

5150146-(2)

PD-AAB-888-B1

AGENCY FOR INTERNATIONAL DEVELOPMENT  <b>PROJECT PAPER FACESHEET</b> (OPERATIONAL PROGRAM GRANT)		1. TRANSACTION CODE <input type="checkbox"/> A ADD <input type="checkbox"/> C CHANGE <input type="checkbox"/> D DELETE	PP 55p
3. COUNTRY/ENTITY COSTA RICA		2. DOCUMENT CODE 3	
5. PROJECT NUMBER (7 digits) [ 515-0146 ]	6. BUREAU/OFFICE A SYMBOL [ LA ] B CODE [ 05 ]	4. DOCUMENT REVISION NUMBER <input type="checkbox"/>	
8. ESTIMATED FY OF PROJECT COMPLETION FY [ 8 ] [ 2 ]		7. PROJECT TITLE (Maximum 40 characters) [ FUCODES - Rural Credit Program ]	
		9. ESTIMATED DATE OF OBLIGATION A. INITIAL FY [ 7 ] [ 8 ]    B. QUARTER [ 4 ] C. FINAL FY [ 8 ] [ 1 ]    (Enter 1, 2, 3, or 4)	

A. FUNDING SOURCE	10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$1 - )			LIFE OF PROJECT		
	B. FY	C. L/C	D. TOTAL	E. FY	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	( 8.7 )	( 30.3 )	( 39.0 )	( 55.5 )	( 434.1 )	( 489.6 )
(GRANT)						
(LOAN)						
OTHER U.S. IAF		10.0	10.0		15.0	15.0
<del>FUCODES</del>	2.9	4.4	7.3	18.5	98.0	116.5
OTHER DONORS (Int'l)		5.3	5.3		201.4	201.4
TOTALS	11.6	50.0	61.6	74.0	748.5	822.5

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>78</u>		H. 2ND FY <u>79</u>		K. 3RD FY <u>80</u>	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) FN	200	220		39		181		165	
(2)									
(3)									
(4)									
TOTALS				39		181		165	

A. APPROPRIATION	N. 4TH FY <u>81</u>		Q. 5TH FY		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED  MM YY [ 0 ] [ 6 ] [ 8 ] [ 0 ]
	O. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1) FN	104.6				489.6		
(2)							
(3)							
(4)							
TOTALS	104.6				489.6		

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES ATTACH CHANGED PID FACESHEET.

1

1. NO  
2. YES

14. ORIGINATING OFFICE CLEARANCE				15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/Y DOCUMENTS, DATE OF DISTRIBUTION			
SIGNATURE		DATE SIGNED					
Stephen P. Knabel		MM DD YY		MM DD YY			
Mission Director		MM DD YY		MM DD YY			

8/78

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FUCODES - RURAL CREDIT PROGRAM

OPG - 515-0146

I. SUMMARY

The purpose of this project is to strengthen the Fundación Costarricense de Desarrollo (FUCODES) role as a development agency. To this end, the Project is expected to improve the managerial and operational effectiveness of FUCODES' staff; to expand FUCODES' Rotating Loan Fund (RLF) operations; to obtain the National Banking System's (NBS's) support of and participation in group lending; and to increase the assisted groups' awareness of their economic and socio-cultural rights.

Through a program of supervised credit and technical assistance to be provided by FUCODES, this Project will increase opportunities for profitable and productive investment for the hard-core rural poor who have not previously had access to institutional forms of credit. Hence, the Goal to which the project contributes is increasing the income of the rural poor.

The inputs necessary for the realization of the project will be made by FUCODES, other involved agencies (see Annex B) and AID.

FUCODES will concentrate its rural credit programs in three regions which have a high incidence of rural poverty. By the end of the project, 144 sub-projects will have been financed, involving approximately 1,150 direct participants and some 5,190 family dependents. Rotating loan fund investment per sub-project beneficiary is expected to range between \$75 and \$125.

The total cost of the AID/FUCODES project is \$822,500, with the AID OPG constituting \$489,600, or almost 60%. The life of the project will be 3-1/4 years.

A summarized implementation time-table is:

- September 1978 - OPG approved and initial disbursements made.  
New Staff and one Promoter hired.  
First 2 subloans made from expanded RLF,  
Commodity procurement underway.
- October 1978 - Training programs started.  
Commodities' procured.

December 1979 - Statistical section operational.

June 1980 - First evaluation completed.

December 1981 - Final evaluation completed.

Evaluation of FUCODES will be a continuous process in accordance with scheduled reports of key indicators. An annual audit of FUCODES will be carried out and provided to AID. FUCODES, the Inter-American Institute for Agricultural Sciences (IICA) and AID will be involved in the two scheduled evaluations.

## II. PROJECT DESCRIPTION AND BACKGROUND

### A. Project Description

#### 1. Goal

The goal of this project is to help increase the incomes of the rural poor.

There are three necessary assumptions at this level:

a. The participating groups will maintain their cohesiveness. This group unity is expected to be strengthened by the profitability of their activities. To help attain this profitability, FUCODES will provide close supervision, credit and adequate levels of operational and technical support to each group. Also, group cohesiveness will be facilitated because all group members will participate in project identification and design and most will belong to the same community.

b. The groups will pursue project objectives and implementation to completion. The same factors which will ensure the validity of the first assumption apply to this assumption. In addition, joint responsibility for repayment, formalized with all the group members' signatures on the loan agreement, will encourage participants to adhere to the initial plan.

c. There will be sufficient external assistance (from the private sector and public and international institutions) in both quantity and quality. To ensure this support, FUCODES will establish working relationships with other institutions with skills which complement those of FUCODES. No loan will be granted until the needed support has been obtained and programmed.

2. Purpose

This OPG will strengthen FUCODES' role as a development agency.

There are two assumptions at this level:

a. Other participating institutions (private sector, international institutions and the GOCR) will maintain their commitments and deliver the assistance promised to FUCODES on time. To help realize this assumption FUCODES will obtain letters of agreement to formalize these commitments to the program.

b. FUCODES' numismatic program will generate income as projected. A study, by FUCODES, of similar programs in Guatemala and the Dominican Republic indicates benefit/cost projections to be realistic.

3. Outputs

To help achieve the stated purpose, this project will assist FUCODES to attain the following outputs by the end of the project in FY1981:

a. Improvement in the managerial and operational effectiveness of FUCODES staff.

b. Expansion of Rotating Loan Fund (RLF) operations.

c. The National Banking System's (NBS's) support of and participation in group lending.

d. Awareness by each participating group of its economic and socio-cultural rights.

There are two necessary assumptions at the output level:

a. The groups will maintain a good repayment record. To keep loan losses at an acceptable level, i.e., below 5%, FUCODES will assure that adequate credit and organizational and technical assistance are provided for each group project; require joint and several responsibility on repayment of group loans; select projects with a felt need by the community; and arrange for able and well-trained promoters who have personal knowledge of their clients.

b. There are qualified Costa Rican management and promoter personnel willing to work with FUCODES at going wage rates. FUCODES will be able to hire the required personnel on schedule and without incurring extraordinary expenses.

4. Inputs

To help achieve the outputs, the OPG will help FUCODES provide the following inputs:

a. More and better qualified staff capable of handling the increase in loans, promoting new groups and providing adequate organizational and technical assistance to the groups;

b. Additional vehicles for the promoters to reach and provide timely services to the target population. The funds will also enable them to develop a vehicle maintenance program;

c. A training program to continuously upgrade the skills of its administrative and promotional staffs;

d. An expanded Rotating Loan Fund;

e. Better internal administrative management.

The budget for the project is as follows:

PROJECT CONTRIBUTIONS  
BY SOURCE AND CATEGORY  
(US \$000)

	TOTAL	
	<u>A.I.D.</u>	<u>FUCODES</u>
Rotating Loan Fund	186.5	231.8
Personnel	112.2	37.4
Commodities	21.0	8.5
Training	19.5	6.6
Other Direct Costs	94.2	31.6
Administrative Costs	<u>56.2</u>	<u>17.0</u>
<u>TOTAL</u>	<u>489.6</u>	<u>332.9</u>

Because the purpose of the OPG is to improve FUCODES' managerial and operational effectiveness and thereby strengthen its role as a development agency, this OPG provides substantially more support to the administrative/operational elements of FUCODES than to its Rotating Loan Fund.

There is one assumption necessary at the input level -- that the resources provided by FUCODES, AID, and other donors are available in the right amounts and at the proper time. To help realize this assumption, FUCODES and USAID/CR will schedule and carry out the necessary procurement on time. Project performance tracking (critical performance indicators) contained in Annex D and reports to AID required for financial management will serve as guides.

In output terms the budget is as follows:

	<u>OUTPUT BUDGET</u> (US \$000)		
	<u>A.I.D.</u>	<u>FUCODES</u>	<u>Total</u>
1. Improved managerial and operational effectiveness of FUCODES	303.1	101.1	404.2
2. Expansion of FUCODES' Rotating Loan Fund	186.5	231.8	418.3
3. NBS support of and participation in group lending	No direct budget expense		
4. Groups aware of economic and socio-cultural rights	No direct budget expense		
<u>TOTAL</u>	<u>489.6</u>	<u>332.9</u>	<u>822.5</u>

5. Beneficiaries

FUCODES plans to concentrate its rural credit program in the North-Western, the Central Valley and the Atlantic Coastal regions where substantial need for small-scale credit has been demonstrated. Presently, the Foundation has four full-time promoters

who live and work in Guanacaste and the Atlantic Region. By the end of the project in 1981, the Foundation will have helped about 144 groups. On average each group is expected to have 8 active members and each member has an average of 5.5 dependents/beneficiaries. Therefore an estimated 6,336 individuals will have been helped by the end of the project. The FUCODES investment per beneficiary in each group project financed is expected to range from \$75 to \$125.

FUCODES' experience to date shows that projects have averaged a 35% annual rate of return and have brought about an increase in real income per active member of some 75%. The benefits FUCODES seeks to achieve are broader than financial gains, however, and include increased self-respect, initiative and a greater sense of participating in the community and the economy.

#### B. Project Background

Through 77 regional offices, the NBS provides most of the agricultural credit. Interest rates vary from 8% to 14%, with small farmers receiving the lowest rates. Additionally, the NBS allocates credit, through a "tope" system, between different enterprises.

In general, GOCR credit policy has been expansionist. Over the past five years agricultural credit has more than doubled, while credit to small farmers has tripled. Both national and external sources have made more funds available for agricultural credit. However, the commercial banks still require collateral sufficient to cover at least 100 percent of their loans. This condition is one that few of the hard-core poor can meet. While the proposed AID-supported Productive Credit Guaranty Program (PCGP) can be expected to help overcome this problem, it will not reduce lending costs; such a reduction is needed if the smallest farmers are to be adequately served. Further, many of the rural poor do not know how to take advantage of existing institutional credit programs.

Despite noteworthy increases in rural credit and extension services, the amount and reach of public resources have been inadequate to redress the impoverished living conditions of the hard-core rural poor. As a result, private organizations such as FUCODES are trying to help. FUCODES was established in 1972 by Costa Rican businessmen; in 1974 it obtained legal status as a PVO. The Foundation began financing projects in mid-1976.

During its first year of loan operations (mid-1976 to mid-1977), FUCODES made 3 loans (with a staff of 2 promoters). In its second year of operations (mid-1977 to mid-1978) the staff of promoters was increased to four and 14 loans were made. Thus FUCODES has made a total of 17 loans to date. During this two-year period FUCODES has had to conduct operations with an inefficient team of promoters; the turn-over rate also has been high. The high promoter turn-over rate experienced by FUCODES is the result of the relatively low salaries it has had to pay. This have led to (1) an inability to get and keep qualified personnel; and (2) the departure of the initially under-qualified promoters for higher paying jobs soon after gaining experience. The typical FUCODES promoter to date has been between 18 to 21 years old, with only a high school degree and no experience in group promotion or socio-economic development.

The OPG will help FUCODES to obtain and keep more effective promotional staff as well as to increase their numbers by three. Within the next two months FUCODES will add two new promoters, one to fill a current vacancy and one to be funded under the OPG; thus the organization will soon have six full-time promoters. An efficient promoter, based on FUCODES estimates, should be able to manage an average of 10 projects at any one time. Three of these would be in the development stages while seven would be active ones under supervision. Each promoter should also be able to develop some seven new projects per year with an average level of investment of \$5,000. Therefore, by the end of the project the eight promoters will be able to develop an average of 56 new projects per year, which is consistent with projected growth in FUCODES' portfolio. In the past, promoters have handled an average of five projects each, with one under development and four being supervised. These differences in totals give an indication of the extent of inefficiency that has existed in the past.

Of the 17 loans made to date two of them have defaulted due to inadequate pre-financing feasibility studies and insufficient group cohesiveness. These failures have been traced to weak promotional work and poor overall capabilities which will be eliminated with the resources provided by the OPG.

During these first two years of operation FUCODES' financial situation was as follows:

SOURCES AND USES STATEMENT  
(In US\$)

<u>Sources of Income</u>	1976 (Jan.-Dec.)	1977 (Jan.-Dec.)	1978 (Jan.-May)	<u>TOTAL</u>
1. Local Contributions	\$16,799	\$17,067	\$17,879	\$ 51,745
2. PACT	5,012	21,613	16,104	42,729
3. PADF	10,000	-	-	10,000
4. IAF	-	3,035	3,179	6,214
5. SOLIDARIOS	-	-	15,000	15,000
6. Interest and Commissions	<u>150</u>	<u>3,272</u>	<u>1,838</u>	<u>5,261</u>
Total	\$31,961	\$44,987	\$54,001	\$130,949
 <u>Expenditures</u>				
1. Rotating Loan Fund	\$19,566	\$ 7,879	\$23,048	\$ 50,493
2. Promotional Costs	5,012	21,613	16,104	42,729
3. Administrative Costs	<u>7,383</u>	<u>15,495</u>	<u>14,849</u>	<u>37,727</u>
Total	\$31,961	\$44,987	\$54,001	\$130,949

These experiences provided the basis for defining the outputs that FUCODES could accomplish under the OPG with inputs to be provided jointly by AID and FUCODES. Recognizing that the weak spot in past operations has been either attrition or poor performance among promoters and because well-trained and motivated promoters are crucial, it was decided to use OPG funds for a training program and to provide adequate salaries for promoters, among other inputs, to strengthen this component of the program.

FUCODES' Board of Directors, composed of private businessmen, provides general direction to the overall effort. Presently, approximately 70 businessmen contribute money, time or both. International agencies such as the Pan American Development Foundation (PADF), Private Agencies Cooperating Together (PACT), the Inter-American Foundation (IAF) and the Peace Corps have also contributed money and manpower. The originating idea for this type of development foundation came from the Penny Foundation started by Sam Green in Guatemala.

FUCODES not only provides the necessary technical, organizational and credit assistance required by each low-income group but also promotes group formation and helps them identify viable small-scale productive projects. To carry out these objectives, FUCODES has established a Rural Credit Program (RCP), the principal component of which is the Rotating Loan Fund (RLF), initiated with the support of the Costa Rican private sector.

FUCODES uses field promoters to locate or organize groups and to work with them on a project-by-project basis, providing organizational and technical assistance. Although no collateral is required to guarantee loans, the risks are greatly minimized by having FUCODES promoters working closely with each group. Group cohesiveness and the economic viability of the projects themselves are the principal guarantees. After an in-depth feasibility study, each project is presented to the FUCODES Credit Committee for approval. Once approved, a loan is made at an interest rate of 7% p.a. There is also a 2% service fee which helps partially to defray the initial feasibility study of the project and any additional technical and organizational assistance required. Assistance during the project will be provided as necessary by other participating public and private institutions as well as by FUCODES. Because the RLF is a revolving fund, it can be used to finance other similar projects. Normally the loans are scheduled to be repaid in two years and may include some grace period. Loans are made for projects in agriculture, agro-industry, small-industry and fishing.

C. Relationship of Project to Host Country and USAID Development Strategies

The GOCR is well aware of the problems faced by the poor, and is shifting its emphasis from the symptoms (such as malnutrition, infant mortality, etc.) to the causes of poverty. Its objectives are to raise the earning power of the poor primarily by providing employment opportunities and increasing productivity. FUCODES has been receiving active backing in the form of personnel support from various public institutions such as the Ministry of Agriculture (MAG), the Lands and Colonization Institute (ITCO), the National Planning Office (OFIPLAN) and the Cooperative Development Institute (INFOCOOP).

The problems mentioned and the importance of solving them are also consistent with the objectives and strategies proposed in the Mission's Development Assistance Program and its Amended Strategy Statement as well as with other Mission project activity.

Support through the OPG program to a local private voluntary organization is also consistent with the Mission's plan to strengthen the already substantial citizen participation in development found in Costa Rica.

### III. PROJECT ANALYSIS

As quantified in the logical framework, this grant will help generate employment and a higher standard of living for the target groups directly, and indirectly (through forward and backward linkages) to their respective communities.

#### A. Spread Effect

A major goal of all lenders is to lower the per unit cost of money lent, particularly on loans made to smaller borrowers which are the most costly. One of the best ways to lower costs thus far developed is through group lending. Commercial banks have had relatively little experience in group lending and generally are reluctant to experiment. Reaching all potential groups among the rural poor in Costa Rica is certainly beyond the projected scope of FUCODES' operation. However, FUCODES can reach a considerable number of rural poor people in selected regions and at the same time demonstrate the feasibility of group lending to the banks. All information about FUCODES' methodology and experiences will be made available to the NBS, other GOCCR involved agencies and interested PVOs.

FUCODES' ability to service a large number of groups is limited by the size of its staff and its Rotating Loan Fund. FUCODES sees its role as one which demonstrates the feasibility of group lending through successful projects which, over time, can be taken over by the NBS, allowing FUCODES to seek new projects and groups.

Group lending is encouraged under the Commodity Systems loan (027) which earmarks credit, through the NBS, to finance a shift away from traditional cropping patterns by small farmers. This Loan and the proposed PCGP clearly show the GOCCR's intent to assist rural poor and to incorporate group lending into NBS policy. Both Loan 027 and the proposed PCGP are scheduled to be underway by the time groups which have participated successfully in the FUCODES program will be ready to seek credit from the NBS.

#### B. Benefits vs. Costs

FUCODES' cash flow projections, over the life of the project, show a sufficient and reasonably uniform level of liquidity.

Projections regarding other income were made utilizing FUCODES' experience to date and, with respect to the numismatic program, the experiences of similar foundations in Guatemala and the Dominican Republic.

CASH FLOW FOR PROJECT  
( \$000 )

	<u>1978</u> <u>Sept.-Dec.</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> <u>Jan.-Sept.</u>
Income	266.5	822.5	939.5	780.5
Expenses	208.0	800.5	895.0	742.0
Surplus	58.5	22.0	44.5	38.5

Although FUCODES' sub-loan project experience is relatively new, the 6 sub-projects completed have demonstrated an average return on investment of 35 percent, with a per participant increase in real income of approximately 75 percent. FUCODES believes that these very favorable experiences can be continued in the future and they have been incorporated in the OPG as end-of-project status indicators.

FUCODES has made no attempt to ascertain a value for benefits other than direct financial ones. If shadow pricing of socio-cultural benefits were to be done, a considerable increase in sub-project return might be expected. The relatively small size of the Project makes such an evaluation unnecessary.

Beyond the life of the Project, FUCODES expects to maintain a fairly constant flow of lending and sub-projects and this appears both possible and feasible.

C. Technology utilized

The groups to be assisted will, by design, be involved with small projects, will manage the projects themselves as small entrepreneurs, and will use labor intensive and simple production techniques.

D. Socio-Cultural Factors

The individual group projects should have a minimal negative impact on tradition and values, since FUCODES helps the groups develop projects of high priority indentified by them and their communities. This direct participation by the groups in the design, implementation and evaluation of their own projects will provide a fairly accurate and prompt feedback of each project's socio-cultural impact. FUCODES will also assist each group to take corrective actions if needed.

Positive cultural impact is expected by gradual changes in Costa Rica's conventional banking system's attitudes and behaviors toward the economic conditions of the rural poor and by the increase in communications and cooperation between public, private and international institutions participating with FUCODES.

E. Women's Participation

FUCODES will promote and assist projects undertaken by women groups. It will also make efforts to identify and document needs particular to these groups and any special problems in dealing with their needs. If the women's groups need specialized assistance beyond the scope of this grant, a new OPG may be proposed.

F. Environmental Determination

An initial environmental examination carried out by the Mission's Engineer and Environmental Affairs Officer determined that the Project will not significantly affect the environment. Annex E contains the IIE report.

G. FUCODES' Managerial and Programmatic Capacity

The purpose of this grant is to help FUCODES become an effective agent for development. Although FUCODES will operate on the supply side by providing credit, its most important contributions will come from the demand side by identifying, motivating and training groups to carry out projects successfully. The priming of this latent demand is a major weakness in ongoing GOCR's programs.

By the end of the OPG, FUCODES should have sufficient managerial capacity to effectively administer its entire rural credit program.

One input of this OPG will be to increase the salaries of promoters to a level competitive with other positions of similar

responsibility. This increased remuneration, in addition to the provision of adequate transportation equipment, will help attract and keep qualified personnel. Further, efforts will be made to hire people with both prior experience in promotional and socio-economic development activities and a high school degree. The training program will help close any deficiencies in qualifications. Finally, the newly hired supervisor in charge of restructuring the promotional section has had extensive experience in rural development through his prior work with AITEC and OFIPLAN. He also has many contacts with personnel from other development agencies and GOCR institutions.

FUCODES' increased capacity will enable it to obtain loan funds from the AID regionally-funded PVO, SOLIDARIOS. Although SOLIDARIOS will provide some technical assistance to participating National Development Foundations (NDFs), it probably will not be enough to eliminate FUCODES' present management weaknesses. In addition, FUCODES believes that not enough funds will be available from SOLIDARIOS to meet the short- and medium-term needs of its target group. Nonetheless, the management strengthening to take place under this OPG will prepare FUCODES to tap SOLIDARIOS in FY 1980, if it needs to do so. It will also make FUCODES able to assist its clients to take advantage of the Productive Credit Guaranty Program (PCGP).

#### IV. PROJECT IMPLEMENTATION

##### A. FUCODES Program Procedures and Implementation Schedule

A key figure in the process leading to a loan is the promoter. FUCODES' promoters are responsible for finding or organizing groups and helping them put together viable projects of high priority for both them and their communities. The promoters work with each group on a project-by-project basis, and provide or coordinate need organizational and technical assistance. Before the loan is granted the promoter evaluates the commitment and unity of the group; after the loan is extended, he or she provides close supervision to the project.

FUCODES selects its promoters on the basis of technical competence, initiative, communication skills and motivation. Sharing a common background with the groups and belonging to the area in question are also desirable characteristics. Because it is very difficult to find candidates with all of these qualifications, FUCODES has started an in-house training program to up-grade the skills of its promoters.

Once the promoter identified the group and a potential project is selected, an in-depth feasibility study is done by the promoter with the close assistance of a full-time economist on FUCODES' staff. The feasibility study determines the financial rate of return, the amount of credit needed and the required quantities and types of organizational and technical assistance. If FUCODES lacks the expertise required to provide full support, it will coordinate timely assistance from other private, public or international participating institutions. In most cases this assistance will be provided at no cost to the Program. Under no circumstances would a loan be made before the complete assistance package has been programmed.

An output of the OPG will be the creation of a statistical section within FUCODES responsible for monitoring the progress of the individual groups in relation to projected performance. This analytical section will evaluate, with the assistance of the Accounting Section, the entire operation of FUCODES and the effectiveness of each assistance package. It will also be responsible for developing better approaches when areas for improvement are identified.

The promoter, during his initial evaluation of the group and later the Credit Committee during its loan award evaluation, will examine the characteristics of the group in accordance with FUCODES' lending policies. Presently these policies are:

1. Only borrowers who cannot get bank loans are considered.
2. Borrowers must be groups, which in general will average 8 members each.
3. Groups must be classified as low income ("margina-dos") .
4. Credit must be used exclusively for productive purposes.
5. Collateral is not required -- the profitability of the project will be the test.
6. Group cohesiveness must be considered. Joint and several responsibility for repayment is formalized by signatures to the contract.

7. As often as possible the project will satisfy a felt need of the community.
8. Project activities must be legal.
9. Interest rates will not be less than 7%. A service fee of 2% will be charged.

Once implementation of the sub-project begins, the promoter will exercise close supervision to insure everything goes as programmed. The promoter will also help interpret or anticipate changes.

FUCODES generally disburses loans to its groups in the following manner: the investment schedule, as prepared in the feasibility study, is used to determine which checks are to be made up and for whom. The checks are written directly to the suppliers whenever possible with the balance of the loan going to the group's checking or savings account. The checks to the suppliers are distributed by members of the group accompanied by the FUCODES promoter. Finally, the accounting office writes a check for the 2% service charge which is taken from the Revolving Loan Fund and deposited in the administrative costs account only after the group sees it; once again clearly explained that this fee is deducted from their loan to help cover some of FUCODES costs.

Successful and lasting marketing (sales, distribution, service, etc.) by each group is essential to make the business venture viable. Although FUCODES does not have the full capability to provide marketing assistance, it will, whenever necessary, enlist the assistance of other agencies having such capability.

The efforts to orient and help the groups gain an adequate measure of political and community awareness are an important aspect of the overall FUCODES program, and equally vital to their achieving financial success. To this end FUCODES will assist participants to become aware of the options open to them.

FUCODES plans to follow the schedule below in implementing group loans during the life of the OPG:

FY1978:	2 projects
FY1979:	38 projects
FY1980:	50 projects
FY1981:	<u>54</u> projects
Total	144 projects

B. Training Program for FUCODES' Staff

The FUCODES training program will begin in September or October, 1978, with a general orientation for the staff of promoters, some of whom will be new, and will include a visit to another national development foundation.

During FY1979, promoters will participate in intensive workshops and courses in accounting, business administration, group dynamics, data collection and feasibility studies, as well as seminars on the overall Costa Rican socio-economic situation. The senior staff will receive visits from colleagues in other NDFs in Latin America and will travel to neighboring NDFs for special training. Further consultations will be planned in program planning, proposal writing, analysis and project evaluation throughout a three-year period.

Training plans will be revised regularly to take into account the needs and past experiences of new personnel as well as the availability of the best local trainers and experts in the various fields to be covered. Foreign consultants will be brought in and international visits planned to meet those training needs best provided by outsiders.

The following table shows the projected schedule and content of the training program, with approximate costs:

	<u>Obligations (In US\$)</u>			
	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>Training for Promoters (6-8)</u>				
General Orientation		1,500		
Accounting & Business Administration Courses			2,000	
Didactic Techniques & Workshops			2,000	
Technical training (agric., fisheries, small industry)			4,000	6,000 3,333
Visit to other NDF		667		
<u>Training for Senior Staff (3)</u>				
Visits to other NDFs		1,723	832	
Visits from other NDFs			832	

	<u>Obligations (In US\$)</u>			
	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Training in evaluation and Statistical Analysis		832		
Technical Training			667	667
<u>Training Consultant</u>		<u>832</u>		
Total	3,890	11,328	6,667	4,000

C. Institution Building

Funds for an assistant director as well as for foreign consultants are intended to strengthen FUCODES' long-term ability to raise and adequately manage administrative and loan funds.

The new assistant director will manage day-to-day activities of the Foundation, thereby freeing the director to spend more time on local fund-raising, the numismatic program and proposals to international agencies.

The foreign consultants will include a full-time resident economist who will do feasibility studies of projects to be financed, train a local replacement and help prepare funding proposals. Funds for short-term consultants will be used to obtain specialized assistance in technical subject matter as needed and in planning and training.

Since March 1978, FUCODES has been carrying out a numismatic program which will be fully operational by November, 1978; it is expected to provide more than half of FUCODES' projected budget needs. The special medallion program will be financed by loans from the Costa Rican banking system and should be self-financing by end of 1981.

D. International and Domestic Public and Private Assistance

To date FUCODES has received support from the Inter-American Foundation (IAF); Private Agencies Collaborating Together (FACT); Pan American Development Foundation (PADF), SOLIDARIOS and the Peace Corps.

The IAF contributed a matching grant of \$15,000 for the Rotating Loan Fund and an additional \$6,500 for auditing and ac-

counting expenses. PACT donated \$99,000 to be used in 1976, 1977 and 1978 for promotional activities. PADP, in part utilizing AID grant money channeled through PACT, lent \$10,000 on concessionary terms (20 years, 5 year-grace period and 3% interest p.a.) for the Rotating Loan Fund, and granted \$24,000 in technical assistance. SOLIDARIOS began lending funds to FUCODES in January 1978. So far the only commitment has been for \$30,000 at 3-1/2% interest rate with 6 months grace period, to be paid in 3 years. Half of the total (\$15,000) was given in January, with the balance to be issued in September, 1978. The Peace Corps has provided the full-time services of a volunteer and has offered continued assistance.

FUCODES expects it will continue needing international donations for some time. However, it wants to gradually become as self-sufficient as possible; i.e., able to run its entire operations from the funds donated by the private sector, its numismatic program and the interest from the Rotating Loan Fund. It also has a substantial network of supporting contacts with Costa Rican public and private institutions which it intends to strengthen.

Proposals have been readied and submitted via SOLIDARIOS to the Inter-American Development Bank as well as directly to several European foundations. Furthermore, a drive is being prepared for this fall by the Pan American Development Foundation to reach every U.S. multi-national corporation with offices in Costa Rica to solicit contributions and material support for FUCODES' programs.

FUCODES/SOURCE OF TOTAL INCOME/CYS  
(In Percentages)

	<u>CY1978</u>	<u>CY1979</u>	<u>CY1980</u>
<u>National Sources</u>			
Local contributions	6	4	5
Local contributions (in-kind)	3	-	-
Interest and commissions	1	1	1.5
Numismatic plan - loans	38	-	10
Numismatic plan - income	6	65	63
Balance from previous year	<u>3</u>	<u>4</u>	<u>2</u>
Sub-Total	57	74	81.5
<u>International Sources</u>			
AID	16	16	15
PACT	17	-	-
IAF and others	2	8.5	1
PADF, SOLIDARIOS and Peace Corps (in-kind)	<u>8</u>	<u>1.5</u>	<u>2.5</u>
Sub-Total	<u>43</u>	<u>26</u>	<u>18.5</u>
TOTAL	100	100	100

Annex B lists organizations which have pledged project support to FUCODES.

E. Project Evaluation

Evaluation of FUCODES' operations will take place regularly in accordance with a schedule of reports and a list of key indicators which best measure the progress being made towards the stated goal and purpose of the OPG. All data for the evaluation will be collected on a regular basis by the Promotion Department, Accounting Department or the Executive Director's office and compiled into quarterly, semi-annual or annual reports after careful review and analysis both internally and with the assistance of the Inter-American Institute for Agricultural Sciences (IICA). IICA, because of its expertise in rural development and its interest in FUCODES' program, has committed itself to review FUCODES' progress at least semi-annually. With IICA's help the evaluation and statistical collection system will be continually under review and adjusted as

necessary. A more complete description of the methodology and structure of the Statistical Section is being readied for September. The section itself should be fully operational by December, 1979. In addition, annual financial audits will be undertaken.

It is expected that AID will participate in an evaluation scheduled for June, 1980, and in the final evaluation in December, 1981, with FUCODES, IICA and the auditing firm.

The list of indicators to be used in the evaluation is found in Annex C.

F. AID Administrative Requirements

Standard provisions will govern disbursement of funds, reporting requirements and procurement. No waivers from AID regulations will be necessary for any part of the program.

All applicable statutory requirements have been reviewed and FUCODES' activities under this OPG are in conformance with them.

Conditions precedent to disbursement of funds, which will be included in the OPG Agreement, are that FUCODES obtain letters of intent to support its program from institutions whose contributions are considered essential. A letter from the National Planning Office (OFIPLAN) indicating its support of the program will serve as approval by the GOGR. (See Annex F.) Also a description of FUCODES' cost accounting framework acceptable to the USAID's Controller will be required.

AID 1020-26 (11-73)  
SUPPLEMENT 1PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK(INSTRUCTION: THIS IS AN OPTIONAL  
FORM WHICH CAN BE USED AS AN AID  
TO ORGANIZING DATA FOR THE PAR  
REPORT. IT NEED NOT BE RETAINED  
OR SUBMITTED.)Life of Project:  
From FY 78 to FY 81  
Total U.S. Funding \$489,600  
Date Prepared: 8/78

Project Title &amp; Number: FUCODES - Rural Credit Program

PAGE 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes: (A-1)</p> <p>Increase the income of the rural poor.</p>	<p>Measures of Goal Achievement: (A-2)</p> <p>Increase each participants real income by 75% (average) by end of FUCODES' involvement with each group.</p>	<p>(A-3)</p> <p>FUCODES periodic and final evaluation of each project. External evaluation by IICA and AID.</p>	<p>Assumptions for achieving goal targets: (A-3)</p> <ul style="list-style-type: none"> <li>- Group cohesiveness.</li> <li>- Groups will execute projects according to plan.</li> <li>- Technical assistance and of the needed quality available from the private and public sectors and international institutions.</li> </ul>

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project: \_\_\_\_\_  
 From FY 78 to FY 81  
 Total U.S. Funding \$489,600  
 Date Prepared 8/78

AID 1020-28 (11-73)  
 SUPPLEMENT 1

Project Title & Number: FUCODES - Rural Credit Program

PAGE 2

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose: B-1)</p> <p>Strengthen FUCODES' role as a development agency.</p>	<p>Conditions that will indicate purpose has been achieved: End-of-Project status. (B-2)</p> <ul style="list-style-type: none"> <li>- Established image as a credit/technical support institution in the eyes of the beneficiaries and participating institutions.</li> <li>- Successful implementation of 144 group projects.</li> </ul>	<p>(B-3)</p> <ul style="list-style-type: none"> <li>- Evaluations of FUCODES by IICA, AID, and self-evaluation.</li> </ul>	<p>Assumptions for achieving purpose: B-4</p> <ul style="list-style-type: none"> <li>- Other participating institutions (private, public and international) remain committed to FUCODES' objectives and deliver on time their assistance.</li> </ul>

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project: \_\_\_\_\_ to FY 81  
 From FY 78 \_\_\_\_\_ to FY 81  
 Total U.S. Funding \$489,600  
 Date Prepared: 8/78

AID PROJECT (1978)  
 SUPPLEMENT 1

Project Title & Number: FUCODES - Rural Credit Program

PAGE 3

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Outputs: C-1:	Magnitude of Outputs: C-1	C-1	Assumptions for achieving outputs: C-1:
1. Improved managerial and operational effectiveness of FUCODES.	1a. Statistical unit operational. b. Training capacity installed. c. Strengthened promotion department. d. Planning capacity strengthened.	1. FUCODES' own and external evaluations.	- Good repayment record by groups.  - Available local managerial personnel and willing to work with FUCODES at goi. wages.
2. Expansion of Rotating Loan Fund (RLF) operations.	2a. About \$750,000 made in loans by end of FY1981. b. Reach capacity to service approximately 54 to 60 groups annually.	2. FUCODES' internal records/reports and external evaluations.	
3. NBS' support of and participation in group lending.	3. 40 groups graduated and receiving credit/assistance from the NBS.	3. Promoter's follow up of graduated groups applying for bank credit. Additional evaluations by IICA and AID.	
4. Each group aware of its economic and socio-cultural rights.	4. All group members clearly aware of laws protecting their investments and other business opportunities open to them.	4. Promoter's report on group's progress in these matters. Evaluations by IICA and AID.	

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project:  
From FY 78 to FY 81  
Total U.S. Funding \$489,600  
Date Prepared: 8/78

Project Title & Number: FUCODES - Rural Credit Program

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Inputs: (D-1)	Implementation Target (Type and Quantity) D-2)	D-3)	Assumptions for providing inputs: (D-4)
<p><u>1. Personnel</u> Increase FUCODES' professional staff and the numbers of promoters.</p>	<p><u>1. Personnel</u> a. 3 senior staff members. b. Addition of one new promoter in 1978 and one each year in 1979 and 1980.</p>	<p>FUCODES/Rural Credit Program OPG budget; FUCODES budget; periodical reports; internal and external evaluations.</p>	<p>Inputs will be available on time.</p>
<p><u>2. Equipment</u> Acquire additional vehicles for promoters to reach and provide timely services to groups.</p>	<p><u>2. Equipment</u> a. Replacement of 2 cars. b. 2 rural vehicles. c. 2 motorcycles. d. 1 boat and engine.</p>		
<p><u>3. Training</u> Training program to continuously upgrade the skills of its personnel.</p>	<p><u>3. Training</u> Short courses Seminars International travel.</p>		
<p><u>4. Rotating Loan Fund</u></p>	<p><u>4. Rotating Loan Fund</u> Total contribution by AID and FUCODES of \$418,300 in new funds.</p>		
<p><u>5. Other Direct Costs</u></p>	<p><u>5. Other Direct Costs</u> a. Auditing and accounting to include evaluations of OPG. b. Office space-expansion. c. Consultants (Costa Rican and foreign). d. Travel and lodging. e. Vehicle maintenance. f. Additional supplies and utilities g. Severance costs.</p>		
<p><u>6. Administrative Costs</u></p>	<p><u>6. Administrative Costs</u></p>		

INPUT BUDGET - OBLIGATIONS

FUCODES/RURAL CREDIT PROGRAM

(In \$000)

	<u>FY1978</u>		<u>FY1979</u>		<u>FY1980</u>		<u>FY1981</u>		<u>TOTAL</u>	
	<u>AID</u>	<u>F</u>	<u>AID</u>	<u>F</u>	<u>AID</u>	<u>F</u>	<u>AID</u>	<u>F</u>	<u>AID</u>	<u>F</u>
Rotating Loan Fund	10.0	13.0	92.5	23.4	69.0	104.3	15.0	91.1	186.5	231.8
Personnel	5.2	1.7	29.5	10.0	38.5	12.7	39.0	13.0	112.2	37.4
Commodities	11.5	3.8	2.0	2.2	7.5	2.5	-	-	21.0	8.5
Training	3.0	1.0	8.5	2.9	5.0	1.7	3.0	1.0	19.5	6.6
Other Direct Costs	6.1	2.0	31.0	10.5	29.5	9.9	27.6	9.2	94.2	31.6
Administrative Costs	3.2	1.1	17.5	4.0	15.5	5.2	20.0	6.7	56.2	17.0
<u>TOTAL</u>	<u>39.0</u>	<u>22.6</u>	<u>181.0</u>	<u>53.0</u>	<u>165.0</u>	<u>136.3</u>	<u>104.6</u>	<u>121.0</u>	<u>489.6</u>	<u>332.9</u>

TECHNICAL ASSISTANCE NETWORK OF FUCODES

<u>ORGANIZATION</u>	<u>TYPE OF ASSISTANCE</u>
<u>Public</u>	
Oficina de Planificación Nacional y Política Económica (OFIPLAN)	Inter-institutional coordination, national policy plans, international assistance.
Ministerio de Agricultura y Ganadería (MAG)	Agricultural and fishing projects, extension offices and Regional Centers.
Instituto Nacional de Aprendizaje (INA)	Training of promoters and assistance and training to small industries.
Instituto Tecnológico de Costa Rica (ITCR)	Student volunteer help development of appropriate technologies research.
Instituto Mixto de Ayuda Social (IMAS)	Social work and community organizing.
Ministerio de Promoción Humana	Assistance to FUCODES groups.
Dirección Nacional de Desarrollo de la Comunidad (DINADECO)	Assistance in community development and coordination of projects.
Instituto de Tierras y Colonización (ITCO)	Availability of land, coordination and referral of projects.
Ministerio de Economía, Industria y Comercio (MEIC)	Technical studies, assistance to small industry and artisanry projects.
Instituto Nacional sobre Alcoholismo (INSA)	

ORGANIZATION

TYPE OF ASSISTANCE

Movimiento Nacional de Juventudes	Youth groups, training of promoters.
Universidad de Costa Rica (UCR)	Student volunteers, research and technical assistance in all fields, training of personnel.
Universidad Nacional (UNA)	Student volunteers, research and technical assistance in all fields, training of personnel.
Ministerio de Educación Pública (MEP)	Information, publications.

Private

Centro de Orientación Familiar (COF)	Promotion and referral of groups.
Acción Internacional Técnica (AITEC)	Research techniques and social studies.
Fundación de Clubes 4-S	Youth groups, rabbit and agricultural projects.
Asociación Costarricense de Gerentes y Empresarios (ACOGE)	Information and coordination with members for technical assistance and materials.
American Chamber of Commerce (AMCHAM)	Information and coordination with members for technical assistance and materials.
National Chamber of Commerce	Information and coordination with members for technical assistance and materials.
National Chamber of Industries	Information and coordination with members for technical assistance and materials.

ORGANIZATION

TYPE OF ASSISTANCE

Caravanas de Buena Voluntad	Coordination of projects.
Member businesses of FUCODES	Materials, technical assistance in areas of speciality.
Cámara Nacional de Artesanía y Pequeña Industria (CANAPI)	Promoting and training artisanry groups, market research.

International

Private Agencies Collaborating Together (PACT)	Training of staff and fund-raising.
Inter-American Foundation (IAF)	Fund raising, assistance.
Pan American Development Foundation (PADF)	Program planning, fund-raising, material services, full-time consultant services.
Instituto Interamericano de Ciencias Agrícolas (IICA)	Evaluation, information for agricultural projects.
SOLIDARIOS	Training seminars, fund-raising.
Peace Corps	Peace Corps Volunteers, manuals and technical information.
Agency for International Development (AID)	
International Educational Development, Inc. (IED)	

EVALUATION

<u>INDICATORS</u>	<u>FUCODES</u> <u>DEPT. RESPONSIBLE</u>	<u>SCHEDULE</u>
Number of groups assisted vs. projected per categories (AG, SI, etc.).	Promotion	Semi-annual
Average loan per group per category.	Promotion	
Number of beneficiaries assisted vs. projected.	Promotion	Semi-annual
Participant increases in real income (75%).	Promotion	Semi-annual
Sub-Project annual rate of return (35%).	Promotion	Semi-annual
Increase in owner's equity (25%).	Promotion	Semi-annual
Statement of appropriateness of technologies - by sample of groups.	Promotion	Annual
Evaluate implementation of feasibility study recommendations:		
a. Organizational and technical needs		
b. Analysis of success and failures		
c. Review of groups monthly balance statements and annual financial statements.	Promotion	Semi-annual
Establish system by end of FY79 to identify number of groups in each area.	Promotion	Annual
Evaluate socio-cultural change:		
a. Members participation in decisions		

<u>INDICATORS</u>	<u>FUCODES</u> <u>DEPT. RESPONSIBLE</u>	<u>SCHEDULE</u>
b. Impact on traditions and values of members		
c. Groups awareness of political and economic forces potentially blocking their gains and what their alternatives are.	Promotion	Annual
Proportion of individual cost categories to total cost.	Accounting	Semi-annual
Operating costs by beneficiaries.	Accounting	Semi-annual
Rate of bad debts.	Accounting	Semi-annual
Ratio and rate of contributions to Revolving Loan Fund from sources (11% private, 50% AID, 30% other international, 9% nat.).	Accounting	Semi-annual
Evaluation of quality and quantity of personnel/projection of future needs:		
a. Supervisors evaluation		
b. Application form or resumé.	Executive	Annual
Evaluation of Promoters:		
a. Success ration: loans made to groups contacted		
b. Proportion of quota met.		
c. Quality of evaluations of each group.	Promotion	Annual
Statistical section fully operational by end of FY 79 - description, methodology, forms used, additional data.	Promotion	Annual
Number of potential women's groups in each area.	Promotion	Annual
Number of women's groups helped.	Promotion	Semi-annual

<u>INDICATORS</u>	<u>FUCODES DEPT. RESPONSIBLE</u>	<u>SCHEDULE</u>
Number of groups helped with any women.	Promotion	Semi-annual
Document any special characteristics.	Promotion	Annual
Evaluate training needs and programming.	Promotion & Executive	Semi-annual
Rate and ratio of contributions and general income for FUCODES administrative overhead.	Accounting	Semi-annual
Cost distribution per program and per project.	Accounting	Semi-annual
Narrative report quarterly with monthly financial statements.	Executive	Quarterly

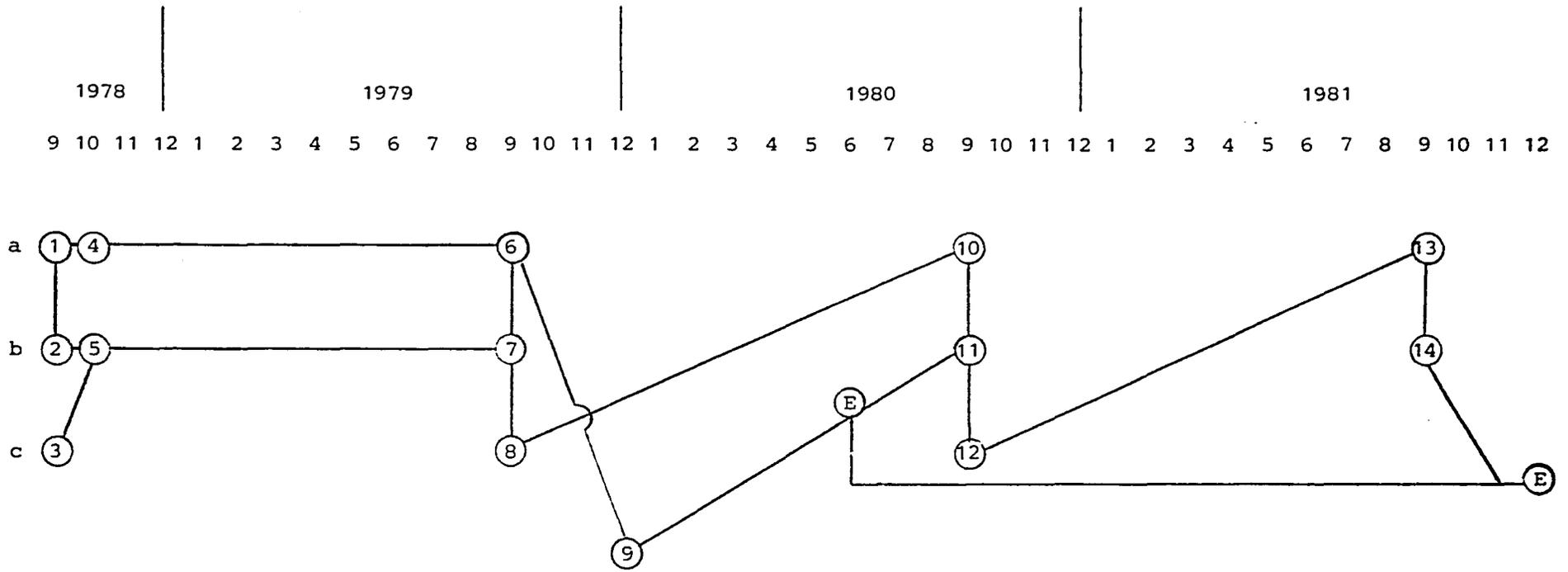
PROJECT PERFORMANCE TRACKING  
CRITICAL PERFORMANCE INDICATORS

Conditions prior to beginning of Project:

- a. Letter from OFIPLAN indicating GOCR approval.
- b. Cost accounting system for evaluation of programs operational.

- |            |     |   |
|------------|-----|---|
| Sept. 1978 | 1.  | OPG agreement signed.   |
| "          | 2.  | New staff and 1 new promoter hired.   |
| "          | 3.  | Two sub-loans made from expanded RLF.   |
| Oct. 1978  | 4.  | Training program - general orientation and international travel will have been completed.   |
| "          | 5.  | Commodities purchased.  |
| Sept. 1979 | 6.  | Training consultant will have advised FUCODES on training program and the following training activities will have taken place during the fiscal year: Accounting & Business Administration; didactic techniques course and workshops; technical training in agriculture, fisheries and small industry; visits to and from other NDFs, Evaluation and Statistical Analysis course. |
| "          | 7.  | 38 sub-loans will have been made from expanded RLF.   |
| "          | 8.  | One new promoter will have been added to the staff.   |
| Dec. 1979  | 9.  | Statistical Section operational.  |
| June 1980  | E.  | First evaluation completed.   |
| Sept. 1980 | 10. | Training activities as follows will have been undertaken during the fiscal year: technical training in agriculture, fisheries and small industry.   |

- Sept. 1980      11.    50 sub-loans will have been made from expanded RLF.
- "        12.    One new promoter will have been added to the staff.
- Sept. 1981      13.    Training activities as follows will have been undertaken during the fiscal year: technical training in agriculture, fisheries, and small industry.
- "        14.    54 sub-loans will have been made from expanded RLF.
- Dec. 1981       15.    Final evaluation.



PROJECT LOCATION:

Costa Rica

PROJECT TITLE:

FUCODES - Rural Credit Program-OPG

FUNDING:

FY1978 - \$ 39,000

FY1979 - \$181,000

FY1980 - \$165,000

FY1981 - \$104,000

LIFE OF PROJECT:

Three and one-quarter (3-1/4) Years

IEE PREPARED BY:

Heriberto Rodríguez  
USAID/General Engineer

DATE:

July, 1978

ENVIRONMENTAL ACTION  
RECOMMENDED:

That the project will not have a significant effect on the environment and therefore a negative determination is appropriate.

CONCURRENCE:

Stephen P. Knaebel  
Mission Director USAID/Costa Rica

DATE:

July, 1978

The project purpose is to strengthen FUCODES' role as a development agency. The expected outputs are to improve FUCODES managerial and operational effectiveness, establish a training program for its staff, expand its Rotating Loan Fund (RLF); obtain the National Banking System's (NBS's) support and participation in group lending; and increase the assisted groups' awareness of their economic and socio-cultural rights.

The groups to be assisted will, by design, be involved with small projects, manage the project themselves as small entrepreneurs and will use relatively labor intensive and simple production techniques.

IMPACT IDENTIFICATION AND EVALUATION FORM

Impact  
Identification  
and  
Evaluation 1/

Impact Areas and Sub-Areas

A. LAND USE

1. Changing the character of the land through:
  - a. Increasing the population \_\_\_\_\_ N
  - b. Extracting natural resources \_\_\_\_\_ N
  - c. Land clearing \_\_\_\_\_ N
  - d. Changing soil character \_\_\_\_\_ N
2. Altering natural defenses \_\_\_\_\_ N
3. Foreclosing important uses \_\_\_\_\_ N
4. Jeopardizing man or his works \_\_\_\_\_ N
5. Other factors  
\_\_\_\_\_  
\_\_\_\_\_

B. WATER QUALITY

1. Physical state of water \_\_\_\_\_ N
2. Chemical and biological states \_\_\_\_\_ N

1/ Use the following symbols; N - No environmental impact  
L - Little environmental impact  
M - Moderate environmental impact  
H - High environmental impact  
U - Unknown environmental impact

IMPACT IDENTIFICATION AND EVALUATION FORM

3. Ecological balance \_\_\_\_\_ N \_\_\_\_\_

4. Other factors \_\_\_\_\_  
\_\_\_\_\_

C. ATMOSPHERIC

1. Air additives \_\_\_\_\_ N \_\_\_\_\_

2. Air pollution \_\_\_\_\_ N \_\_\_\_\_

3. Noise pollution \_\_\_\_\_ N \_\_\_\_\_

4. Other factors \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

D. NATURAL RESOURCES

1. Diversion, altered use of water \_\_\_\_\_ N \_\_\_\_\_

2. Irreversible, inefficient commitments \_\_\_\_\_ N \_\_\_\_\_

3. Other factors \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E. CULTURAL

1. Altering physical symbols \_\_\_\_\_ N \_\_\_\_\_

2. Dilution of cultural traditions \_\_\_\_\_ N \_\_\_\_\_

3. Other factors \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IMPACT IDENTIFICATION AND EVALUATION FORM

F. SOCIO-ECONOMIC

- |  |       |       |   |
|--|-------|-------|---|
| 1. Changes in economic/employment patterns | _____ | _____ | N |
| 2. Changes in population                   | _____ | _____ | N |
| 3. Changes in cultural patterns            | _____ | _____ | N |
| 4. Other factors                           | _____ | _____ |   |
|  | _____ | _____ |   |
|  | _____ | _____ |   |

G. HEALTH

- |                                     |       |       |   |
|-------------------------------------|-------|-------|---|
| 1. Changing a natural environment   | _____ | _____ | N |
| 2. Eliminating an ecosystem element | _____ | _____ | N |
| 3. Other factors                    | _____ | _____ |   |
|                                     | _____ | _____ |   |
|                                     | _____ | _____ |   |

H. GENERAL

- |                           |       |       |   |
|---------------------------|-------|-------|---|
| 1. International impacts  | _____ | _____ | N |
| 2. Controversial impacts  | _____ | _____ | N |
| 3. Larger program impacts | _____ | _____ | N |
| 4. Other factors          | _____ | _____ |   |
|                           | _____ | _____ |   |
|                           | _____ | _____ |   |

I. OTHER POSSIBLE IMPACTS (not listed above)

_____	_____
_____	_____

LETTERS OF SUPPORT

This Annex includes a copy of the letter from OFIPLAN (required as condition precedent) and other letters pledging support to FUCODES.



21 AGO 1978

RECIBIDO

**"Por una Costa Rica mejor para todos"**

18 de agosto de 1978

648

Señores  
Fundación Costarricense  
de Desarrollo  
Apartado 7-1270  
SAN JOSE

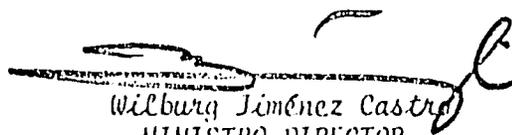
Estimados señores:

Esta Oficina ha tenido noticia de la interesante labor que está llevando a cabo la Fundación Costarricense de Desarrollo, particularmente en lo relacionado con la promoción de pequeñas empresas productivas de carácter comunal o familiar.

Tales actividades coinciden con el propósito que tiene la presente Administración en el sentido de fomentar la promoción humana como base del desarrollo económico y social.

Con el fin de que las actividades de FUCODES se enmarquen dentro de los lineamientos del Plan Nacional de Desarrollo, y tengan así un mejor impacto sobre la economía y la sociedad nacionales, me complace ofrecerles la colaboración del personal técnico de esta Oficina, y me permito solicitarles que nos mantengan informados sobre sus labores.

Sin otro particular, les saluda muy atentamente.

  
Wilburg Jiménez Castro  
MINISTRO-DIRECTOR

CFE/pdh.



Agosto 21 de 1978  
No. 261-VMO

Señor  
Ricardo Rojas Rivera  
Director Ejecutivo  
Fundación Costarricense de Desarrollo  
Apartado 7-1270  
SAN JOSE

Estimado señor:

Para lo que esa Fundación tenga a bien disponer, me permito manifestar que el Ministerio de Agricultura y Ganadería, al igual que lo hace con otras Empresas, coopera con la Fundación Costarricense de Desarrollo brindando asistencia técnica en forma voluntaria, en aras de un mejor y mayor progreso para nuestro país.

De usted con toda consideración suscribo, muy atento servidor,

MINISTERIO DE AGRICULTURA Y GANADERIA

Ing. Agda Willy Loría Martínez  
VICE MINISTRO DE OPERACIONES

WLM/mdch.



CO - DIR  
NO  
P.F.DIRECCION GENERAL  
Apartado 10281  
San José, Costa Rica  
Cable: IICA SANJOSE  
Telex: CR 2144 IICAPROGRAMA DE  
USAID/COSTA RICA

Mar 7 8 39 AM '78

DG/D-365  
February 28, 1978

Mr. Stephen Knaeble  
Director  
Agency for the International  
Development Mission in Costa Rica, AID  
American Embassy  
San José

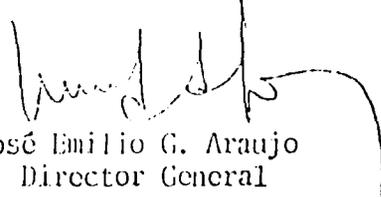
Dear Sir:

IICA has a Cooperative Agreement with the Council of American Development Foundations, SOLIDARIOS, at which the Costa Rican Foundation for Development, FUCODES, belongs. We have taken note that FUCODES is presenting an Operational Program Grant to AID.

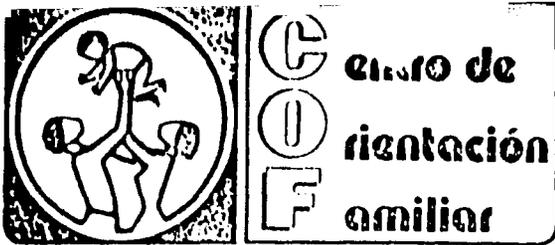
We have hold conversations with FUCODES and we have agreed that if it were the case, we are able to bring technical assistance for the evaluation of this Program. Also, we will prepare a work plan detailing our supporting participation.

We take advantage of this opportunity to remain,

Your very truly,



José Emilio G. Araujo  
Director General



APARTADO 6808, SAN JOSE, COSTA RICA TELEFONOS: 23-06-14 - 21-47-76  
DIRECCION CABLEGRAFICA: CENTROFAM

21 de agosto de 1978

Señor  
Ricardo Rojas Rivera  
Director Ejecutivo  
FUCODES  
Presente

Estimado señor Rojas:

Como Director General del Centro de Orientación Familiar y basado en nuestras reuniones y conversaciones, además del trabajo financiado y coordinado con FUCODES (que ya estamos desarrollando en la provincia de Limón con el grupo "Creaciones Mujeres Organizadas de - Limón"), resultado del proyecto del COF "Desarrollo Familiar y Laboral de la Mujer Limonense", gustosamente hago constar que el COF se identifica con los fines de FUCODES y estamos dispuestos a brindarles voluntariamente cualquier cooperación y ayuda técnica que esté a nuestro alcance.

Atentamente,

Revd. José D. Carlo V.  
Director General

JDCV/umv!



**ACCION INTERNATIONAL**

Teléfono 22-85-07 — Apartado 10.187 San José, Costa Rica — Cable: IFAM

Agosto 7, 1978

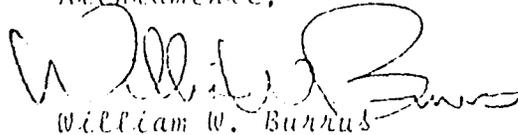
Señor  
Ricardo Rojas Rivera  
Director Ejecutivo  
FUCODES  
Ciudad

Estimado señor Rojas:

En atención a su solicitud de fecha 7 de agosto de 1978, me place manifestarle nuestra identificación con los Programas que lleva a cabo FUCODES en el país, toda vez que se orientan a brindar la posibilidad de superación de los grupos "marginales" para incorporarlos al proceso de desarrollo nacional.

Como usted sabe, en el pasado AITTEC ha colaborado con FUCODES en varias actividades y en la actualidad me es grato reiterarle que estamos en capacidad de colaborar con esa institución en diversos campos y según sus necesidades, así como de coordinar cualquier otra acción dentro de las áreas comunes de trabajo.

Atentamente,

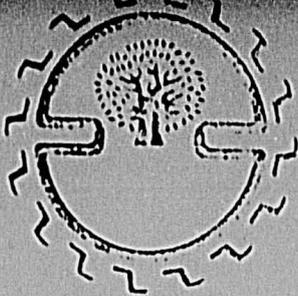


William W. Burrus

Coordinador Regional

WB: fmc.

cc: Arch.



Teléfonos: 23-27-63 23-51-93  
Apartado: 8-6540, San José  
Calle 11, Avenida 1a.

Afiliada:  
Cámara Nacional de Turismo, Fundación  
Costarricense de Desarrollo, Confederación  
Latinoamericana de Mediana Pequeña Industria,  
y Artesanía

# CAMARA NACIONAL DE ARTESANIA Y PEQUEÑA INDUSTRIA

San José, 17 de agosto de 1973.

Señor  
Ministro de Trabajo y Previsión  
Ministerio Administrativo,  
Calle 11, Apartado 8-6540  
San José

Señor Ministro:

Le es grato dirigirme a usted, para hacerle llegar -  
nuestro reconocimiento por la efectiva labor que ha venido desple-  
gando su institución, en beneficio del sector artesanal y pequeña  
industria de varias localidades de nuestro país.

Al mismo tiempo, tal como lo hemos hecho en toda mo-  
dalidad, reiteramos nuestro deseo de continuar colaborando con Uds.  
por medio de nuestra ayuda técnica en el campo que nos compete.

En el área de acción que FUNDOS con acierto ha ve-  
nido desarrollando, CAMAPI está plenamente identificada, con la segu-  
ridad de que el año completo será coronado la labor en beneficio  
de los sectores marginados.

Respectando su amable atención, me es grato suscri-  
birme,

Atentamente,

Señor Ministro  
Director Administrativo



CC: [illegible]

CC: [illegible]

Before the end of December 1978, 1979, and 1980 FUCODES will present to USAID/CR a detail projected expenditures budget for the coming operating year closing on November 30. Their format will be similar to the one presented herein for 1978.

(Proposed)  
FUCODES - RURAL CREDIT PROGRAM - OPG  
 Expenditures Budget for 9/1/78 to 11/30/78  
 (Use of AID Funds Obligated in FY1978)  
 (In US Dollars)

	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>TOTAL</u>	<u>FUCODES</u>	<u>A.I.D.</u>
<b>I. <u>INCOME</u></b>						
1. For Administration	21,888	7,213	9,566	38,667		
2. Rotating Loan Fund	<u>10,000</u>	<u>8,800</u>	<u>4,100</u>	<u>22,900</u>		
Total Budgeted Income	31,888	16,013	13,666	61,567	22,567	39,000
<b>II. <u>EXPENDITURES: Sept., Oct., &amp; Nov.</u></b>						
1. <u>New Personnel: 1/</u>						
Assistant Executive Director	445	445	800	1,690		
Sr. Community Dev. Worker	800	800	800	2,400		
Supervisor pay increase	58	58	58	174		
Promoters (5) pay increase	350	550	750	1,650		
Benefits (18%)	<u>287</u>	<u>334</u>	<u>505</u>	<u>1,126</u>		
Sub-Total	1,940	2,187	2,913	7,040	1,760	5,280
2. <u>Training: 2/</u>						
Senior Staff	1,167	278	278	1,723		
Promoters	<u>833</u>	<u>667</u>	<u>667</u>	<u>2,167</u>		
Sub-Total	2,000	945	945	3,890	972	2,918
3. <u>Commodities:</u>						
Rural vehicles	14,500	-	-	14,500		
Motorcycles	<u>-</u>	<u>-</u>	<u>750</u>	<u>750</u>		
Sub-Total	14,500	-	750	15,250	3,813	11,437

	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>TOTAL</u>	<u>FUCODES</u>	<u>A.I.D.</u>
4. <u>Other Direct Costs: 3/</u>						
Vehicles maintenance	310	560	855	1,725		
Travel & lodging	333	333	333	999		
Expansion office space	250	250	250	750		
Foreign consultants	600	1,000	1,500	3,100		
Costa Rican consultants	138	138	138	414		
Additional supplies & utilities	60	60	60	180		
Audit & accounting	250	250	250	750		
Severance costs	<u>84</u>	<u>84</u>	<u>84</u>	<u>252</u>		
Sub-Total	2,025	2,675	3,470	8,170	2,041	6,127
5. <u>Administrative Costs: 4/</u>	<u>1,423</u>	<u>1,406</u>	<u>1,488</u>	<u>4,317</u>		
Sub-Total	1,423	1,406	1,488	4,317	1,079	3,238
6. <u>Rotating Loan Fund</u>	<u>10,000</u>	<u>8,800</u>	<u>4,100</u>	<u>22,900</u>		
Sub-Total	10,000	8,800	4,100	22,900	12,900	10,000
TOTAL - Expenditures	31,888	16,013	13,666	61,567	22,567	39,000

1/ Due to the difficulty in projecting exact dates for contracting new personnel, it is possible that some of these funds won't be spent during this time period. Nevertheless, in order to have the funds available when needed, these costs have been budgeted from the beginning of Sept. Any funds not spent will be transferred to the following time period.

2/ & These costs are incurred as needed and often involve coordination with other NDFs. Any funds

3/ not spent during this time period will be transferred to the following time period in order to assure successful implementation of needed training, consultant services, and travel, etc.

4/ Exact administrative costs are to be determined by FUCODES internal audit at the end of each year. Funds not spent during this period will be transferred to the following period.

(Proposed)  
FUCODES - RURAL CREDIT PROGRAM - OPG  
Expenditures Budget for 12/1/78 to 11/30/79  
(Use of AID Funds Obligated in FY1979)  
(In US Dollars)

	<u>FUCODES</u>	<u>A.I.D.</u>	<u>TOTAL</u>
I. <u>INCOME</u>	<u>52,906</u>	<u>181,000</u>	<u>233,906</u>
II. <u>EXPENDITURES</u>			
1. <u>Personnel</u>			
Assistant Executive Director			10,000
Sr. Community Dev. Worker			10,000
Supervisor of Promoters			825
Promoters			12,606
Benefits (18%)			6,017
<u>Sub-Total</u>	<u>9,862</u>	<u>29,586</u>	<u>39,448</u>
2. <u>Training</u>			
Senior Staff			3,333
Promoters			8,000
<u>Sub-Total</u>	<u>2,833</u>	<u>8,500</u>	<u>11,333</u>
3. <u>Commodities</u>			
Motorcycles			
Boat and Motor			
<u>Sub-Total</u>	<u>687</u>	<u>2,063</u>	<u>2,750</u>
4. <u>Other Direct Costs</u>			
Vehicle maintenance			9,587
Travel and lodging			4,000
Office space			3,000
Foreign consultants			18,000
Costa Rican consultants			1,650
Supplies and utilities			720
Audit and accounting (eval.)			3,000
Severance Costs			1,000
<u>Sub-Total</u>	<u>10,240</u>	<u>30,717</u>	<u>40,957</u>
5. <u>Administrative Costs</u>	<u>5,900</u>	<u>17,700</u>	<u>23,600</u>
6. <u>Rotating Loan Fund</u>	<u>23,384</u>	<u>92,434</u>	<u>115,818</u>
<u>TOTAL - Expenditures</u>	<u>52,906</u>	<u>181,000</u>	<u>233,906</u>

(Proposed)  
FUCODES - RURAL CREDIT PROGRAM - OPG  
 Expenditures Budget for 12/1/79 to 11/30/80  
 (Use of AID Funds Obligated in FY1980)  
 (In US Dollars)

	<u>FUCODES</u>	<u>A.I.D.</u>	<u>TOTAL</u>
I. <u>INCOME</u>	<u>136,284</u>	<u>165,000</u>	<u>301,284</u>
II. <u>EXPENDITURES</u>			
1. <u>Personnel</u>			
Assistant Executive Director			11,100
Sr. Community Dev. Worker			11,100
Supervisor of Promoters			1,155
Promoters			20,069
Benefits (18%)			7,617
<u>Sub-Total</u>	<u>12,760</u>	<u>38,281</u>	<u>51,041</u>
2. <u>Training</u>			
Senior staff			667
Promoters			6,000
<u>Sub-Total</u>	<u>1,667</u>	<u>5,000</u>	<u>6,667</u>
3. <u>Commodities</u>			
Replace cars	2,500	7,500	10,000
<u>Sub-Total</u>	<u>2,500</u>	<u>7,500</u>	<u>10,000</u>
4. <u>Other Direct Costs</u>			
Vehicle maintenance			8,193
Travel and lodging			4,000
Office space			3,000
Foreign consultants			18,000
Costa Rican consultants			1,650
Supplies and utilities			720
Audit and accounting			3,000
Severance costs			1,000
<u>Sub-Total</u>	<u>9,891</u>	<u>29,672</u>	<u>39,563</u>
5. <u>Administrative Costs</u>	<u>5,182</u>	<u>15,547</u>	<u>20,729</u>
6. <u>Rotating Loan Fund</u>	<u>104,284</u>	<u>69,000</u>	<u>173,284</u>
<u>TOTAL</u> - Expenditures	<u>136,284</u>	<u>165,000</u>	<u>301,284</u>

(Proposed)  
FUCODES - RURAL CREDIT PROGRAM - OPG  
Expenditures Budget for 12/1/80 to 11/30/81  
 (Use of AID Funds Obligated in FY1981)  
 (In US Dollars)

	<u>FUCODES</u>	<u>A.I.D.</u>	<u>TOTAL</u>
I. <u>INCOME</u>	<u>120,958</u>	<u>104,600</u>	<u>225,558</u>
II. <u>EXPENDITURES</u>			
1. <u>Personnel</u>			
Assistant Executive Director			10,800
Sr. Community Dev. Worker			10,800
Supervisor of Promoters			1,343
Promoters			20,901
Benefits (18%)			8,052
<u>Sub-Total</u>	<u>12,974</u>	<u>38,922</u>	<u>51,896</u>
2. <u>Training</u>			
Senior Staff			667
Promoters			3,333
<u>Sub-Total</u>	<u>1,000</u>	<u>3,000</u>	<u>4,000</u>
3. <u>Commodities</u>			
4. <u>Other Direct Costs</u>			
Vehicle maintenance			8,250
Travel and lodging			3,667
Office space			2,750
Foreign consultants			16,500
Costa Rican consultants			1,512
Supplies and utilities			660
Audit and accounting (Eval.)			2,750
Severance costs			916
<u>Sub-Total</u>	<u>9,251</u>	<u>27,754</u>	<u>37,005</u>
5. <u>Administrative Costs</u>	<u>6,641</u>	<u>19,924</u>	<u>26,565</u>
6. <u>Rotating Loan Fund</u>	<u>91,092</u>	<u>15,000</u>	<u>106,092</u>
<u>TOTAL - Expenditures</u>	<u>120,958</u>	<u>104,600</u>	<u>225,558</u>