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FINAL REPORT

SMALL FARMER ORGANIZATIONS PROJECT

NATIONAL COMMUNITY DEVELOPMENT SERVICE

USAID/631142

Project No. 511-0452

Period Covered:

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Lewis H. Thornton
Project Consultant
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I. SCOPE OF WORK - PERSONAL SERVICES CONTRACT

A. Original scope of work under contract

1. Evaluate progress of decentralization program being implemented by NCDS. Make recommendations resulting from his evaluation to Contractor of Robert R. Nathan Associates, NCDS, and the Mission.
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 and vicultural training and availability of agricultural inputs, and make any necessary recommendations for project modifications to RRNA and the Mission.
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 the Mission, and assist in the early development of appropriate interagency coordination mechanism.
5. Assist NCDS and ENALCO (a cooperative organization) in developing specifications to comply with procurement procedures 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. 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.
8. Assist in the orientation of the RRNA contract team in such matters as project background, NCDS structure and staff, and Bolivia socio-economic conditions.
9. Perform other assignments in support of the Project as directed by the Project Manager.

B. Additional activities assigned to Contractor on March 1977 - expanded scope of work.

1. Visit with representative from USAID Controller's office one regional and one zonal NCDS office to review existing system for accounting for CROFOC funds, and specify required modifications.
2. Visit regional offices to explain required CROFOC accounting system to NCDS and Nathan personnel. In Sucre region, visit each zonal office to see that the system is implemented.

3. Visit a sample of other zonal offices to evaluate implementation of procedures with Controller's personnel.
4. Evaluate whether zonal and regional administrators workload is excessive to extent they are unable to adequately account for CROFOC as well as traditional program, and make indicated recommendations to USAID and NCDS.
5. In conjunction with Nathan training advisor and NCDS training and administrative personnel, assist in the development and implementation of training courses for administrative personnel.
6. Assist NCDS administrator and his assistant in design and implementation of procedures to improve communications between central and regional as well as regional and zonal offices, of guidelines and follow-up assistance on administrative procedures and problem resolutions.
7. Follow-up on implementation of loan conditions.
8. Evaluate design and implementation of management information system by the Nathan advisors.
9. Identify resources for educational materials and films and assist NCDS in selection.

II. SUMMARY OF ACCOMPLISHMENTS UNDER ORIGINAL SCOPE OF WORK ACTIVITIES AND EXPANDED SCOPE OF WORK ACTIVITIES

A. Original scope of work

1. The evaluation of the decentralization program of SNDC was accomplished and presented in the Contractor's report: "Evaluation of the Utilization and Distribution of Agricultural Production Credit under AID Loan 511-T-055 During First Agricultural Cycle, and Evaluation of the Decentralization Program of SNDC". ^{1/}

Recommendations as a result of this evaluation were presented to USAID/Bolivia and Robert R. Nathan Associates in the Contractor's report entitled: "A Proposal for the Development of a Management Program to Build a Capacity into the National Community Development Service (SNDC) of Bolivia in Order to Increase Its Impact Upon Agricultural Programs Through the Uses of Effective Management and Institution Strengthening Tools".

2. The Contractor worked closely with the Michigan State University team in the preparation and carrying out of its evaluation activities with SNDC. A memorandum of recommendations, based upon this institution's activities, was presented to CCD.
3. See the Contractor's two reports, "January, 1977 Evaluation Report," and "July, 1977 Evaluation Report" for the data collected and recommendations for project modifications.

^{1/} See Annex A for all documents mentioned in this Final Report.

4. Numerous institutions were visited during the course of this contract. A list of many of these organizations appears in Annex 1 of the first evaluation report, January 1977. Recommendations and discussions with these institutions were made with both SNDC personnel, and the institutions themselves. Written recommendations appear in the January 1977 Evaluation Report.
 5. This activity was transferred to the Administrative Assistant of CCD by the Chief of CCD.
 6. Lists of technical books and training materials were presented to SNDC for their selection and purchases. Catalogues from RTAC and other publishing companies were also made available to SNDC for the selection of films. The CCD office will assist the Servicio in purchasing numerous technical books for Servicio technicians.
 7. The Contractor prepared a report and participated in the February evaluation of Loan 055. The contractor was asked in a memorandum from the CCD Chief not to visit all regional and zonal offices as originally contemplated.
 8. This was a continuous activity that the Contractor participated in during the contract. All of his reports were presented to the RRNA contract team, and he participated in many of the contract team's monthly meetings, giving his observations on project background, SNDC structure and staff, and Bolivian socio-economic conditions.
 9. The only other major activity assigned to the Contractor was the development of an agricultural credit survey, which was developed and presented to the CCD.
- B. Expanded scope of work
1. The Contractor visited the Oruro Regional Office and the Patacamaya Zonal Office with a representative of the USAID Controller's Office and an advisor from the RRNA contract team to review the SNDC accounting system. A meeting was held with others from the USAID Controller's Office and CCD Chief to present the recommendations for modifying and implementing the accounting system for CROFOC funds.
 2. With a representative from the Administrative Division of the SNDC, and a representative of RRNA, the Contractor visited each regional office of the SNDC to assist in the implementation of the recommendation developed in B.1. above.
 3. This activity was carried out by the USAID Controller's Office. The Contractor was not asked to participate.
 4. This activity was accomplished with written recommendations appearing in the Contractor's report: "Evaluation Report of CROFOC and Administrative Functions of SNDC, July 1977".

5. The Contractor, with the RRNA Training Advisor, developed a training program for SNDC administrative personnel. Numerous meetings were held with the Superior Institute of Public Administration, a training institute of the GOB, to plan their participation. Also, meetings were held with the Department of Administration and the Director of SNDC to plan this training activity. The training program has been scheduled, but it has not been implemented.
6. This activity is to be incorporated into the proposed administrative training program mentioned in 5. above. The Contractor's report: "Evaluation Report of CROFOC and Administrative Functions" identifies many of the communications and procedures problems of the SNDC. Further, a communications and evaluation system for SNDC was proposed in the Contractor's report: "A Proposal for the Development of a Management Program to Build a Capacity into the National Community Development Service (SNDC) of Bolivia In Order to Increase Its Impact Upon Agricultural Programs Through the Use of Effective Management and Institution Strengthening Tools".
7. The follow-up on implementation of loan conditions was accomplished in July, and appears in the Contractor's report: "Evaluation Report of CROFOC and Administrative Functions, July 1977".
8. No management information system was proposed by Nathan Advisors. Therefore, this activity has not been accomplished.
9. See II.A.6. above.

III. GENERAL OBSERVATIONS REGARDING EACH ACTIVITY OF THE CONTRACTOR'S SCOPE OF WORK

A. Original scope of work

1. In the Contractor's Evaluation Report of January 1977, an argument was made for a thorough analysis of the major functions and tasks of the Servicio, and a process was developed in the Report by which the decentralized functions would evolved from the analysis of the major functions. From the outset of the CROFOC Program, it was felt necessary to decentralize the Servicio. It was clear that the SNDC was a highly centralized institution with three or four employees of the Servicio making all of important, and many less important, decisions on a highly personalized basis from La Paz.

We have argued that an analysis should be made to determine which functions could be decentralized and where the resources would come from to assure that these functions be carried out. We tried to make the case that the new CROFOC Program was quite different from the traditional socio-economic welfare program the Servicio has been managing since 1964. Many decisions in the CROFOC Program can and should be made at the regional and zonal levels. An analysis of the major functions and tasks to be performed by the Servicio would have identified these decisions.

But this analysis was rejected by both SNDC and the USAID/Bolivia. The approach taken instead was to make more efficient the accountability of funds under the CROFOC Program. Thus the impact on small farmer

organizations of the CROFOC Program has been neglected. The aspects of technical change, credit production supervision, communication between Servicio technicians and the communities, diffusion of innovations, providing SNDC technicians with backstopping and support, etc., has been placed in a secondary position to financial accountability. This financial accountability can be controlled from La Paz, once minimum channels of accountability and control have been set up in regional and zonal offices. With the latter approach, there was no need to look closely at all major functions and tasks of the Servicio. Therefore, no formal concerted efforts at decentralization has taken place in the Servicio, and none is likely to take place when neither the SNDC nor USAID/Bolivia are behind such an effort.

A strong correlation can easily be established between organizational efficiency and impact on small farmer groups. We believe that organizational inefficiency of the SNDC is the major reason the impact of CROFOC has been so minimal the first agricultural cycle 1976-77.

2. Because of the lengthy preliminary correspondence between USAID/Bolivia and Michigan State University prior to their arrival in country, very little preparatory work by the Contractor was necessary on this activity. MSU sent capable people who were familiar with SNDC, and they accomplished a great deal toward developing an evaluation system for training. MSU should be asked to continue providing backstopping to the Department of Training of SNDC, particularly in the area of non-formal education, and help this Department with the implementation of an evaluation model. A decision must be made by the Servicio and USAID/Bolivia whether to continue with this institution.
3. Outside independent data collection on CROFOC production credit, such as the Contractor performed, is important to both the Servicio and USAID/Bolivia and should be continued. An analysis of this data by independent persons is also a help to these organizations. However, the SNDC should institutionalize its own data collection process whereby field follow-up on the implications of this data for decision-makers is instituted. The data presented by field offices to the central office is of little use if it is not presented to decision-makers along with an explanation of how this information can help the SNDC, on all levels, to make decisions. Therefore, a management information system should be developed whereby those who gather the information are also aware of the decision to be made. As we mentioned in our July 1977 Evaluation Report, many of the problems that evolved this last year in the CROFOC Program could have been foreseen and averted by a system that raised red flags when certain activities didn't take place, or when conflicting information was received. There is no such system in the SNDC.
4. It seems apparent that out of necessity, more and more functions originally contemplated for other institutions, e.g. INALCO and IBTA, are being taken over by the Servicio. Accounting functions, and control for cooperatives, and technical assistance to small farmers by IBTA and INALCO has been minimal. It doesn't seem that this situation is going to change in the foreseeable future. The Agricultural

Extension Agents of IBTA, we were told, spend approximately forty percent of their time away from their own activities and work plan. They are called away to do studies and investigation and give advice by other GOB institutions and other entities. For example, USAID/Bolivia asked the extension agents in one region of the country to do a study that kept these agents away from their normal work activities for two months. Another common problem is that of availability of personnel and vehicles for IBTA. We were told that the gas allocation for each agent has been cut from 400 to 200 gal. per month - adequate for about two weeks travel per month. Further, the motivation of Extension Agents in participating with small farmers in their communities is lacking. Finally, IBTA is completely independent of activities of the General Director of Agriculture in each department of the country, thus coordination in each region is difficult.

Given the above situation of IBTA, it does not seem feasible that the SNDC can ever rely on this agency to perform the very important functions originally contemplated in the CROFOC Program, that of technical advice to small farmers and SNDC agricultural technicians.

In the Contractor's January 1977 Evaluation Report it was suggested after visiting a number of private companies providing seed, fertilizer, pesticides, etc., that further efforts be made to incorporate the knowledge and expertise of technicians in these companies into the CROFOC Program. They have a great deal of literature, films, slides and technical knowledge from their parent organizations that could be brought to bear on the CROFOC Program. In the most recent July 1977 evaluation made by the Contractor, we found no indication that this resource was being utilized by SNDC technicians.

The Contractor further explored other avenues of possible involvement in the Program by the Bolivian Development Foundation, DESEC, and the Central Regional Agricultural Cooperatives in Tarija. Most of these institutions are working on very limited budgets with limited personnel to provide assistance to a nationwide program such as CROFOC. Others have over-committed themselves in their existing programs. Therefore, we found no other institution capable of assisting the CROFOC Program in any significant way. The only possible exception to this might be the Central Cooperative in Tarija, which we have recommended be evaluated as to its possible incorporation into the integrated cooperative strategy of the Servicio.

5. Since this activity was excluded from the Contractor's Scope of Work by the Chief of CCD, we do not have enough information to make constructive comments.
6. USAID should continue trying to help the Servicio identify and procure films and educational materials to support this Project. However, what is really needed is that the Servicio set up a unit with the responsibility of requesting resource materials needed by technicians of the Servicio, and to make contacts with publishing companies for procurement. Further, this proposed unit in the Servicio should develop a system whereby these books and films are controlled in the zonal, regional and national offices of the Servicio.

7. This task of an independent evaluation of the CROFOC Program prior to the scheduled annual evaluations is an important independent input which should be continued. However, this independent evaluation should not be limited to visiting zonal and regional SNDC offices. The evaluator should visit both cooperatives in the Program and those not participating in the Program, commercial houses supplying agricultural inputs, institutions formally participating, I.B.T.A. regional offices, INALCO, Banco del Estado, experimentation stations, etc. This will give the evaluator a good understanding of what is taking place in all aspects of the Program and this contribution will have a positive effect on the discussions and decisions which evolve from the annual evaluation by SNDC and USAID/B.

8. This functions can be carried out by the Chief of CCD.

B. Expanded scope of work

1-3. The system developed for accounting and control of CROFOC funds should be a continuing concern of both SNDC and USAID/B. Along with the normal presentation of data by the Servicio for accountability, this institution has instituted an auditing unit that is suppose to report to the Director of SNDC. In addition, USAID's auditing unit will make periodical audits. However, the important aspect of control of CROFOC funds will be whether the system instituted by the Servicio continues to work well, especially as additional funds for sub-loans are added to the Program. We therefore recommend that as often as possible, the USAID/B Controller's Office be brought in to evaluate the system which is to account for these funds. The USAID Controller's office has three excellent employees who are well acquainted with the Servicio, and the needs of the CROFOC Program. Their contribution in making the adjustments to the system which will be necessary as the Program expands could be a major factor in the accountability of this Program. If these employees of the Controller's office could spend three or four days, two or three times a year, evaluating this system and making recommendations, the benefits would be well worth the extra time and expense to USAID/B.

4. As mentioned in the Contractor's July 1977 Evaluation Report, the great number of CROFOC forms that have to be submitted by zonal and regional SNDC offices to the central office has caused a degree of excessive work load that should be corrected. One solution put forward was to add another position in these offices to handle many of the routine administrative details so that the zonal and regional administrators would have more time to devote to filling out and analyzing these forms.

Another solution, perhaps to be used in conjunction with the above suggestion, would be to call together all regional administrators to La Paz to work with the National Administrator and his staff to analyze the reporting requirements with the intention being to eliminate and rationalize this whole process. A member of the USAID Controller's office could also be present to determine the minimum information needed by this Agency to fulfill its requirements. Further, a member of GCB's Controller's office could be asked to

participate to see whether any of their requirements could be eliminated.

5. The tendency in the Servicio in regard to this activity of administrative training has been to rely on the Nathan Training Advisor and the Contractor to develop this program. To this point the Servicio's input has been minimal, despite efforts to the contrary. The Servicio is aware of the importance of this training program but they must assume the major burden if the proposed program is to be relevant to the needs of the Servicio.

Administrative training should be institutionalized within the Servicio. Most administrators in SNDC have learned their activities primarily by intuition or watching someone else and learning from them. This is an important aspect of learning to manage rural institutions, but in addition, basic theoretical principles of management, communications, financial practices, etc. and the uses of administrative tools can make the difference in efficiently and effectively running an organization. Thus, a continuous effort to encourage the institutionalization of administrative training in the Servicio is important. Further, this type of training brings administrators from around the country together to work on common problems. Between administrators in the Servicio, the communication of ideas takes place primarily through the written word. Personal contact between administrators will further facilitate an efficiently run institution. We have suggested that at least once a year, all administrators get together in a program such as being proposed in the administrative training project. Then regional training or workshops be held at least twice a year between regional and zonal administrative personnel in each region. These latter activities should be devoted to solutions to problems, training new employees of the Servicio in its procedures, working on case studies and exercises based upon the SNDC administrative manuals. A representative from the Department of Administration in La Paz should attend part of this workshop to clarify problems, listen to suggestions and communicate or clarify new directives. Then a final yearly meeting or workshop should be held as an evaluation of the Servicio's administrative activities.

6. The suggestions made in points 4. and 5. above deal with this activity.
7. This responsibility will be assumed by the CCD.
8. The Nathan group has not presented a design of management information system. The Contractor presented his ideas in the report: "A Proposal for the Development of a Management Program to Build a Capacity into the National Community Development Service (SNDC) of Bolivia in Order to Increase Its Impact Upon Agricultural Programs Through the Uses of Effective Management and Institution Strengthening Tools". It is urgent that a system be designed and implemented within the Servicio. The SNDC will not take it upon itself to initiate such action, but they must be brought into the design process if they are to understand the benefits, and if they are to use the system. To make the system beneficial, an analysis must first take place of the kinds of decisions decision-makers make. Then the information gathered will be the pertinent information necessary to bring to bear on the decision. Unless this analysis of decisions takes place nothing more

will happen than at present, i.e., all reports written by every administrator or technician will end up on the desk of Department heads with little of it getting read, and decisions continue to be made on the basis of intuition, and not hard data.

9. See our observations, III.A.6.

IV. RECOMMENDATIONS IN ACCOMPLISHING OBJECTIVES OF THE SMALL FARMER ORGANIZATIONS PROJECT

A. The CROFOC Program as Originally Conceived

The Small Farmer Organizations Project's basic goal is to increase per capita income and improve living standards of rural poor. The loan from the U.S. Government is to make funds available through SNDC to finance a revolving credit fund and grant fund. To achieve the goal, the loan is to be used: "(i) to develop viable, zonal cooperative centrals (centrales) and affiliated small farmer organizations ("SFOs"); (ii) to strengthen the managerial and technical capabilities of the National Community Development Service (NCDS) and other cooperative development agencies; and (iii) to assist a small number of "non-cooperative" rural community groups in developing small enterprises and economic infrastructure projects." ^{2/}

Prior to the first disbursements for small farmer organizations, it was mutually agreed between SNDC and USAID/Bolivia to select fewer SFO's than originally planned to receive sub-loans. Two points were identified as important in making this decision: (1) the Servicio was not sufficiently prepared administratively or technically to provide services to as many SFO's as initially planned, and (2) there was a fundamental question as to whether so many small diverse farmer organizations receiving credit would ever become self-sufficient, even though plans were made to affiliate these SFO's to zonal cooperative centrales. Ten to fourteen of these centrales were to be organized throughout the country, eventually affiliating them to a National Federation, that would have to be developed. These basic questions that evolved from the original project design were valid questions, and the decision to work with fewer SFO's initially, and until more experience was gained by all involved, was a good decision. The Servicio then began implementation of the Project and disbursed US\$360,768 as of August 10, 1977 to 39 SFOs (1,145 cooperative members) the first agricultural cycle, 1976-77. The Servicio and USAID/Bolivia continued analyzing the original Project design while implementing the Project.

The Contractor's principle responsibilities were to evaluate the distribution and utilization of the agricultural production credit under the Loan, and to evaluate the SNDC institution and other participating organizations in their attempts to provide services to SFO's. Two reports presented by the Contractor, January 1977 Evaluation, and July 1977 Evaluation, were devoted exclusively to these principle responsibilities. Our analysis of both the agricultural production credit and of the Servicio and other participating institutions, together with our recommendations, run throughout these two reports.

^{2/} Annex 1, pg. 1 of Loan 055 Agreement. The new approved amendment to the Loan changes these basic goals of the Project.

The following summarizes what we think are the more important recommendations made in the two reports: 3/

1. Continued independent evaluation of the Project on the part of USAID/Bolivia, particularly during periods of loan selection, planting, harvesting, marketing and repayment periods is important.
2. Continuous observation should be encouraged by USAID/Bolivia on loan selection policies being set by SNDC, both formally and informally, i.e., kinds of loans each zonal office is encouraging and for whom, loans being submitted to Regional and National Credit Committees by regional technicians, and verbal guidelines and formal directives sent to the field by the National Office.
3. A completely neglected aspect of the program has been any formal attempt to incorporate into the planning, implementation and evaluation processes, how participating and non-participating small farmers perceive the program, how they believe it ought to be run, and how to bring about changes. Specific recommendations were made as to how this might be accomplished in the Contractor's February 1977 Proposal for the Development of a Management Program for SNDC. As it now stands, small farmers cannot successfully deal with participating organizations to increase their access and modify services offered.
4. Private commercial houses supplying agricultural inputs must be brought into the Program to bring their technical expertise, i.e. agronomists, literature, films and slides, to assist zonal technicians in communicating with small farmers. The availability of relevant technology for small farmers in a form usable by them is not reaching participants in this project in the degree necessary.
5. The socio/economic base data studies are inadequate. A complete review of the studies must be made with the idea being to incorporate more information on community organization, historical trends of production by different lines of production, historical pricing patterns, conditions of roads, distance to markets, real level of development of the community, availability of water, etc. Then a concerted effort has to be made to encourage the Servicio to see that the information called for is obtained.
6. Clear, well timed, policy decisions are not emanating from the National SNDC office. From policy decision to action, information gets lost, ignored, changed or garbled. A thorough study of the communications system of SNDC should include an analysis of the decisions that need to be made at all levels of the institution, and the information needed by decision-makers to make their decisions.
7. Eliminating important aspects of the program which require direct cash payment to small farmers is not the answer to the control of these disbursed funds. As the program expands into agricultural

3/ There is some overlap or duplication of recommendations between Parts III and IV, since we have attempted to pull together all recommendations in this section and still follow the final report format suggested by USAID.

infrastructure, small industries, medium and long term credit, more activities will probably be found that are going to need cash payments by small farmers. There is no clear answer to this but a look at how similar programs around the world found solutions to the problem should be looked into.

8. Promoters in the Program working in Departments far removed from their own is not productive. This is an important resource in the Program and will become increasingly important as the Program expands. SNDC technicians cannot communicate with even a small majority of these farmers as the Program expands. Promoters will be the critical link to the communities. They should not be taken away from the zones and communities in which they are familiar. They should be given useful technical agricultural training so that they are aware of problems that should immediately be called to the attention of zonal technicians. They can also follow-up on practices explained by zonal and regional technicians in their communities.
9. Technical information coming from research investigations of the experimental stations in the various regions of the country is not being made available to Servicio personnel as it should be. Periodic meetings are held by regional offices of the Ministry of Agriculture to discuss new seed varieties investigated, new planting methods, alternative uses of land, etc. Regional agricultural technicians of the Servicio should be invited to participate in these meetings. The limited literature published by the Ministry of Agriculture should automatically be sent to all regional office of SNDC.
10. We continue to maintain that an analysis of Servicio organizational functions needs to be made. This analysis will also clarify the decentralized functions, and resources needed to fulfill these functions, which have been called for in the Loan Documentation. Beginning on page 19 of the Contractor's January 1977 Evaluation Report is an analysis of the organizational problems of SNDC. The draft Proposal of a Management Program for SNDC, February 1977, includes a process by which an analysis of the Servicio can be developed in conjunction with SNDC personnel.
11. The internal SNDC planning and budgeting process should begin by general policy guidelines and funding requirements being given to zonal offices by the central office. Zonal offices initiate the process by developing their annual plans and funding needs. They then present these plans to regional offices who evaluate all zonal requests, based upon program criteria and funds allotted to the region, working out zonal adjustments or differences with each zonal office chief. Then regional offices present their regional plans and funding requirements to the Central Office, working out any adjustments together with central level authorities. If clear guidelines are initially developed by the National Office and given to field offices with sufficient anticipation, this decentralized approach to budgeting and planning will assure that programs developed are relevant to the diverse geographical needs of the country.

12. Quarterly evaluation reports on each cooperative in the CROFOC program should be required by each regional office. An excellent format for this report is the latest evaluation presented by the Cochabamba office. It should be sent to all regional offices to be used as a guideline.
13. Regional administrative and technical supervisory personnel should be required to submit quarterly travel itineraries, and brief but concise "back to office reports". A format should be prepared by the central office covering objectives of supervisory visits, problems encountered, solutions to the problems and next planned visit when regional supervisors plan to evaluate progress on solutions. These reports should be taken into consideration when promotion and salary grade increases are reviewed.
14. Standardized quarterly reports should be developed for zonal technicians on the developments in each of the cooperatives each technician is responsible for, both cooperatives under the CROFOC Program and those which may be selected to participate at a latter date. Regional technical supervisors should then be required to respond, in writing, to each of these reports, with copies of both sent to central headquarters. It was hoped that this recommendation would not have to be made for the obvious bureaucratic reasons. However, there is enough of a concern that technicians are not completing their functions with the cooperatives, nor visiting the cooperatives often enough, to warrant this bureaucratic requirement.
15. Zonal offices were originally required by the Department of Administration to submit operating budgets for office and field visit needs. The second fiscal year of the CROFOC Program, this was not requested and operating funds were not adequate. It was explained that GOB general funds were not adequate to provide all the funds for the Servicio needs. This is a condition of the Loan Agreement, i.e., that adequate operating funds be provided by the GOB to support this \$10 million dollar Project. Zonal offices must be consulted as to their operating needs, and the GOB must supply these funding requirements.
16. Various institutions have made verbal commitments to the Servicio to purchase the agricultural production of cooperatives participating in the Program, e.g., the National Rice Institute and the National Wheat Institute. At marketing time these institutions have either gone back on their word, or agreed to different arrangements than originally promised verbally. There are many private companies in Bolivia who yearly make contractual arrangements guaranteeing prices, even before planting season begins in which they purchase all the agricultural production of larger farmers. This whole aspect of making contractual arrangements should be looked into by the Servicio for the many cooperatives under the CROFOC Program. We have heard of companies which produce vegetable oil, soups, canned vegetables goods, etc. who cannot obtain sufficient agricultural products. These companies also require higher grading standards. The Servicio could discuss with these companies their requirements, enter into contractual arrangements, and begin to work closely with agricultural cooperatives in the CROFOC Program, attempting to meet these standards.

These companies may also be willing to provide technical assistance and other inputs not now available to cooperatives to assure higher grades of agricultural products.

17. The policy of not paying zonal technicians per diem should be changed, not only because of the burden to these technicians, but also the burden to small farmers. SNDC technicians are required to look for sleeping facilities and food in the communities they are working with.
18. Adequate number of vehicles and motorcycles must be provided to zonal technicians if they are to attend the communities and cooperatives, especially as the program expands.
19. The tendency of the Servicio is to encourage as few lines of agricultural production for each cooperative as possible. Some zonal offices would only accept one line of production per cooperative the first agricultural year of CROFOC. It is easier to administer one line of production and provide technical assistance to the cooperative from the institution's point of view. There is enough evidence this year in this CROFOC Program to discourage this tendency on the part of the Servicio.
20. A concerted effort to finance low cost storage facilities for cooperatives should be looked into as soon as possible. Engineers and architects of the Servicio should be asked to look for various solutions needed in the different geographical area of Bolivia.
21. Zonal and Regional technicians must devote more attention to the organizational development of cooperatives if these organizations are to ever become self-sufficient. Most important CROFOC decisions that relate to the cooperatives are being made by the zonal and regional technicians working with the cooperatives. Active participation in the cooperative committees by members must be encouraged. General meetings which include all members must be led by cooperative members, not Servicio technicians. The more astute and active cooperative members must be encouraged to participate in the socio/economic studies, and the feasibility studies of their cooperatives. If Servicio technicians cannot make clear the ideas in the feasibility studies, accounting manuals and socio/economic studies to small farmers, then these technicians do not understand the ideas themselves, and are hiding behind technical jargon.
22. A new integral cooperative should not be started in Tarija without first looking at the existing cooperative central - CERCAT. Also, corn as a principle line of production should be evaluated carefully before it is encouraged. Technicians in this area believe it is not as economically viable a product as some believe for this region, and there are many more beneficial alternatives in this highly productive area of Bolivia for small farmers.
23. During the repayment periods and disbursement periods of CROFOC sub-loans, the Servicio should present data on these aspects of the Program to USAID/Bolivia on a monthly basis, and not on the quarterly basis as now required. These are critical times in the overall program when many decisions are being made and this information would be helpful to make the decisions.

24. Zonal offices should be provided with a personnel position for a secretary, (and) one for an auxiliary administrative assistant to handle the problem of obtaining quotations, and the movement of documents through the sub-tesoro and contraloría's offices. There are other functions this person could do to relieve the workload of the administrative office so that he or she could help with the cooperative accounting tasks in the field.
25. The SNDC administrative manuals should be review in the proposed first administrative training program for all administrative personnel of the Servicio.
26. The team approach to providing technical advice to cooperatives should be explored. Regional cooperative specialists, agronomists, accountant and project analysts should visit the cooperatives on a quarterly basis with zonal technicians. As the situation dictates, other specialists, e.g., marketing, soil specialists, plant disease technicians, veterinarians, etc., should participate. At the time of these teams visits, plans should be developed for the zonal technician for the coming quarter. The training center should be closely involved in these planning sessions to bring to bear new methods of getting ideas across to small farmers. The Production Centers should be called upon to give demonstrations on new methods of planting and uses of new seeds, use of intermediate technology, and any new or different lines of production that could be beneficial to the cooperatives. However, this recommendation calls for a complete evaluation of the training and production centers before they would be able to participate in the CROFOC Program in any meaningful way.

B. New focus of the integral cooperatives strategy and its relationship to the CROFOC Program

If there is any one point that stands out in this Final Report above all others, it is that there have been some very basic inputs to the CROFOC Program this first agricultural cycle which have gone unattended. They were either not considered in the initial CROFOC project design, or if they were, they did not work as planned. The Contractor's two evaluation reports, the proposal for the development of a management program, and Part II and III of this Final Report have attempted to identify these missing inputs.

Integral cooperatives which are being considered for Bolivia at the present time are extremely expensive institutions, especially to base an agricultural credit program on. They drain manpower, an acutely scarce resource in Bolivia. There are enormous amounts of manpower needed for training and supervision in starting up these new integral cooperatives. The movement of money, technical assistance and marketing arrangements, as we have seen in the first year of CROFOC, is extremely complicated for any institution which attempts to organize and supervise an agricultural credit system.

The integral cooperatives must offer to small farmers services such as; soil analyses, modern practices in planting, cultivation, insect control, fertilization, selection of land and its capacity to support agricultural production, evaluation of irrigation systems, climatological data,

evaluation of the times of the year the crop occupies the land, alternative uses of the land during any given production growth cycle and the capacity of the land to produce more than one crop and which crop this might be. The institution's efficiency and effectiveness in its own internal organization; management, communications, evaluation, accountability and control, training of personnel, relationships with other organizations in its environment, etc., as we have seen in the SNDC - a thirteen year old institution - are complicated functions for a new organization.

One can therefore question whether the new integral cooperative as planned is anymore appropriate an institution for the diverse purposes, situations and cultures of small farmers in Bolivia than was the CROFOC production credit Program channeled through the SNDC.

The important aspect of the diverse services that have to be provided to small farmers of each integral cooperative in each region of the country has not been clearly addressed in the new strategy - anymore than it was in the original CROFOC project design. To list numbers of technical assistance slots and numbers of promoters, does not get one to a point where technical inputs have an impact upon small farmers per capita income and improvement of their living standards. The new integral cooperative strategy does take into consideration the great diversity of small farmers organizations in Bolivia, which the old CROFOC Program neglected. But the provision of services to small farmers which reaches them at the farm level has got to be addressed if we are not to again find that after a year of agricultural activity under the integral cooperative strategy, some farmer groups are worse off because of the agricultural credit program than without it. There is enough evidence that in the long run, monoculture limits the development of small farmers to warrant a cautionary note. It is easier for larger institutions to administer, provide technical assistance and agricultural inputs and market single products, than to permit multiple cropping by associated members. Those marginal farmers who have planted three, four or more crops have proven to be better off in the long run than those who have had to produce only a single crop to get credit. To the small farmers, minimizing risk may be more important than maximizing profit. This may help to explain why some of the credit under CROFOC was frequently not used for the purposes originally projected in the feasibility studies of the SNDC. We raise these issues hoping that those who are presently planning the integral cooperative strategy take them into consideration in this initial planning phase.

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