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FINAL REPORT ON A PROJECT TO TRAIN
AND EVALUATE FARMER PARATECHNICIANS
FOR AGRICULTURAL COOPERATIVES IN
CAJAHARCA AND TUMBES

By

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A. Brief Description of the Project

Since its conception in 1970, CENCIRA has sought to develop a viable model and strategy for the training of farmer-beneficiaries of the Agrarian Reform. The present project represents the successful culmination of this search. It arose from a design dialogue sponsored by USAID wherein CENCIRA contributed the concept of rural centers for participant farmer training (CENCICAPs) and USAID consultants recommended the training of paid campesino paratechnicians selected from the membership of Agrarian Reform production cooperatives. The paratechnicians were to be trained in management, book-keeping/accounting, and agronomic skills (up to six positions per cooperative). Some 48-60 campesinos from 8-10 cooperatives would be trained at each CENCICAP, which would be staffed by about six CENCIRA professionals. In addition to organizing and conducting phased classroom training at the CENCICAP, the staff would provide on-going field supervision and follow-up training of individual paratechnicians at the cooperative level.

These ideas were formalized in a project agreement between USAID and CENCIRA signed June 30, 1976 which provided financing for the creation of two CENCICAP training programs in northern Peru (Cajamarca and Piura). Under the project CENCIRA agreed to commit US\$171,000 to finance professional staff salaries, selected

training equipment and materials, rehabilitation of facilities for the CENCICAPs, vehicle operation and maintenance, and other operating expenses. For its part, USAID agreed to contribute US\$100,000 to finance the training costs of some 100 paratechnician candidates, 75% of the monthly salary of 60 selected paratechnicians for nine months, instructional materials and commodities, and technical assistance for project development and evaluation.

In Cajamarca (CENCICAP Chaquicocha) a program was established to train paratechnicians from six cooperatives in five different specialties--as administrators, cashiers, warehousemen, livestock supervisors, and crop supervisors. Beginning in April 1977, training was provided in three 7-day cycles separated by 3-month fieldwork and follow-up periods. Some 54 campesinos received training, of which 80% completed the entire 3-cycle program. Because of the exceptionally bad economic situation of the cooperatives in Piura, and their subsequent intervention by the Government, the site of the second CENCICAP was changed from Piura to Tumbes. Training began in October 1977 for some 43 campesinos from nine cooperatives in four specialties--as administrators, cashiers, rice specialists, and banana specialists. At this time all Tumbes paratechnicians have completed their second classroom training cycle only.

B. Purpose of This Report

This is the fourth and final report of the consultants under the terms of their contract for technical assistance to the Campesino Paratechnician Training Program.¹ Under the terms of that contract the consultants were only required to design and implement a project evaluation system. In practice it has been necessary for the consultants to considerably exceed the mandate of their contract, entering into a relationship of project advisors, providing continuing suggestions and oversight in practically all areas of project implementation including (1) content and timing of paratechnical training, (2) training of CENCICAP staff in selected management/bookkeeping skills and field follow-up tasks, (3) problem troubleshooting at the cooperative level, (4) expediting project administration and logistical support at the regional and national levels, and (5) USAID-CENCIRA communications. Precisely because of their expanded role in project implementation, the consultants have been requested to appraise--in this, their final report--all aspects of project operations with the objective of identifying its general strengths and weaknesses and proposing concrete recommendations for the improvement and replication of the project.

¹ The first three reports were prepared by Dr. Aquiles Lanao Flores, in Spanish, in January, May, and December 1977 respectively. They cover the activities of field visits to Chaquilcocha and Alto Piura (Jan.5-18), Chaquilcocha (May 23-8), Tumbes (Oct.6-11), Chaquilcocha (Nov.28-Dec.3), and Tumbes (Dec.12-18).

For the preparation of the present report the consultants spent one week each in Tumbes (April 3-7) and Cajamarca (April 10-15) visiting each of the cooperatives and their respective paratechnicians who have participated in the project. These visits were made in the company of CENCIRA staff from Lima, Piura, and Chiclayo offices, two USAID representatives, and the professional staffs of the CENCICAPs for Tumbes and Chaquicocha. A complete list of individuals contacted and the schedule of field visits is attached in Annex A. All paratechnicians interviewed were asked to complete a brief questionnaire regarding their perceptions of the project and its utility within the context of the cooperatives in which they work. Where available, a member of each co-op's administration committee was asked to complete a questionnaire concerning the effectiveness of the project. In addition, the consultants reviewed paratechnician compliance with assigned tasks; examined the recommendations notebook of each paratechnician to determine degree of compliance with instructions by CENCICAP staff as well as the frequency and effectiveness of the latter's follow-up supervision in the field; conducted cash and warehouse verifications; reviewed all records kept by each paratechnician; and visited cooperative livestock and cropping activities in an attempt to obtain visual confirmation of project impact.

C. Strengths of the Project

It is the opinion of the consultants that the project is clearly a success. We suspect this opinion is unanimous among all representatives of CENCIRA and USAID who accompanied us during the evaluation visits to the CENCICAPs of Tumbes and Cajamarca. This assertion is all the more remarkable in view of the fact that the project has survived serious deficiencies in financial and logistical support. Moreover, positive project impact has occurred despite serious internal and external problems hampering cooperative and paratechnician performance at the local level. The strengths of the project can be analyzed within a number of categories, as follows: (1) success as a replicable development model; (2) successful performance by CENCICAP staffs; (3) successful performance by paratechnicians; and (4) successful performance by cooperative enterprises.

1. Success as a Replicable Development Model

Campesino paratechnical training has grown, in a period of no more than 18 months, from a modest experiment in participant training to the CENCIRA campesino training model. From a miniscule portion of overall CENCIRA activities, paratechnical training has become this agency's largest and most important program. At this time CENCIRA has 18 new paratechnician projects in 12 regions. Of these projects, 12 have received financing from the Government of the Netherlands, 5 from the Government of Switzerland (COTESU), and one from the United Nations (FAO).

Total financing for these projects is valued at US\$600,123, which includes some US\$276,000 for small project investments associated with paratechnical activities. Furthermore, CENCIRA anticipates approval in the near future of 8 additional paratechnical training projects to be financed by FAO, and an equal amount to be financed by Germany. As mentioned in the section on project weaknesses (below) the principal limiting constraint to significant expansion of project impact is lack of capital for modest investments in agricultural and ~~77%~~ stock production activities at the cooperative level. Given the initial willingness demonstrated by various sources of external financial assistance to support paratechnician projects, CENCIRA is confident that it can attract in the near future external donations or loans for revolving funds to compliment existing or future projects valued in several millions of dollars. A list of approved CENCIRA paratechnician projects by department, microregion, source of external financing, and total value is included in Annex B.

2. Successful Performance by CENCICAP staffs

According to the written opinions of the paratechnicians CENCICAP staff members were predominantly considered good teachers. In Chaquilcocha, 27 of 28 paratechnicians held this opinion while 13 of 16 held it in Tumbes. Reinforcing this result, in Chaquilcocha 21 of 28 paratechnicians said they understood what

they were taught; 14 of 16 shared the same opinion in Tumbes. During the evaluation visits of the consultants it was apparent that rather strong bonds of confidence and respect had been forged between paratechnicians and CENCICAP professionals. Moreover, it was apparent that the latter felt obvious pride in the accomplishments of their respective projects. At all times the professionals demonstrated a willingness to discuss candidly the limitations of their work and to receive constructive criticism. Although there were occasional exceptions, in most of the cooperatives there had been 6-8^{to} follow-up supervisory visits to paratechnicians. In Chaquicocha the staff implemented the proposed system of project evaluation indicators with commendable thoroughness. So complete were records on dairy production and crop and livestock activity calendars (prepared largely from data collected by paratechnicians) that employees from other sectors--notably Alimentación, Apoyo de Empresas Campesinas, and Cecigra technicians--copied this information wholesale onto their own charts which they displayed on the walls of co-op administrative offices as if the result of their own efforts. Finally, it should be mentioned that CENCICAP staffs live a life of considerable sacrifice. In Chaquicocha they are 45 minutes from Cajabamba and four hours from Cajamarca; their room, board, and sanitary conditions are spartan; husbands see their wives perhaps twice a month, while bachelors have very infrequent opportunities for female companionship. The situation is similar with the CENCICAP of Tumbes--worse with respect to physical amenities (presently the center

has no running water or electricity) and better with respect to proximity to an urban setting. Yet despite their spartan surroundings, CENCICAP staffs have in general demonstrated a high level of responsibility and commitment to their jobs. They have certainly performed at a much higher level of dedication than that usually associated with civil servants; considering their salary remuneration they have performed better than CENCIRA, USAID, or the consultants had a right to expect.

3. Successful Performance by Paratechnicians

In Chaquicocha 27 of 28 paratechnicians and in Tumbes 16 of 16 reported that they were performing the jobs they had been trained to fill. According to the individual evaluations of paratechnicians by CENCICAP staff in Chaquicocha, 3 of 6 administrators are performing satisfactorily and should continue in their posts; similarly 5 of 6 cajeros, 5 of 6 almaceneros, 4 of 6 caporales de ganado, and 5 of 6 caporales de campo are successfully meeting their responsibilities. In the opinion of the consultants all six administrators should be maintained since the inadequacies identified by CENCICAP staff can be corrected by additional training and more effective follow-up. As for the other posts, with the exception of one cajero, substitutes trained by the CENCICAP already exist.

Thanks to the work of paratechnicians (and CENCICAP staff follow-up), all cooperatives in the Cajamarca project and 7 of 9 in Tumbes had up-to-date cash journals. All production co-ops

have complete payroll records. With the establishment of cashiers there is finally one person in each co-op responsible for cash management, and this has led, in turn, to the generalized practice of using a checking account and paying most co-op expenses by check. In Cajamarca all participating co-ops have established storage facilities and inventory controls; all livestock and crop supervisors provide a daily accounting of labor, input, and machinery use; dairy operations are completely controlled, with daily production records and registers of sanitary controls, insemination, and other services by individual animal. Overall, the training of paratechnicians has contributed significantly to improvements in co-op productivity --not so much due to advances in production technology per se but rather through the establishment of organization and internal controls on all aspects of co-op operations. The patrón is no longer dead; he is being resuscitated by the establishment of cadres of decision-makers with specialized responsibility for managing different cooperative production and administrative activities.

4. Successful Performance by Cooperative Enterprises

In Cajamarca all 28 paratechnicians interviewed, and in Tumbes all 16, stated that their cooperatives had benefitted by the program. All co-op leaders interviewed in both regions held the same opinion. According to the economic indicators measured by CENGICAP staff in Chaquicocha, there has been a 22% overall increase in the agricultural frontier of the participa-

ting cooperative. Expansion occurred in 5 of 6 co-ops for a total of 59 hectares--accomplished without credit. Eighty percent of the increase was planted to alfalfa. At the same time, dairy herds were culled back by 12% to achieve a less burdensome animal-pasture ratio. As a result of these actions milk production per cow in production increased 10% since June 1977 (from 4.4 to 5 liters per cow) despite a severe drought throughout the Department of Cajamarca. When measured before the drought began (December), average milk production in co-ops assisted by paratechnicians was up 31% per cow. Unfortunately, marketing problems, repressive credit collection practices by the Agricultural Bank, and other obstacles to be identified below have so far prevented these productivity gains from being translated into increased income and capitalization benefits for participating cooperatives. As for Tumbes the benefit indicators can not yet be measured since the project is barely six months old and no harvests have occurred which might reflect the impact of paratechnicians. However, visual evidence exists to suggest a significant difference in rice production between plots benefitting from close paratechnical supervision and those without. In the region's most successful production co-op (24 de Junio--a project participant) the rice paratechnician predicts a yield increase of 15% (6 fanegas per hectare) over 1977. In bananas, a change in irrigation practices recommended by the paratechnician has resulted in significant water and labor use economies for the cooperative "3 de Julio". But the evidence is still too fragmentary to draw serious conclusions.

It was the intention of the consultants to present a complete financial analysis of each cooperative which had participated in the paratechnician training program. This was an important reason why so much insistence was made with co-op administrator and cashier paratechnicians to keep up-to-date cash, bank, and other primary accounting records. For this reason too it was decided to postpone the date of the final evaluation of the program from February to April 1978, which would have left sufficient time for the accounting centrals of Tumbes and Cajamarca to complete the balance sheets and income statements of the participating cooperatives. Unfortunately, this expectation proved to be excessively optimistic. At the time of the visit of the consultants the financial statements of the co-ops in both Tumbes and Cajamarca were not yet completed or available in a form which would permit reliable analysis. Those in the Tumbes central, which had been computer processed in Lima, were apparently riddled by coding errors, required extensive verification, and were therefore not ready for analysis or presentation to the cooperatives. In Cajamarca, where the balance and income statements had been processed by hand, none had yet been returned to the co-ops, and throughout the week spent by the consultants in Chaquicocha nobody from the accounting central office at that site was present to open the existing files and allow an inspection of the statements or other records available there. In view of the very

unsatisfactory performance of both centrals, it is considered an urgent necessity by the consultants that the program expand the scope of its training of administrators and cashiers to cover the completion and analysis of accounting statements so that this function, so critical to co-op decision-making, is not left to institutions and individuals outside the control of the program. This issue is addressed again in the following section.

D. Deficiencies and Recommendations

The Campesino Paratechnician Training Program is hampered by a broad range of problems. Some of these problems have arisen during the course of the implementation of pilot projects in Tumbes and Cajamarca. The majority have already been identified in previous reports by the consultants, who have also made specific recommendations for their solution. However, it is important to realize that many of the problems currently facing the program were created long before the program began, while others are outside program control. In this section we will discuss several categories of problems, as follows: (1) Problems at the Cooperative Level (both internal and external), (2) Problems at the CENCICAP level, (3) Problems at the National Level, and (4) Problems with Other Sectors.

1. Problems at the Cooperative Level

INTERNAL: Most of the CAPs which participated in the paratechnician training projects in Tumbes and Cajamarca have inherited serious structural, financial, and social problems arising from the agrarian reform process. To begin with, they all suffer from acute decapitalization. In part this was the result of the delay (usually 3-4 years) between affectation and adjudication of the reformed properties. This delay permitted the former owners sufficient time to remove large quantities of machinery, animals, tools, furniture, and other assets of value. Secondly, with affectation there resulted a cessation in production activity such that due to the delay until adjudication there occurred serious deterioration in the physical structures of former haciendas, abandonment of orchards and permanent crops due to cessation of irrigation, and a general return to bush fallow of large amounts of cultivable land. In sum, the CAPs inherited properties requiring huge investments in restoration of productive infrastructure, machinery and equipment, and land clearance.

To compound these problems even further, many CAPs of the Tumbes and Cajamarca regions inherited high levels of indebtedness resulting from (1) investments of the previous owner or (2) investments authorized by the Special Committee

(composed of representatives of Min. Ag., SINAMOS, and the campesinos) entrusted to initiate the management of the future CAPs. In some cases (example: CAP Santa Rosa, Cajamarca) the Special Committee turned over management responsibilities to the CAP without accounting records justifying inherited obligations. In sum, members of the new CAPs were now responsible for the repayment of large loans to the Agricultural Bank which they had neither authorized or managed.

Most of the CAPs participating in the paratechnician training program have been in existence less than three years. Yet already there are strong internal pressures causing their gradual disintegration. In most of the CAPs of Cajamarca, only a small fraction of the co-op members officially qualified by the Agrarian Reform can be counted among the permanent laborers of the CAP, and even fewer can be considered active members. In Tumbes, several co-ops (examples: Perpetuo Socorro and San Jose) have experienced a drastic loss of membership, their places being taken by seasonal laborers to prevent a total halt in production activities. The tendency toward disintegration is partially the result of the accumulated financial obligations of the CAPs described above: many members do not consider these debts as their responsibility and are afraid of being left "holding the bag". Secondly (see below), the Agricultural Bank is reluctant to extend new credit until the old loans are repaid (or at least their balances in arrears). This severely restricts the sup-

ply of operating and investment capital required by the CAPs to increase their productivity and income potential, without which their accumulated obligations will never be repaid. Finally, in some CAPs there exist serious problems of enfeudamiento, i.e., a return to privately managed land use and its inequitable distribution between CAP members. In several cases (examples: Paso de Vencedores, ~~del~~ Cas, and Santa Rosa) wholesale withdrawal of members and the land under their control have occurred, leaving the CAP with as little as one-third of its former property. In two instances the separatist groups have formally requested official recognition and a redistribution of land among their members from Apoyo de Empresas Campesinas.

Needless to say such problems complicate the jobs of the paratechnicians, who typically find themselves defending the integrity of the associative enterprise against the wishes of the majority of the CAP members. This conflictive situation has negative consequences for the paratechnician because it interferes with his ability to instill discipline, make decisions, give orders, and supervise the work of his member-colleagues. It also hampers his ability to communicate his newly-acquired knowledge more broadly among the members. In the questionnaires completed by the paratechnicians, 5 of 28 in Cajamarca and 4 of 16 in Tumbes reported that they were encountering problems with their fellow CAP members. The con-

sultants feel these figures understate the extent of the internal conflict within the associative enterprises. But if the above figures are indeed reliable it is because the paratechnicians have defined their CAP colleagues as a smaller subgroup than the entire membership qualified by the Agrarian Reform or potentially capable of participation. This hypothesis conforms to the reality of many CAPs, where two basic communities of interest have formed: (1) a core of permanent worker-members closely identified with the operations and survival of the CAP as an associative enterprise, surrounded by (2) a peripheral membership which provides occasional labor services to the CAP but is primarily committed to working their own plots and seek disassociation from the financial obligations accumulated by the CAP.

Still, it is dangerous to generalize. The situation in the CAPs of Tumbes and Cajamarca is extremely fluid. One of the most critical lessons gained by the consultants during the field visits is that each CAP is remarkably different from the next. Each faces its own rather unique problem complex. It is this fact above all others that provides ample justification for CENCIRA's emphasis on "micro-planning" --on designing and implementing development plans tailor made to the reality of each and every CAP assisted.

EXTERNAL PROBLEMS: As if the problems identified above were insufficient tests of the survival capability of the CAPs and the paratechnicians, there exist a whole set of external problems which besiege these enterprises. To begin with, a severe drought affects the entire Cajamarca region and every participating CAP is effected. Entire harvests of potatoes, wheat, barley, corn and other crops have been lost in areas of rainfed cultivation. Due to reduced availability of pasture since the drought began, average milk production per cow has fallen in all CAPs.

In Cajamarca and to a lesser extent in Tumbes the co-ops have experienced critical marketing constraints. In Cajamarca, the primary market for milk production is PERULAC. Recently required by the Government to raise its price per liter from 17 to 25 soles, PERULAC claims to be losing money. As an adjustment to alleged deficit operations, the company claims milk supply has exceeded its processing capacity and has imposed maximum milk quotas on all suppliers. This action has neutralized incentives for raising the dairy productivity on the CAPs assisted by the CENGICAP of Chaquicocha. In Tumbes, a serious marketing constraint exists for bananas since the transport and sale of this commodity is completely controlled by no more than four buyers. This situation has likewise weakened incentives for introduction of yield-increasing banana technology by paratechnicians.

A final external problem involves the credit policies of the Agricultural Bank. On the one hand the problem is characterized by drastic curtailment of the credit supply. The only co-ops receiving short-term operating credit for agricultural production are those of Tumbes, and only for rice production. None of the Cajamarca co-ops have received agricultural credit for the 1977-8 crop cycle. On the other hand, the Agricultural Bank in Cajamarca has embarked upon an extremely aggressive collections campaign. In Santa Rosa the Bank placed an Interventor to expropriate the income from the sale of 1977 crop sales, leaving the co-op without funds to meet payroll obligations accumulated over three months. In Malcas, the CAP General Assembly in response to the recommendation of CENCICAP staff decided to cull back animal herds to ease the animal-pasture ratio; the income from the sale of the cattle was designated for financing an expansion in cultivated pastures. The Bank took advantage of this decision by expropriating all income from the sale of the animals to cancel loan balances in arrears including the deuda agraria. While the action can be possibly justified in terms of the Bank's recuperation of its own capital, the additional collection of the agrarian debt is no less than criminal considering (1) the badly decapitalized condition of the co-op, and (2) the agrarian debt should only be collected when the enterprise shows a net operating profit.

RECOMMENDATIONS

The consultants believe the success of the paratechnicians is closely bound to the ability of the associative enterprise to demonstrate its productivity and income potential. This potential is severely hampered in all CAPs at the present time by accumulated indebtedness and acute decapitalization--both factors which contribute to pressures for the disintegration of these enterprises. The decapitalization of the CAPs is exacerbated by unreasonable collections policies by the Agricultural Bank, policies made doubly onerous for the co-ops because of drought conditions and marketing constraints. Against this backdrop the following recommendations are considered vitally important.

1. CENCIRA should aggressively seek financing from external sources to create rotating funds for small investment projects in cooperatives where paratechnicians have been trained and are working satisfactorily. The model for these funds has already been developed by CENCIRA with respect to paratechnician projects financed by Holland and COTESU.
2. The administrative and financial consolidation of the CAPs must be continued through additional training of administrator and cashier paratechnicians, and through more intensive field follow-up training and supervision. This will require the contracting of accountants for 15-18 months service in each CENCIRA region to train CENCICAP staffs in business/accounting skills necessary to provide better support to the above paratechnicians. (A project to this effect is included in the final section of this report).
3. To ease internal pressures toward CAP disintegration, CENCIRA should request assistance from Agrarian Reform to undertake studies in each CAP to requalify potential members. Such studies would identify geographic and socio-economic factors which enhance or retard internal cohesiveness. Based on these studies, the land and membership resources of existing CAPs would be reformed to promote more viable associative structures.

4. With or without action on recommendation 3, CENCIRA should expand paratechnician training to include the preparation of CAP education committees, providing them with skills, materials, and guidance to launch intensive education campaigns among the broad membership of the CAPs.

2. Problems at the CENCICAP Level

Despite the exceptional quality of CENCICAP staff commitment to their jobs, there is still room for improvement. The first problem arises from the fact that most CENCICAP professionals are quite young, some completing their first employment since graduation from the University. Frequently they lack sufficient self-confidence (which comes with experience) to present and defend their ideas forcefully with paratechnicians, or to supervise paratechnician performance with sufficiently critical insight. But a far more serious problem involves knowledge per se. None of the professionals in either of the CENCICAP's of Tumbes or Chaquicocha have backgrounds in business administration or accounting. At present, all are specialized in zoology, agronomy, or economics, and none are truly qualified to provide adequate follow-up supervision to paratechnician administrators and cashiers.

In the questionnaires completed by paratechnicians in Cajamarca, 20 of 28 expressed a need for more training, 7 desired more frequent follow-up supervision, and 7 mentioned a need for material (financial) assistance. In Tumbes, of 16 paratechnicians

9 wanted more training and one wanted more supervision (6 stated no opinion). These figures dramatize the fact that even though the overwhelming majority of paratechnicians found their training beneficial, they are somewhat insecure with this new knowledge and their new roles. Without additional training, many paratechnicians fear they will gradually forget their skills; and without follow-up many fear they may apply their skills incorrectly. Such opinions are certainly justifiable and should be given careful consideration. Most importantly, they dramatize the need for continuity in the services of the CENCICAPs. Paratechnician training should not be considered a one-year-only investment in campesino education. Future project planning should contemplate a three-year training cycle of classroom sessions combined with continuous field follow-up.

However, it is easier to recommend constant follow-up than to achieve it. Both the CENCICAPs of Tumbes and Piura have suffered from severe transportation difficulties, first because of insufficient vehicles (normally, one per CENCICAP in operating condition) and because of restricted funds for gasoline and other operating expenses. It is to be noted that the CENCIRA-USAID project agreement is the only one in which the external donor does not provide funds for transportation expenses of CENCICAP staff. Holland, FAO, and COTESU are all backing their respective paratechnician projects with generous gasoline allowances.

RECOMMENDATIONS

1. It is imperative that USAID provide continuing budget support to the CENCICAPs of Tumbes and ~~Peru~~, *Chaquilcocha*, not merely for one year but for three. Paratechnician salaries (at 50% USAID-50% AEs) for the remainder of 1978 can be met without increasing currently authorized funds simply by extending the final payment deadline from June to December, 1978. There presently exist unspent balances arising from savings made possible by the devaluation of the Peruvian sol relative to the dollar (from S/. 45 in 1976 to S/. 130 in 1978). Paratechnician salary support requirements for 1979 (at 25% USAID-75% AEs) is estimated as only \$4,500 (to cover campesinos already trained).
2. The contracting of accountants to train CENCICAP staff in business management skills is urgently needed. A project to finance one such accountant per CENCICAP regional office is included in the final section of this report.
3. In the event additional USAID financing of the Tumbes and Chaquilcocha projects is forthcoming, it is recommended that funds for CENCICAP staff travel be included on the order of US\$150 per month per CENCICAP, or US\$ 1,800 per year.
4. In the short run, to alleviate deficiencies among CENCICAP staff in Tumbes and Cajamarca in business management and accounting skills, and to expand the training cycle of co-op administrators and cashier paratechnicians to include the teaching of how to prepare and analyze financial statements, the consultants recommend the organization of a one-week training course given by Dr. Aquiles Lanao in Tumbes and Cajamarca respectively. There are sufficient funds remaining in the technical assistance budget of the USAID-CENCICAP project agreement to finance these activities. The suggested timing of these courses is May (Tumbes) and July (Cajamarca) of 1978. A specific proposal for these training activities is included in the final section of this report.

3. Problems at the National Level

As cited repeatedly in previous reports, the Campesino Paratechnician Training Program has suffered from serious problems of cash flow. Symptomatic of these problems, paratechnicians in both Cajamarca and Tumbes have gone as long as three months without receiving their salary payments authorized by the program. USAID has disbursed far more funds than have yet been accounted for by CENCIRA/Lima, while the latter has disbursed to the regional offices far fewer funds than those offices have demonstrated they need based on their rendiciones de cuentas. CENCIRA requests to USAID for disbursement seem to occur always on an emergency basis, while on more than one occasion Dr. Aquiles Lanao--officially entrusted only with evaluation responsibilities--has served as a courier transporting checks from CENCIRA/Lima to Piura, as a principal informant for communicating logistical support deficiencies from the CENCICAPS back to Lima, and has often had to subsidize the purchase of gasoline for CENCICAP vehicles in order to reach the CAPs and complete his field work.

Compounding these problems, communications between USAID and CENCIRA, not to mention general oversight over the program by both agencies, have been sadly deficient. For the most part deficient communications have resulted from frequent staff turnover. USAID has assigned four project managers (Morales, Metham, Macarey, Weber) in less than two years; CENCIRA has assigned

three project directors (Leon, Galcho, Martinez) during the same period, while the agency itself has changed directors on three occasions (Velarde, Ibañez, Lazarte). Nonetheless, besides staff turnover the project has suffered from administrative negligence by both agencies. On CENCIRA's part, rendiciones received from CENCICAPs have been collected for three months before being presented to USAID. On USAID's side, the periodic evaluation reports of the consultants have been misfiled and possibly lost.

RECOMMENDATIONS

1. Disbursements by USAID on behalf of the projects should be made by check directly to the head of the zonal offices in Piura (for Tumbes) or Chiclayo (for Cajamarca). Since funds are budgeted for exclusive use at the level of the CENCICAPs there is no administrative reason why CENCIRA/Lima should receive and cash the check, then disburse to the regional offices by another check. It is only necessary that upon issuing a check directly to a CENCIRA regional office, USAID should notify CENCIRA Lima that this transaction has occurred, advising the date, amount, bank, and other appropriate data. The direct check disbursement procedure has been amply discussed by the consultants with the CENCIRA accounting staff and Inspector General, whose approval has been obtained in verbal form.
2. To further expedite project cash flow it is recommended that each CENCICAP receive an initial disbursement for four months. Rendiciones de cuentas would be presented monthly by each CENCICAP to Lima, revised by CENCIRA and passed directly to USAID. Once USAID has received rendiciones for a total of three months it would authorize a new disbursement for three additional months. In this way the CENCICAP would have one month's margin of error with regard to project funds.

3. Presently, CENCIRA responsibility for the project is divided among four individuals: a Director of Administration (Flores), Director of Training (Martinez), Director of International Assistance (Menacho), and a Technical Director (Peralta). Each sees the project from a unique perspective and seldom is aware of those aspects of the project entrusted to the responsibility of the other directors. Coordination between the four is virtually inoperative. It is therefore imperative that one of the four directors be given primary ascendancy over the other three to assure oversight over the entire project. Such a director would be expected to coordinate project communications both within CENCIRA and between CENCIRA and USAID.

4. Problems with Other Sectors

The success of the Paratechnician Training Program is being undermined or diluted by the actions of other institutions. Whether these actions have been undertaken deliberately to damage the project's image, or are simply the result of inadequate coordination with the project, cannot yet be established in all cases. In both Tumbes and Cajamarca, Apoyo de Empresas Campesinas has initiated a campaign to convince all co-ops participating in the paratechnician program to hire professional managers. In conjunction with this effort, AEC has made it clear to both co-op leaders and CENCICAP staffs that administrative and cashier paratechnicians are not qualified to assume the management functions for which they have been trained. What makes such a campaign so insidious is the fact that the requirements for co-op management are being defined not in terms of what skills the manager should possess to hold such a position, but rather by the mere fact that the manager hold a professional degree.

The Agricultural Bank has promoted a campaign of its own along the same lines. In several cases it has made the hiring of a professional manager a prerequisite for a co-op to receive credit (example: Perpetuo Socorro-Tumbes, where an agronomist charging 25,000 soles per month was placed upon a cooperative with only 21 members and deeply indebted). Moreover, in those cases where production credit was approved without the prerequisite of a professional (Tumbes only), the Plan de Explotación developed by CAP paratechnicians under the supervision of CENCICAP staff was completely ignored.

The Ministry of Agriculture has compromised the position of the paratechnicians in still other ways. In coordination with PRODESCA in Cajamarca, Agriculture assigned resident professional advisors (asesor técnico) to 4 of 6 CAPs for whom paratechnicians have been trained. Fortunately these advisors' salaries must not be born by the cooperatives. But the fact remains they have been inserted into the CAPs precisely at the moment that their respective paratechnicians were completing their training and beginning to undertake assigned responsibilities at the local level. As a result it can not be said with certainty to what extent the notable improvement in the organization, operations, and productivity of participating co-ops represents the impact of the paratechnicians or the impact of the technical advisors. To further complicate the picture, Agriculture has assigned CECIGRISTAs (university stu-

dents completing nine-month assignments in rural areas as a prerequisite to receiving a degree) to 4 of the 6 CAPs belonging to the Chaquilcocha paratechnician project. Once again, it is impossible to say whether primary responsibility for tasks assigned to the paratechnicians is actually assumed by them or by outsiders.

A final problem involves the Centros Contables. As mentioned previously (see pp.11-12) the performance of the centrals in both Tumbes and Cajamarca has been inadequate. The tardy completion of co-op balance sheets and income statements may be symptomatic of these centrals' inefficiency, but this is not the primary problem. Far worse is the fact that the existence of centralized accounting has removed responsibility for this function from the co-ops themselves. Indeed, in Cajamarca the central in Chaquilcocha requires permanent physical possession of the daily journal, general ledger, and inventory register. Co-op administrator and cashier paratechnicians handle only collection sheets and auxiliary cash, payroll, and production records. The paratechnicians must travel to the central on a monthly basis--taking their books, receipts, and other records--so that central bookkeepers are spared the inconvenience of visiting the cooperatives. Even given this capacity to up-date CAP accounting records once a month, it is reported by the paratechnicians that the central is often 2-3 months behind in its entries; and, as mentioned previously, end-of-year accounting statements for 1977 are still not available to the cooperatives.

In Tumbes the situation is even worse due to the fact that accounting has been done by computer. In this case no daily journal, general ledger, or inventory registry have been kept. Instead, information from auxiliary records managed by coop paratechnicians are transferred directly to coding sheets and sent to Lima for processing. This creates a singular predicament for a co-op, as is its right, to request from the central a mid-year accounting of the financial status of the co-op. Such a request, in the absence of accounting books, can only be answered by collecting all available printouts processed by Lima. Worse still, in the case of coding or computing errors there is no way to determine the consistency of the figures generated by the computer without reviewing one-by-one the coding sheets sent to Lima and comparing these with the auxiliary records kept at the co-op. No more cumbersome accounting system can be imagined, nor one of less reliability. Perhaps computerized accounting makes sense in cooperatives with upwards of 5,000 members. But in Tumbes, where the average membership of the CAPs does not exceed 15 socios, the small volume of transactions makes computerized accounting patently ridiculous.

RECOMMENDATIONS

1. It is urgent that CENCICAP staff make a special effort to inform the local offices of MinAg, Apoyo de Empresas, and the Agricultural Bank of the objectives, procedures, content, results, and location of the Campesino Paratechnician Training Program.

2. At the same time, CENCICAP staffs should make a special effort to inform participating co-ops that there is no law which requires that a co-op manager be a professional. The law requires that co-ops select three candidates for the position of manager, of which Min. Agriculture will select the most qualified. But the candidates themselves can all be co-op members and/or paratechnicians.
3. At the national level, it is important that CENCIRA undertake the necessary conversations at the highest possible level to assure that the objectives of the Paratechnician Training Program are consistent with those of Apoyo de Empresas, Agricultura, and the Bank.
4. Similarly, USAID should seek greater integration of the Paratechnician Program with other programs it is financing in the rural areas. It is appropriate that co-ops with trained paratechnicians be given priority consideration for loans and project services generated by the AID loan to centrales.
5. In all CENCICAPs, and especially in those for Tumbes and Chaquicocha, training of paratechnician administrators and cashiers should be expanded to include the preparation and analysis of accounting records. As a primary objective or task of this training, trainees should be able to complete an accurate balance sheet and income statement for their respective cooperatives. At least initially, such statements should be generated twice a year--in January and July.
6. If and when recommendation 5 is effectively implemented, it is advisable that participating CAPs withdraw from the accounting centers to which they presently belong.

E. Tentative Proposals for Further USAID Assistance

1. In the Immediate Future

Upon the conclusion of this final evaluation report, and the vouchering of services rendered therein by the consultants, there will remain a balance of US\$6,037 in the contract between USAID and Rural Development Services. Pending USAID approval, the consultants propose to spend this balance through provision of the following services:

--TRANSLATION OF THE PRESENT REPORT

CENCIRA has requested that this final evaluation report be translated into Spanish. This task would be entrusted to the co-author of the report, Dr. Aquiles Lanao, to be completed within 12 days of the presentation of the report in English, i.e., by May 2, 1978. The cost of this project is estimated at US\$648, as follows:

<u>Salaries</u>		
Dr. Lanao: 6 days x \$ 90/day		\$540
<u>Overhead</u>		
20% of salaries		<u>108</u>
Total		648

--TRAINING PROGRAM FOR PARATECHNICIANS IN BANANAS

Ing. Manuel Santa Maria Bohl of Motupe, Peru, operates a modernized banana plantation of some 30 hectares. He currently has bananas in all stages of production, from seedlings to harvest. He has been instrumental in the development of a wide variety of associated cropping patterns of bananas with citrus and other orchard crops. Ing. Santa Maria has the capacity to

provide room and board for approximately a dozen visitors on the premises of his fundo, "El Choloque". The consultants propose the organization of a 3-4 day training program for banana paratechnicians from the CAPs of CENCICAP Tumbes, scheduled for the week of May 15-19. The estimated costs of such a program are US\$ 1,125, as follows:

<u>Salaries</u>	
Ing. Santa Maria: 5 days x \$75/day	US\$ 375
<u>Transportation and Room and Board</u>	
13 paratechnicians for 5 days	
at \$10/day	130
<u>Instruction Materials and Contingencies</u>	100
 Total	 \$1,125 -----

--TWO TRAINING PROGRAMS IN ACCOUNTING FOR CENCICAP STAFF AND ADMINISTRATOR/CASHIER PARATECHNICIANS IN TUMBES AND CHAQUICOCHA

It is imperative that the training of administrators and cashier paratechnicians be extended to include the preparation and analysis of accounting records. It is further necessary to train existing CENCICAP staff in business management and accounting skills so that they are qualified to provide follow-up supervision of administrator and cashier paratechnicians. Rural Development Services propose that Dr. Aquiles Lanao present two one-week training programs in accounting to both CENCICAP staff and administrative/cashier paratechnicians of Tumbes and Cajamarca. The first program would be scheduled in Tumbes for the week of May 8-13. Dr. Lanao would then accompany the platano paratechnicians to Motupe for the training program at

the farm of Ing. Manuel Santa Maria. The training program in accounting for Cajamarca would be scheduled for July, tentatively July 3-8 or 10-15. The costs of both the Tumbes and Cajamarca training programs are estimated at US\$ 3,955, as follows:

<u>Salaries</u>	
Dr. Lanao: 18 days x \$90/day	\$1,620
<u>Per Diem</u>	
Dr. Lanao: 14 days x \$25/day	350
<u>Paratechnicians</u>	
TUMBES: 115 man-days x \$5/day	575
CHAQUICOCHA: 100 man-days x \$5/day	500
<u>In-country Travel</u>	150
<u>Instructional Materials and Contingencies</u>	100
<u>Overhead (20%)</u>	<u>660</u>
Total	<u>\$3,955</u> <u>-----</u>

2. Action Recommended for 1979-80

By the end of 1978 CENCIRA will most likely have initiated some 35 paratechnician training projects throughout the country. USAID should consider decisive support to these projects in two ways: (1) backstopping the administrative/accounting training of paratechnicians and CENCICAP staffs (the weakest link in the CENCIRA model at this time), and (2) contributing to the financing of rotating funds for small productive project investments at the co-op level (thereby alleviating the capitalization constraint).

--PROPOSAL FOR ADMINISTRATION/ACCOUNTING TRAINING SUPPORT
FOR CENCICAP STAFFS AND PARATECHNICIANS

Training and supervision in the area of administration and accounting for administrator and cashier paratechnicians is especially deficient at this time. Not a single staff member of the CENCICAPs of Tumbes and Cajamarca has training in business and accounting skills; none attended the training programs for administrators and cashier paratechnicians given by outside professionals; none are presently qualified to provide follow-up supervision to the paratechnicians that have been trained. This problem is further complicated by the need for extending the training of these paratechnicians to cover the preparation and analysis of accounting statements (due to the failure of the accounting centrals to provide these services in an accurate and timely fashion). In essence, to provide the necessary training and supervision, CENCIRA requires the services of some 12 accountants, one per zonal CENCIRA office.

At present there is no way CENCIRA can hire such human resources. One reason is this agency's severe budget constraints. More importantly, due to the heavy demand for such professionals within Peru (and especially in the cities), it is impossible for CENCIRA--given its present pay scale--to attract accountant professionals as employees. For example, CENCIRA salaries presently range from S/.12,000 to 25,000 per month for field staff. Accountants would need to be paid no less than S/.35,000. To

pay this much to CENCIRA employees; even if the funds were available, would undoubtedly create internal dissention among existing professionals.

The consultants propose therefore that the required accountants be contracted as outside professionals for limited 15-month assignments with CENCIRA. They would be considered, in effect, consultants to CENCIRA. Their assignment would be the intensive training of CENCICAP staffs in accounting and administration skills, and the training and limited follow-up of administrator and cashier paratechnicians directly. Administrative and technical supervision of this project would be entrusted to Rural Development Services. The cost of the project is estimated at US\$ 149,800 as follows:

<u>Salaries</u>		77,820
12 accountants at \$300/ month*	54,000	
2 accountant-supervisors at \$385/month*	11,550	
RDS Consultants		
Hatch: 12 days x \$170	2,040	
Lanao: 93 days x \$110	10,230	
	<u>77,820</u>	
<u>Per Diem and Transportation</u>		40,400
Accountants: \$150/mo.	27,000	
Supervisors: \$300/mo.	9,000	
RDS Consultants		
70 days x \$40	2,800	
In-country travel	800	
International travel	800	
	<u>40,400</u>	
<u>Contingencies (05%)</u>		5,900
<u>Overhead (33% of salaries)**</u>		<u>25,680</u>
TOTAL		\$149,800

* Includes leyes sociales

** Covers full costs of project administration

--PROPOSAL FOR FINANCING OF ROTATING FUNDS FOR SMALL
PROJECT INVESTMENTS BY COOPERATIVES WITH PARATECH-
NICIANS

The basic idea of this proposal is neither to replace the production investment function of the Agricultural Bank nor to unilaterally solve the problem of decapitalization in CAPs with paratechnicians. Rather, it is intended to alleviate the capital constraint of these enterprises such that they can finance modest expansions of their agricultural frontiers, apply on a small scale modern inputs^f and paratechnicians have been trained to use, finance basic equipment for improved livestock sanitation, insemination, and medicinal supplies, etc.

By 1979 it is estimated that CENCIRA will have 35 paratechnician training projects. Five of these will already have rotating funds at their disposal; hence, this proposal recommends financing for 30 projects. It is estimated that each project will reach an average of eight cooperatives, or 240 in total. Each co-op would have rotating fund drawing rights up to US\$ 10,000, which implies a total financing of US\$2,400,000. The total proposal is estimated to cost US\$ 2.5 million, including an additional \$100,000 for technical assistance for such tasks as (1) Rotating Fund Design (lending criteria, administrative procedures, staff functions, etc.), (2) Supervision of Loan Operations and Projects, and (3) Program Evaluation.