

I. PROJECT IDENTIFICATION

1. PROJECT TITLE MARKETING SERVICES COOPERATIVES		APPENDIX ATTACHED <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
3. RECIPIENT (specify) <input checked="" type="checkbox"/> COUNTRY PARAGUAY <input type="checkbox"/> REGIONAL <input type="checkbox"/> INTERREGIONAL		4. LIFE OF PROJECT BEGIN FY 1972 ENDS FY 1978	
		5. SUBMISSION <input type="checkbox"/> ORIGINAL 11/25/74 <input checked="" type="checkbox"/> REV. NO. 2 DATE CONTR./PASA NO. AID/cad	

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE: \$ US (U.S. OWNED)			
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY		
										(A) JOINT	(B) BUDGET		
1. PRIOR THRU ACTUAL FY	257	157	43	8	21	53	39	157	43				
2. OPRN FY	194	97	26	6	12	50	41	97	26				
3. BUDGET FY	193	95	24	5	10	40	53	95	24				
4. BUDGET +1 FY	171	99	24	4	8	25	43	99	24				
5. BUDGET +2 FY	82	42	9			10	30	42	9				
6. BUDGET +3 FY													
7. ALL SUBQ. FY													
8. GRAND TOTAL	897	490	126	23	51	178	206	490	126			*	

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR PEACE CORPS	(B) KIND OF GOODS/SERVICES Twenty four man-years of Peace Corps Volunteers	(C) AMOUNT \$ 144,000
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III. ORIGINATING OFFICE CLEARANCE

1. DIRECTOR <i>S. Bednarczyk</i> S. Bednarczyk	<i>L. Townsend</i> L. Townsend	<i>L. Twentyman</i> L. Twentyman	TITLE Coop. Adv; AID/W Consult, IDI	DATE 11/25/74
2. CLEARANCE OFFICER <i>W.P. Schoux</i> W.P. Schoux	<i>O.L. Sause</i> O.L. Sause		TITLE RDO; PO; Dir.;	DATE 11/25/74

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

* This project is an integrated part of a combined grant and loan program. The host country contribution cannot be broken out between the grant and loan segments. UNIPACO's contribution to the total \$13,004,900 cost of the project is \$2,343,500. The total host country contribution is \$7,073,900 or 54% of the total project. A complete break-out is shown on p. 67 and 68 of the Small Farmer Development Loan. The Assistant Administrator approves this project and the projected funding estimates for FY '75 through FY '77 *

2. CLEARANCES

BUR/OFF.	SIGNATURE	DATE	BUR/OFF	SIGNATURE	DATE
LA/APU	<i>P. Matheson</i> P. Matheson	<i>12/16/74</i> 12/16/74	LA/OPNS	<i>G. Yehara</i> G. Yehara (shs)	
LA/DR	<i>R. Seifman</i> R. Seifman	<i>12/16/74</i> 12/16/74	LA/DR	<i>C. VanHaften</i> C. VanHaften	<i>12/17/74</i> 12/17/74
LA/DR	<i>J. Breen</i> J. Breen		PPC/DPRE/PR	<i>B. Odell</i> B. Odell	
LA/GC	<i>I. Levy</i> I. Levy	<i>12/17/74</i> 12/17/74	PPC/DPK	<i>A. Handly</i> A. Handly	<i>12/23/74</i> 12/23/74
LA/DP	<i>L. Harrison</i> L. Harrison	<i>12/18/74</i> 12/18/74			
ARA/LA/MRSD	<i>D. Lion</i> D. Lion	<i>12/19/74</i> 12/19/74			

3. APPROVAL AAs OR OFFICE DIRECTORS

SIGNATURE *Norman Klein*
Norman Klein
DATE *1/2/75*
1/2/75
TITLE **Assistant Administrator for Latin America**

4. APPROVAL A/AID (See M.O. 1025.1 VI C)

SIGNATURE _____ DATE _____
ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

*consistent with the project and budget reviews and evaluation procedures contained in this PROP. Continuation of this project activity beyond FY 1977 requires the Assistant Administrator's approval.

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A. GOAL

1. Statement of the Goal

The goal of this project is to increase the net income of the small scale farmer,

The project is included in the Mission's area of concentration "Increased Small Farm Income", and it addresses two identified priority development problems (see FY'75 DAP)-(a) inadequate marketing arrangements and facilities for the products of small farmers and (b) non availability or ineffective use of production inputs. The project also has important Title IX implications due to the participation of a significant number of people and the development of grass roots democratic institutions.

2. Measures of Goal Achievement

The target for goal achievement is a fifty percent increase in the net income of small farmers participating in the program for five years over a \$ 800 dollar average annual income base 1/ resulting from the combined efforts 2/ of UNIPACO (this project) and CREDICOOP (Project N° 526-15-110-050. 2).

3. Means of Verification

The AID/W TA/DA Local Action project, under which much baseline data have been collected, anticipates annual follow-up data collection, through sample surveys. Should this means prove unsatisfactory or unrealized, the Mission will fund an annual sample survey starting in CY 1976 (\$ 10,000 per year have been included in the Other Cost component of the project's financial plan for these sample surveys. To the extent these funds are not needed project funding will be reduced).

1/ The average annual income base was determined through field surveys, conducted from November 1973 to February 1974, of more than 1,000 small farmers.

2/ The following are the means of increasing farm income: Through UNIPACO - Distribute lower cost farm supplies. Secure higher prices for farm products and reduce loss of products by establishing drying, storage and processing facilities, Lower cost farm supply delivered to the farmer (stemming from volume purchases by the Central) result from both of lower sales price and patronage refunds based on UNIPACO's profits and on the amount of farmer's purchases. Greater farmer income from farm products marketed results from both a higher sales price and patronage refunds received by farmers based on UNIPACO's profit and volume of farmers sales to UNIPACO. Patronage refunds derive from all the profits of cooperatives except those which by law must be placed in the legal reserve or in the education fund (see Section 6.6). These profits are refunded to members on the individuals participation in the cooperative's operations.

Through CREDICOOP - Make necessary credit more available and provide credit at the lowest possible unsubsidized cost (after disbursement of the A. I. D. loan). Assist in disseminating improved technology and in improving farm management.

b. Local member cooperatives will: (1) be well-managed & (2) efficiently serve their small farmer members.

1/ The Paraguayan cooperative law provides that primary cooperatives can integrate into secondary level organizations called centrals for the purpose of satisfying needs common to its members. UNIPACO's by-laws provide that any type of agriculture based cooperative that desires its services of marketing, farm supply distribution & processing of farm products may join the central.

3. Means of Verification

An analysis of the following items (by number) will show existing conditions:

a. UNIPACO: (1) UNIPACO's profit and loss statement and its agreements with other organizations; (2) UNIPACO's financial statements and membership records; comparison of loans received, roll over and use of same; volume of sales reached; (3) comparison of sales volumes by groups; staffing pattern and training received by each person; (4) review of facilities owned or leased in relation to crops produced by member farmers and sales volumes reached; (5) financial statements and audits.

b. Local Member Cooperatives: (1) trained manager in place; percent of crops marketed through UNIPACO; accounting up-to-date; (2) each cooperative's membership level compared to potential farmer members; farm supplies sold compared to farm supplies used & needed by member farmers; date from a census of the membership (see F. 6 below).

In addition, the yearly sample survey (see A. 3 above) will show farmer's attitudes toward their cooperatives and UNIPACO and each farmer's perceived benefits.

4. Assumptions for Achievement of the Project Purpose

a. That the small farmer cooperative members will have access to adequate & sufficient production credit from the USAID assisted CREDICOOP project or from other sources such as the National Development Bank (NDB) or the Crédito Agrícola de Habilitación (CAH). The operations of the NDB and CAH are described in F. 1. below.

b. That, although occasional political activities (e. g. export restrictions or price controls) and natural disasters (e. g. floods or droughts) may occur, they will not reduce significantly the positive benefits resulting from the farm supply and marketing services of UNIPACO and the credit services of the CREDICOOP project.

c. That, although the target group is small farmers, some large farmer participation in UNIPACO is good, as they add volume and business experiences to its operations, which contribute to the benefits realized by the small farmers.

C. OUTPUTS

1. In order to establish an effective and viable marketing/services cooperatives

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system, certain tasks must be accomplished. These include increasing (a) the number of cooperatives; (b) the number of farmers comprising their membership; (c) the amounts of crops marketed and (d) the volume of farm supplies sold. All component parts - cooperative managers, accountants, boards of directors - of the system must be well trained and function effectively.

2. The specific project output targets are shown in the following chart:
-

UNIPACO OUTPUT INDICATORS

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>CY</u> <u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
1. Number of UNIPACO member cooperatives	20	25	35	40	45	50	50
2. Number of farmers in member cooperatives	1,955	3,000	7,000	9,000	10,000	12,000	12,000
3. Supplied sold (\$)	76,270	295,190	362,700*	442,300*	530,700*	555,000	600,400*
4. Cotton sold - MT	2,320	4,763	6,500	7,500	8,500	9,000	9,000
5. Tobacco - MT	0	1,210	500	800	1,000	1,500	1,800
6. Soybeans exported - MT	5,089	7,000	8,000	10,000	10,000	12,000	12,000
7. Soybeans processed - MT	3,973	0	5,000	8,000	8,000	9,000	10,000
8. Corn - MT	5.7	0	4,500	6,000	8,000	8,000	10,000
9. Rice - MT	150	1,000	1,000	1,500	2,000	2,000	2,200
10. Vegetables - MT	0	0	0	500	1,000	1,500	2,000
11. Citrus	0	0	500	1,000	1,500	1,800	2,000
12. Tartago	0	607	1,200	1,500	2,000	2,500	2,800
13. Net return on sales (inputs)	4%	4%	4%	4%	4%	4%	4%
14. Net return on sales (farm products)	2%	2%	2%	2%	2%	2%	2%
15. Number of trained managers (UNIPACO and cooperatives)	0	2	6	15	20	30	40
16. Cooperatives with board of directors who have completed UNIPACO's advanced training	0	0	10	20	25	30	40
17. In-country training courses	0	5	12	16	20	30	40
18. Members trained	0	0	250	500	1,000	1,500	2,000
19. Coops with improved accounting systems		8	20	25	30	40	40

* Concentrates and supplements are excluded from the 1976-1979 projections.

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3. Assumptions for Achieving the Outputs

That all inputs are provided in the amounts and within the time frame described in Section B, below and shown on page one of this PMOP.

D. INPUTS

1. A.I.D. Grant Assistance

a. The project will provide two full-time technicians from Agricultural Cooperative Development International (ACDI) in farm supply and marketing operations and in cooperative development, accounting and management. Short-term consultants will be provided, following approval of the loan (see page 8), to conduct the necessary studies to determine the priorities for facilities construction and the feasibility studies needed for each facility. The priority determination and the first feasibility study will be grant-financed in order to initiate the loan funded activities at the earliest possible date; the remaining studies will be financed by the loan.

b. Commodities

Commodities involve only those items that are necessary for the efficient operation and development of UNIPACO member cooperatives and will be donated mainly to newly organized cooperatives. Commodities for UNIPACO will be provided for under the AID loan.

Items include: office equipment, metal roofing for small warehouses, scales, metal bins with accessories, moisture testers, et . for the local cooperatives and vehicles for the advisors. The decreasing need for commodities reflects the increasing ability of UNIPACO to provide these services to its members and an increasing ability of the member cooperatives to obtain other financing.

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>
Commodities (\$)	50,000	40,000	25,000	10,000

c. Participant funds will be utilized to train 17 UNIPACO & member cooperative staff in third countries in cooperative management & agricultural marketing specialties (see Annex Thirteen).

d. A most important and somewhat crucial requirement of UNIPACO is for working capital since it has to pay for the commodities at the time of purchase but collects the funds several weeks after the commodities have been delivered. Thus its ability to build rapidly its working capital, through retained earnings, etc. will remain restrained in the foreseeable future. Therefore, USAID will subsidize some of its operations which relate to the development and strengthening of its member cooperatives, which will allow UNIPACO to retain more profits for capitalization.

Other Cost funding will be provided in FY'75 and beyond to cover the costs of a training specialist and a cooperative promoter/organizer and in-country travel costs of Peace Corps Volunteers (PCV) assigned to the project. Also, Other Cost funding will be provided starting in FY' 75 to cover the costs of the new training and management placement programs (See sections G. 4, G. 5., and G. 6), and the annual sample surveys if needed (Section A. 3.).

Other Cost funds will be utilized as follows:

	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>
1. Management placement <u>1/</u>	20,500	20,690	14,500	8,000
2. Peace Corps Assistance <u>2/</u>	6,500	7,000	1,200	.
3. Organization of Cooperatives Local Training <u>3/</u>	9,550	10,870	12,350	6,750
4. Gasoline & Vehicle Maint. <u>4/</u>	2,500	3,500	3,500	3,500
5. Survey of Cooperatives & Member Farmers	-	10,000	10,000	10,000
6. Miscellaneous <u>5/</u>	1,500	1,500	1,500	1,500
<u>TOTAL:</u>	<u>40,550</u>	<u>53,520</u>	<u>43,050</u>	<u>29,750</u>

- 1/ See Section G. 4., page
- 2/ See Section D. 4., page
- 3/ Includes cost of training courses, per diem, payment to cooperative promoters and education specialists.
- 4/ For cooperative promotion and education program and ACDI Advisors.
- 5/ Includes printing of cooperative education and promotion material, translation, etc.

2. A. I. D. Loan Assistance

A Capital Assistance Paper is being submitted concurrently with this PROP which proposes a loan of up to 1.7 million dollars to UNIPACO. Mission analyses indicate that UNIPACO should acquire certain physical facilities which are critical to its operations because UNIPACO presently has to rent its facilities, often from potential competitors, and these facilities can act as collateral for badly needed operating capital. These facilities include storage, processing, drying and shipping facilities. Such facilities are in demand by other marketing agents at the same time of the year (i.e. harvest) and, as UNIPACO's volume of operations increases, it will become increasingly difficult to rent them due to both a lack of sufficient facilities and a reluctance on the part of competitors to assist UNIPACO. In addition, the increase in demand for both storage and processing facilities will be accelerated as the government emphasizes industrialized exports. For example, in 1974 taxes on unprocessed commodities, which include soybean and castor beans, have been increased fifty percent (15.6 percent of the FOB price), whereas processing plants have been granted export and income tax holidays for five years. It is expected that in the future, the GOP will take more direct steps to increase industrialized exports, such as reducing export quotas on unprocessed commodities. Industrializing of exports requires not only the increased use of processing equipment but also extends the time period during which commodities must be stored waiting to be processed. Moreover, with the movement of the government toward industrialized exports, marketers with only storage facilities will be forced to sell to local processors. Therefore, the proposed loan will finance basic processing facilities as well as storage facilities so that UNIPACO will be able to function effectively as the foreseeable changes in the marketing scene take place. The major objective of the loan is to provide the impetus necessary so that UNIPACO can become a major marketer of the agricultural products produced by Paraguay's small farmers.

3. GOP

The GOP will continue to support the project through the Ministry of Agriculture (MAG) and its Directorate of Cooperatives (DGC). The MAG provides technicians (crop specialists, grain handling experts, etc.) to assist in UNIPACO-organized training courses for cooperative members. The DGC assists in cooperative promotion and management training and is the governmental authority responsible for granting legal charters and general supervision of the cooperatives. In addition to such technical assistance, capital assistance from the NDB is expected to be available to some UNIPACO affiliated cooperatives for minor capital improvements such as local drying and storage facilities.

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also Section II, 1. above). The recapitalisation was provided with the expectation that CAH would expand its program to a total of 7,000 farmers, primarily those participating in colonisation programs.

The other major source of capital assistance in the agriculture sector is the NDB. The NDB's program virtually excludes small farmers because of minimum requirements for land title and collateral. NDB resources can be obtained by qualified cooperatives, and, in fact, CREDICOOP's rural credit unions have been operating for the past three years with NDB capital.

2. Profile of the Target Group

In view of the length of the document prescribing the economic profile of small farmers, it is not included in this PROP. Please refer to Annex IV., Exhibit D of the CAP.

1. Justification

The need and justification for a project to assist Paraguay's small farmers are adequately identified in the analysis of the agricultural sector included in the FY'75 DAP and in the CAP being submitted for the proposed A. I. D. loan. This project conforms to the recent CASP submission.

4. Role of Cooperatives

Initially USAID chose the organization of cooperatives as the best means for grouping and assisting small farmers based on results with cooperative projects in other countries. Since that time, cooperatives have proven to be the most effective means yet found of serving the needs of significant numbers of Paraguayan farmers. Other mechanisms for reaching groups of farmers are utilized by the GOP, but these are groups organized for specific, limited purposes (e.g. the AUCA's of CAH and producers, committees for certain crop promotion schemes). Moreover, these groups have no legal status and, thus, can not be looked to for long term development. However, they can be considered potential cooperatives or as a source of potential cooperative members.

The Mission considered and rejected the idea of multipurpose cooperatives, choosing to separate credit from farm supply and marketing functions with assistance through two separate projects. The Mission took this position because of the high rate and failure of multiservice cooperatives in other Latin American countries and because of an assumption that there exists insufficient management talent, qualitatively, at the local cooperative level for one person or group to undertake successfully both functions. Direct farmer affiliation to a central (secondary level) national organization is not possible under Paraguayan law. Therefore, promotion of local cooperatives is necessary in order to reach larger numbers of the country's small farmers.

5. The USAID Program

The overall program, as envisaged by USAID today, includes four parts: Two

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member cooperatives. Six non-member cooperatives took part in farm supply and marketing benefiting 1,000 farmers. In addition 13 CREDICOOP credit unions distributed farm supplies and participated in marketing serving 2,000 farmers. One hundred ten AUCAs (Associations of credit users of CAH) representing 3,000 farmers marketed crops through UNIPACO. Ninety-five percent of the soybeans and one hundred percent of the corn marketed came from member cooperatives, while cotton was forty percent from the AUCA's, forty percent from credit unions, twenty percent from member and non-member cooperatives. In farm supply operations 95.5 percent of the inputs was distributed by member cooperatives, four percent through credit unions and less than 1/2 of one percent through others. Among other crops UNIPACO marketed 7,000 MT of soybeans and 607 MT on castor beans during 1974. The foregoing information on the marketing and farm supply operations indicates that UNIPACO has a potential to expand greatly its volume of business through: (a) increasing participation by the member cooperatives as operations grow and as additional products are included in the operations; (b) affiliating non-member cooperatives and expanding individual membership; (c) continuing to provide services to the increasing members of credit unions and AUCA's. These non-member groups will be affiliated as members as they become qualified on the basis of legal status, size and liability. Qualified non-member cooperatives must either join UNIPACO after retained earnings reach \$ 10,000 or retire from participation in the UNIPACO program (see Annex eleven).

G. ACTIONS PLANNED

1. Agricultural Cooperatives Development International (ACDI)

The two ACDI advisors, one on the scene since August 1972 and the other since 1974, will concentrate on the improvement and expansion of farm supply and marketing operations and on the operations and management of the local cooperatives and UNIPACO itself. Quarterly work plans for CY 1975 have been prepared for each advisor.

2. UNIPACO Personnel

The present ACDI senior advisor and the UNIPACO manager agree on the need to increase the number and quality of the training courses organized by UNIPACO, and to begin organization of new cooperatives and to affiliate new members among those that operated with UNIPACO last year. Therefore, a new UNIPACO staff division of cooperative development and training was created, and USAID will continue to subsidize the organization of new coops and the training program of this division.

3. Training

The new training program includes the development of training materials and a standard accounting system for the cooperatives. One and two day seminars and week long courses in cooperative management will be featured with various levels of sophistication plus special courses in farm supply and marketing operations. Participant

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training will be used to provide needed specialized education for key operational personnel (Annex Twelve).

4. Management Placement Program

Through 1973 UNIPACO concentrated its efforts on the development of marketing operations dealing both with its member cooperatives and with non-member credit unions and AUCA's. Beginning in 1974 the new cooperative development and training division has begun efforts in the development of new cooperatives and the strengthening of present members through training programs and through the placement of managers. Under this latter program, UNIPACO will sign a contract with each participating cooperative providing for the selection, training and placement of a manager. UNIPACO will cover the costs (with USAID funds) on a decreasing scale as indicated below. The local cooperative will assume the total cost after four years. USAID will subsidize the costs of this management placement program.

MANAGEMENT PLACEMENT PROGRAM (Estimated Numbers and Costs)

N° of Man- agers Train- ed & Placed	1974		1975		1976		1977		1978	
	1st. Sem.	2nd. Sem.								
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
6	-	6,000	4,250	3,500	3,500	2,400	2,400	1,400	1,400	-
6			4,250	4,250	3,500	3,500	2,400	2,400	1,400	1,400
6				4,250	4,250	3,500	3,500	2,400	2,400	1,400
TOTAL:			20,500	20,650	20,650	14,500	14,500	8,000	8,000	

It is expected that with new trained management, local cooperative operations can be made more effective and less costly to operate. Following local training and at least six months of on-the-job experience, selected managers may be given further training in third countries.

This effort will be limited to those cooperatives that are broad based and have the potential to provide farm supply and marketing services for at least two hundred members.

5. Peace Corps

At present 24 man-years of Peace Corps Volunteers (PCVs) are scheduled to be assigned to work in selected areas in the organization of new cooperatives and the promotion of membership in UNIPACO. They will also assist existing cooperatives in management and operations. Local travel costs of the PCV's will be borne by USAID through UNIPACO.

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6. Survey of Cooperatives and Member Farmers

It was planned to include a profile of the member cooperatives as an annex to this PROP, but during the last year UNIPACO and the ACDI advisor necessarily concentrated on the marketing operations. Time constraints and a shortage of personnel did not permit a full survey of member cooperatives; therefore, such information is not now available. A sample survey conducted from November 1973 to February 1974 provides some information on three of UNIPACO's member cooperatives. However, because the member cooperatives differ so widely in type and characteristics, this sample cannot represent the full membership. A full survey has been initiated in CY'74 and intermediate steps will be taken to gather some information on a sample basis. The full survey will include at least the following items on each member cooperative; farmer membership numbers, crops produced, normal yields, farm supply needs, marketing needs, credit needs, status of the cooperative's accounting system and latest financial statements, evaluation of the board of directors and manager, and evaluation of the operations of the cooperative and its facilities.

7. Collocation and Promotion of New Cooperatives

One of the key elements of linkage of credit unions to UNIPACO farm supply and marketing cooperatives is the collocation of cooperatives as indicated in Annex Six. This is an attempt to make sure that a farmer has access to needed credit as well as farm supplies and marketing services. The organization of new cooperatives by CREDICOOP and UNIPACO will be planned jointly and, where existing cooperatives farmers have access to the services of one cooperative and not the other, special attention will be given to establishing the complementary service.

Although the two types of cooperatives will be collocated to the extent feasible, it is recognized that other sources of credit do exist and UNIPACO's main concern is that the farmer have the credit needed for his production and that the credit not be tied to a credit source which requires marketing arrangements other than UNIPACO.

8. Sources of Financing

During 1974 UNIPACO borrowed from commercial banks 60 million guaranties (\$ 480,000) which it rolled over six times during the marketing cycle. Other sources of financing in addition to direct bank loans and warehouse warrants are being studied, including advances from export purchasers, ties to the credit union system, and the CAH (CAH has advanced 70 million guaranties to UNIPACO during the 1974 marketing season to allow UNIPACO to handle the marketing for many of CAH's AUCA's). UNIPACO is also exploring the possibilities of borrowing operating capital from the NDB. Although there is a variety of potential sources of different types of credit, the proposed A. I. D. Loan is necessary because UNIPACO's credit needs remain greater than credit availability and because capital for facilities construction is difficult to obtain, owing to UNIPACO's lack of assets which could be used for collateral.

9. Integration of Women in National Development as required by AIDTO CIRC. A-532, dated 25 July 1974, Subject - The Percy Amendment, the following statement is provided to describe how this project serves to integrate women into the national economy of Paraguay.

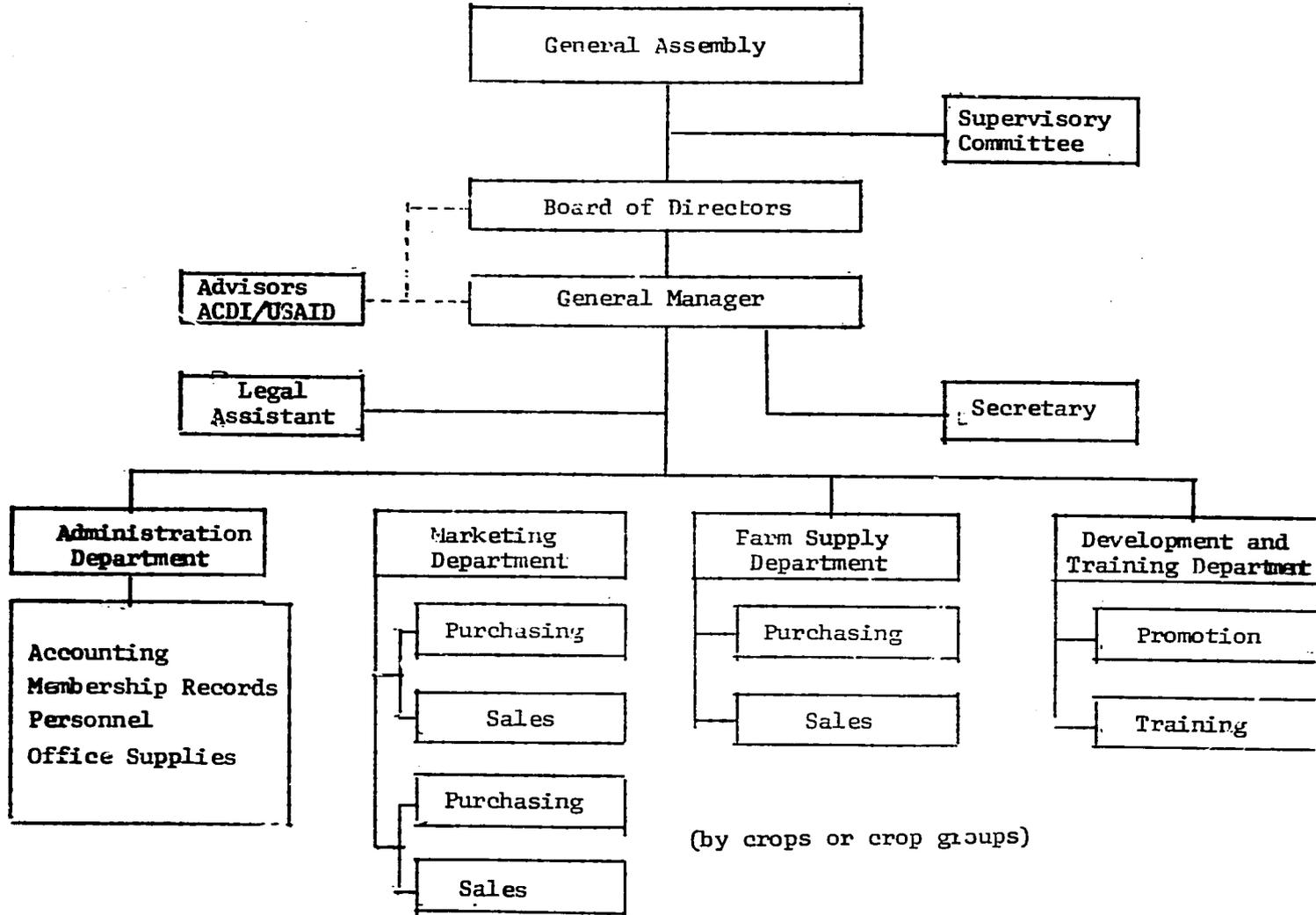
Both men and women are eligible for membership in member cooperatives and UNIPACO. Women are free to participate in all activities sponsored by the project. To the extent possible, the project will continue to encourage equal and active participation in the coops to allow women to improve their status and assist in the total development effort. In the course of the project's execution the Mission will undertake an examination of the accessibility to membership in agricultural coops by women. The results of this examination will be reflected in the annual evaluations of the loan project and in the Mission's PARs on this project.

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1. ORGANIZATION CHART - UNIPACO
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3. UNIPACO 1974 OPERATING BUDGET
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6. UNIPACO - CREDICOOP RELATIONSHIP
7. RELATIONSHIP CREDICOOP MEMBER CREDIT UNION TO UNIPACO MEMBER COOPERATIVE
8. RELATIONSHIPS BETWEEN UNIPACO AND MEMBER COOPERATIVES
9. MARKETING FLOW UNIPACO - MEMBER COOPERATIVES
10. 1974 MARKETING FLOW UNIPACO - CAH
11. UNIPACO - ACTUAL AND POTENTIAL MEMBERSHIP AND AREA OF INFLUENCE
12. UNIPACO TRAINING PROGRAM

ANNEX 1

ORGANIZATION CHART - UNIPACO



ANNEX 2UNIPACO PERSONNEL - 1973 ACTUAL AND FUTURE PROJECTIONS

Position	1973		1974 ^{1/}		1975 ^{2/}		1976		1977	
	No.	Salary ^{4/}	No.	Salary	No.	Salary	No.	Salary	No.	Salary
<u>Manager</u>										
Manager	1	31,500	1	50,000	1		1		1	
<u>Administrative Services</u>										
Secretary		-	1	15,000	2		2		2	
Accountant	1	20,000	1	28,000	1		1		1	
Bookkeeper	1	10,000	1	20,000	1		2		2	
Member Coop Accounts	1	12,296	1	16,000	1		1		1	
Inventory Control		-	1	15,000	1		1		1	
Invoice Reviewing		-	1	15,000	1		1		1	
Control		-	1	15,000	1		1		1	
Cashier		-	1	15,000	1		1		1	
Container Control	1	9,126	1	10,000	1		1		1	
Janitor-Messenger	1	6,000	1	6,000	1		1		1	
<u>Marketing Division</u>										
Grain Specialist	1	18,000	1	25,000	1		1		1	
Other Crop Specialist		-			1	25,000	1		1	
Other Crop Specialist		-	1	16,000	1		1		1	
<u>Farm Supply Division</u>										
Farm Supply Sales		-		-	1	20,000	1		1	
Farm Supply Purchasing		-		-	1	20,000	1		1	
<u>Cooperative Development & Education Division</u>										
Coop Promoter ^{3/}		-	1	18,000	1		1		1	
Education Specialist ^{3/}		-	1	18,000	1		1		1	

1/ Positions and salaries as approved by UNIPACO Board of Directors, 22 January 1974

2/ Assumes regular ten percent cost of living adjustments. Personnel needed for facilities to be constructed under loan will be determined in each feasibility study.

3/ Salary and fringe benefits subsidized by USAID during Calendar Year 1974.

4/ All salaries are monthly figures in Guaranies.

ANNEX 3UNIPACO 1974 OPERATING BUDGETEXPENSES

1. SALARIES AND WAGES

Manager	₡ 50,000 x 13 mo. =	₡ 650,000
Secretary	₡ 15,000 x 13 mo. =	₡ 195,000
Accountant	₡ 28,000 x 13 mo. =	₡ 364,000
Bookkeeper	₡ 16,000 x 13 mo. =	₡ 208,000
Member Cooperatives Accounts	₡ 16,000 x 13 mo. =	₡ 208,000
Inventory Control	₡ 15,000 x 13 mo. =	₡ 195,000
Invoice Review and Control	₡ 15,000 x 13 mo. =	₡ 195,000
Cashier	₡ 15,000 x 13 mo. =	₡ 195,000
Container Control	₡ 10,000 x 13 mo. =	₡ 130,000
Messenger-Janitor	₡ 6,000 x 13 mo. =	₡ 78,000
Grain Specialist	₡ 25,000 x 13 mo. =	₡ 325,000
Othr Crop Specialist	₡ 16,000 x 13 mo. =	₡ 208,000
Cooperative Promot.&Org.Spec. <u>1/</u>	₡ 18,000 x 13 mo. =	₡ 234,000
Education Specialist <u>1/</u>	₡ 18,000 x 13 mo. =	₡ 234,000
Cooperative Managers <u>1/</u>	₡108,000 x 6 mo. =	₡ 648,000
Legal Advisor (Retainer basis)	₡ 25,000 x 12 mo. =	₡ 300,000
2. GENERAL ASSEMBLY		₡ 100,000
3. PER DIEM AND TRAVEL - BOARD OF DIRECTORS		₡ 180,000
4. OTHER EXPENSES - BOARD OF DIRECTORS & SUPERV. COMMITTEE		₡ 100,000
5. OFFICAL RENTAL		₡ 180,000
6. TELEPHONE, LIGHT, AND WATER		₡ 180,000
7. PRINTING AND OFFICE SUPPLIES		<u>₡ 150,000</u>
	Carried forward	₡5,257,000

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	Brought forward	Ø5,257,000
8.	DEPRECIATION	Ø 300,000
9.	PER DIEM AND TRANSPORTATION - PERSONNEL	Ø 600,000
10.	VEHICLES MAINTENANCE, GASOLINE AND OIL	Ø 350,000
11.	VEHICLE INSURANCE	Ø 35,000
12.	PUBLICITY AND PUBLICATIONS EXPENSES	Ø 120,000
13.	TRAINING COURSES <u>1/</u>	Ø1,424,808
14.	COOPERATIVES PROMOTION AND ORGANIZATION EXPENSES	Ø 300,000
15.	THIRD COUNTRY TRAINING <u>2/</u>	Ø 239,400
16.	PURCHASE OF VEHICLE AND CALCULATORS <u>3/</u>	Ø 671,580
17.	SOCIAL SECURITY <u>4/</u>	Ø 464,580
18.	PEACE CORPS TRAVEL AND SUPPORT	Ø 392,120
19.	MISCELLANEOUS ADMINISTRATIVE EXPENSES	Ø 250,000
20.	MISCELLANEOUS GENERAL EXPENSES	Ø 400,000
	TOTAL	Ø10,805,488
		Ø 6,740,980
	UNIPACO'S OWN RESOURCES	Ø 4,064,508
	USAID BUDGET SUPPORT AND DIRECT COSTS	Ø10,805,488

1/ Items receiving some subordination by the USAID.

2/ For two in Argentina September 1974.

3/ For use by ACDI advisers.

4/ Includes Social Security on salaries of two.

ANNEX 4

PRESENT LOCATION OF LOCAL COOPERATIVES - UNIPACO AND CREDICOOP

<u>UNIPACO COOPERATIVES</u>		<u>CREDICOOP COOPERATIVES</u>	
Name	No. of Members ^{1/}	Name	No. of Farm Members ^{2/}
1. Col. Dr. J. E. Estigarribia Alto Paraná	Mayor Alfredo Plá Ltd. <u>5/</u>		
2. Hernandarias	Hernandarias		
3. Pto. Stroessner	Minga Guazú <u>6/</u>		
4. Col. Iguazú, Alto Paraná	Takushin Yopira <u>7/</u>		
5. Villarrica	Ideal <u>8/</u>		
6. Col. Independencia, Guirá	Independencia <u>8/</u>		
7. San José de los Arroyos and Itacurubí <u>9/</u>	Agric. León XIII	Itacurubí	93
8. Santa Elena	Co'e ti Ltda.		
9. Asunción	Covisa		
10. Col. Friesland	Triganar <u>10/</u>		
11. Asunción	Hortifrut Paraguaya		
12. Rosario	Virgen del Rosario	La Rosarina	80
13. Col. Obligado, Itapua	Colonias Unidas <u>11/</u>	(Proj. 1974) <u>3/</u>	
14. Col. La Colmena	La Colmena <u>7/</u>		
15. Col. Juan Leon Mallorquin	Monday		
16. San Pedro	La Norteña San. Agustin	San Pedro	133
17. Asunción	Ira. Coop. de Prod. de Arroz		
18. Carmen del Paraná	Agric. San Luis <u>12/</u>	Carmaña	100
19. San Ignacio, Misiones	Triguera de San Ignacio	San Ignacio Ltda.	115
20. Yaguarón	San Buenaventura	Yaguarón Ltda.	131
21. Caraguatay	(Projected for 1974) <u>3/</u>	Promoción	316
22. Cnel. Oviedo	(Projected for 1974) <u>3/</u>	Cnel. Oviedo	516
23. Col. Juan E. O'Leary		J. E. O'Leary	198
24. Carapeguá		Carapeguá	318
25. San Juan, Misiones		San Juan	54
26. Cnel. Bogado		Cnel. Bogado	101
27. Yuty		Yuty	150
28. Loreto	(Projected for 1974) <u>3/</u>	Co'e Pyajhá	279

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ANNEX 4 (Cont'd)

UNIPACO COOPERATIVES		CREDICOOP COOPERATIVES	
Name	No. of Members ^{1/}	Name	No. of Farm Members ^{2/}
29. Concepción		Del Norte	127
30. Paraguari		Paraguari	216
31. Acahay		Acahay	12
32. Gral. Artigas		Artigas	15
33. Quiindy		Quiindy	20
34. Eusebio Ayala		Barrereña	24
35. Belén		Ypané	71
36. Salto del Guairá	Salto del Guairá		40
37. Lima	Lima		32
TOTALS			3,069

- ^{1/} As of October 1974
- ^{2/} As of October 1974 - farmers only does not include non farmer townsmen.
- ^{3/} For details of future collocation of local cooperatives see Annex 12 "Projected Collocation".
- ^{4/} As of 31 October 1974 no farmers are known to be members of both types of cooperatives.
- ^{5/} Mainly German immigrants from Brazil
- ^{6/} Germans and Paraguayans.
- ^{7/} Japanese.
- ^{8/} Principally wine making.
- ^{9/} The present cooperatives are located in different towns located twenty km. apart. The Credit Union will branch into San José and a new marketing, Farm supply cooperative will be formed in Itacurubí.
- ^{10/} German mennonite immigrants.
- ^{11/} German immigrants.
- ^{12/} Polish-Russian immigrants.

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ANNEX 5

PROJECTED COLLOCATION OF LOCAL COOPERATIVES - UNIPACO AND CREDICOOP

	Town or site	Name of Existing Cooperative	Action Agent ^{1/}		
			Both	UNIPACO	CREDICOOP
1974	Colonia Obligado	Colonias Unidas			X
	Coronel Oviedo	Coronel Oviedo		X	
	Caraguatay	Promoción		X	
	Loreto	Co'e Pyajhu		X	
	Villa San Pedro	Nortefa San Agustin (UNIPACO) San Pedro (CREDICOOP)	X		
	Villadel Rosario	Virgen del Rosario (UNIPACO) La Rosario (CREDICOOP)	X		
	San José de los Arroyos and Itacurubí ^{2/}	Leon XIII (UNIPACO) Itacurubí (CREDICOOP)	X		
1975 <u>3/</u>				4	3
1976			6	2	2
1977			6	2	2

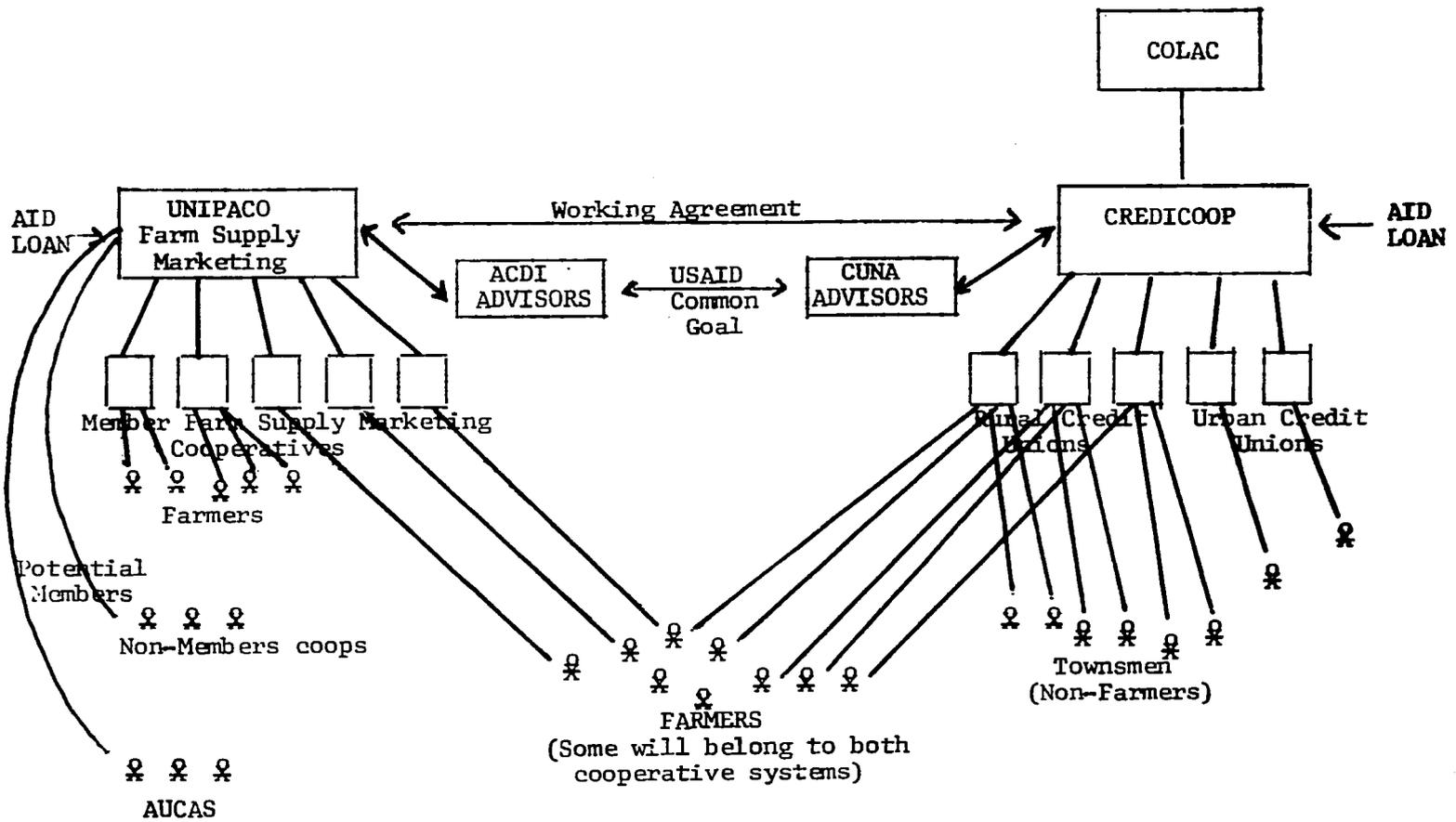
1/ When a credit union is already functioning UNIPACO will organize a farm supply and marketing cooperative and when a farm supply and marketing cooperative exists CREDICOOP will organize a credit union or a branch of an existing credit union. In those cases where both exist cross-promotion will take place.

2/ The Itacurubí credit union will branch into San José, UNIPACO will strengthen the Leon XIII coop and form another in Itacurubí.

3/ Sites for 1975 and future years will be chosen as each year's work plans are prepared based on the forty future sites already chosen by CREDICOOP and the location of the existing agricultural cooperatives that are not yet members of UNIPACO, the location of pre-cooperatives, and the location of the AUCAS (Associations of Credit Users of CAH).

ANNEX 6

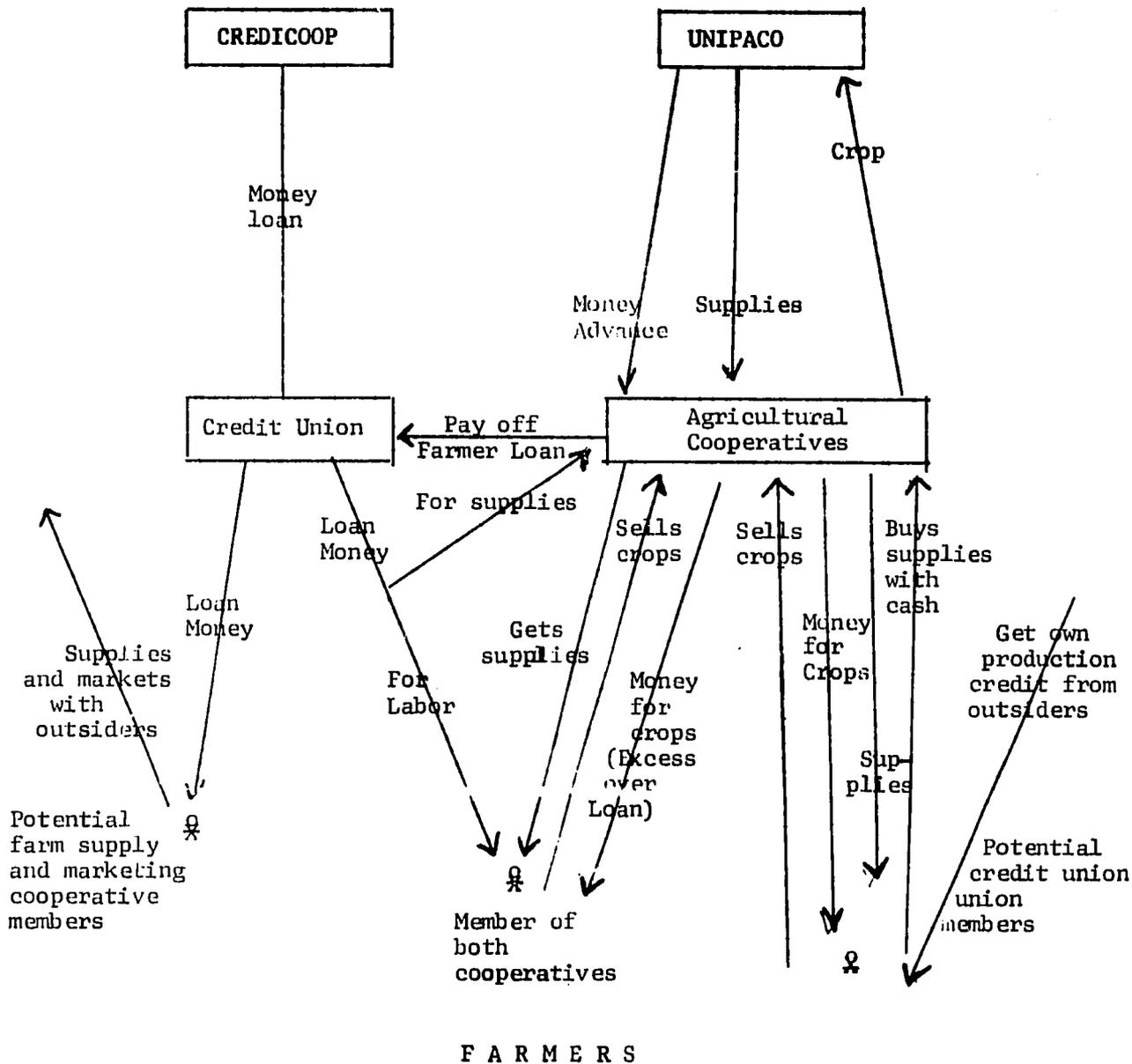
UNIPACO - CREDICOOP RELATIONSHIP



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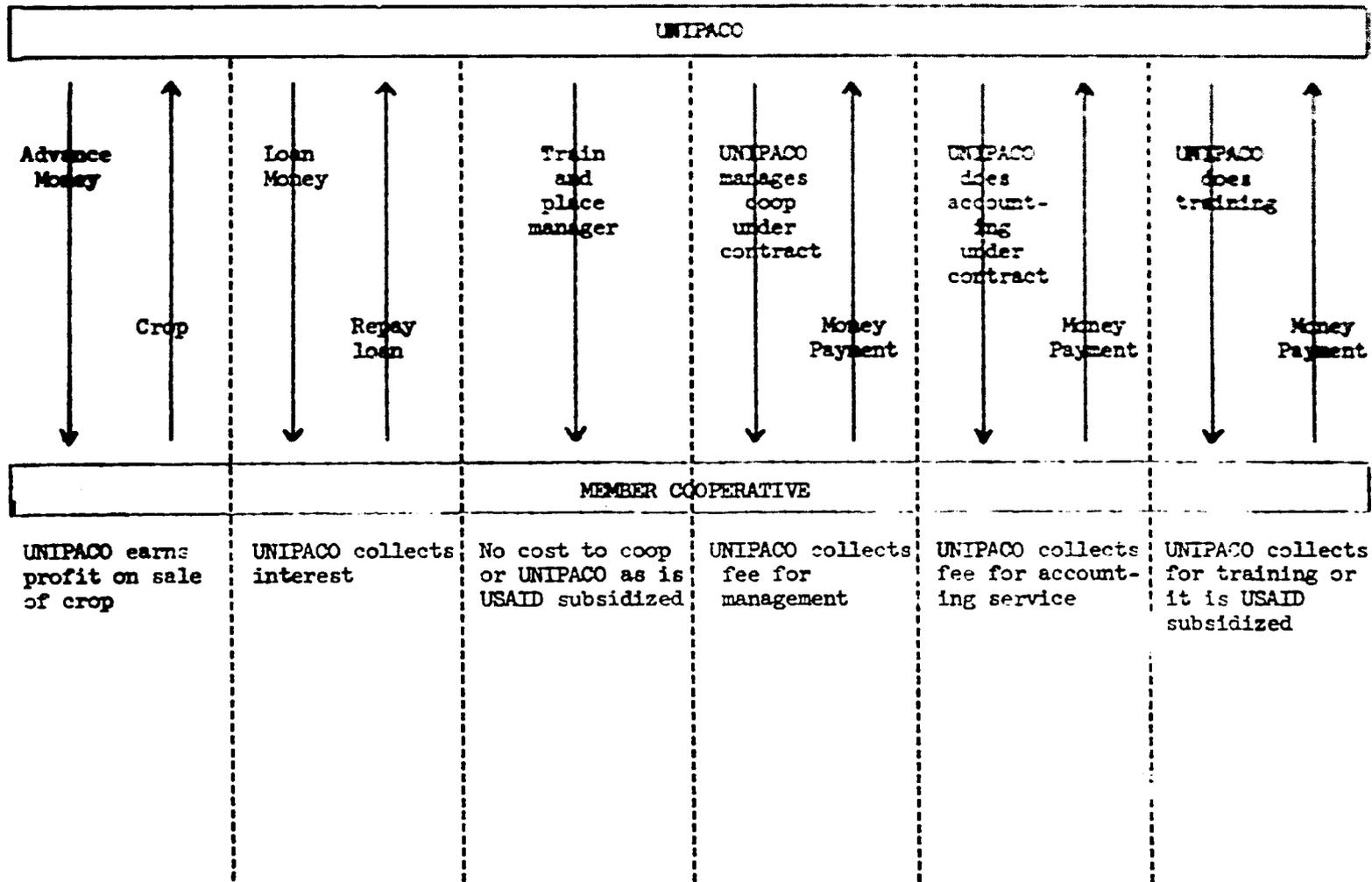
ANNEX 7

RELATIONSHIP CREDICOOP MEMBER CREDIT UNION TO UNIPACO MEMBER COOPERATIVE



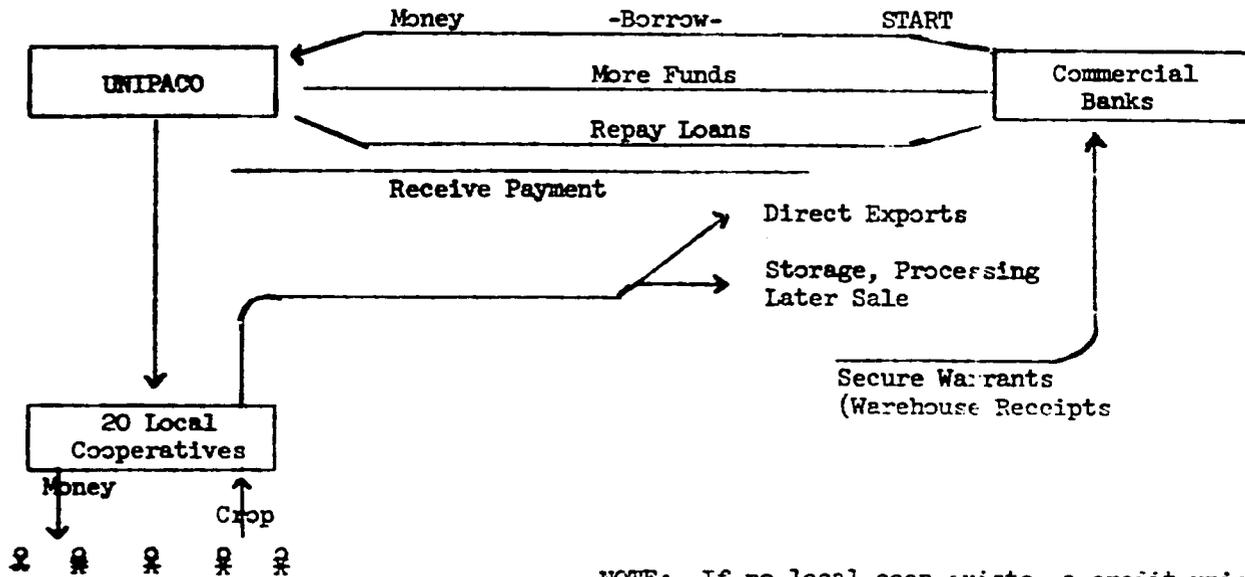
ANNEX 3

RELATIONSHIPS BETWEEN UNIPACO AND MEMBER COOPS



ANNEX 9

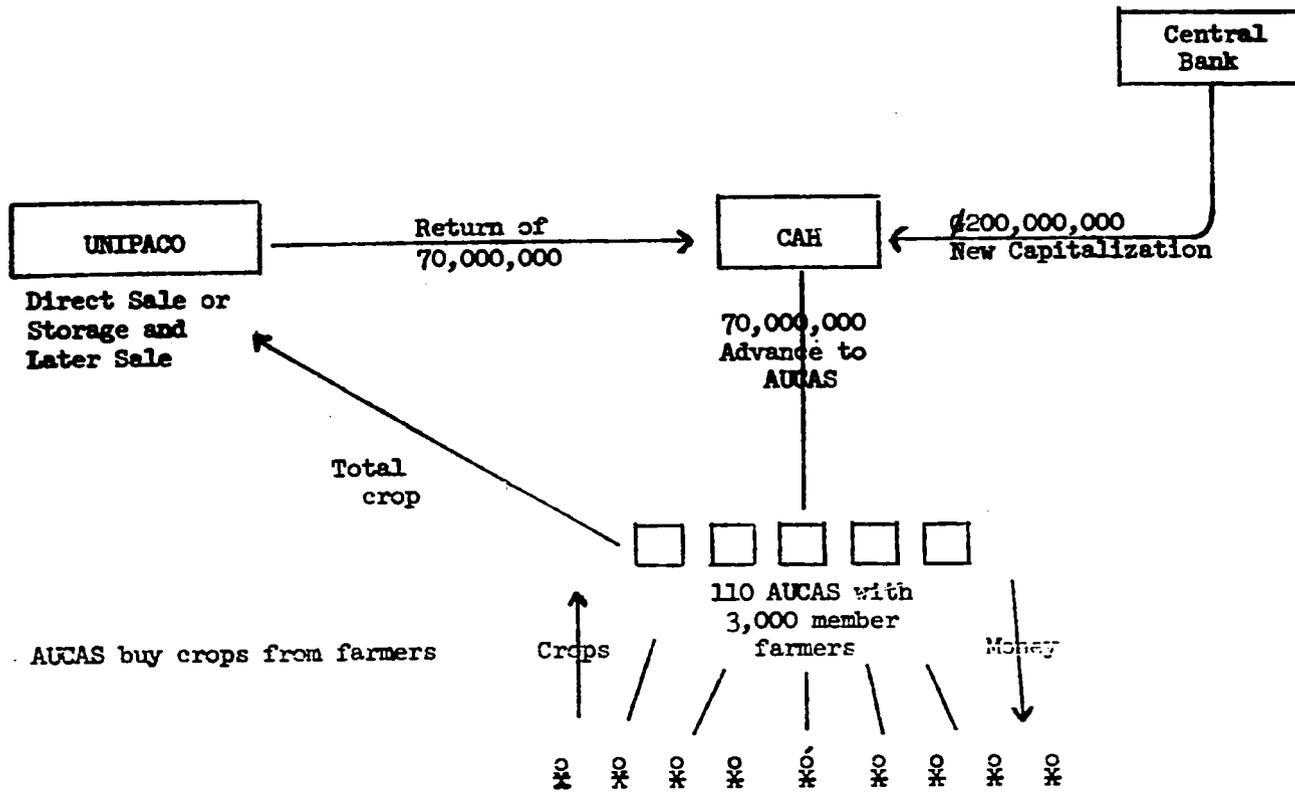
MARKETING FLOW UNIPACO-MEMBER COOPERATIVES



NOTE: If no local coop exists, a credit union or AUCA may serve (under contract) as UNIPACO's agent-representatives.

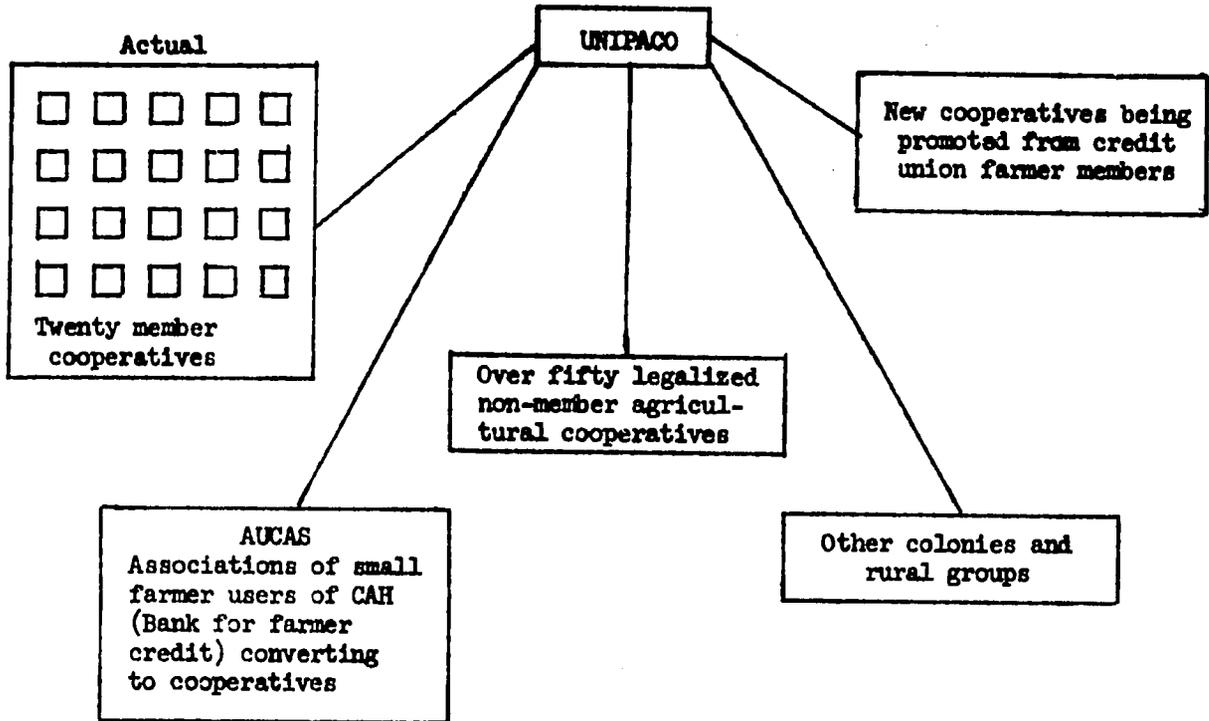
ANNEX 10

1974 MARKETING FLOW UNIPACO - CAH



ANNEX 11

UNIPACO - ACTUAL AND POTENTIAL MEMBERSHIP AND AREA OF INFLUENCE



Membership in UNIPACO may be accomplished in one of two ways. Direct affiliation by a legalized cooperative requesting membership and submitting the necessary documentation and subscribing the minimum two (\$50,000 each) shares required and paying at least \$10,000 down payment. Membership may be gained indirectly through the capitalization of allocated retained earnings on nonmembers' operations. That is, once \$10,000 have been earned on a nonmember's business, the coop must request membership in UNIPACO with the \$10,000 retained earnings becoming its down payment on share capital or the retained earnings are placed in a reserve and the nonmember will no longer be served by UNIPACO. Earning from nonmembers never are paid to members.

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ANNEX 12

UNIPACO TRAINING PROGRAM

A. Local Training Staff (to conduct training and to organize cooperatives):

1. One U.S. advisor for UNIPACO member cooperatives to train and to help supervise the total organizational, promotional and educational program for member cooperatives.
2. One Paraguayan Promoter and Organizer.
3. One Paraguayan Training Specialist.
4. Twenty four man years of Peace Corps Volunteers to assist in the training promotion and organization programs within the member cooperatives.

B. Training Schools within UNIPACO's Member Cooperatives

1. For Cooperative Directors:

Purpose: To train cooperative directors in their area of responsibility, e.g. establishing management policies, interpreting operating statements and balance sheets, conducting monthly meetings by Robert's Rules of Order, establishing and maintaining accounting controls and securing an annual audit from an outside agency, and maintaining good public relations. Costs include transportation, food & lodging for participants.

	<u>CYs</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Numbers of courses to be held:		2	3	3
Duration:		2 days	2 days	2 days
Attendance (total):		30	45	45
Total cost		\$ 320	\$560	\$ 640

2. For Cooperative Managers:

Purpose: To train managers in their area of responsibility, e.g. planning, organizing, budgeting, financing, analyzing income statements, supervising employees, preparing and presenting monthly reports to the directors, and conducting marketing and supply operations. Costs include transportation, food & lodging for participants, and payment to one or two outside instructors.

	<u>CYs</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Number of courses to be held:		2	2	3
Duration:		1 week	1 week	1 week
Attendance (total):		20	30	45
Total Cost		\$ 640	\$ 880	\$ 1,280

ANNEX 12

3. For Cooperative Accountants-Bookkeepers:

Purpose: To train accountants-bookkeepers in the following subjects: modern systems of accounting and controls, budget preparation, monthly operating statements, depreciation, schedules, accounts receivable system, capital shares and patronage records. Cost include transportation, food & lodging for participants, and payment to one or two outside instructors.

	<u>CYs 1975</u>	<u>1976</u>	<u>1977</u>
Number of courses to be held:	2	2	3
Duration:	1 week	1 week	1 week
Attendance (total):	20	30	45
Total Cost	\$ 640	\$ 880	\$1,280

4. For Cooperative Members:

Purpose: To train cooperative members in such subjects as: principles of cooperatives, philosophy of cooperatives, marketing and supply operations, organization of a cooperative, membership participation in, and control of, their cooperative. Cost include transportation, food & lodging for participants.

	<u>CYs 1975</u>	<u>1976</u>	<u>1977</u>
Number of training meetings to be held:	10	15	20
Duration:	1 day	1 day	1 day
Attendance (total)	300	450	600
Total Cost	\$1,200	\$1,800	\$ 2,400

C. Training Abroad:

Participants will be trained in third countries. They will be selected from UNIPACO and from among member cooperative employees for advanced training in cooperative management, accounting, and marketing operations. The individuals selected will be the best graduates of UNIPACO's basic training programs and capable of advancement into more responsible positions.

	<u>CYs 1974</u>	<u>Participants</u>		<u>1977</u>
		<u>1975</u>	<u>1976</u>	
Number of participants:	2	6	5	4
Man months	4	12	10	8
Budget:	\$2,000	\$6,000	\$5,000	\$4,000
