work reports of many of the zonal technicians. Ninety percent of the reports we were shown were dated January, 1977. There had been very few submitted since then. Supervision and technical backstopping to zonal offices is very weak in this Region, from our discussions in the Viacha Office. We were

unable to ask zonal technicians what they thought of this aspect, for the reason mentioned above. The work reports that were submitted in January read more like a travel itinerary than an in-depth report on activities, problems, solutions, etc. of their work in the cooperatives. Therefore, neither technicians who have responsibility for supervisory work, nor the evaluator, could tell what was really happening in the cooperatives from these work reports.

Regarding repayment dates for loans, we discussed this point with both the Regional Credit Analyst and the Regional Administrator. The official repayment date used by the Regional Office was the final date that the last payment was due (Ven. Cuentas). This is the date the Administrator is using and was taken from the Minuta de Contrato, or the contract signed by the cooperative for the loan. However, in the feasibility study submitted to and approved by the Regional Credit Committee, a repayment schedule was presented for most cooperatives of at least three repayment dates. Although some of the vencimiento dates had come due, many of the earlier repayment dates in the feasibility studies had passed and none had been met. We were unable to determine whether zonal technicians were also using just the vencimiento date when discussing repayments with cooperative members, or whether cooperatives were ignoring repayment of their loans.

Communication is felt to be a big problem by both administrative personnel and agricultural technicians. Communication by La Paz has been criticized as too verbal. Technicians and administrators throughout the country have suggested that more decisions from the central office be put in writing. This may reflect the concern by personnel in the field that too many decisions by La Paz have been changed too frequently by those making the decisions, or by someone above them, and therefore actions taken by field personnel had to be changed or were criticized. It does reflect a desire for more concrete and clearer decisions by the central office. Written communications seem to be arriving to or from zonal office adequately, in the Viacha region. Especially when one takes into account that the Nari and Nando, as well as Copalac and Guevecovi, depend on this office. Letters by plane arrive to and from Trinidad from 4 - 6 days, Pando one week, and the Yungas in about 2 days. However, another problem in communication was that many times La Paz deals directly with the zonal offices giving orders and the regional office may never hear about the decision, or they hear by accident.

PART III - SIND's ADMINISTRATIVE FUNCTIONS

In this section on administration we have attempted to pull together all information gathered on the general functions administrative personnel are attempting to complete. With few exceptions, we discuss our findings in broad generalizations of the whole Servicio because we found few variations from office to office, either between zonal offices or between regional offices. However, the workload between offices does vary somewhat. The few exceptions we found where programs differ, and therefore accounting and reporting may differ, were examples such as Cochabamba, which has a large concentration of irrigation projects, Kuarina which has the World Bank Educational Project, and Tarija, which works with the UNESCO Project. Where these projects exist and are not typically found in all field offices, we were told sufficient staff had been contracted to handle the immediate additional workload and none of these projects seemed to overburden the office responsible. We found some administrative personnel required to work a weekend or two, and sometimes a few nights a month to handle end-of-the-month reporting or accounting tasks. This neither seemed to bother or complicate the lives of administrative personnel unduly, nor were they really complaining about this.

The most complete office, i.e., one carrying out all administrative functions with a full staff of administrative personnel would look something like the following:

General Administrative functions:

1. Accounting and Control
2. Control of Projects
3. Project quotations (all contracts must have at least three quotations submitted)
4. Rehabilitation of operating and project costs
5. Transportation
6. Personnel
7. Stores and supplies
8. Office management - typing, report writing, filing, etc.

Administrative Personnel to carry out these general functions:

1. Chief Administrator
2. Accountant/Controller
3. Chief Personnel
4. Chief of Transportation
5. Secretaries
6. Auxiliary personnel to handle cardex, documentation, supplies, etc.

This is a full complement of activities or functions, with adequate personnel that one would find in a large regional office such as Cochabamba. Zonal offices, of course, would have many of the same functions, but on a smaller scale, and with fewer personnel. In fact most zonal offices have only one administrator and secretary, with the administrative activities shared between the chief of the zonal office and his administrator. Some zonal offices have no secretary, but the more enterprising zonal chiefs have gotten around this by using a promoter's position and salary to hire a secretary. The position of secretary is certainly needed and should be included in each zonal office.

Administrators do vary somewhat in their estimation of time spent on each major activity. This reflects a number of things: administrators' ability to organize and direct his office and staff; number of CROFOC projects and traditional socio/economic infrastructure projects, and any additional activities such as World Bank Project, etc. Taking the administrator's estimate of time spend on the major activities, the following may prove helpful:

CROFOC - Administrative time spent in this activity varies from 25-50% of administrative time. Of this percentage, anywhere from 75 to 90% is spent on writing, reading and rewriting reports for CROFOC. The remaining 25-10% is taken up in filling out and controlling "Orden de Compra y Pago", and "Recibos de Abonos".

Irrigation Project - (Where applicable) 35 % of administrative time in accounting and control.

Office Operations - 20% accounting and control of purchases, such as office equipment, supplies, electricity, rent, etc.

Traditional Infrastructure Activities - 25% accounting and administrative control.

Meetings outside SIND - Min. of Agriculture, Banco del Estado, etc., 5%.

Ninety percent, of the 25% to 50% of administrative time spent on reports for CROFOC is excessive. We saw a pile of monthly reports about 4 inches high on CROFOC from a zonal office which attends only three cooperatives. At least six separate reports are required monthly by the zonal offices, we were told. This was a uniform complaint in both zonal and regional offices. Particularly in regional offices which must read each and every report making corrections and sometimes having to return the reports to zonal offices. Then regional offices present this information in another format to the Central Office. One of the more enterprising regional administrators (Cochabamba) has developed a new format eliminating 18 pages and at least one full day's work. He has not presented this to the Central Administrative Office as yet, but he feels it contains the information needed in La Paz. Other suggestions to facilitate this work of zonal and regional offices was encouraged during this evaluation and it was suggested that they send these suggestions in writing to the National Office. This whole process of CROFOC reporting - from the needs of the Central Office of SIND, Controller's Office of the SDC, SIND, regional and zonal offices, should be reevaluated. At this point, everyone, especially the Central Office, is following the N C D S administrative manuals to the letter. A year has passed and it is time to make the adjustments necessary.

More zonal administrators and some regional administrative personnel are attempting to play an active role in helping cooperatives with their bookkeeping functions. They would like to visit cooperatives more often and could play an important role here, until a better solution is found, for helping cooperatives with this activity. Zonal administrators feel they could handle this function if some of the burden of CROFOC reporting were removed. Another heavy burden is the time it takes to do the paper work necessary to receive payments from the sub-tesoro and contraloría in each zonal and regional office. Also, the legwork necessary for obtaining required quotation for contracts is burdensome. Many of these tasks could be handled by the addition of an auxiliary person who would be responsible for obtaining all the signatures from the sub-tesoro's office and contraloría, and seeing that the paperwork moves from one government department to the next. Also, this person could do the legwork necessary to obtain quotes around the city for the infrastructure projects. At times, 6 to 15 signatures are needed from the sub-tesoro's office which has taken as long as two weeks to obtain. Someone has to stay with this process constantly or the paper work can get delayed on someone's desk for days.

Some offices have solved this problem by using the position of another employee not entirely necessary to do the running around. But thought should be given to a full-time position here, where it doesn't already exist, especially in the zonal offices.

Not enough visits are made by regional administrators to zonal offices to give support, technical help, and just to listen to problems. Some regional administrative personnel have never visited all the zonal offices in their area, and some only once since the beginning of CROFOC. This is also true of visits from the central office personnel to regional and zonal office. Some zonal administrators have never seen the national administrator or his inspector, or the SIND controller. An effort should be made to get these people together to understand each other's problems.

One suggestion made by the regional administrator in Viecha to alleviate the problem of timing and number of signatures required on each Orden de Compra y Pago, was to issue only one Orden de Compra y Pago with all required signatures. Then open a checking account in the Banco del Estado branch office nearest the zonal office. Checks could then be drawn on all future purchases. Receipts must be given for all purchases anyway, so accountability would not be a problem. Someone from the community and the zonal chief would sign each check. This regional administrator felt it would not be a problem to give authority to zonal chiefs for signature and approval of the checks. The first Orden de Compra y Pago could still be issued by the regional office, but for the total amount needed. The problem arises with the price changes from the time the initial quotation is made, then the Orden de Compra y Pago is written, it is sent from the regional office to the zonal office, signatures are obtained, and it is finally presented to the commercial houses. This process can take as much as two weeks while prices are constantly changing and the Orden de Compra y Pago have to be returned and the whole process started again. This administrator felt there is enough of a problem that a new solution needs to be developed to the present system of Orden de Compra y Pago.

PART VIII - CONCLUSIONS AND RECOMMENDATIONS

There have been a great number of unforeseeable problems which have emerged in the CROFOC Program this agricultural cycle, 1976-77. The point of this evaluation is to get these problems out and stated as clearly as possible so that solutions can be sought before the next agricultural cycle. Unless Servicio personnel, from the central office to the provincial level, are willing to talk openly of these problems and occasionally evaluate some basic premises of the CROFOC program, the problems will continue to mount and small farmers will pay the consequences. Perhaps the more important factor, however, is that decisions then have to be taken based upon solutions to the problems.

Probably one of the most neglected areas of the CROFOC program this year has been the contact between the Servicio's technical personnel, and the individual cooperative member and his institution. This point clearly runs through Part X of this evaluation. Looking in detail at the various planned functions and tasks of regional and zonal technicians, one finds a great number of responsibilities placed upon these technicians. The list is as follows:

- Agricultural technical assistance to cooperative members
- Supervision of production credit
- Advice on cooperative organization and member participation
- Preparation of feasibility studies
- Preparation of progress reports
- Integral cooperative activities
- Meetings outside SINDC and CROFOC, e.g., with Min.Ag., IBTA, INALCO, etc.
- Technical information gathering
- Training courses - both as participants and as instructors

It seems clear that no one individual could be held responsible for having sufficient knowledge to enter a community and begin giving advice in all these different areas. And yet the program required that all this information be gotten across to cooperative members participating in CROFOC. The Program has stated many times that it differs from other credit institutions by giving technical guidance and assistance, in addition to credit. But the Servicio has never addressed clearly

the problem of how this information is gotten across to individuals participating in CROFOC. It is assumed that technicians in the zonal and regional offices will find ways to communicate with small farmers. This has been an error in the program. These technicians need what modern communication methods can provide to get information across to small farmers. They also need guidance and support in getting across materials that they themselves are not very familiar with. Therefore, we recommend that the group approach to providing advice to communities be further explored and encouraged by the Servicio, but backstopped by a strong training department using modern techniques that have been field tested in other similar programs. The approach that the Cochabamba regional technicians have attempted seems well worth encouraging in other regions. Their approach is to send a team to support the zonal technicians. The team consists of a cooperative specialist, agronomist, accountant, and project analyst. Others could be added as the situation dictates, e.g., marketing specialist, soils specialist, plant disease technician, etc. The team initially meets with the zonal technicians responsible for two or three cooperatives getting a briefing and updating on each individual cooperative. Then they visit the cooperative and talk with members, community leaders, etc. Finally, back in the zonal office, they discuss what the zonal technician has told them, what the regional technicians saw themselves, and then plan the next three months' activities of the zonal technician. The team should visit each zonal office at least four times a year, with individual team members on call when the situation warrants. Promoters, both men and women are not being used to their potential, if at all. Zonal technicians must begin working closely with promoters, who must come from the communities. Technicians cannot live and work in only one or two of the communities. The program will begin expanding in the next few years to the point where these zonal technicians are constantly on the move from cooperative to cooperative. Younger, bright, and mainly unmarried technicians should be selected for these zonal positions which require high mobility. They should be willing to commit themselves to two or three years at this position, with the promise of moving into a regional technician's position upon satisfactory performance. They should also be given more specialization in areas they have shown abilities, just before moving to the regional office position. That is, they should be given a one or two year period to become specialized members of the regional team. The zonal technicians must be provided with vehicles or motorcycles, sleeping bags and per diem adequate to live comfortably as they constantly travel from cooperative to cooperative. They must begin to work and communicate through promoters. These promoters must live in the communities constantly communicating with cooperative members and following up on information provided by zonal technicians. Any alarming developments are immediately communicated by promoters to zonal offices and then to zonal technicians in charge of the area. Many more promoters are going to be needed in this program soon.

The regional and zonal technicians, together with the promoters must be given backstopping support, technical information and training support from the Training Centers. A complete evaluation of these Centers should be made immediately. For many functions, these training centers should depend upon the zonal offices for direction. These training centers are a big weakness in the program. They are not providing assistance to zonal technicians and promoters. Continuous contact should be maintained between these two groups.

Demonstration plots for diffusing agricultural innovations now being used by many zonal and regional offices have a varied history of success around the world. They should be continued and refined. However, from the demonstration plot to the small farmer's plot is a big leap. More efforts by the Servicio should be made

to bridge this gap - there are other useful experience that could be tried. This information should be gotten to Servicio technicians.

Taking the errors and problems that have appeared in CROFOC this last year, there will certainly be a tendency by some to want to limit the scope of the Program excessively, and narrow the criteria of project and cooperative selection even more than it already has. We hear that cooperatives must be limited to those whose organization - membership participation, accounting, leadership and accountability - is well enough advanced to work with CROFOC credit. There is another tendency to look at the new feasibility study only through the eyes of the banker and if the project is economically viable, then go ahead with it. But the cooperative and its membership must be economically strong. This trend would lead the Servicio into a banker frame of mind, and lose sight of the basic tenet of CROFOC, community organization and technological change. Without this latter approach, the CROFOC should be turned over to a bank to distribute credit and collect it.

We believe one of the big reasons for the failure of so many projects this year - how many is not known and will not be for some time yet - is the very poor selection process of cooperatives that took place based upon very poorly done socio/economic studies. These studies were then used as a data base by most zonal technicians to develop the feasibility studies, which led to erroneous decisions. The socio/economic studies did not identify half of the information called for, i.e., production trends in the community, pricing patterns, marketing, alternative lines of production, etc. Further, these studies were not designed to obtain information about past organization activities and members involvement, historical data on basic line of production in the community over the past five to ten years. What is the real level of development of the cooperative which is to enter into the CROFOC Program, and what are the distances to markets, conditions of roads, especially during marketing season. A great many details could have evolved from these studies to have pointed out critical problems that cooperatives faced this year, but were unknown because the preparatory work was poorly done. Many of the problems the cooperatives in Tapasani, Santa Cruz faced this year have been repeated time and time again. Yet the zonal technicians were led to believe, through lack of historical information, these were good sound projects. These three projects in Santa Cruz never had a chance of surviving and yet the system that was suppose to identify problems and tell us what to do, failed.

The Tarija wheat projects that failed also is not a new phenomena. The same has happened to communities in this area over the years. Why was this not brought to the attention of decision-makers at the time they approved these two cooperatives? If a thorough analysis had been made, especially of the lack of irrigation system in the area and the potential for failure are clearly identified, we do not believe decision-makers would have taken the decision they did. Selection of communities to enter into CROFOC is failing. But the answer is not to limit those who should enter only to cooperatives running well economically, as we discussed above. The answer is to plan the socio/economic studies better so they identify the stage of development of the community and the immediate and long range needs to get this community to a self-sufficiency level. Then the Servicio can determine whether it needs to start with a CROFOC credit, or whether it should begin first building year around roads into the community, or first develop an irrigation project so that the CROFOC credit has a chance to have an impact upon the incomes of small farmer.

Finally, we believe an evaluation system must immediately be developed to bring information to bare on decisions on the production credit aspects of CROFCC, as well as decisions that have to be made on the administrative aspects. The system the SNDC is presently using to identify problems and look for solutions is just not working. Too many errors have occurred this year because of lack of information, or information that arrived too late to do anything about. The Servicio relies primarily on word of mouth, periodic and sporadic meetings, and sporadic trips to the interior by a few central office personnel. This has turned out not to be enough to correct errors in the system. There are many good and tried systems of evaluation on the market. These systems should be evaluated as soon as possible as to their applicability to SNDC and CROFCC and then implemented. An information system and evaluation system will build in the self-correcting processes that will identify many, if not most, of the problems we have witnessed this year before they happen. But then, decisions will have to be taken by the Servicio.

July 1977

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