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 REPORT U-448

AID 10/22/110-701

PROJECT APPRAISAL REPORT (PART I)

5180096-15

PAGE 1

1. PROJECT NO. 518-15-005-096.4	2. PAR FOR PERIOD: 7/16/72 TO 2/23/73	3. COUNTRY Ecuador	4. PAR SERIAL NO. 73-23
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5. PROJECT TITLE

**INSTITUTIONAL DEVELOPMENT Agricultural Marketing Organizations**

16p.

6. PROJECT DURATION: Began FY <u>71</u> Ends FY <u>72</u>	7. DATE LATEST PROP 5/3/72	8. DATE LATEST PIP 3/10/70	9. DATE PRIOR PAR 8/18/72
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ <u>112,000*</u>	b. Current FY Estimated Budget: \$ <u>0</u>	c. Estimated Budget to completion After Current FY: \$ <u>0</u>
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
International Development Foundation	AID/1a-634

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION ITEM		B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W/ HOST		
		<p>* Total includes \$ 112,000 from FY 1969 funds which were placed in this contract under project 518-15-010-092, Local Planning and Development.</p> <p>As this project terminated in July, 1972, this is the last PAR that will be submitted for the project. No new actions are required.</p>	

D. REPLANNING REQUIRED						E. DATE OF MISSION REVIEW	
REVISED OR NEW	<input type="checkbox"/> PROP	<input type="checkbox"/> PIP	<input type="checkbox"/> PRO AG	<input type="checkbox"/> PIO/T	<input type="checkbox"/> PIO/C	<input type="checkbox"/> PIO/P	April 11, 1973
PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE				MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE			
Theodore Tenorio <i>T. Tenorio</i> 5/7/72				Peter M. Cody <i>P. M. Cody</i> 5/7/72			

## INSTITUTIONAL DEVELOPMENT

### Agricultural Marketing Organizations

#### Project History

On September 29, 1969, USAID/Ecuador submitted a Noncapital Project Paper (PROP) entitled "INSTITUTIONAL DEVELOPMENT Agricultural Marketing Organizations" to AID/Washington for approval. The objectives of the proposed project, as described in the PROP, were to:<sup>1/</sup>

- a. form marketing organizations that would enable small farmers to obtain better prices for their products;
- b. achieve a more equitable distribution of the income generated by agricultural production for the small farmer in selected areas of the country;
- c. motivate the marginal farmer into directing his efforts to increase production and better allocate his scarce resources through improved farming methods; and
- d. awaken in the marginal farmer a realization of his own worth.

More specifically the project goals and targets were stated as:

- a. foment the creation of local, independent, self-sufficient marketing organizations which will enable the peasant farmer to sell the fruit of his labor at prices more consonant with the cost of production;
- b. provide educational experience to campesino leaders that will help coalesce them into effective working units capable of influencing needed attitude changes in their respective communities;
- c. enlist private and public sector financial as well as technical support for the continued operation of the organizations formed by the project;
- d. encourage an active participation among the leadership element in the realization that their needs can be met within the framework of a democratic society; and
- e. demonstrate that these cooperative efforts can exert influence on national policy affecting their economic, social and political interests.

Achievement of the goals was not to be measured in terms of organizations formed, but rather in terms of attitude and behavior change and "a pronounced improvement in the environment, economic benefits derived, and the standard of living." These were to be measurable by FY 1971.

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<sup>1/</sup> See PROP, pages 3 and 4

It is significant to note that the PROP, and the project, were developed without the participation or approval of the Food and Agricultural Officer or other agricultural personnel within the Mission. In other words, at the time the project was developed it was not viewed as an agricultural project. It was designed to reach a low-income rural population (hence agriculture was the medium) but the goal of the project was to change the attitudes and behavior of this population, not increase their production or productivity.

Seen in this light, the project was an outgrowth of the Mission's experiments in campesino leadership training, and as such it contained a number of implicit and explicit assumptions. First of all, it assumed that one of the major bottlenecks to higher incomes in the rural sector was the existence of marketing middlemen who bought cheap and sold high. Second, it assumed that the persistence of this relationship was due to cultural factors--specifically, the lack of awareness on the part of the campesinos of alternatives to this situation. Third, it assumed that campesinos would willingly and eagerly enter into cooperative-style marketing organizations when made aware of the opportunity. Finally, it assumed the agricultural basis for the project--production, productivity, markets, etc. In other words, the bottleneck to increased rural income was assumed to be a cultural rather than technical one which could be overcome by motivation and organization.

This orientation of the project is further evidenced in the selection of the contractor. The International Development Foundation (IDF), with headquarters in New York and Lima, Perú, was selected by the Mission because of its "unique experience . . . in establishing agricultural marketing organizations [in] Perú, Colombia and elsewhere. We are not aware [of] any other organization with comparable expertise in this type [of] organization." <sup>2/</sup> However, the technicians selected by the contractor (and approved by USAID) had backgrounds in sociology, political science and social psychology rather than agriculture.

The National Planning Board (NPB), in a letter to the USAID Mission Director, noted the backgrounds of the contract personnel and stated ". . . it is necessary to keep in mind the fact that agricultural marketing is an economic phenomenon . . . which could better use professionals with a clear specialization and practical experience in the field of agricultural marketing." <sup>3/</sup> This rejection of the contractor presented a problem as the three contractors had arrived in January, 1971, and at

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<sup>2/</sup> Unclassified Telegram, QUITO 0003, January 2, 1970.

<sup>3/</sup> Letter from Dr. Alberto Almeida H., Secretario of the National Planning Board, to Robert J. Minges, USAID Mission Director, dated April 13, 1970.

the time of the letter of rejection from the NPB, had been working on the project for over two months. After further negotiations, however, the NPB accepted the nomination of the three technicians, and the project was allowed to continue. <sup>4/</sup>

In the wording of the original contract, the objective of the project was "to develop self-sufficient marketing associations of small agricultural producers in Ecuador." To accomplish this the contractor was to present a work plan, conduct studies to identify the first specific areas in which projects were to be initiated (a benchmark survey was to be presented to USAID/Ecuador no later than the fourth month of the contract), train CREA staff and local association leaders, assist in the formal organization of the association or associations as worked out with CREA and AID, and provide counsel and training to these organizations. Each association was to be self-sufficient within approximately one year of initiating marketing activities, and the CREA staff was to be able to take over and continue the activities within eighteen months. After that initial phase, the contractor was to move to another area of the country and repeat the procedure.

The contractor established headquarters in Cuenca, selected a team of trainer/instructors from the extensionists provided by CREA, developed a work plan in conjunction with a PERT expert provided by USAID/Ecuador, and trained the instructors in field methodology. Three zones of operation were selected at the instigation of CREA--one in each of the three provinces serviced by the organization. The benchmark survey required by the contract was never prepared and submitted to the Mission.

The three zones in which the project operated were quite distinct. The Upano Valley (an area on the eastern slopes of the Andes mountains that has only recently been opened to extensive colonization) was a fertile area devoted primarily to cattle-raising. Cañar was a reasonably fertile valley of traditional settlement with a heterogeneous population of historically distinct Quechua-speaking indigenous populations and mestizo small farmers. Azuay was a semi-arid region of mestizo small farmers. In the Cañar and Azuay regions the contractor chose to work initially in forming marketing associations of wheat farmers. In the Upano Valley efforts were devoted to establishing cattle-marketing associations.

From nearly the beginning the contractor complained of the poor agricultural potential of the CREA region and asked that the project be trans-

<sup>4/</sup> Letter from Robert J. Minges to Dr. Blasco Peñaherrera, President of the National Planning Board, dated April 24, 1970. National Planning Board clearance of the contractors was received in a letter from Manuel Calisto V., Deputy Director of the National Planning Board, dated May 26, 1970.

ferred to another zone. In November, 1970, the Project Team Leader firmly stated that agriculture in the area would not support marketing organizations.

In December, 1970, USAID/Ecuador sent a 5-man fact-finding team (including the Rural Development Officer, Mission Economist and a cooperatives expert) to Cuenca to assess the agricultural possibilities of the region, advise the Mission of alternatives and recommend a future course of action for the project. This team, while recognizing the impoverished nature of the region, concluded that marketing organizations were feasible in the area and recommended that IDF continue to work in the region with CREA. It noted that wheat did not seem to have been the best product to select for marketing activities and recommended that the contractor place increased emphasis on increasing yields and marketing other crops. <sup>5/</sup> Further requests by IDF to transfer the project to another region were rejected by the Mission and the contractor accepted the responsibility to continue the project, as described under the contract, in the CREA area.

Another point of contention between the contractor and the USAID during this period of time was the USAID's insistence that the purpose of the project was to institutionalize the ability to develop marketing cooperatives within the regular CREA structure, in contrast to the contractor's preference to develop and maintain the project apart from CREA.

During May, June and July, 1971, two major changes in the USAID Mission substantially affected the project. The first of these was the introduction of the Project Logical Framework Matrix and PAR system in USAID/Ecuador. Although ostensibly a change in form more than content, the matrix sessions focused increased attention on the outputs and purpose of the project, and for the first time attempts were made to specify expected results and establish targets.

These targets were primarily economic rather than social in nature. IDF was to establish 21 cooperatives and pre-cooperatives (given the lengthy procedure of legalization), of which 5 were to be self-sufficient. They were to establish at least three regional marketing associations, one of which was to be totally self-sufficient by the end of the project. These organizations were to have at least 2,000 members. Attempts were made to specify target volumes of business and income.

In addition, the objective of establishing an ongoing program of marketing cooperative development in CREA was specified. This was to be established

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<sup>5/</sup> Trip reports by Clarence Zuvekas, Richard L. Winters, Lewis Townsend, Robert Haladay and John Magill on evaluation trip of December 8 to December 12, 1970.

as a separate department in CREA that had a full-time manager, at least four full-time instructor/trainer/organizers, and an adequate budget.

The second change involving the project was that with the arrival of a new Mission Director, USAID/Ecuador was reorganized along sectoral lines. Reflecting the shift from an attitudinal and behavioral orientation to an emphasis on agricultural production, viable organizations and economic benefits which resulted from the Matrix-PAR exercise, this project (along with other rural cooperatives programs) was assigned to the Rural Development Division rather than the Education and Civic Development Division.

This basic change in Mission policy and orientation is further evidenced in the language of the first amendment to the contract. Under the terms of this amendment, IDF was to: <sup>6/</sup>

- a. Assist ". . . in the organization of approximately 2,000 family and sub-family farm operators in sound and viable marketing associations and in the creation of one or more regional unions."
- b. ". . . encourage close cooperation between the two Upano Valley cattle cooperatives which may result in the organization of a sound and viable regional cooperative . . . "
- c. ". . . continue training of CREA personnel, including field extensionists, so that by termination of Contractor services, CREA will be capable of continuing the formation of new associations and advising already created associations".

Behavioral and attitudinal changes, which were stressed so heavily in early project documentation, were not mentioned in the language of the amended contract, and disappeared from subsequent project documentation and evaluation.

From that point on the relations between USAID and the contractor deteriorated into a tug-of-war over the project. Repeated requests by the Mission for background data and information on the project for purposes of establishing performance targets and monitoring progress were ignored, obfuscated or only partially fulfilled. At one point the IDF representative candidly remarked, "I don't want to come up with that data: it is going to make me look like a fool." One technician resigned after taking Home Leave and the project director took two months of leave without pay during the final months of the project.

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<sup>6/</sup> Contract AID/1a-634 (Ecuador) Amendment Number 1, dated July 17, 1971.

It should be noted that this project did not receive as close monitoring as most Mission projects because of its location in Cuenca. It should also be noted that USAID project managers changed rather frequently during the course of the project, as can be seen in the following list of USAID personnel assigned to the project:

Social Development Project Managers:

Eugene Braun	January to July, 1970
Robert Haladay	August to November, 1970
Kenneth Johnson	November, 1970 to October, 1971

Rural Development Project Managers

Kenneth Johnson	October, 1971 to January, 1972
Neil C. Fine	January to April, 1972
Theodore Tenorio	April to July, 1972

A certain continuity was provided to project management by the Mission Evaluation Officer, who, first from his position as Social Development Division employee and later as evaluation officer, was the only Mission representative to visit the project site more than three times during the life of the project. He made some nine field visits between November, 1970 and July, 1972, and worked constantly with project managers to design, collect and evaluate data concerning the project.

The project terminated on July 17, 1972.

PROJECT ACCOMPLISHMENTS

Three reports of the accomplishments of the project were prepared during the final months and immediately following the termination of the project. In December, 1971, the office of the A.I.D. Area Auditor General conducted an audit of the project. In July, 1972, the International Development Foundation submitted its final report on the project. And, in September, 1972, the USAID Cooperatives Advisor and Mission Evaluation Officer submitted a report on their findings concerning the project. These reports are summarized below, but for additional information readers should consult the original documents.

The audit performed by the Office of the Auditor General, Area Auditor General--Latin America (North) in December, 1971, presented a bleak picture of the accomplishments of this project. The goals had been the establishment of 21 marketing pre-cooperatives and cooperatives with approximately 2,000 members, at least five of which were to be financially

self-sufficient by July, 1972. Progress toward achieving these goals was considerably behind schedule, for their investigation showed: 7/

. . . only nine new cooperatives had been established with about 360 members. None of the cooperatives was financially self-sufficient as of December 31, 1971, nor is there much hope of them becoming so before the project terminates. The cooperatives had not yet developed the capability of selling their own products, arranging for credit, or performing other actions necessary to become self-sufficient.

In their final report, 8/ IDF claimed that not nine (as indicated in the audit report) or even twelve (as indicated in the Project Appraisal Report dated 5/31/71), 9/ but thirty cooperatives, pre-cooperatives and pre-organizations had been developed by the project. 10/ Six of these were located in or near the Upano Valley of which three were identified as cattle cooperatives and three were unclassified. Twenty-four were wheat or various agricultural production cooperatives in the highland areas of Azuay and Cañar. According to IDF: 11/

Upon returning from the courses, the leaders held regional assemblies in which the decision was made to form cooperatives and elect their officials. During 1970-1972 the following cooperatives were formed:

Zone 1:	<u>Indanza/S. Juan Bosco</u> <u>Cooperative</u>	<u>N° of</u> <u>Members</u>
	Indanza	60
	* San Juan Bosco	36
	* Yungantza	19

7/ Agency for International Development Office of the Auditor General, Area Auditor General--Latin America (North), Audit Report: USAID/ Ecuador: Institutional Development-Agricultural Marketing: Project N° 518-15-895-096.4: Executed by International Development Foundation under Contract N° AID/1a 634, Audit Report N° 1-518-72-93, June 22, 1972, p.3.

8/ International Development Foundation, Informe Final de Asistencia Técnica: Organización de Pequeños Productores Agrícolas para Mercadeo, Lima, Julio 21, 1972.

9/ Project Appraisal Report (Ecuador), Institutional Development, Agricultural Marketing, Number 71-5, p.3.

10/ IDF, Informe Final, pp. 3 and 49-52.

11/ Ibid pp. 49-51

Zone 2:	<u>Valle del Upano</u>	<u>N°. of Members</u>
	Macas	50
	Sucúa	54
	* Méndez	24
Zone 3:	<u>Cañar</u>	
	Cachi	23
	Nar	15
	Molino-Huaico	17
	Jahua Tambo	11
	Coyoctor	24
	Pilcopata	27
	* Chorocayte #	49
	* La Posta #	16
	* Juncal #	53
	* Gallorumi #	28
	* Sigsihuaico #	35
	* Deleg #	32
Zone 4:	<u>Azuay</u>	
	Asunción/San Fernando	260
	Coomatco-Sinincay #	22
	* Dandán #	38
	* San Gerardo #	26
	* Chumblín #	43
	* Masta #	32
	* San Joaquín #	22
	Lentag #	55
	* Susudel #	32
	* Corraleja #	32
	* El Progreso #	32
	* Comuna de Ofia #	32
Total:	12 cooperatives and 18 pre-cooperatives	1,119

\* Indicates pre-cooperatives in legalization stage.

# Indicates newly formed cooperative organizations.

One feature of the IDF final report deserves special consideration. Throughout the report considerable data were presented on the cattle cooperatives and pre-cooperatives. There were complete data on the sale of cattle, the economic viability of the organizations and an appendix describing the current status of each cooperative and pre-cooperative. <sup>12/</sup> For the highlands cooperatives, information (incomplete information at that) was presented for only five of the twenty-four claimed cooperatives. To some extent this is justifiable in that the second wheat marketing cycle had not occurred at the time of the report and many of the other cooperatives had been formed so recently that they could not have had time to begin marketing activities. What was conspicuously lacking, however, was any information or data on the situation or status of the organizations or any description of the extent and nature of CREA/IDF involvement with them. It was this absence that first called attention to possible problems in the report.

Nevertheless, the clear implication of the earlier quotation from page 49 of the report and the list of cooperatives presented is that CREA/IDF had worked with them, they were definitely in the process of organizing themselves as cooperatives, and that they were established to provide marketing or other cooperative services.

The sudden increase in claimed groups participating in the marketing program along with a conspicuous lack of information on the new cooperatives and the addition of a new classification--"pre-organization"--led to a decision by USAID/E to make an on-site examination of the new cooperatives. Preliminary field work was performed by John Magill, Mission Evaluation Officer, and recorded in a memorandum to Theodore Tenorio, dated August 4, 1972. As a result of his preliminary findings, Messrs. Tenorio and Magill returned to the Cuenca area on August 23 to spend three days visiting the cooperatives, pre-cooperatives and pre-organizations mentioned in the IDF report. It should be noted that their findings were confined to the cooperatives in the highlands portion of the project. No attempt was made to visit the cattle cooperatives in the Upano Valley, which are reportedly more developed and successful than the highlands cooperatives.

From on-site visitation and personal conversations with the IDF-trained instructors who accompanied them throughout the trip, the two USAID/ Ecuador representatives were able to ascertain the status of the highlands cooperatives mentioned in the IDF final report. Their findings are summarized below:

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<sup>12/</sup> Ibid., pp 54-62 and Anexos I and B.

1. Cooperatives that were actively engaged in marketing operations:  
(1) La Posta (wheat); (2) Molino Huaico (wheat); (3) Cachi (wheat);  
(4) Nar (wheat); (5) Coomacto Sinincay (this was a building-materials,  
not an agricultural cooperative).
2. Groups that were in the process of formation, that were receiving as-  
sistance from the IDF-trained team, and that would probably begin  
marketing activities in the near future: (1) Susudel (wheat); (2)  
Dandán (tomatoes).
3. Cooperatives that had been established as agricultural marketing co-  
operatives by IDF, but which had failed: (1) Pilcopata, (2) Coyoctor;  
(3) Jahua Tambo; (4) Asunción-San Fernando (although this cooperative  
continued to function as an agricultural supplies cooperative).
4. Previously established agricultural cooperatives that the IDF team  
had contacted and given a course to, but which had decided not to  
organize as marketing cooperatives: (1) Sigsihuaico; (2) Gallorumí;  
(3) Chorocopte.
5. Groups that the IDF team had contacted but which had shown little or  
no interest in forming marketing cooperatives: (1) Deleg; (2) San  
Gerardo; (3) Chumblín; (4) Musta; (5) San Joaquín; (6) Lentag; (7)  
Corraleja; (8) El Progreso; (9) Comuna de Oña.

One other cooperative mentioned in the IDF final report (La Unión) had received assistance from the CREA-IDF team, but it was neither viable nor an agricultural marketing cooperative. It was a cooperative of aguardiente producers who had been forced to default on a cooperative bank loan. The CREA-IDF team provided assistance in helping to reorga-  
nize the cooperative and forestall a foreclosure by the Bank.

The IDF final report further stated that during the first year of oper-  
ations wheat production in the Tambo-Cañar area increased by 62% and in  
the San Fernando/Asunción area by 72%. <sup>13/</sup> The implication of the report,  
especially in the section on cost/benefit analysis of the project is that  
these increases were due to activities of the IDF team. The report is  
open to challenge on the following grounds:

1. The report stated that original productivity in the Tambo-Cañar was  
' 22.5 quintales per hectare and in San Fernando/Asunción 12.0 per  
hectare. Yet, earlier information submitted by IDF at USAID/E's  
request estimated original average yields of 25-30 quintales per  
hectare in the Tambo-Cañar region and 15 in the San Fernando/Asunción.

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<sup>13/</sup> Ibid., page 65.

It is highly unlikely that more accurate data on original yields was collected by IDF one year after the first set of information was submitted. There appears to be no basis for changing the original estimates. If these original estimates are considered, therefore, gains in production were less grandiose.

2. The report indicated that productivity rose from 22.5 to 36.55 quintales per hectare in the Tambo-Cañar region and 12.0 to 20.58 quintales per hectare in San Fernando and Asunción. <sup>14/</sup> But, the amount of land in cultivation by socios in those two areas divided into the total amount of wheat marketed does not yield the productivity per hectare claimed by the report. In fact, analysis of the statistics provided in the final report by IDF indicates that productivity in Tambo-Cañar was 25.7 quintales per hectare and in San Fernando/Asunción was only 4.9 quintales per hectare. <sup>15/</sup>
3. Even the above data on productivity is misleading. Information obtained by the USAID representatives indicated that at least 50% of the wheat sold by the cooperatives was purchased from non-members. This means that the wheat sold was actually produced on more hectares than the report indicates, which would further reduce the average yields per hectare.

There was some evidence, however, that attitudes toward production techniques might be changing as a result of the project. Farmers interviewed were unanimous in their commitment to the need for certified seeds and the use of fertilizer.

Visits to the Upano Valley by the Rural Development Officer and other USAID personnel revealed that results in this area were more positive. Two cooperatives in Sucúa and Macas were successful in organizing small producers in the area, breaking the monopoly of the traditional marketing middlemen and obtaining substantially increased prices for their members. A third cooperative was formed in the town of Méndez when this group split from the Sucúa cooperative to form a separate one. These three cooperatives appeared to be sound, viable units that have a chance to survive and expand their operations.

No regional or central marketing organizations were established by the contractor.

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<sup>14/</sup> Ibid.

<sup>15/</sup> Ibid., pp. 65 and 67.

## FINAL VISIT AND REPORT ON THE PROJECT

In March, 1973, a final visit was made by the Mission Evaluation Officer to the project site to gather information for this evaluation. This visit was confined to Cuenca, and all information presented derives from personal conversations with project personnel. The results are as follows:

Objective 1: Establish within CREA an on-going program of supporting and developing agricultural marketing organizations.

A cooperative development department has been permanently established within CREA. All of the extensionists trained by IDF continue to work in this department and one of them has been assigned the position of department chief. The department has an adequate budget and all vehicles donated to the project are used exclusively by it, although one of the carry-alls broke down and they have had trouble finding a replacement part. An economist and accountant have been assigned part-time to the department.

This department continues to work in developing cooperatives, although these are not limited strictly to agricultural marketing cooperatives. To a large degree, therefore, this objective of the project was realized, although it is difficult to assess their effectiveness.

Objective 2: Establish sound, viable marketing organizations. The Upano Valley cooperatives continue to be the most viable, as Macas, Sucúa, Méndez and Indanza ( a naranjilla marketing cooperative) are all functioning on a sound economic basis. Of the highlands cooperatives, the following are still engaged in marketing operations: Carchi, Molino Huaico, Nar, La Posta, Coyoctor (revitalized from previous report) and La Tranca. These latter cooperatives have a total membership of 156 families while the Upano Valley cooperatives have a membership of approximately 188. In other words, a total of 344 families have been organized into ten reasonably viable cooperatives--a number far short of the targeted 21 cooperatives with 2,000 members.

Of the other "pre-organizations" or groups mentioned in the IDF final report, the IDF-trained instructor/organizers were still working with Yunganza, San Juan Bosco (although no marketing activities had been initiated), Gallorumi (helping to prepare farm plans to obtain credit) Coomacto Sinincay (although this building-materials cooperative was in severe financial problems and may collapse), Lentag (although there

was apparently little interest in joining the cooperative), Dandan (although they could not find a market for tomatoes produced by the cooperative), and Isabel (this cooperative had received credit and was to commence marketing operations).

The following cooperatives were considered to be defunct by the department, and no effort was made to work further with them: Jahua Tambo, El Progreso, and Mustá. The cooperative Mustá was not working at the time of the visit, and they had settled land problems; Orquí, San Gerardo, and Caumbina. Sigsihusico and Chorobopuz were decided not to join the program.

Objective 3: Organize three self-sufficient regional line-of-production secondary-level cooperative organizations.

None was organized.

Objective 4: Establish an on-going process of developing self-sufficient agricultural marketing organizations in the Upana, Cedar, and Corona Santiago regions.

Since the IDP contract team and the cooperative department has initiated work with nine potential cooperative groups. These groups are highly varied and some have nothing to do with agriculture, however. Two are fishing cooperatives, one is a honey cooperative, one is a gypsum mine and another is a gypsum mine and another is a gypsum mine and another is a gypsum mine.

Again, it is difficult to say how effective the IDP trained team is in developing cooperatives, as there are not yet well-developed groups.

If we look at the project's performance in terms of the original goals established in the PROP it is even more difficult show concrete evidence of success:

1. Foment the creation of independent, self-sufficient marketing organizations. Only ten organizations were formed which approached independent self-sufficiency, and these comprised only 200 families.
2. Achieve a more equitable distribution of income for the small farmer. This has occurred in both the Upana valley and highlands cooperatives, as the cooperatives have not only been able to obtain higher direct prices for the members' products but have forced middlemen in these areas to increase their prices as well. Unfortunately, the number of farmers directly affected by this was small and there was little evidence of a multiplier effect.

3. Motivate the small farmer to increase production and adopt new techniques. This was limited only to those directly affected by the project with little evidence of a multiplier effect.
4. Awaken in the small farmer a realization of his own worth. No attitude or behavioral data were collected to verify this objective.
5. Educate campesino leaders and coalesce them into effective working units capable of influencing needed attitude changes in their communities. Again no data were collected to assess the progress toward this objective.
6. Enlist private and public financial as well as technical support for the small farmer. This apparently was accomplished as CREA has taken an increased interest in working with small farmers and financial resources have been channelled from the Cooperative Bank, BNF and CREA into the cooperatives. Most important, the IDF-trained team has been able to convince Molinos del Ecuador to grant interest-free credit of \$ 800,000 to the fledgling cooperatives.
7. Encourage the belief that objectives can be realized within the framework of a democratic society. No data were gathered to support this objective.
8. Demonstrate that cooperatives can influence national policy--no evidence is available to show that this objective was met.

#### GENERAL OBSERVATIONS AND CONCLUSIONS

1. The basic conceptual approach of the project (i.e. that motivation and awareness were important components of rural development) may have been valid but, in the absence of an agricultural foundation, apparently were not sufficient. The agricultural assumptions underlying the project were not verified until late in the project, after it could have been redesigned.
2. The contractor's lack of experience in agriculture appeared to limit his ability to perform the contract. Selection of crop and areas was made on the basis of guess and impression rather than objective criteria; the benchmark survey was never conducted. Again, the mobilization of USAID agricultural and economic personnel in the early stages of the project might have resulted in better crop and site selection.
3. Because of the lack of agricultural experience, the contractor chose the easiest crop to market in the highlands (wheat) rather than the crops which were of major importance in the area or which offered the greatest potential for economic return. Wheat had a fixed government price schedule and easily identifiable markets--two or three

large mills on the coast and one in Cuenca. Other products, especially potatoes and vegetables, which might have been more economically viable, which might have benefitted more from the introduction of non-traditional marketing channels, and which might have benefitted more small farmers in the region, were avoided by the contractor because of their greater complexity and risk. In other words, the contractor chose what he considered a safe product rather than one that offered greater potential benefits.

4. The time factor was an important constraint on both the potential and success of the project. The project was limited to an initial phase of 18 months with a maximum extension to three years. AID experience in cooperative development has been that it takes a long time to establish viable cooperative organizations. There was probably little chance that IDP could have developed a large number of "viable" cooperatives within the time frame of the project. As a result, they focused on relatively simple crop systems and few cooperatives.
5. It appears that for new marketing organizations to be successful they must have some leverage to use against established middlemen. In this case the leverage of the cooperatives was their access to scales which could be used to weigh the product being purchased. As the middlemen traditionally "sight-weighed" the products they were purchasing, with accompanying dissatisfaction on the part of the producers, the scales offered a substantial counterweight to the power of the traditional middlemen. As much as 50% of the wheat marketed by the highlands cooperatives, for example, was purchased from non-members who preferred to sell their products to the cooperatives because the weights they sold at were more advantageous.