

AGENCY FOR INTERNATIONAL DEVELOPMENT						1. TRANSACTION CODE (X1 APPROPRIATE BOX)			PID DOCUMENT CODE 1			
PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE						<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> CHANGE <input type="checkbox"/> ADD <input type="checkbox"/> DELETE						
2. COUNTRY/REGIONAL ENTITY/GRANTEE Colombia						3. DOCUMENT REVISION NUMBER						
4. PROJECT NUMBER 514-0203			5. BUREAU A. SYMBOL LA B. CODE 3			6. PROPOSED NEXT DOCUMENT A. <input checked="" type="checkbox"/> PRP <input type="checkbox"/> PP B. DATE <u>2</u> / <u>0</u> / <u>7</u> <u>5</u>						
7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS) [Small Farmer Integrated Delivery Systems]						8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION A. INITIAL FY <u>7</u> <u>7</u> B. FINAL FY <u>7</u> <u>7</u>						
7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS) []						9. ESTIMATED COST (LIFE OF PROJECT) (\$000 OR EQUIVALENT, \$1 = _____)						
						PROGRAM FINANCING						
						A. AID APPROPRIATED		AMOUNT				
								15,000				
						B. OTHER U.S.						
						C. HOST GOVERNMENT		15,000				
						D. OTHER DONOR(S)						
						TOTAL		30,000				
10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)						11. OTHER U.S. (\$000)						
A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS			
			D. GRANT	E. LOAN	F. GRANT	G. LOAN						
FN	151	241		15,000		15,000						
TOTAL				15,000		15,000	TOTAL					
12. PROJECT GOAL (STAY WITHIN BRACKETS) [To improve the welfare of the rural poor.]												
13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS) [To find an efficient integrated system for the delivery of basic services to the small farmer.]												
14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)							PRP	PP	Est. Cost			
Consultant for Project Analysis							2 mm	2 mm	\$18,000			
TDY Loan Officer							1 mm	1 mm	-			
15. ORIGINATING OFFICE CLEARANCE							16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION					
SIGNATURE Philip R. Schwab <i>Philip R. Schwab</i>												
TITLE Acting Director, USAID/Colombia												
							DATE SIGNED					
							MO.	DAY	YR.	MO.	DAY	YR.
							0	7	1	0	7	5
AID 1330-2 (5-75)							33					

BEST AVAILABLE DOCUMENT

PROJECT IDENTIFICATION DOCUMENT (PID)

Small Farmer Integrated Delivery Systems Loan

I. Summary of the Problem to Be Addressed and the Proposed Response

There are some 600,000 small farmers in Colombia who are not receiving those basic services (credit, inputs, technology, and marketing) which would enable them to improve their productivity and income. Past experience of the GOC with provision of services to this group has proven to be of limited success because of a lack of coordination of the services and high unit costs of providing them. This loan would fund experimental projects designed to overcome these problems. It is a logical follow on to an FY 1976 loan for small farmer technology, which would identify, through field testing, appropriate technologies for use by small farmers. Thus, the FY 1976 loan would identify technologies to be delivered, in coordination with other inputs, to small farmers under this loan.

The objective of this loan would be to develop and test several integrated delivery systems on a pilot scale. Once viable delivery systems are identified they would be implemented or replicated on a larger scale with other resources.

The approach used in implementing the loan would be primarily that of commodity systems but would include crop associations. The commodities which would be included are wheat, corn, beans, yuca, platano, potatoes

and fish. These commodities are primarily small farmer crops and are those which have been given priority in the National Food and Nutrition Plan.

Some examples of possible integrated delivery systems for testing are:

1. Producer Federations

The concept which would be explored here is to work through groupings of small farmers to improve delivery systems to affiliated members. The concept might or might not involve some type of government participation.

It might be necessary to pass some type of enabling legislation establishing procedures whereby growers of a given commodity in a given geographic region could agree by referendum to organize a federation which would act as their agent in procuring agricultural inputs, credit, technical assistance and market outlets. The federation would be an autonomous corporation but one of its initial stockholders could be a government agency.

The federation would employ an administrator and staff to carry out those functions pertinent to delivery of needed services to the farmers under the jurisdiction of the federation. Central to the ability to coordinate the system would be the right to act as the exclusive procurement representative for agricultural inputs and the exclusive sales representative for the producers coming under legal jurisdiction of the federation.

An alternative model would be to work through strictly voluntary groupings of small farmers. The grouping might be based on commodity, geographical or some other criterion. The concept of integrated procurement

and marketing services would be the same as described above. Exclusive procurement and sales representation would still be central to the success of the federation.

2. Production-Marketing Cooperatives

This system would coordinate with the cooperatives receiving assistance under the Rural Cooperatives Loan. This system would focus on using these cooperatives to deliver the four basic services of inputs, credit, technical assistance and guaranteed markets. This particular system would likely require little funding from the proposed loan since it will be implemented under the Cooperatives Loan. The purpose here would be to evaluate this system compared with the other alternatives.

3. Private Enterprise

Private enterprise delivery systems would be developed from three principal types of organizations: inputs suppliers, product consumers, and intermediaries. The first type has been proposed for a LAAD loan in El Salvador, where the project firm's primary emphasis is fertilizer. The second type is exemplified by the tobacco companies which provide production services to assure high quality and stable supply. The third type has been suggested by ALMACENAR, a subsidiary of the Banco de Colombia and the Banco del Comercio. ALMACENAR is basically a warehousing operation which handles both basic grains and the inputs for their production on a non-titleholding basis. The firm also participates in the grain futures market and has pilot projects for input provision linked to purchase contracts.

All three types would be expanded to provide the four major services - inputs, credit, technical assistance and guaranteed markets. The companies themselves would be the primary source of ideas on operational mechanics.

4. Streamlined Government Delivery

This system would involve using one or more government agencies to deliver the four basic services. The interest would be to streamline the delivery using such techniques as mobile banks and input delivery, group technical assistance and improved government marketing intervention. Under this system, a mechanism of risk absorption may be tried, whereby the program guarantees the farmer return at least equal to his traditional method and any additional return is divided in some manner between the farmer and the program.

5. Others

It is anticipated that as a result of the AID/W Working Group on the Rural Poor and efforts in TAB/AG that other systems worthy of field testing will be forthcoming.

It should be pointed out that each of the above examples could have a variety of variations. These examples will be defined more clearly at the PRP stage and refined even more by the PP.

In order to be able to determine the viability of the alternative systems tested, the loan would include a substantial amount of funding for analysis of existing information as well as collection and analyses of additional data. It is envisioned that the kind of information required would

also be useful for the agricultural planning proposed, therefore this loan would attempt to institutionalize the information system. Information would be required in order to determine the impact of the program on the target group. It is also likely that some technical assistance would be required in the areas of data collection, survey design, analysis and interpretation of data.

The primary beneficiaries of this project will be small farmers with five hectares or less, where the family provides most of the labor and mechanization is minimal.

This project is expected to have two kinds of important spread effects. The first of these will be among the primary beneficiaries through non-formal communications/demonstration/imitation effects. The second important spread effect is expected to be among the cooperatives, federations, private industry, etc., which would attempt to replicate or imitate the successful delivery systems tested under this project.

II. Financial Requirements and Plans

The estimated cost of this project is \$30.0 million dollars of which AID would provide \$15.0 million in loan funds. The GOC and Colombian private enterprise would provide \$15.0 million to support this project. This loan would also be supported by the ongoing Small Farmer Technology Development Grant.

III. Development of the Project

Substantial work will be required in reviewing delivery systems which have been tried both in Colombia and elsewhere. Work on the details of how

each system to be tested will operate will also be considerable. The other major area of work will be that of current small farmer behavior, particularly with respect to those commodities mentioned above.

Adequate financial support is expected to be available for development of the project. However, three to six man-months of AID/W agriculture specialist and one man-month of loan officer TDY will be required for the PRP and PP preparation.

It is estimated that the PRP will be submitted in late October 1975 and the PP in October 1976.

USAID/Colombia
7/9/75