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FINAL EVALUATION
OF THE BOLIVIA SMALL FARMER
ORGANIZATIONS I PROJECT
USAID Project No. 511-0452



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**FINAL EVALUATION OF THE
BOLIVIA SMALL FARMER ORGANIZATIONS I PROJECT
(USAID PROJECT NO. 511-0452 and 511-T-055)**

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WEIGHTS AND MEASURES; EXCHANGE RATES; ABBREVIATIONS

WEIGHTS AND MEASURES

1 kilogram (kg.)	= 2.204 pounds
1 metric ton	= 2,204 pounds
	= 0.948 long ton
	= 1.102 short ton
1 kilometer	= 0.621 miles
1 hectare (ha.)	= 2.47 acres

EXCHANGE RATES

1 peso	= U.S. \$1.00
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ABBREVIATIONS

ACDI	Agricultural Cooperative Development Institute
ACLO	Acción Cultural Loyola
BAB	Banco Agrícola de Bolivia
CID	Consortium for International Development
CODECO	Corporación Regional de Cochabamba
CODETAR	Corporación Regional de Tarija
CORDECruz	Corporación Regional de Santa Cruz
CROFOC	Crédito Rotativo de Fomento/Organizaciones Campesinas
DESEC	Desarrollo Socio-Económico
FENACRE	Federación Nacional de Cooperativas de Ahorro y Crédito
FAO	Food and Agriculture Organization
GAB	Grupo Asociado de Base
GOB	Government of Bolivia
IPTA	Instituto Boliviano de Tecnología Agropecuaria
IC	Integral Cooperative
INALCO	Instituto Nacional de Cooperativas
MACA	Ministerio de Asuntos Campesinos y Agropecuarios
ONCICOOP	Oficina Nacional/Fomento de Cooperativas Integrales
PIL	Productos Industrializados Lecheros
P.L. 480	Secretariat of P.L. 480 (Title III)
RRNA	Robert R. Nathan Associates
SFO	Small Farmer Organization
SNDC	Servicio Nacional de Desarrollo de Comunidades
USAID	United States Agency for International Development

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I. EXECUTIVE SUMMARY

A. Purpose

The purpose of this report is to provide an evaluation of the Small Farmer Organization I Project (511-0452 and 511-T-055) in Bolivia.

B. Procedures

A three-person team, consisting of David F. Eding and Keith L. Oberg of Devres, Inc., and Raul Pinto of USAID/Bolivia, conducted this evaluation, including the drafting of this report, over an eight-week period between February 22 and April 17, 1981.

The team members reviewed available project records in La Paz and Cochabamba at USAID and FENACRE/ONCICOOP offices. They made week-long visits to each of the three integral cooperative sites in Yacuiba, Montero, and Punata, examining co-op records and physical facilities and interviewing co-op staff and members. The team also interviewed: the USAID/Bolivia Mission Director and other personnel; the Oficina Nacional para el Fomento de Cooperativas Integrales (ONCICOOP) director and staff members; Robert R. Nathan Associates (RRNA) Chief of Party and personnel; officials of the Banco Agrícola de Bolivia (BAB) in towns where integral cooperatives existed; the director of BAB's 'Credito Rotativo de Fomento para las Cooperativas Integrales (CROFOC); P.L. 480 Title III director and staff members; technical staff of the Consortium for International Development (CID); the dir-

ector and other staff members of the Servicio Nacional de Desarrollo de Comunidades (SNDC); officers of private financial institutions such as the Banco de Oruro and Bank of America in Santa Cruz; staff of the Ministerio de Asuntos Agropecuarios y Campesinos (MACA) in Santa Cruz; representatives of agro-commercial enterprises such as Inter-Motor, CIEO, and CIAGRO; a computer specialist and consultant; a rural development specialist with the Food and Agricultural Organization (FAO); técnicos of other area private development institutions and agricultural cooperatives; and several anthropologists/rural sociologists with special knowledge of the regions where integral cooperatives are located.

Every effort was made in carrying out the evaluation to be objective, and to note successful activities as well as failures. The project, however, failed in substantial part to achieve its planned goal -- the creation of four viable and financially independent integral cooperatives -- and serious deficiencies in project implementation were found which jeopardize the progress made to date. Documenting this failure and continuing problems, and concentrating on their causes and effects, has given this evaluation report a decidedly negative tone. The recommendations developed are positive, however, and should be useful to USAID and other institutions participating in the project.

The present paper is structured in the following logical sequence: Chapter II provides an overview of the SFO Project history and outlines the evaluation's scope. Chapter III assesses, in social and financial/administrative terms, the status of the three ICs evaluated and currently participating in the project (the fourth IC, Tahuantinsuyo, is not evaluated since it is at the moment suspended from the system and presents a special case). Chapter IV discusses the institutional framework, with a view toward assessing the adequacy of the current institutional structure and relationships. Finally, Chapter V synthesizes the findings presented in these earlier chapters and makes a determination of the advisability of continuing with the project, and under what conditions.

C. Summary of Project Description and Planned Accomplishments

The Small Farmer Organization (SFO) Project began in 1975 as a larger, more dispersed effort to assist a large number of small agricultural cooperatives. The Servicio Nacional para el Desarrollo de Comunidades (SNDC) was the original implementing agency providing financial and technical assistance to these cooperatives.

The planned accomplishments of the SFO Project, as indicated in detail in the Evaluation Scope of Work (Annex 1) and the Project Log Frame (Annex 2) were to:

(a) Increase the per capita family income of 6,000 member households of the integral cooperatives by 75 percent by December 1981 and thereby improve the standard of living of these rural people;^{1/}

(b) establish an independent viable cooperative movement, including the development of four administratively and financially independent base-level integral cooperatives (IC's) offering a full complement of agricultural services through 10-20 Associated Zonal Groups ("GABs") to an average membership per group of 1500; and

(c) develop a system of institutional support, providing direct technical and financial assistance to the ICs.

In seeking to realize these accomplishments, implementation problems quickly arose. As a result, in late 1979 and early 1980, USAID and the GOB amended the SFO Project to:

^{1/} The Devres consultants in this evaluation have not attempted to measure benefits to small farmers. This task was explicitly outside the evaluation scope of work, in great part because no data existed to permit such a level of analysis. A baseline income study had never been done for the project. In fact, a general member baseline study was only being undertaken at the time of the Devres team's arrival in Bolivia, almost six years after the project's beginning.

The recent general baseline survey has yielded some impressionistic data, however. It asked co-op members whether or not their standard of living had improved since they joined the co-op. The responses varied with the length of existence of the co-ops; the older the co-op, the greater number of members responded that they had benefitted.

In Cochabamba, the oldest IC, 73 percent of respondents felt their income had increased since joining the co-op; in Santa Cruz del Norte, 37 percent, and in Gran Chaco, 28 percent.

- o transfer responsibility for project implementation and technical assistance to the Federación Nacional de Cooperativas de Ahorro y Crédito (FENACRE), the Bolivian federation of savings and credit cooperatives;
- o transfer responsibility for financial assistance to the Bolivian Agricultural Bank (BAB); and
- o restructure the Robert R. Nathan Associates (RRNA) technical assistance team.

In addition, the P.L. 480 Title III agreed to provide administrative cost subsidies to both the FENACRE technical assistance efforts and to the ICs, and to further compensate FENACRE for assuming project implementation responsibility. (Figure 8 illustrates the new project organization structure.)

This system is substantially in place at present and is functioning, although not without certain problems. The extensive changes resulting from this reorganization have affected project accomplishments, however, as pointed out in the body of this report.

D. Conclusions

1. What the project did and did not accomplish

The SFO Project has made substantial progress toward establishing four viable and financially independent integral cooperatives, and toward developing an effective system of institutional support to provide financial and technical assistance to these cooperatives. Specifically, in this regard, over the last 15 months the SFO Project has managed to accomplish the following:

- o moved the Cochabamba and Santa Cruz del Norte ICs substantially towards financial self-sufficiency; and
- o created a new project implementation structure, including the transfer of implementation/technical assistance responsibility to a newly-created entity (ONCICOOP) and transferred financial assistance responsibility to BAB.

Despite these gains, however, the SFO Project has not accomplished all that was initially hoped for. Particular deficiencies include:

a. Lack of financial self-sufficiency

None of the three ICs evaluated have reached financial self-sufficiency. Our financial analysis (including a performance of a detailed cash flow analysis and close inspection of co-op financial records, results of which can be found in Annex 3) indicates particular problems in the Cochabamba IC, which was expected to be self-sufficient this year, and in the Gran Chaco IC. The only co-op which to date has substantially met its financial projections is Santa Cruz del Norte. Even in this case, however, no assurance exists that the Santa Cruz del Norte IC will reach self-sufficiency as projected by early 1982, given the administrative problems noted in the body of the report and the riskiness of its ambitious economic program to be implemented this coming year.

b. Insufficient number of integral cooperatives

Only three ICs -- Gran Chaco, Santa Cruz del Norte, and Cochabamba -- instead of the planned four, are presently participating in the system. The Tahuantinsuyo IC has been suspended from the IC

system since April 1980 as result of its unwillingness to re-pay its substantial CROFOC loan.

c. Insufficient number of members

Membership in the three ICs participating in the system does not meet original projections of 1500 members apiece. Gran Chaco, the newest IC, established in 1979, has 234 members "on the books" and Santa Cruz del Norte, established in 1978, has 584 members listed. Most members in these co-ops are actively using co-op services, particularly credit.

It is difficult to accurately establish the number of members in the Cochabamba IC. According to the IC's statistics, 1750 are members. However, co-op records indicate that only 778 members received short-term loans this year. We strongly suspect that many of the individuals claimed as members but who have not received loans this year are not active, either because of lack of interest or because of absence from the area.

d. Insufficient functioning of co-op participatory structures

A major aspect of project objectives was to organize 10-20 GABs and additional co-op level committees and councils to channel member participation and facilitate the delivery of service to members. In Cochabamba, 20 GABs, a Vigilance Council, Credit Committee, and Education Committee have been created and appear to be functioning adequately, with the exception of the Education Committee. A similar

situation exists in Santa Cruz del Norte, except that only 11 GABs currently exist.

The creation of a co-op organizational structure is least advanced, and substantially fails to meet project objectives, at the Gran Chaco IC. At Gran Chaco, GABs were only organized beginning in January 1980, and were functioning at the time of our visit as little more than discussion groups. No credit review or other function was being undertaken, as at the Cochabamba and Santa Cruz del Norte co-ops. Similarly, although existing on paper, the Credit Committee, Vigilance Council, or Education Committee at Gran Chaco do not function. The lack of a Credit Committee causes particular problems to credit administration, which are discussed in the body of this report.

2. Reasons for not reaching planned levels of accomplishments

Many reasons exist which account for the project's failure to achieve its goals and purposes. Undoubtedly, many of the deficiencies which we observed were the cumulative heritage of four years of project difficulties prior to the new institutional structure created in January 1980. In addition, 15 months is little time in which to effect a wholesale overhaul of the IC system and to modify participant attitudes and skills, particularly taking into consideration the time required to set up a new institution (ONCICOOP) and the time lost due to funding uncertainties in July and August resulting from the precarious state of U.S.-Bolivian relations.

However, factors within the project's control also contribute to explaining why planned levels of accomplishment have not been reached. In particular, we find that ONCICOOP/RRNA resources have been both insufficient and inappropriately applied for the resolution of the serious problems afflicting the co-ops. These continued weaknesses in the ICs have been discussed in detail in the body of the report but can be summarized here. They include:

- o design and implementational difficulties in the credit system, leading to higher delinquency rates, especially in medium-term loans;
- o demonstrated poor planning capabilities, leading to marginal projects which do not contribute to co-op self-sufficiency;
- o overall poor management in areas of administration, accounting, input supply, and projects;
- o inadequate provision of technical assistance to co-op members; and
- o current and latent political and socio-economic divisions within each co-op.

These continued weaknesses threaten the medium-term viability of the co-ops. Yet we find no indication that the present ONCICOOP/RRNA team is in a position to address all these weaknesses. Rather, it appears to lack both the sense of urgency we feel warranted in many of these situations and some of the specific skills -- particularly those of an institutional credit specialist, an agricultural planner, and a sociologist/anthropologist -- that we feel are required to adequately address the problems identified.

E. Recommendations

1. USAID should extend the project

The SFO Project is due to terminate on September 1, 1981. In order to achieve the goals and purposes of the project, funding must be continued. The Devres team therefore recommends that USAID support, or arrange for the support, of a project extension.

a. Co-op subsidies should be continued

As noted above, none of the three ICs presently participating in the system can be described as financially self-sufficient. Over the past five years, the project has not been particularly efficient nor effective, and the two project amendments in 1977 and 1979 were a response to these observed deficiencies. However, the most important consideration for USAID now is not these "sunk costs", but the costs and benefits of continued support. Devres believes that the benefits of continued financial support will outweigh the costs, and that continued USAID and P.L. 480 funding is necessary to resolve the significant problems faced by the ICs. This support must consist of:

- o operating subsidies for the individual ICs; and
 - o subsidies for the provision of technical assistance services (i.e., operating costs of ONCICOOP).
- b. USAID should assure project technical assistance is continued and heeded by cooperatives

Not only are the ICs not financially self-sufficient, but

they are not administratively self-sufficient either. Significant management problems (which are documented and analyzed in the body of this report) exist which threaten the viability of the co-ops. The Devres team believes the ICs must be provided with continued technical assistance to overcome these serious implementation problems.

If continued, effective technical assistance support is provided to the ICs, the Devres team believes it is possible to make the co-ops self-sufficient, possibly within the time frame contemplated in the present subsidy scheme. USAID should assure that:

- o increased and improved technical assistance is provided to the co-ops; and
 - o the co-ops implement the changes recommended in this report and by technical assistance providers, using the threat of cut-off of funds if necessary.
2. ONCICOOP should institute specific changes to fully realize project goals and purposes at the co-op level
- a. Recommended short-term changes by ONCICOOP

In order to justify continued sponsorship of the SFO Project, and increase its chances of success, USAID should require the following actions to be taken:

(1) Financial:

- o the IC financial projections, particularly those of the Cochabamba and Gran Chaco ICs, be revised;
- o in all cases, operational plans be elaborated in conjunction with the financial projections, with the object of having a yardstick to measure present and future activities leading to financial self-sufficiency;

- o the accounts of the Cochabamba IC, as soon as possible, be reconciled with those of BAB/CROFOC so as to determine the correct amount of the IC's debt; and
- o the credit system of each co-op be redesigned and better implemented to assure greater control over loan use and amounts (specific suggestions are presented in the body of the report and in Annex 5).

(2) Technical:

- o a resident advisor with considerable experience in institutional credit and in cooperative process be appointed for the Gran Chaco IC to implement changes in credit and administration and to provide a counterweight to the influence of the co-op president; and
- o planning capabilities be strengthened prior to the next agricultural year through (1) provision of short-term expert technical assistance in agricultural planning, (2) integration of report-writing with planning, and (3) regular generation, aggregation, and utilization of agricultural/credit data at co-op level.

b. Recommended medium-term changes by ONCICOOP

In the medium term, USAID should require that the following actions be taken:

(1) Financial:

- o improve co-op accounting practices (see body of paper for specific conclusions and recommendations);
- o improve supervision and internal control in the input supply stores (see body of the paper for specific conclusions and recommendations);

(2) Technical:

- o improve extension and technical assistance through:

- expanding extension staff, shifting resources as possible from the office to the field (particularly in the Gran Chaco IC);
- shifting emphasis from formal co-op education activities to technical assistance;
- integrating the extension agents into the agricultural planning process by requiring simple data collection activities (and de-emphasizing time-consuming reporting requirements); and
- increasing the tapping of local technical resources potentially available from MACA/LBTA, CID, Misión Británica, Misión Suiza, private commercial enterprises, and other area development institutions;

(3) Socio-economic:

- o analyze the actual and potential role of women in the cooperative, and as possible create women-oriented programs with the goals of lowering loan delinquency among member households and combatting social stratification/income differentiation within the co-ops; and
- o promote more democratic, decentralized member participation through:
 - enforcing regulations against loan delinquency and other credit abuses by leaders;
 - encouraging leadership turnover and broad geographic and socio-economic representation;
 - organizing all required committees and councils and providing practical orientation;
 - providing greater staff support to committee/council functioning, particularly in the case of the Credit Committee.

Many additional recommendations are made at the conclusion of the various chapter sub-sections.

3. Current institutional arrangements should be continued

If USAID intends to achieve the original project goals, it must arrange for continued project support. The current institutional support structure, linking two project funders (USAID and P.L. 480) with essentially two implementing agencies (FENACRE/ONCICOOP/RRNA and BAB/CROFOC), although unwieldy, appears to offer the potential for providing the broad support the ICs still require. New institutional arrangements should not be created without major justifications, which in this case do not yet appear to exist. Therefore, Devres recommends that USAID seek to extend the current system of institutional support, consistent with the recommendations in this report.

4. A Federation of ICs should not be organized now

The analysis in the body of this report (pp. 153-160) indicates strongly that to organize a federation of ICs now or in the near future (i.e., within two years) would be premature given the current financial and administrative condition, among other factors, of the ICs. However, the Devres team believes that the goal of a federation to eventually assume program responsibility is a good one under certain conditions. In this regard, the team recommends that USAID:

- o encourage the formation of a consultative committee, composed of IC representatives, should the ICs endorse the concept and allocate co-op resources to facilitate meetings;
- o examine the possibility of bringing existing co-ops into the IC system, with a view toward more quickly creating the resource base and demand for services necessary to support and

justify a federation; and

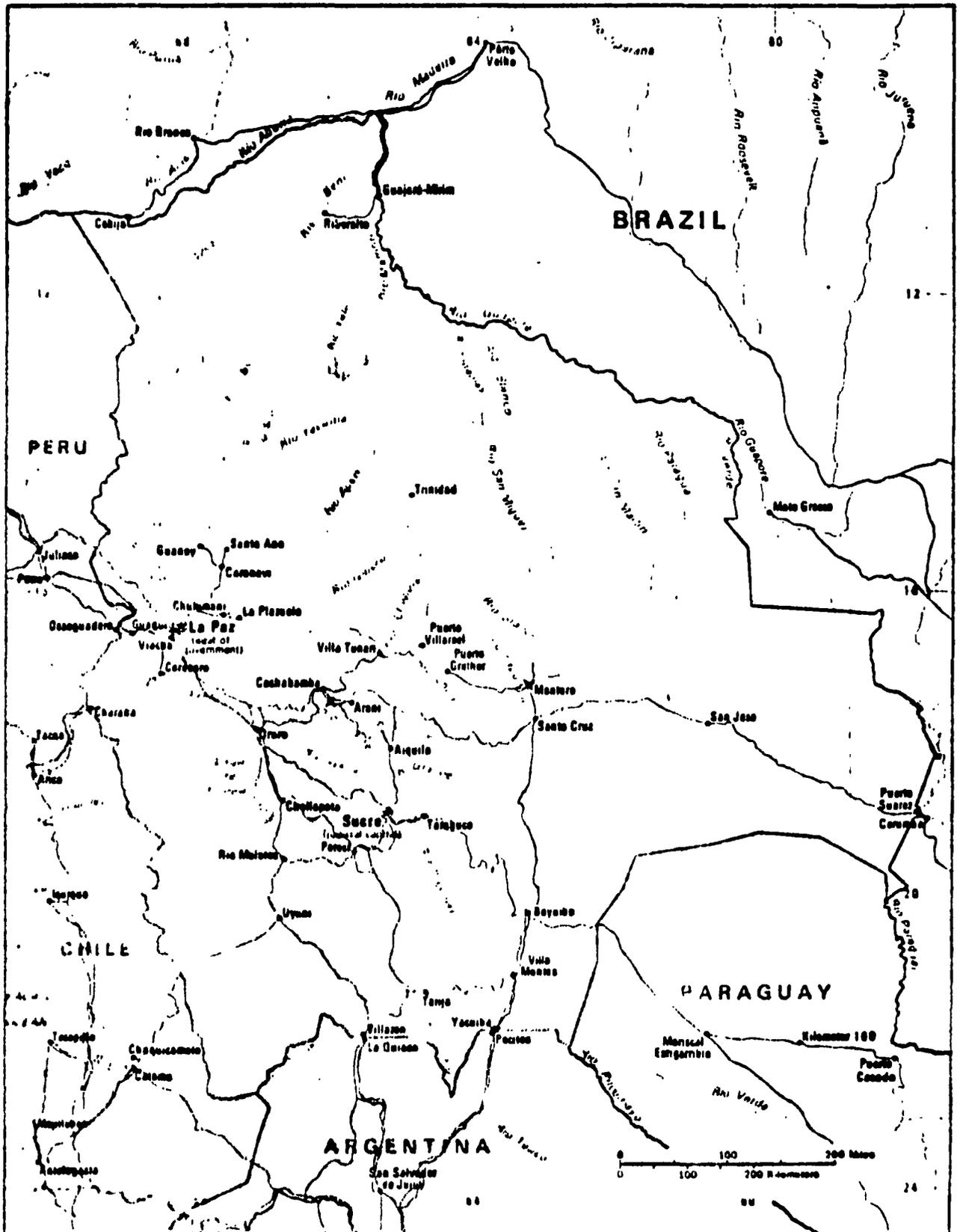
- o develop guidelines for forming an IC-managed federation which explicitly link this process to the achievement of financial self-sufficiency by the co-ops.

F. Final Comment

The problems encountered by all parties in implementing this project have been considerable despite the outstanding contributions of the many individual and institutional participants. As a result, additional effort and funding is required beyond the planned expiration date of the project to put the project ICs on a sound financial and administrative footing. Devres believes, however, that significant progress has been made to date in this case, especially in light of the complexity and difficulty of building viable institutions in the Bolivian milieu. Therefore, the Devres team believes that additional investment required to extend the project is justifiable and appropriate and that it will result in achieving much of the initially planned goals and purposes of the project.

Bolivia

FIGURE I.



Lambert Conformal Projection
 Standard parallels 12°00' and 20°30'
 Scale 1:8,500,000

II. BACKGROUND/HISTORY

A. An Overview of the Small Farmer Organization Project

The Small Farmer Organization (SFO) Project began in 1975 as a larger, more dispersed effort to assist a large number of small agricultural cooperatives. The Servicio Nacional para el Desarrollo de Comunidades (SNDC) was the original implementing agency providing financial and technical assistance to these cooperatives.

However, implementation problems quickly arose. Technical assistance and accounting services for these numerous small (10-40 members) co-ops, together with high default rates on loans, proved too expensive. As a result, AID and the GOB in 1977 signed an amendment modifying the program to concentrate on creating large multi-service, or "integral," cooperatives. This change of model represented a consolidation of many scattered and unprofitable efforts in an attempt to concentrate and utilize resources more effectively.

The SFO Project created four integral cooperatives (ICs) under this second stage. However, these ICs failed to quickly demonstrate their long-term financial and institutional viability. As a result, in late 1979 and early 1980, a second amendment was initiated involving the following actions:

- o transfer of implementation responsibility to FENACRE, the Bolivian federation of savings and credit cooperatives;
- o transfer management of CROFOC, the rotating credit fund, to the Bolivian Agricultural Bank (BAB);

- o restructuring of the Robert R. Nathan Associates (RRNA) technical assistance team;
- o implementation of an intensive membership training program; and
- o limitation of the GOB role in cooperative development to a support function.

These last changes brought to the surface several concerns of the participating ICs about project management, particularly in regard to:

Control of resources. Some interest existed among co-op leaders in establishing a federation to control the distribution of financial and technical resources. The new project institutional arrangements potentially jeopardized future IC control.

Program requirements. On one level, the organizational inadequacies and political nature of the SNDC benefitted the ICs and their members through lax repayment enforcement, etc. The fear appears to have existed in some cases that FENACRE/BAB might impose stiffer requirements on the co-ops, particularly with regard to credit and delinquencies.

Lack of consultation with co-ops. This omission in form has been cited as an important reason for IC concern about "substance," i.e., issues of control of resources and program requirements.

Immediately following, an assembly of ICs unanimously rejected these institutional changes. Since that time, however, three of the four ICs--Cochabamba, Santa Cruz del Norte, and Gran Chaco--have accepted the new institutional structure. The fourth IC--Tahuantinsuyo--has not, and is currently suspended from the IC system.

While the project changes contributed to the alienation of Tahuantinsuyo, it is increasingly apparent that the principal reason for its continual separation from the system is its inability and/or unwillingness to repay its considerable debt to BAB.

The SFO project has undergone a progressive, iterative process of change in an attempt to find something that works. At the same time, the project has been handicapped by an uncertain and difficult economic, social, and political environment, by discontinuities in personnel and institutions, and by numerous errors and omissions in design and implementation. This evaluation reports on the progress made since the last institutional change made in January 1980 and assesses the current status of different project elements.

B. Scope of Present Evaluation

A copy of the full scope of work is provided in Annex I.

Essentially, the consultants have examined the SFO Project to:

- o assess the extent to which the program is achieving broad institutional goals of (1) developing three financially viable and independent integral cooperatives and (2) consolidating a system for technical and financial support for these co-ops;
- o identify the key elements contributing to the success or weakness of the ICs and the IC model; and
- o made recommendations on adjustments required to ensure the survival of the existing ICs and those promoted in the future.

Chapter III assesses, in social and financial/administrative terms, the status of the three ICs currently participating in the project (the fourth IC, Tahuantinsuyo, was not included within the scope of work and therefore is not evaluated). Chapter IV discusses the institutional framework, with a view toward assessing the adequacy of the current institutional support structure and relationships. Chapter V

synthesizes the findings presented in these earlier chapters and makes a determination of the advisability of continuing with the project, and under what conditions.

The consultants have not attempted to measure benefits to small farmers. While in the consultants' view the peasant household is a logical unit of evaluation, no data exists currently to permit this level of analysis.

III. COMPARISON AND EVALUATION OF THE THREE INTEGRAL COOPERATIVES

A. Introduction

The three integral cooperatives participating in the SFO Project, while sharing a basic organizational similarity and common origin in the USAID-sponsored system, are unique in most other aspects. Thus, they require separate and detailed discussion, given in this chapter, particularly with regard to current and future economic activities, membership characteristics, credit systems, and relevant administrative aspects.

One of the two major project goals is the achievement of co-op administrative and financial self-sufficiency. The evaluation findings, in sum, indicate that progress toward this goal has been made. One co-op has recently reached the point where it no longer requires a direct subsidy, and another is meeting projections which indicate financial self-sufficiency by the end of 1981.

However, this progress has been slow, achieved at considerable cost, and appears particularly fragile and subject to deterioration. Progress toward financial independence has been made to a great extent based on income generated from use of USAID-subsidized CROFCC monies. This income has been generated not only through lending to members for production purposes, as intended, but also to a greater-than-expected extent through investment in commercial bank savings

accounts. Significant problems in several areas endanger the long-term viability of the ICs. These areas include:

- o administrative/credit - credit control is poor, diversion is common, and the potential for fraud is high;
- o financial - many projects have been poorly conceived and are less profitable than projected;
- o political/institutional - one co-op has been suspended from the IC system and another suffers from politicization, low participation by members, and control by a small clique of peasant leaders.

The situation for each cooperative, and its particular problems, is documented in detail below, followed by a general summary at the end of the chapter.

B. Background Description of the Three Existing Variations of the Integral Cooperative Model

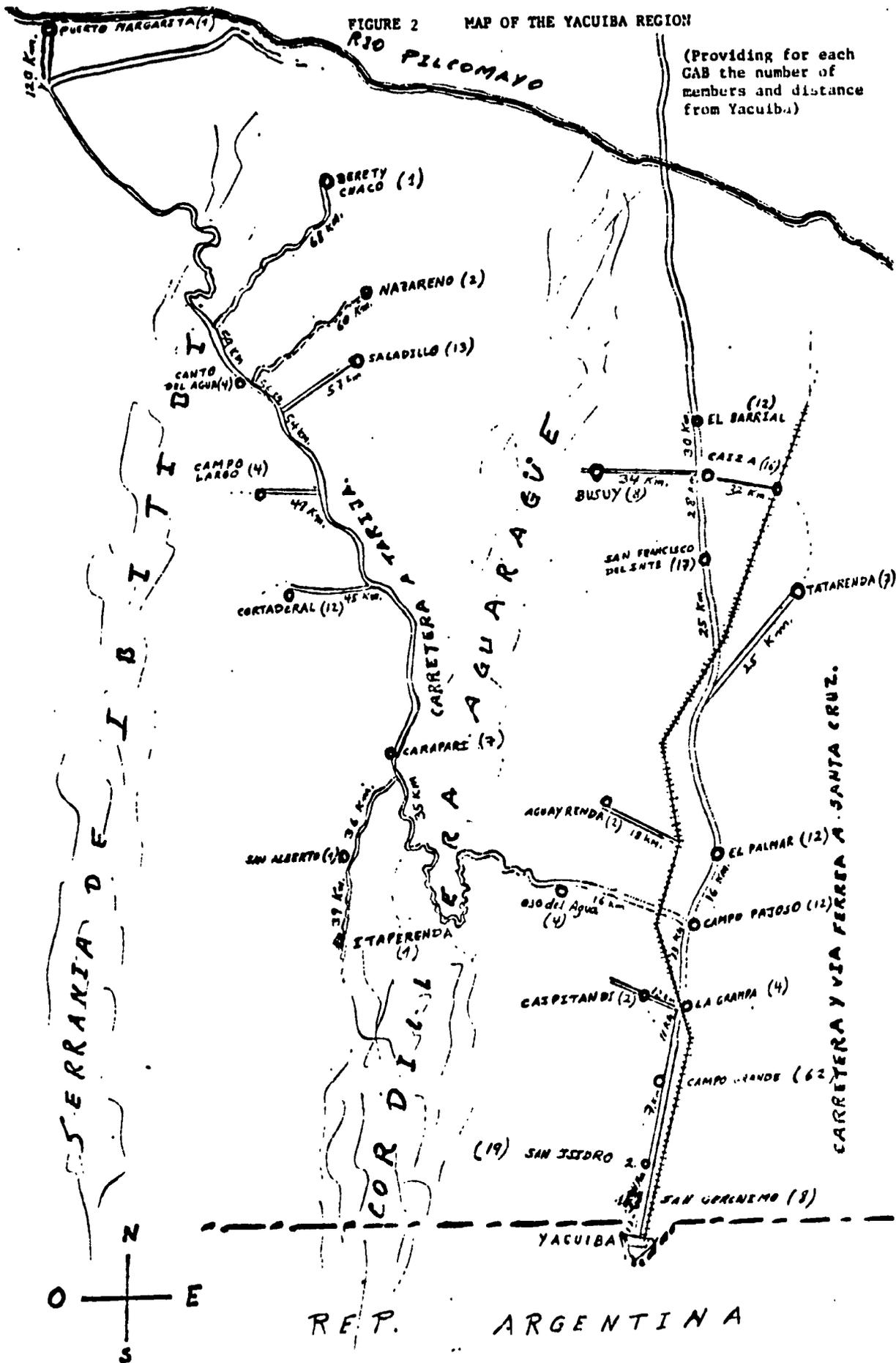
1. Cooperativa Integral "Gran Chaco"

a. Introduction and background

The Yacuiba IC began its existence in 1979-80 by providing tractor services, other production inputs, and marketing services to approximately 90 members producing soya. The IC provided credit in kind and marketed the soy directly to an oil-producing plant in Villa Montes, deducting the amount of the credit from the individual member proceeds. As a result of this strict control over a relatively small number of socios, no delinquencies were reported.

An organization chart and a list of co-op elected leadership for 1980-81 and co-op staff are provided in Annex S.

FIGURE 2 MAP OF THE YACUIBA REGION



While on the financial side, the co-op began quite successfully, problems arose immediately on the management side. These problems still exist and include:

- o little attention to internal control and administrative procedure; and
- o high manager turnover, resulting from poor selections and alleged conflicts between manager and elected leadership over implementation of policies. A total of six persons have occupied the manager's position since the co-op's inception. The present manager, the council president's handpicked man, is weak and ineffective and has repeatedly submitted his resignation.

Geographically, Yacuiba is the southern anchor of a fertile, temperate agricultural swath known as the Chaco Húmedo. The area, which extends north to south about five to ten kilometers outward from the foothills of the Andes, derives its name from the abundant rainfall which falls as a consequence of the mountains' proximity. Rain-fed agriculture is the base of the region's economy. To the east lies the drier Chaco where cattleraising is the primary economic activity. To the west across the first foothills lie a number of agricultural valleys economically linked to the Yacuiba axis.

b. Membership

The area covered by the Yacuiba IC includes the southern part of the Chaco Húmedo and some of the valleys immediately to the west. (See map) The region around Yacuiba was formerly occupied by large haciendas. The MNR-led agrarian reform of the early 60's

distributed land to the jornaleros and to migrants from Chuquisaca and Tarija. A large influx of settlers occurred, creating a majority small landholding class averaging five to ten hectares or less.

To the west, the valleys populated by middle-sized farmers largely escaped the agrarian reform. As a result, the average landholding, although not precisely known, is considerably greater, and farmers allegedly more "conservative." The Yacuiba IC's membership consists primarily of individuals from the Chaco Húmedo, east of the mountains. Members from this area appear to be slightly better off, on average, than non-members. As determined from a sample of co-op records, members average 11 hectares of landholdings apiece. Also common in the Gran Chaco membership are a number of larger landholders, particularly from the area west of the mountains, but also including several cattle ranchers from the Chaco, and several agriculturalists/part-time rural schoolteachers. These differing socio-economic attributes have had important implications for management of the co-op's activities, particularly its machinery pool.

About 20-25 percent of the area's landowners are involved in the IC. The remainder are not involved due to their social and economic marginality; either they are less "progressive," have less land making the use of machinery superfluous, or their land is too uneven or covered with stumps, rocks, etc., making it difficult to mechanize. Another factor stems from the socio-political history of the area;

some non-members are reluctant to join because of the involvement of many ex-Sindicato Agrario leaders, particularly among the co-op's directivos.

In spite of political suspicion centering on co-op leaders, many farmers are now joining the co-op out of growing need. As each increases his area of cultivation through landclearing, he requires greater labor at peak periods, particularly for soy. Oxen, which were used earlier for smaller areas, are increasingly being recognized as inefficient and thus in many cases have been sold. Under these conditions, the more progressive farmers are looking to mechanization to fulfill their production requirements. The late 1980 surge in IC membership is directly attributable to the need for machinery services with the start of the agricultural cycle.

c. Cultural, Religious, and Political Factors

Political factors are present at all three IC's. However, it is most pervasive and damaging in the case of the Gran Chaco co-op. The incidence of high manager turnover, ineffective ONCICOOP advice, abysmal credit administration and internal control, machinery pool conflict, and most other problems facing the co-op can be generally ascribed to the lack of professionalism and absence of accountability engendered by the presence of a strong, intolerant, and allegedly self-serving co-op president and his coterie. The style in which the co-op is managed is based more on traditional political and kinship

considerations, stemming from the leadership's history of peasant federation involvement, than by principles of sound business management. This orientation leads to a strong and insistent intervention in co-op management (well beyond the policy-making to which the leadership is entitled) and to a preoccupation with the gross accumulation of funds over the establishment of the complex means for achieving co-op self-sufficiency.

To resolve this situation will not be easy. ONCICOOP advisors to date have been either compromised or refused cooperation, in both cases rendered ineffectual.

2. Cooperativa Integral "Santa Cruz del Norte, Ltda."

a. Introduction and Background

The Cooperativa Integral "Santa Cruz del Norte, Ltda." is headquartered in Montero, department of Santa Cruz, and presently has 584 members among 12 GABs located in two axes extending to the north (Mineros, Puesto Fernandez, Chane) and to the West (Yapacani). The most distant GAB lies about 110 km from Montero; the closest is about 45 km (see map). An organization chart and a list of co-op staff and elected leadership for 1980-81 are attached in Annex 8.

The region is sub-tropical in climate, with fertile but often flooded soils in the Mineros region and less fertile, but dryer, soils to the west in Yapacani.

Members produce rice, corn, milk, soy, and (increasingly) black beans. The co-op currently lends short-term for rice, corn, and bean cultivation, as well as long-term for the purchase of dairy cattle and tractors. The co-op also markets approximately 200 liters of milk per day.

An incipient trend toward winter black bean production holds the promise of increasing and diversifying farmer income, and aiding soil fertility through crop rotation.

Several complex and ambitious projects are currently planned for the coming year which will require extensive assistance from the ONCICOOP/RRNA team. These include:

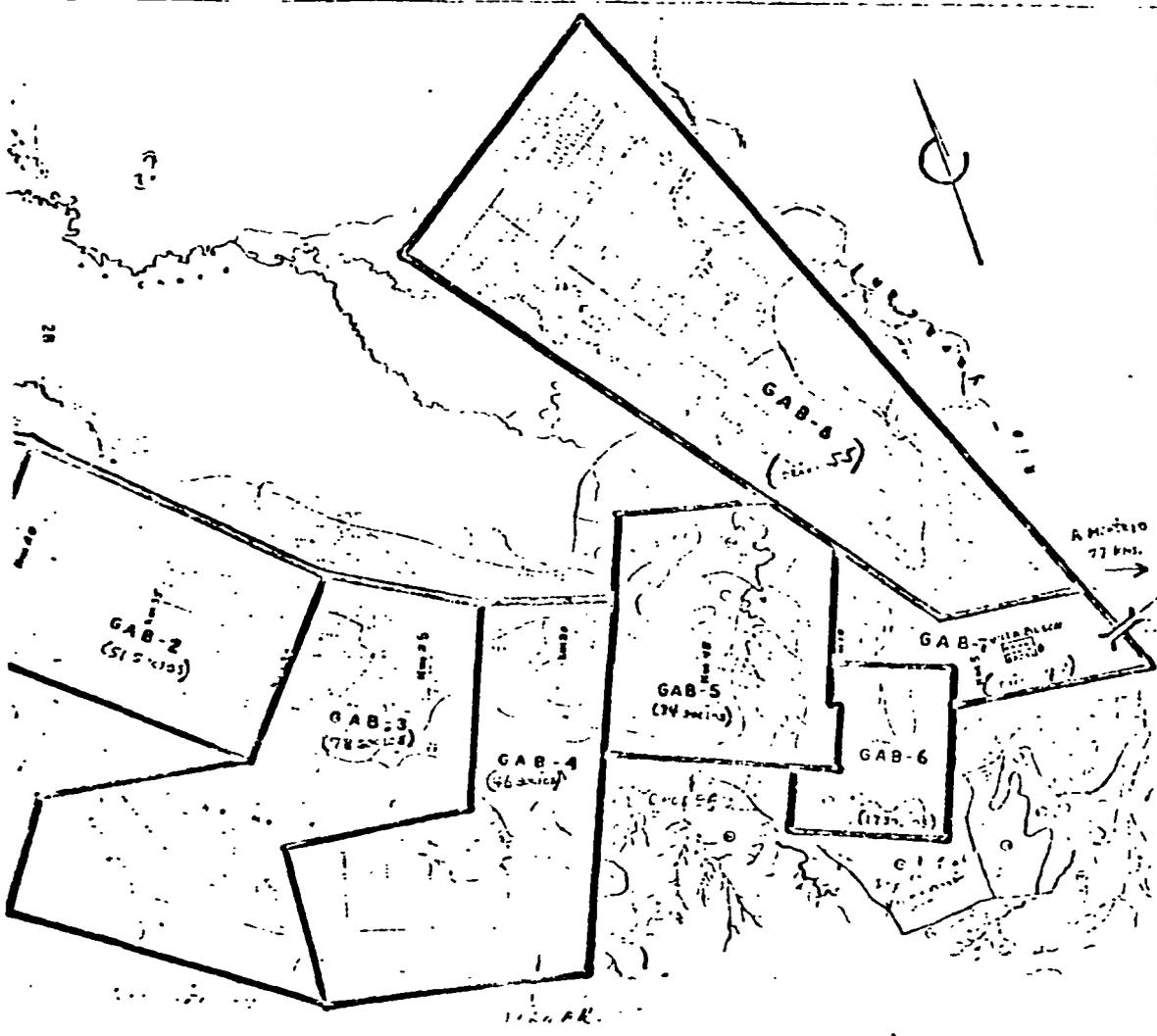
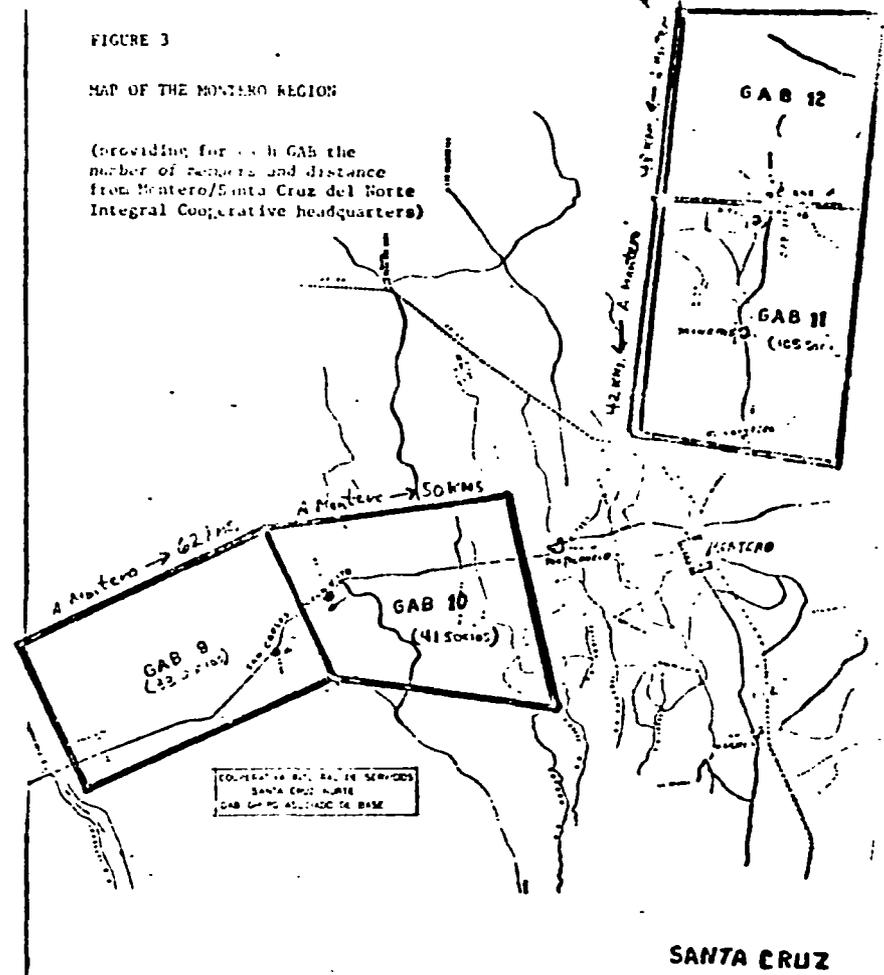


FIGURE 3
MAP OF THE MONTERO REGION

(providing for each GAB the number of farmers and distance from Montero/Santa Cruz del Norte Integral Cooperative headquarters)



SANTA CRUZ

- o processing, storing, and marketing of rice;
- o exporting of black beans;
- o establishment of farm input stores (centros de acopio) in Yapacaní and Puesto Fernandez;
- o co-op pork fattening; and
- o balanced feeds (for livestock).

b. Membership

The agriculturalists participating in the co-op are, for the most part, owners of 20-60 hectares of land, a minimum of 20 of which was obtained under the land colonization programs of the late 50's and 60's and the rest purchased or acquired in some manner from departing neighbors. Major sources of income are livestock (in Yapacaní many members own 20-30 head of cattle), maize, rice, and soy, with an additional substantial diversified subsistence production. Frijol is being pushed as a winter crop by the co-op. It appears to have generated substantial interest among socios, and holds promise for becoming a major source of income.

These members, after years of hard work and lack of access to services, are becoming the beneficiaries of the slow expansion of infrastructure (Santa Cruz- Chapare road to be financed by IDB, AID-financed bridges over the Rio Chané, improved marketing channels, etc.), and particularly that of the co-op (credit, technical assistance, despiladoras and centros de acopio in more decentralized

fashion, etc.). What we are observing is the creation of a new rural middle class in what was once a pioneer colonization area.

These farmers, particularly during the harvest, require large numbers of jornaleros (up to 20 or 30, depending on the requirements of the crop and amount of land), most of whom migrate seasonally from the interior.

Because hired labor is difficult to manage and increasingly scarce and expensive, and because the co-op provides the opportunity for marketing more crops more profitably, socios are increasingly attracted to the concept of mechanization for clearing, planting, and harvesting.

c. Cultural, Religious and Political Factors

The Montero region (and, as a consequence the Santa Cruz del Norte Integral Cooperative) encompasses a broad range of cultural, religious, and political groups and tendencies. Exact data is lacking; however, the consensus of key informants is that the diverse socio-political make-up has had no negative impact on the progress of the co-op.

The co-op membership, which is assumed to be fairly representative of the area population, consists of peasant families which have migrated from the Bolivian highlands over the past 20 years, either individually or in cultural/religious groups. Approximately 60 percent speak Quechua as their native language; perhaps 30 percent Aymara,

and 10 percent speak only Spanish. (Almost all members are reasonably fluent in Spanish). While some informants conceded that a degree of clannishness and desconfianza continued to exist, these divisions were said to be diminishing with time, particularly within the co-op. An explicit effort by the co-op to balance geographical (GAB) representation was noted and appears to be assisting this positive trend.

The composition of the present leadership (see below) confirms this analysis not only in relationship to cultural origins but to religious persuasion as well (as a high proportion of the area population belongs to one of many protestant sects).

Table 1: Ethnic, Religious, and Geographic Composition of Leadership, 1980-81 Cooperativa Integral "Santa Cruz del Norte Ltda."

<u>Office</u>	<u>Mother Tongue</u>	<u>Area of Origin</u>	<u>Religion</u>	<u>Residence</u>
President	Spanish	Valle Grande	Evangélico	Chané
Vice President	Spanish	Valle Grande	Catholic	Yapacani
Secretary	Quechua	Cochabamba	Catholic	Yapacani
Treasurer	Aymara	La Paz	Evangélico	Puesto Fernandez
President, Consejo de Vigilancia	Spanish	Santa Cruz	Catholic	Buena Vista
President Comité de Crédito	Quechua	Cochabamba	Evangélico	Yapacani

The history of political instability in the country has restricted the co-op's ability to consistently integrate public entities into its work. The co-op has made a conscious decision to avoid links with public agencies which could impose reciprocal obligations. Similarly, the co-op has eschewed publicity which, it is feared, might invite politically-related requests from government agencies. This policy enjoys the support of the manager and members of the 1980-1981 Consejo de Administración.

3. Cooperativa Integral de Servicios "Cochabamba Ltda."

a. Introduction and Background

The Cochabamba IC is the largest and oldest of the three IC's examined, and the first to achieve tentative financial self-sufficiency. Membership (those who have deposited a minimum b\$400 in aportaciones) has expanded from the original 565 in 1977 to 1,299 by the end of 1979 and 1,750 in March 1980. Apertaciones have grown impressively from b\$2,564,557 at the end of 1979 to b\$3,732,798 as of December 31, 1980.

The IC is located in the Valle Alto de Cochabamba, a temperate highland region located 45 kilometers by road from the city of Cochabamba (see map). The IC began by uniting a number of small dairy co-ops, whose members were also small agriculturalists, located on the valley floor around the city of Punata. It has since spread to embrace most of the valley and the surrounding uplands (alturas), with a broader-based and more economically diverse membership. Its broad geographic extension, however, has made member participation in management and services more difficult.

The Cochabamba IC provides services to members in three major areas: dairy, agricultural production, and handicrafts. The IC assists member dairy livestock owners through medium-term credit for cattle and dairy infrastructure and through marketing the milk production of approximately 80 members.

In agriculture, the IC provides credit (778 short-term loans) in cash (for potato seeds) and in kind (inputs) for potato production. The co-op also manages a store to sell these inputs, including agricultural implements, to members (credit or cash) and to the general public (for cash). The co-op does not market member agricultural production (chiefly potatoes and corn).

Finally, the IC provides credit for handicraft production, principally in areas related to alpaca wool processing, and for other rural small industries.

The Cochabamba IC is undertaking a broader range of activities than the other IC's, reflecting its greater institutional maturity in part but more importantly the diversity of the local economy.

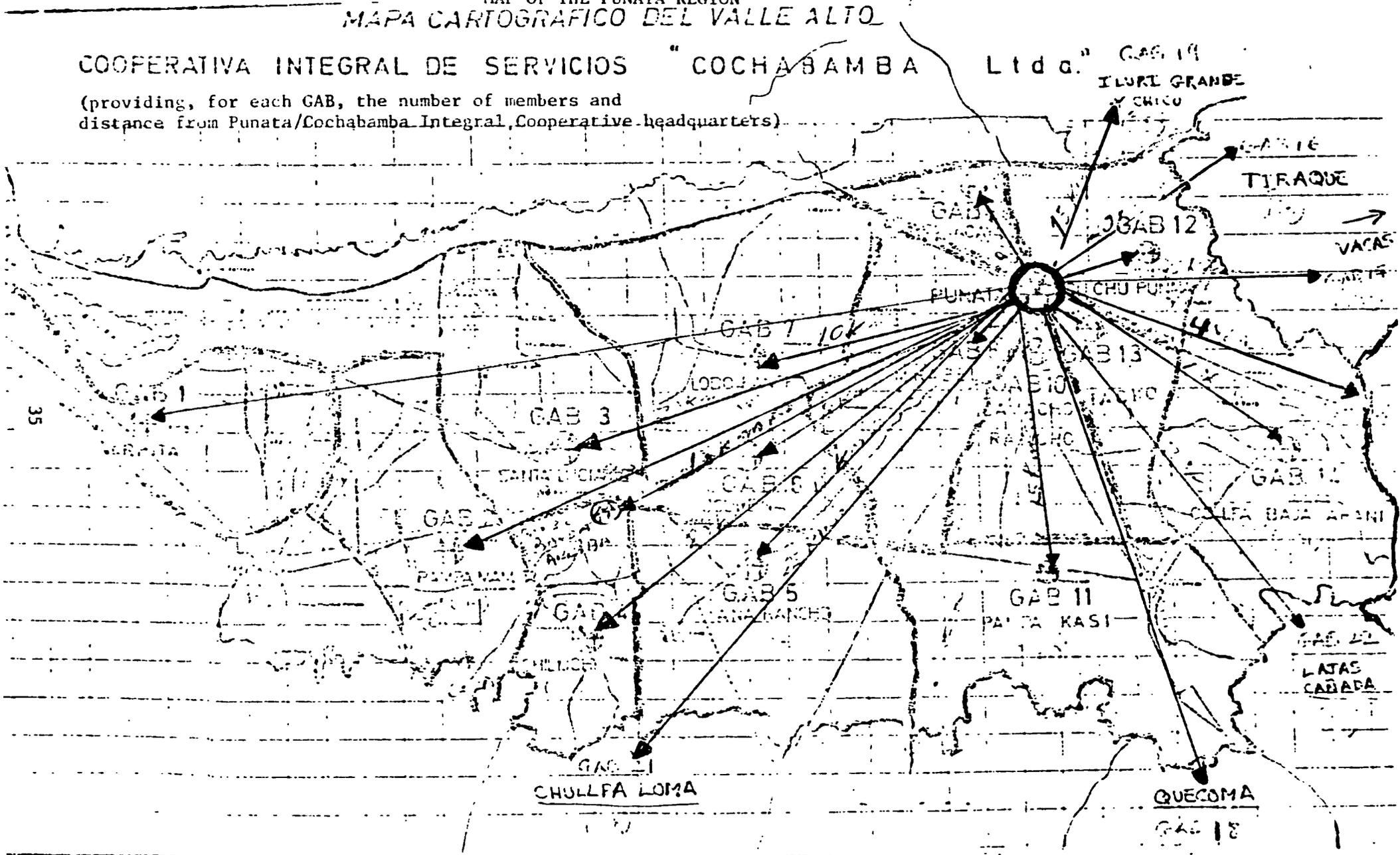
The results of the USAID survey show that Cochabamba IC members are most interested in credit and input services from the co-op, with an emphasis on agricultural tools/equipment (39%) and consumer goods (38%). The survey revealed very little interest in marketing of agricultural products. Machinery is of interest, in spite of small average landholdings, because of an effective labor shortage, particularly during the harvest.

Current plans call for the import of fertilizer and the establishment of a cheese factory in the coming (1981-82) agricultural year. The fertilizer proposal is analyzed in some detail in III. D.2.C.(1). while the dairy situation receives attention in III D.2.C.(2). The motivation for the

FIGURE 4
 MAP OF THE PUNATA REGION
 MAPA CARTOGRAFICO DEL VALLE ALTO

COOPERATIVA INTEGRAL DE SERVICIOS "COCHABAMBA Ltda." GAB. 14

(providing, for each GAB, the number of members and distance from Punata/Cochabamba Integral Cooperative headquarters)



cheese production project is (1) to increase farmer member income by paying a higher price for his milk than currently given by the government milk monopoly, PIL, and (2) to provide additional income to the co-op.

b. Membership

Membership in the Cochabamba IC is predominantly small farmer, but due to demo-economic factors (i.e., the high population pressure on the land and the consequent need for other sources of income), most families are engaged in several different economic activities, e.g., small-scale rural industry, transport, retailing/ street vending, seasonal labor in Argentina, etc. Table 2 shows the results of an occupational census in one valley community.

The Cochabamba IC is also distinguished from the other IC's by the prominent role occupied by women. Fifteen percent of members are women, the new president and several GAB representatives are women, and several projects (small industry, handicrafts) cater directly to women members. A cultural background of shared household decision-making implies that the woman's role, even in cases where the husband is the only co-op member, can be significant.

The geographic coverage of the IC is quite large. Parallel with this, the GABs were originally organized with little regard to member proximity. GAB's were too spreadout and too large, sometimes reaching 300 members in one GAB. This has made member participation, and the

Table 2: Occupational Census of a Valle Alto Community (CHILLICHI)
May - June 1980

<u>Occupations</u>	<u>Number of Individuals</u>	<u>Predominant Gender</u>
Transportista (driver/trucker)	9	M
Wacari (cattle dealer)	21	M
Cocari (coca vendor)	6	F
Labrador (farm laborer)	56	M
Chichera (Chicha maker/seller)	23	F
Pushqadora (spinner)	33	F
Costurera/Sastrera (seamstress)	4	F
Tienderas (storekeeper)	7	F
Qhatera (street vendor)	3	F
Mañesa (meat seller)	11	F
Bayetera (textile vendor)	9	F
Ama de Casa (housewife)	56	F
Otros (others)	13	M/F
Escuela (children in school)	81	M/F
Children 5 or under	58	M/F
Persons temporarily or permantly absent		
- In Argentina	48	M
- Elsewhere	34	M/F
	<hr/>	
TOTAL	472	

Source: Field survey by Bryan Anderson

Table 3:

DELINQUENT LEADERS
IN THE YEAR 1980
 ELECTED LEADERS DELINQUENT ON LOANS
 Cochabamba Integral Cooperative, December 30, 1980

NO	NOMBRE DEL DELINCUENTE	CU. TO. PLAZO	IMPORTE PLAZO	TOTAL PLAZOS
00-13	Guillermo Torres	- . -	5,375,24	5,375,24
11-31	Orlando Villatoro	2,451,00	- . -	2,451,00
11-29	Florencio Garcia	11,100,00	- . -	11,100,00
12-26	Luisberto Montenegro	3,675,00	- . -	3,675,00
12-25	Simon Sanchez	4,897,25	- . -	4,897,25
12-17	Jose Ordoñez	3,975,72	- . -	3,975,72
14-02	Federico Ariza	- . -	120,30	120,30
14-09	Bernabé Villatoro	14,350,00	- . -	14,350,00
14-71	Guillermo del Solar	15,175,75	- . -	15,175,75
15-31	Carlos Escobar	7,375,20	- . -	7,375,20
TOTAL		61,119,27	6,495,54	67,614,81

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creation of a sense of community and mutual responsibility, quite difficult. Only recently has the co-op begun a process of rationalization, whereby large GABs are being divided into smaller, more manageable units.

The Cochabamba leadership is characterized by several notable factors, including:

- o staggered terms of office, ability of individuals to rotate within consejos, thereby achieving continuity of leadership;
- o representation, as noted above, of women on board and in other elective offices;
- o overrepresentation of milk-producing GABs (5, 6, 8, and 14) (in spite of regulations prohibiting more than one person from each GAB on each administrative body); and
- o high delinquency (see attached table) (delinquent leaders may be denied reelection but are permitted to fulfill their terms).

Analyses of the role of women, the dominance of the milk-producing GAB's, and delinquency is provided elsewhere.

c. Cultural, Religious, and Political Factors

Whereas in cultural and religious terms, the Valle Alto is fairly homogenous (Quechua-speaking, Catholic), in political terms the area is historically one of the most divided (and active) in Bolivia. The name of one of two IC member communities, Ucureña, is virtually synonymous with the beginning of the agrarian reform movement in the 1950s. A virtual peasant civil war, a function of political rivalries at the national level within the ruling Movimiento Nacional

Revolucionario, tore the valley apart in the early 1960s. In the 1979 and 1980 elections, eight co-op members, representing the full range of the political spectrum, ran for public office. The current national Undersecretary for Peasant Affairs is a member of the Cochabamba IC. A former co-op president is currently in exile in Mexico.

In our short stay in Punata, it was impossible to assess the full implications of local political factors for the management of the co-op. Clearly, however, the co-op is seeking to maintain a modus vivendi with the present national government, and apparently is sufficiently well-placed and well-connected to do so at little cost. Internally, we received assurances that politics was considered out of bounds, and did not present a problem. However, we had little evidence upon which to evaluate these assertions.

C. Comparison and Analysis of Three Integral Cooperatives--Socioeconomic Factors

Socioeconomic factors are an important consideration in analyzing the viability of cooperative enterprises and their potential for benefiting target populations. The importance of these variables -- both as causes and effects -- stem from two factors: (1) democratic management and (2) the essential service orientation of cooperatives which distinguishes them from traditional business entities which seek to maximize profitability. Cooperatives provide services to members and are intended only to make sufficient "profit" to cover costs and capitalize operations. Member attitudes and behavior thus determine the objectives of the co-op; they also affect the ability or inability of the co-op to meet these objectives.

This section reviews some of the most significant social and human factors which influence the functioning of the cooperatives (see Table 4 for a summary of these variables). It also presents some recommendations for how the project and ICs might adjust their activities to take account of these factors.

1. Area Economic Activities

a. Description

Co-op projects in great part reflect the economic activities of the surrounding region. Not surprisingly, all three IC's are predominantly engaged in agricultural and livestock activities. The one partial exception which requires comment is the case of the

Table 4: Summary of Socio-Economic Variables
in the three IC's

<u>Variable</u>	<u>Cooperatives</u>		
	<u>Gran Chaco</u>	<u>Sta. Cruz del Norte</u>	<u>Cochabamba</u>
Area economic activities	Overwhelmingly agricultural, some livestock towards dryer regions of Chaco and among larger landholders.	Overwhelmingly agricultural and livestock.	Agricultural and livestock, but with long-established trend toward economic diversification (rural industry and small enterprise).
Average Landholdings of members	10-11 hectares	40-50 hectares	1.2 has. (valle) 3.5 has. (alturas)
Ethnic Background	Mixed, approximately half Chaqueño Spanish; half highland immigrants from various departments.	Mixed: 50% Quechua; 40% Aymara; highland Spanish; Camba	Quechua
Co-op activities	Short-term credit for inputs for soy, corn, and peanuts, in-kind. Marketing soy, peanuts and (future) corn. Machinery service.	Credit (medium-term for livestock, short-term for inputs for soy, corn, rice, and beans), milk marketing (suspended), store. Credit for purchase of tractors or machinery service.	Credit (medium-term for livestock, short-term for inputs for potato, cash and in-kind), milk marketing, store.
Leadership style/ Membership participation	Not very participatory, <u>cacique</u> phenomenon--one strong elected leader with group of supporters. High manager turnover.	Very participatory, moderately strong manager, stable staff.	Moderately participatory. Strong manager, stable staff, functioning GAB's.

Table 4: Summary of Socio-Economic Variables
in the three IC's cont.

<u>Variable</u>	<u>Cooperatives</u>		
	<u>Gran Chaco</u>	<u>Sta. Cruz del Norte</u>	<u>Cochabamba</u>
Internal social stratification	Several large (50 compared to average 10 has.) landholders present. Small farmer-large farmer conflict over use of machinery service. Possible incidence leadership self-aggrandizement.	Some, but apparently not significant.	Some potential for greater income differentiation high. Milk producers dominate elected leadership at co-op level.
External social stratification	None yet, but likely to grow.		Membership generally perceives itself to have prospered more than non-members.
Member Attrition	Insignificant number, too early in co-op development to ascertain trends.	Significant in dairy GAB's.	Significant in dairy GAB's.
Role of women	Low, potential unknown.	Presently low, but potentially significant due to cultural (highland) background.	High. Constitute 15% of membership. President 1981/82 is woman. Plus heavy informal participation due to cultural and economic factors, particularly shared household decision-making, economically active female population, male migration to Argentina.

Table 4: Summary of Socio-Economic Variables
in the three IC's cont.

<u>Variable</u>	<u>Cooperatives</u>		
	<u>Gran Chaco</u>	<u>Sta. Cruz del Norte</u>	<u>Cochabamba</u>
Migration/population	No emigration. Moderate growth.	No emigration. High population growth.	Significant and growing temporary outmigration to Argentina for work. Needs to be considered explicitly as factor in IC projects. Low population growth (0.8%) due to lack of land, permanent outmigration.
Other Cultural, Religious, and Political Factors	High politization involving volatile mix of local personalist/ideological issues with national politics. Some evangelical protestant population, but no apparent conflict.	Apparently low politization. Conscious attempts to avoid politics and maintain geographical balance of membership/leadership, large evangelical protestant population, well-represented in 1980/81 leadership but no apparent conflict.	High area and co-op politization, apparently diminishing but still significant and potentially a threat to co-op cohesion. Also, milk producers dominate leadership.

Cochabamba IC. Here, due to the high population density and small extension of individual landholdings, a long-established trend towards economic diversification exists, manifested in high incidences of rural industry (handicrafts in particular), small enterprise (commercial establishments), and temporary migration to Argentina. Table 2 demonstrates the wide diversity of these complementary sources of income. The Cochabamba IC has taken into account this phenomenon, and the economic role of women, by offering credit in artisan and other small enterprise production.

b. Conclusions and Recommendation

The ICs have helped to diversify sources of member income. Diversification of member income away from dependence on agriculture or on one crop should be encouraged where possible, particularly in the case of Cochabamba where landholdings are limited.

2. Social Stratification

a. Description

The USAID SFO Project has as its principal goal the raising of small farmer incomes and standards of living. But who qualify as small farmers? No consensus exists, in part because soil quality and economic activities vary from region to region (indeed, from farm to farm), and arbitrary cut-offs are difficult to sustain. Average landholdings vary from IC to IC.

Table 5

Average Landholdings of IC Members

<u>Co-ops</u>	<u>Hectares</u>
Cochabamba	1.2 (valle), 3.5 (alturas)
Gran Chaco	10-11
Santa Cruz del Norte	40-60

In all three co-ops, incidences are common either of larger landholders or members whose primary source of income is not agricultural. The leadership of these ICs tends to be drawn from this elite. In Cochabamba, the phenomenon of diversified sources of income is part of the general cultural pattern and is not unusual. However, the strong hold of dairy interests may be potentially disturbing to the cooperative. In Santa Cruz, with the highest average landholding, it is difficult to draw a line between "small farmers" and those who do not qualify. However, few examples of more than 100-hectare farms exist. The only co-op where social stratification poses an immediate threat to the co-op is in Yacuiba (See discussion in III D.2.a.(1) Machinery Pool Conflict).

Data does not presently exist to determine objectively whether co-op member incomes have improved as a result of co-op activities, or whether member incomes have risen relative to non-members. However, the results of the USAID survey show that 73 percent of Cochabamba respondents felt their standard of living had risen since they joined the

co-op; most of these in turn felt they had prospered more than those who had not joined the co-op.

b. Conclusions and Recommendations

Large differences in landholdings, economic activities, and income exist among members in all three cooperatives. The leadership in each co-op tends to be drawn from among the better-off members. The only place so far where these differences have contributed to internal conflict has been in Yacuiba; however, the potential exists for conflict in the Cochabamba co-op. ONCICOOP should increase its efforts to promote membership participation in, and understanding of, the cooperative and simultaneously assure that projects presented to BAB/CROFOC represent the broad interests of the membership rather than the interests of a few.

3. Role of Women

a. Description

The potential for female involvement is high in two of the three IC's: Cochabamba and, to a lesser extent, Santa Cruz del Norte. Cochabamba is the only IC to provide at present for the active participation of women. This is due to two principal factors, namely the traditional major role of women in the peasant household (shared decision-making) and the migration (for months and even years) of the male to Argentina in search of work. Many women participate as members

in their own right and even as officers. Others take the place of their absent husbands. One project component--handicraft credit--is explicitly focused on boosting female income.

To further involve women and to promote their income and dignity along with greater co-op democracy, the Cochabamba IC might consider structuring membership on a household basis instead of, as at present, by individual. It seems that, particularly in the cases of Cochabamba and Santa Cruz del Norte, the potential for greater female participation is quite high, necessary, and beneficial. Involvement of women can mean greater democracy, more participation, and greater household income. It may also contribute to lowering delinquency rates; in the one CAB we examined, women members had a lower delinquency rate than did men.

Incomplete evidence in Cochabamba also suggests that women from relatively poorer households are those who work most outside the home. This in turn suggests that the promotion by the co-ops of economic activities for women may most benefit lower-income households and therefore tend to counter trends toward social stratification and income differentiation which commonly occur in economic development.

b. Conclusions and Recommendations

Women do participate in co-op activities, most significantly in Punata, and the potential exists there and in Santa Cruz for women to participate in greater numbers and in a wider range of activities.

Greater female participation may benefit not only the individuals involved, in economic and non-economic terms, but may strengthen the cooperatives through broadening the membership base and lowering loan delinquency rates.

We recommend that ONCICOOP and the cooperatives, particularly Cochabamba and Santa Cruz del Norte, analyze the needs of local women and devise means, such as women's clubs or specific economic activities (as in Cochabamba), to involve and benefit women.

4. Migration

a. Description

Migration is a significant factor in only one of the ICs - Cochabamba. The Punata population, like most communities of the Cochabamba area, is relatively mobile. Estimates of the percentage of the young adult male population (and co-op socios) who have migrated to Buenos Aires to work begin at 50 percent and range upwards. This has implications for the role of women in the economy and in the co-op (see above), for the amount of loans given out, and for the ability of members to regularly participate in GAB and co-op functioning.

Migration appears to have increased in the last year. This is probably due primarily to the demonstration effect introduced by the return of former migrants. A contributing factor may be the financial pressures of heavy borrowing and consequent loan delinquency. GAB 4 provides one example of a co-op member who obtained a BAB loan for a

tractor, was unable to meet the payments and faced repossession, borrowed an emergency loan from the co-op, and then went to Buenos Aires to earn enough money to settle these debts.

Recent efforts by the co-op and BAB to collect on overdue loans, and the poor potato crop this year, may also increase migration pressures in the near future.

b. Conclusions and Recommendations

Migration is a significant phenomenon in Punata which the co-op should not ignore. Migration of members should be noted, delegating responsibility as necessary to spouse or relative. If necessary, the co-op could reschedule loan repayments based on a member's expected income from work in Buenos Aires. Who knows, the co-op might even open a travel agency...

5. Political Situation and Potential Impact

a. Description

Co-ops do not exist in isolation from political events and trends at the local, regional, and national level. This is particularly true for the IC's due to their large size and geographical extension.

Unfortunately, in the last two years and especially since last July, the country has become increasingly politicized. The present government is making a strong bid for peasant support through the transfer of resources to cooperating groups and individuals. This

phenomenon of so-called Pactos Militar-Campesino is reminiscent of traditional patron-client relationships, and has exacerbated political and personal differences among the peasantry. These political tensions threaten the social cohesion of two of the three IC's -- Gran Chaco and Cochabamba.

The Gran Chaco IC suffers from the tight hold of a strong president, a former peasant federation leader and supporter of the present regime. The results have been the consistent lack of a strong gerente, which has weakened administration and planning and permitted the surgimiento of political and personal conflict among members and staff. This in turn has discouraged participation by present members and the entrance of new members.

In Cochabamba, even more members are politically active, representing a broader range of the political spectrum. In the 1979 and 1980 elections, eight socios stood for local political office from several different parties. Presently, the co-op president is in exile in Mexico while another socio is the GOB's Sub-secretario Para Asuntos Campesinos.

Fortunately, there is some indication that the politicization observed in Punata may be abating somewhat, at least as far as the co-op is concerned. The 1980-81 and 1981-82 leadership is considerably less "political" than in previous years. National political instability and opportunism has prompted some apathy and avoidance behavior among co-op members. For example, the co-op leadership delayed an anxiously-awaited

BAB loan in order to avoid giving the national government an opportunity to ceremoniously present the money in an attempt to make political capital.

b. Conclusions and Recommendations

The co-op whose leadership is least professional and whose action is most subject to political considerations is the Gran Chaco IC. This is essentially due to the strong personality of one leader and to an IC structure and process which is overcentralized and undemocratic in practice. Discussions with ONCICOOP staff lead us to conclude that several strategies should be developed with respect to this IC:

- o First, decentralize the co-op through intensifying incipient efforts to organize democratic structures within the co-op, particularly the GAB's, Credit Committee, Vigilance Counsel, and Education Committee. The effective functioning of new centers of power will in turn help to curb the power of the president.
- o Second, improve the educational process of the co-op by including frank and concrete discussion of co-op management, particularly of the tension between democratic policy-making and efficient management of co-op business. Educational materials in evidence to date are decidedly theoretical and fail to deal with real problems found in the Bolivian context.
- o Third, locate and educate a strong, capable manager through ONCICOOP training programs, special attention by ONCICOOP technicians, etc. This person ideally should be from the area. Even though this person may be initially selected by a strong president, he may grow in the job.
- o Consider establishing mandatory rotation of officers, requiring retirement after one term.

In the short term, USAID and ONCICOOP should use their control of project resources, as well as "moral" suasion, to initiate these processes. In addition, ONCICOOP should appoint an outside co-op expert (not presently on ONCICOOP staff) as manager or advisor until the co-op becomes independent of outside subsidies and/or until the managerial counterpart appointed by the co-op achieves a sufficient skill level to take over as the new manager. The co-op expert should not only have experience in the handling of co-op management problems but have solid business/credit experience as well. The perpetually threatened resignation of the present gerente gives ONCICOOP the opportunity to appoint a resident advisor. Neither a new tractor pool advisor nor a shuffling of ONCICOOP/RRNA staffing will adequately resolve the current problems affecting the Gran Chaco IC. Someone based in Yacuiba, with the capacity to design and implement a complex credit system, and with experience in handling the delicate human/political factors, is needed.

6. Membership Growth and Attrition

a. Description

A basic assumption of the SFO Project has been that IC membership will grow steadily with time, contributing to the achievement of financial self-sufficiency. In fact, all three IC's have grown in membership to one extent or another. However, none of the three co-ops has met or surpassed its original projections, particularly when minimal membership criteria (use of services, deposit of aportaciones) are applied. This section analyzes why this is so.

In the case of the Gran Chaco IC, the entrance of new members is seasonal (tied to the beginning of the agricultural year and the need for machinery services which the co-op currently provides). Due to the organization's youth, few drop-outs are documented.

The cases of the Cochabamba and Santa Cruz del Norte IC's exhibit different trend characteristics from that of Gran Chaco. In Cochabamba, the major share of growth comes only through the formation of new GAB's. The member attrition rate is significant in the original GAB's.

In Santa Cruz del Norte, membership growth is concentrated in three of twelve GAB's - GAB's 11, 12 and 13 (the latter a new GAB). The remaining nine GAB's have seen their membership stagnate or even shrink (one

of these is presently inactive). In sum, since 1978, 128 individuals have joined and 75 have left, for a net inflow of 53 members.

Both observations can be explained by the lack of success of specific projects — in both cases, dairy projects (which were the first major activities of both co-ops). In Cochabamba, nearly 300 medium-term loans were made for the purchase of dairy livestock, on the expectation that members would be able to repay their loans through marketing their milk production cooperatively. For various reasons, particularly the low price offered by the state milk corporation, PIL, the milk project has not met with success. At present, only 78 members, from GAB's 5, 6, and 8, market milk through the cooperative. Many individuals who originally joined the co-op to participate in the dairy credit and marketing activity have thus now withdrawn due to the activity's poca rentabilidad.

In Santa Cruz del Norte, a similar phenomenon has occurred. Members in the Yapacaní region (GAB's 2-10) are engaged in a significant amount of livestock activity in addition to farming. One of the co-op's first projects was to market milk from this area to PIL. Due to many factors, this activity has been suspended. Thus it is not surprising that the highest member attrition and least growth has occurred in this area. The growth that has taken place has been in the Puesto Fernandez region (GAB's 11-13), which is primarily agricultural.

b. Conclusions and Recommendations

IC membership growth cannot be a foregone conclusion. ONCICOOP and the ICs should regularly monitor membership trends, GAB by GAB, to identify developing problems (and opportunities).

7. Social Factors Influencing Loan Delinquency

a. Description

Loan delinquency is a serious problem for all the integral co-ops. It is a threat not only to the viability of the current project but to the ability of the small farmer, individually and cooperatively, to borrow money from the agricultural finance establishment, public and private. Delinquency discourages all institutional lending to agriculture.

The delinquency problem observed in the SFO Project is due to many factors, some subject to control by the project and some not. The major exogenous variables are crop failures and unfavorable prices reflecting government controls and the lack of adequate supportive infrastructure, appropriate technology, and/or an adequate marketing system. Technical factors within the control of the project have been detailed elsewhere, but include:

- o Co-op deficiencies, especially poor control over loans - inadequate observation of loan limits, inadequate loan supervision, poor system design making monitoring of loans difficult, lack of co-operation and coordination with other institutions working in the same field (e.g., BAB, IBTA, CIAT, MACA, CORDECO, CORDECRUZ, CODETAR).

- o Deficiencies in project management - poor system design, inadequate project analysis allowing loan diversion, excessive attentions on courses instead of individuals, lack of personnel with an understanding of the underlying social factors, no specialist in credit management or small business operations, etc.

In addition, historical and socio-cultural factors exist which subtly promote loan delinquency in the project areas. These variables include:

- o continual changing of personnel and impermanence of institutions;
- o historical experience with government programs, particularly of the SNDC, which made grants or loans without sufficient analysis and guarantees, where repayment requirements were lax, and were of a fundamentally political nature, which led to the conviction that repayment was not required;¹

¹ Other AID consultants have cited overlapping and complementary reasons for the observed high delinquency rates in Bolivia.

"Bolivia also suffers from a nonrepayment mentality. Bankers and borrowers alike accept the slightest pretext of farmers' not repaying. Unfavorable natural conditions and poorly designed loans feed this attitude. Historically, loans have often been made, especially to larger farmers, on a political basis. In many such cases the borrower has almost assumed he had the right not to repay because he knew that legal pressure would not be brought against him. In recent years this has been especially prevalent in the Oriente for cotton and soybean loans, which account for a very significant portion of the delinquent portfolio. A factor that accentuates this practice is the concessional interest rate policy, which encourages borrowers to seek credit for ostensibly agricultural purposes but which in fact is directed to other activities or investments. This situation is exacerbated when, due to high rates of inflation such as Bolivia experienced from 1972 to 1974, the real rate of interest is negative and results in an income transfer to borrowers. Clearly, policy has not mitigated but rather worsened the repayment problem."

"The average annual delinquency rate for BAB between 1972 and 1975 was 44.5%. If a number of previously delinquent loans had not been refinanced, the rate would have been even higher. In the same period the State Bank and the private banks were experiencing rates of 30% to 50%. In fact, primarily due to delinquency problems, the State Bank decided to withdraw from agricultural credit in 1976."

- o view of outside world as having infinite resources, compared to experience of finite local resources. The local understanding of U.S. Government grant support reinforces the feeling that outside subsidy money is unlimited and, since it is not "theirs", does not require efficient use;
- o lack of personal contact with program through inadequate extension visits, geographical and cultural distances, etc.; and
- o (in some Cochabamba communities and among some individuals) a feeling of being politically protected from loan collection efforts.

b. Conclusions and Recommendations

The attitudes held by members toward credit and credit institutions strongly influence loan delinquency rates. The SFO Project faces significant, persistent attitudinal obstacles to improving loan collection at the level of individual members.

To overcome this ingrained non-repayment mentality, the ICs need to continue and broaden their loan collection efforts to include:

- o more detailed evaluation of loan applications;
- o better loan monitoring;
- o greater incentives for repayment; and
- o borrower education.

More detailed recommendations appear in III.D.1.d. "Conclusions and Recommendations--Credit", pp. 88-91.

D. Comparison and Evaluation of the Three Integral Cooperatives - Commercial Aspects

1. Credit

Credit is the principal function of each integral cooperative. Its management is also a major factor determining the eventual financial success or failure of the IC. Detailed analysis is provided below of the credit process in each co-op, its deficiencies, and implications for effective and efficient credit management. General recommendations are made at the end of the section.

a. Credit in the "Gran Chaco" Integral Cooperative

Since a principal function of the Integral Cooperative "Gran Chaco" is to provide agricultural credit to its members, there should be an orderly distribution procedure, from the initial estimation of needs by the members of the disbursement of credits in cash or kind. In practice, however, this is not the case. Figure 5 outlines the theoretical steps in the IC's extension of credit. This is in contrast with Figure 6 which shows the actual process. The net result of poor credit administration in the "Gran Chaco" IC's case includes:

- o loan diversion;
- o economically infeasible loans and potential high loan delinquency in the current agricultural year;
- o inefficient use of staff time;
- o potential for member-co-op disputes; and
- o potential for embezzlement.

The following pages describe in more detail the theoretical steps in the IC's extension of credit and how these steps work in actual practice.

FIGURE 5

THEORETICAL STEPS IN EXTENDING CREDIT, 1980/81

INTEGRAL COOPERATIVE "GRAN CHACO"

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<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Member Estimates Physical Needs	Member Consults Extension Agent Overall Agriculture Plan is Prepared including credit	Credit Application submitted to credit Committee	Credit Committee Approves Application specifying amount and use of credit	Legal Contract Drawn - up that includes approved credit utilization plan	Member Signs Contract	Credit Disbursed in cash or kind

FIGURE 6

ACTUAL STEPS IN EXTENDING CREDIT - 1980/81
INTEGRAL COOPERATIVE "GRAN CHACO"

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Member estimates physical need	Member consults available co-op staff-Overall agriculture plan is prepared including credit	Credit Application submitted to Credit Committee	Credit Committee approves application specifying amount and use of credit	Credit disbursed in cash or kind	Legal contract drawn-up. "Standardized Utilization of Credit Plan" attached to contract	Member signs contract

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NOTE: There is very little relation between the first four steps and the later. The later steps occur in any order.

Step 1: Member Estimates Physical Needs

In this first step there are few problems. Individual members estimate the area they intend to plant, by crop. This can generally be taken as a maximum figure due to very little renting of lands and the influence of external factors (i.e., climate, rainfall, and availability and timeliness of soil preparation and planting inputs). In addition to estimating cropping areas, the member reviews his financial needs based on past experiences.

Step 2: Member and Extension Agent Prepare an Agriculture Plan Which Includes Credit Needs

The preparation of the credit application is the first area where the cooperative is experiencing some difficulty. For the current agricultural year, credit applications were prepared by whoever happened to be in the office during the members' visits. Ideally, the applications would have been prepared at the member's landholding(s), but time (lack of extensionists) proved to be the major constraint.

Step 3: Credit Application Submitted to Credit Committee

During the 1980/81 agricultural year, 215 applications were submitted to the Credit Committee. Applications were submitted directly to the Credit Committee since the local base groups (GABs) were not yet in existence. Irregularities observed included: (1) loan applications did not specify how the payments of the loans would be guaranteed; (2) not all members receiving credit submitted applications;

and (3) many applications did not have the member's and extension agent's or planner's signature.

Step 4: Meeting of Credit Committee to Approve Amount and Use of Credit

According to the cooperative management, the credit committee is virtually non-functional. However, a review of credit applications found that someone representing the committee actually reached a decision on 215 applications. The committee either signed the individual applications or approved a group of applications. The Table below shows the results of the committee's decisions.

Table 6: Current Status of Credit Applications in Relation to Outstanding Loan, by Total Members, Gran Chaco Co-op

		Application Submitted (91.9%)			
		Approved, loan disbursed	Approved, no loan disbursed	Not approved, but loan dis- bursed anyway	Not approved, no loan disbursed
Members		199	11	3	2
%		85.0	4.7	1.3	0.9
		No Application Submitted (8.1%)			
		With loan	Without loan		
Members		8	11		
%		3.4	4.7		

It is noted with some concern that three members have received loans after their applications were rejected. No record of any resubmitted application was found; nor was any explanation received from co-op staff. In addition, eight members never made a credit application, yet they have outstanding loans.

In general, the credit committee approved the amount of funds requested. The amounts approved were for specific purposes. The following Table shows the distribution of the amounts approved.

Table 7: Distribution of approved loans by amount
Gran Chaco Co-op

	<u>Under</u> <u>\$b 5,000</u>	<u>\$b 5,000</u> <u>9,999</u>	<u>\$b 10,000</u> <u>19,999</u>	<u>\$b20,000</u> <u>29,999</u>	<u>\$b30,000</u> <u>and over</u>	<u>TOTAL</u>
No. of members	82	53	38	17	20	210
% of members	39.1	25.2	18.1	8.1	9.5	100.0

From the above Table, it is observed that only 17.6 percent of all loans approved were for amounts of \$b 20,000 or greater. The majority (64.3%) of the loan applications were for amounts under \$b 10,000. The total amount of credit approved was \$b 2,364,300, which is an average of \$b 11,259 per member. This compares favorably to the total amount loaned during the 1979/80 agricultural year of \$b 1,002,976 to 86 members,

or an average of \$b 11,663 per member. However, as seen below, approved loan limits for 1980/81 were almost uniformly violated.

Step 5: Legal Contract Drawn up that Specifies How Credit will be Used

All loan contracts examined specify the crop, the area to be planted, and the maximum amount of funds that the member can draw upon. Both the crop and the area to be cropped are drawn from the loan application. However, almost consistently, the amount written into the contract was observed to have no relation to the amount approved by the credit committee.

The following Table documents the lack of any relationship between credit amounts approved and contract loan limits.

Table 8: Total, average, and difference between credit limits approved by committee and amount specified in signed contracts: 55 cases, Gran Chaco Co-op.

	<u>Approved by committee</u>	<u>Contract</u>	<u>Difference</u>
Total credit	\$b 524,062	\$b 2,447,143	\$b 1,923,081
Average per member (55)	\$b 9,528	\$b 44,494	\$b 34,966

The average amount specified in the loan contract is almost five times greater than the amount approved by the credit committee. The management of the coop was unable to explain the variation as outlined above.

Contracted loan amounts for 1980/81 bear no relationship to projected costs or returns. It was initially planned that members would be lent up to 80 percent of the costs of producing soya and maní. It was estimated by the coop that the production costs for one hectare of soya would be \$b 8,141 and the co op would finance up to \$b 6,739. In practice, the coop never lent less than \$b 10,591.62/hectare, which is more than half again the approved limit. In one case, the loan contract specified \$b 70,000 for 1½ hectares of soya, an average of \$b 46,667/hectare. These figures are well above the expected return of \$b 9,900 (1,500 Kgs x \$b 6.6/Kg), and suggest that loan delinquency will be very high this year.

Step 6: Legal Contract Signed by Member

Ideally, before any loans are disbursed, a legal contract should be signed by each individual member. This is particularly important in Yacuiba since the co-op does not have any guarantee of repayment, such as a member's land title or a promissory note. The following Table 9 indicates the current status of all loan contracts.

Table 9: Current status of all legal contracts--
March 1981, Gran Chaco Co-op.

	<u>Contract in Office</u>		<u>Location of Contract Unknown</u>	<u>Total Number of Loans</u>
	<u>Signed</u>	<u>Unsigned</u>		
No. of Members	55	76	79	210
% of Members	26.2%	36.2%	37.6%	100%

The above Table indicates that only a fraction over one-quarter of all individual members with outstanding loans have signed a contract. More important and most worrisome is the fact of 79 missing or unknown contracts. Although repeatedly requested, those contracts were never produced by the co-op management and possibly do not exist. The co-op management said that they were with the extension agent. This statement is difficult to support since the missing contracts are from every single area.

Step 7: Credit Disbursed in Cash or Kind

Credit disbursed shows no relationship to amounts approved by the credit committee nor signed in any contract (if one exists for the particular transaction). Table 9 clearly shows that in the majority of cases (73.8%), credit was distributed before a contract was signed. Therefore, a legal contract was not a necessary requirement in obtaining a loan. In addition, the credit committee had approved all loans for a specific amount. It is shown in Table 10 that the approved credit limits had very little meaning and relationship to actual disbursements.

Table 10: Outstanding Loans in Relation to Approved Credit Limit—January, 1960, Gran Chaco Co-op

	<u>Number</u>	<u>Percent</u>
Credit extended over approved limit	136	64.3
Credit extended under approved limit	74	35.2

In addition, the \$b 70,000 credit limit set by all cooperatives was also violated. Four members already have loans above that amount and their crops have not even been completely weeded or harvested. The largest loan is to the cooperative president; the second largest is to a relative of another board member. Table 11 clearly shows the total disregard of previous decisions and co-op regulations

Table 11 : Relationship between Membership Shares and Outstanding Loans, January, 1980, Gran Chaco Co-op

	<u>Number</u>	<u>Percent</u>
Membership shares insufficient in relation to loan	99	47.1
Membership shares sufficient in relation to loan	111	52.9

As seen from the above Table, almost half (47.1%) of all members with loans have not maintained the necessary 1:5 relationship between membership shares and outstanding loans. The above information is through January only since no February data had been entered by the time of our visit in mid-March.

In the case of co-op leaders, this violation of credit limits is even more pronounced. Of 11 files examined, 10 showed a greater loan amount to date than permitted by their paid-in membership capital. Since approving the original loan applications the credit committee has not met. In addition, the office staff is giving out credit

without first checking to see if the member has the necessary membership shares to support additional credit.

An additional problem noted was the occurrence of duplicative loans to co-op members by the IC and BAB. Three co-op leaders, out of eleven whose cases were examined, were found to have loans from both institutions for the same purposes. This abuse was able to happen due to the co-op's inability to date to provide the local BAB office with a list of members and their loans.

As noted above, the "Gran Chaco" IC has exhibited consistent problems in the allocation of credit. This situation is not improving; rather, since mid-1980, the implementation of the credit system has deteriorated noticeably. Prior to that time, most forms had been filled out correctly, in part due to the small number of members, and the relationship between aportaciones and credit was generally maintained. However, from July to November 1980, the system of internal control and monitoring collapsed. The explanations we could find for this documented fact include:

- o Absence of accounting staff, especially the chief accountant, for a period of five weeks in July and August to attend an ONCICOOP computer course;
- o ONCICOOP staff difficulties in reaching Yacuiba engendered by lack of travel funds in August, political uncertainties, and frequent cancelling and delay of flights due to inclement weather and poor service; and
- o Growth in membership in October and November 1980, which overloaded the inexperienced administrative staff.

b. Credit in the "Santa Cruz del Norte" Integral Cooperative

Figure 7 summarizes the process by which credit is determined, approved, and disbursed. This process differs from that implemented by the "Gran Chaco" IC in that "Santa Cruz del Norte Ltda." has functioning GABs. Overall, the credit process at Santa Cruz unfolds in a more orderly and controlled fashion. This conclusion has been confirmed by office and field interviews and by close inspection of the records of GABs 2 and 12.

Steps 1 and 2: Preparation of Loan Request

Normally, a co-op member prepares his loan application with the assistance of an extension agent. This application is then signed by both the member and his spouse, but not by the extension agent. The loan application form does not include any place for the extension agent's signature or recommendations. Therefore, there is no means to verify whether or not the extension agent actually took part during this stage of obtaining credit.

Steps 3 and 4: Credit Application Submitted to and Approved by the Local GAB.

In the "Santa Cruz Norte Ltda." IC the local GABs are in most cases functioning successfully. The very existence of a committee within the GAB to review loan requests leads to much better control over loan applications and facilitates evaluation by the Credit Committee, leading to more realistic decisions and loan limits.

FIGURE 7 - THEORETICAL STEPS IN EXTENDING CREDIT - INTEGRAL COOPERATIVE - "SANTA CRUZ NORTE LTDA" - 1980/81

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Member estimates physical needs	Member consults extension agent; overall agriculture plan is prepared, including credit	Credit application submitted to CAB (three-person committee)	GAE approves credit application	Credit application submitted to Credit Committee
<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
Credit Committee approves application specifying amount and use of credit	Utilization of credit plan is prepared which will be attached to the contract	Legal contract prepared that specifies the term of the loan	Signing of loan contract and promissory note	Disbursement of credit in cash and kind

Steps 5 and 6: Credit Application Submitted to the Credit Committee

This cooperative receives high marks for having both active GAB and IC groups reviewing loan applications. The IC has a Credit Committee that is composed of three IC members, each from a different region, and the manager (non-voting). This group of four people holds regular meetings. During the agricultural/credit cycle it meets at least twice a month as compared to once a month at other times.

The reported advantages of active GABs and a functioning Credit Committee are: better repayment, greater understanding of co-op functions, and fewer conflicts with or alienation from the management.

However, due to several factors, including: (1) poor system design which made information difficult to obtain, (2) inadequate effort, and (3) withholding of cooperation by the local BAB office, the Credit Committee has consistently failed to:

- o check that the membership capital to funds loaned ratio is maintained at the required 1:10 ratio;
- o review short- and medium-term loan applications to ensure that a member does not have delinquent loan;
- o verify that individual members are not in debt to BAB, Banco del Estado or any other lending institution; and
- o review all members' files to see that they are complete with the following items before any credit is disbursed:
 - (1) completed credit application with all the necessary signatures;

At: "Requisitos de los GABs"

(2) signed contract complete with credit utilization plan and repayment schedule; and

(3) signed promissory note.

These problems can be attributed to poor system design and implementation similar to that found in the other ICs.

- o The amount of an individual's membership share, or aportación, can only be determined after reviewing three separate documents: a member's loan card, his file and his membership share card. In addition, determining the outstanding amount of any membership share can be extremely difficult because the ten percent capitalization on co-op services is added directly to membership capital. Further complicating the calculation, members with two or more loans had their loan information inconsistently entered, either on one card or on separate cards. When more than one loan is entered on a card, the oldest loan is not completely cancelled until the newest loan is finally paid off, thus requiring a larger membership aportación to maintain the 1:10 ratio.
- o The review of short- and long-term loans is complicated by the fact that members with two different payment schedules normally don't have two separate loan cards. Also difficult is a determination of a member's payment schedule, since this information is not provided on the loan card or the member's contract. One problem unique to the Santa Cruz IC is a lack of understanding, in practice, as to what is a short- and what is a medium-term loan. (Further elaboration of this point occurs in a later section.)
- o As of mid-March, the cooperative and the local BAB office had yet to exchange information on co-op member borrowers. This lack of cooperation permits situations to arise where members, including the new co-op president, are delinquent to one lender while continuing to borrow from the other.
- o The review of member files for completeness has not been done by the Credit Committee nor the cooperative staff. Both groups deemed such a review unimportant since it would slow the process of obtaining credit. On the contrary, considering the abuses observed, and the potential for additional problems, the evaluators consider such a review extremely important and present recommendations elsewhere for facilitating this process.

Step 7: Preparation and Utilization of Credit Plan

In the credit application, a plan for the utilization of credit is presented. However, this is insufficient, since a member's needs can change, a loan request can be approved for a smaller amount, or other modifications may take place in the time between application and approval. What is needed, and which does not exist, is a plan for the utilization of credit to be attached or specified in the contract.

Steps 8 and 9: Preparation of Loan Contract; Member Signature on Contract and on a Promissory Note

All members with loans, and even some members without approved loans, have signed contracts and promissory notes. It appears that this was done at the same time as the signing of the loan application. This suggests that the co-op is most interested in getting money disbursed and less interested in first establishing the feasibility of loan repayment.

Step 10: Disbursement of Credit in Cash and In-Kind

The following table shows the amount of credit outstanding as of March 7, 1981 by type of activity.

Table 12: Average and Total Amount Outstanding by Type of Activity

<u>Activity</u>	<u>Amount Disbursed</u>	<u>No. of Beneficiaries</u>	<u>Aver./beneficiary</u>
Land clearing	\$b 2,316,645	233	\$b 9,943
Crops	\$b 2,697,229	282	\$b 9,565
Sprayers	\$b 215,227	75	\$b 2,870
Chain Saws	\$b 53,460	3	\$b 17,820
Tractor	\$b 3,587,536	6	\$b 597,923
Livestock	\$b 722,700	27	\$b 26,767
Cleaning	\$b 208,940	30	\$b 6,965
Wire	\$b 216,820	41	\$b 5,288
Miscellaneous	\$b 28,000	--	\$b --
Total	\$b 10,046,557		

The total amount of loans outstanding is \$b 10,046,557. The major activities are agricultural machinery, cropping, and land clearing. The purchase of six tractors and implements is questionable because of the lack of an adequate feasibility study and the tardiness of their arrival (see section 2.g.—Planning Capabilities).

Table 13 presents what crops were funded by GABs. Also included in this Table are the number of hectares cleared. This figure was obtained by assuming that four hours of machinery time at a cost of \$b 1,100/ha. was needed to clear one hectare.

Table 13: Use of Loan Funds Granted by Type of Crop (in hectares) and area cleared (in hectares)

<u>GAB</u>	<u>Crops in Ha.*</u>					<u>Land Cleared In Hectares</u>
	<u>Rice</u>	<u>Corn</u>	<u>Beans</u>	<u>Others</u>	<u>Total</u>	
2	135	-	-	-	135	56.1
3	86	-	-	-	86	30.9
4	57	-	-	-	57	31.8
5	43	5	-	5	53	23.1
6	25	-	-	-	25	9.3
7	119	-	2	5	126	37.2
8	205	-	-	-	05	73.6
9	122.5	26.5	-	-	149	48.8
10	57	7	2	1.5	67.5	27.8
11	64.5	113	4	10	191.5	103.2
12	7.5	130.5	9.25	9.75	157	72.7
13	19.25	16.25	-	-	35	12.0
Total	940.75	298.25	17.25	31.25	1,287	526.5

* Source: Loan applications: Actual area planted is probably much less since members tend to overstate their requirements.

Table 13 clearly shows the importance of different crops by region. Yapacaní (GABs 2-10) is a rice growing (and livestock) region. Mineros/Puesto Fernandez (GABs 11-13) in addition grows corn. This table should be kept in mind since it will be used in reference to the existing planning capabilities of the "Santa Cruz del Norte Ltda." IC. Finally, this Table can be used in conjunction with the due dates of the loans since cropping loans are for up to

nine months, while land clearing loans are made for up to 1 1/2 years. By assuming that all land clearing loans are for 18 months (medium-term), we derive the distribution of short- and medium-term loans summarized in Table 14.

Table 14

Time period of outstanding loans - number and percent

<u>Loan Time Period</u>	<u>Number</u>	<u>Percent</u>
Short-term only	54	17.7
Short- and medium-term	228	74.8
Medium-term only	18	5.9
Unknown	<u>5</u>	<u>1.6</u>
Total	<u>305</u>	<u>100.0</u>

The time period of the loan is important since it determines the flow of funds. Instead of the time period being clearly specified for each loan, it is extremely variable. It almost seems that loans are randomly selected as to short or medium term. An analysis of loans in GABs 2 and 12, presented in Tables 15 and 16, illustrates the difficulty that the cooperative is having in determining whether a loan is short-term or long-term. This task is made doubly difficult since the only means for determining when a payment is due is by looking at a "form of payment" sheet, located in a separate file. The terms of the loan should be specified in the contract but, as noted elsewhere, this step has not been built into the system design.

Table 15

Short-term credit by term of payment and GAB 80/81 Summer crop

	G A B 2		G A B 12	
	No.	%	No.	%
Short-term payment	13	72.2%	24	85.7%
Medium-term payment	1	22.2%	3	10.7%
Loan prepaid	1	5.6%	1	3.6%
T o t a l	15	100.0%	28	100.0%

Table 16

Medium-term credit by term of payment and GAB 80/81 - agricultural year

	G A B 2		G A B 12	
	No.	%	No.	%
Medium-term payment	3	30.0%	3	33.3%
Medium-term delinquent	1*	5.0%	-	-
Short-term payment	13	65.0%	6	66.7%
T o t a l	20	100%	9	100.0%

* This is the only loan that had a payment due before 4/30/81; it is now over 60 days overdue without an overdue notice being sent out.

A basic element of the credit system is the proper establishment and monitoring of loan time periods. This is done commonly and in the present system through the completion of "form of payment" sheets which are to be filed at the co-op.

Given the abundance of blank contracts (29.7 percent in GAB 12, for example) it would seem likely that every member would also have a form of payment sheet in his file. However, as indicated below in Table 17, this is not the case.

Table 17

Existence of Form of Payment Sheet by GAB

	G A B 2		C A B 12	
	No.	%	No.	%
Form of Payment Sheet	26	68.4%	33	89.2%
No Form of Payment Sheet	9	23.7%	4	10.8%
Form of Payment different than loan	3	7.9%	-	
T o t a l	38	100%	37	100%

In addition, the system has other faults. Within GAB 2, 23.7 percent of all outstanding loans did not have sufficient membership shares. In the same GAB, 15.8% of all loans were over their credit line as approved by the Credit Committee.

c. Credit in the "Cochabamba" Integral Cooperative

The credit application process for the Cochabamba IC is, on paper, much like for the other IC's. In response to a request from a co-op member, the extension agent or the individual GAB Comité Auxiliar fills in a one-page report that includes (1) a plan for the utilization of credit (2) signatures of the guarantors of the loan, and (3) information on the size of land holdings. The Comité Auxiliar assesses the feasibility of the loan, and, if approved, passes the application to the local extension agent, who in turn evaluates the application in writing. In theory, the extension agent goes to each individual member's land holdings. However, with three extension agents and 1,600 members, approximately half of whom require credit during the agricultural year, this is not always possible.

The impression obtained is that applications are filled out hastily, since it is "only a requirement", and that credit needs are generally exaggerated. In a GAB selected at random, a wide disparity existed between what the members report as their land holdings and what they actually have.

An examination of this GAB yielded still other samples of abuses which are permitted by the lack of adequate supervision (and, undoubtedly, the indifference and/or collusion of GAB leaders), including:

- o Borrowing in rotation among extended family members. Four members of one family are co-op members. While each member individually owns his/her own plot, the whole family plants between them, and sometimes one individual will borrow

for the whole family, claiming all the land as his/her own. In the case examined, the family took advantage of this rotational strategy to avoid co-op restrictions on loans to delinquent members. Member "X" borrowed and repaid a short-term 1977 loan which was used for the family's land. His brother and mother borrowed separately in 1978, again for the entire family, but became delinquent, were unable to borrow in 1979 and 1980, and are now facing legal action by the co-op. Meanwhile, "X" again borrowed in 1979 and 1980 from the co-op (and is now delinquent on the 1979 loan).

- o Loan diversion. One member lives in town and derives his livelihood mainly from driving a truck and trading in cattle. However, he has title to half an arrobada of land. His father, also a co-op member, has an additional 9 arrobadas. The son has for two years in a row received co-op loans for 2 1/2 hectares, the father for 3 1/2 hectares. It is likely they are receiving loans for the same land; the son is probably using the cash for his business.
- o Borrowing in member's name. The loan application of one member was entirely consistent and plausible — except he has been in Buenos Aires for a year. A friend or relative filled in the application and is probably farming the land in his stead.

Based on the initial report approved at the CAB level, the extension agent prepares a loan request which he submits to the Credit Committee. The Credit Committee is responsible for passing judgment on the loan feasibility and ensuring that the member is not in arrears on the date of the application. Its members also check to see that individual members maintain the proper amount of membership capital. In general, the Cochabamba Credit Committee has done a good job, particularly in ensuring that members have on deposit sufficient membership shares (i.e., maintaining a minimum 1:10 ratio between membership capital and amount borrowed). In CAB 4 (picked at random

to be examined by the evaluators) all 47 short-term borrowers had sufficient aportaciones on deposit with the co-op to merit their loans.

The one area where the Cochabamba Credit Committee fell short was in ensuring that members making short-term loan requests were not delinquent on an earlier long-term loan. This is understandable due to the administrative complexity under the current system of determining whether or not a long-term loan is in arrears.

The system utilized in the Cochabamba IC works fairly well through the point where the Credit Committee approves member loan applications. At this point, however, serious problems arise in regard to the drafting and signing of valid contracts, and the disbursement of funds. This can be understood more completely by looking at the short-term loan situation of one GAB--GAB 4 (Tables 18 and 19).

Table 18

<u>Legal Contract - Current Situation</u>		
<u>GAB 4 - 47 Outstanding Short-Term Loans, Cochambamba</u>		
	<u>No.</u>	<u>Percent</u>
Contracts amounts written in pencil and signed (in ink)	7	14.9
Blank contracts - signed (in ink)	23	48.9
No contracts	17	36.2

Table 18 indicates several problems involving contracts. In all cases in GAB 4, disbursement of funds proceeds the signing of a legal contract. In fact, to date, not one contract has been filled out properly

in the legal sense. In addition, 36 percent of all short-term loans are not supported by legal documents, signed or unsigned. Obviously, the co-op management does not deem the signing and filling out of contracts as important.

Table 19

<u>Loan Limits Approved by Credit Committee</u>		
<u>GAB 4 - 47 Outstanding Short-Term Loans</u>		
<u>Cochabamba</u>		
	<u>No.</u>	<u>Percent</u>
Outstanding loans greater than amount approved	22	46.8
Outstanding loans less than amount approved	25	53.2

Once loans are approved, signed (after a fashion), and disbursed, another series of problems is encountered. As in the other ICs, the Cochabamba co-op staff are unable to efficiently and effectively monitor outstanding loans owing to poor system design and (partially as a result) deficiencies in implementation. Design problems encountered in Cochabamba include:

- o No provision is made on the loan repayment sheet for a running balance. In addition, there is no specification as to the amount loaned.
- o To determine the credit status of individual members, three different sources--member's file, loan card, and repayment sheet -- must be reviewed (this is a time-consuming and hence often-shirked process).
- o Loans in arrears are not separated, making monitoring difficult.

- o Different due dates exist on every long-term loan, promoting delinquency and making monitoring of repayment more difficult.

Implementation deficiencies exist particularly in relation to repayment of long-term loans. These deficiencies have led to a marked (perhaps by 50 percent) underestimation in published co-op figures of the actual number of members who are behind in their loan payments and an exaggeration of the number of members who have made prepayments.

Specific deficiencies observed include:

- o the co-op management is disregarding loan limits approved by the Credit Committee (see Table 19);
- o loan repayment schedules in some cases are not based on the date that the loan was actually received;
- o members with more than one long-term loan have had their loan repayment schedule based on the last loan, extending long-term loans in some cases from the normal five years to as many as seven years (no explanation was obtained as to why this occurred);
- o all long-term loans are defacto rescheduled for an additional six months without prior approval of the credit committee;
- o no list is prepared of loan repayments that are scheduled during the month or year, handicapping monitoring of loan delinquency; and
- o staff time is wasted in calculating individual loan interest on a monthly basis.

In general, the current system at handling long-term loans is difficult to manage as well as being subject to many errors.

Under the co-op's definition of morosidad, "only" 96 long-term borrowers out of 243 are delinquent. Ignoring irregularities in

rescheduling, \$b 333,288 is owed, giving a delinquency rate of seven percent. However, this percentage is not calculated on the amount presently owed but on the total amount that has ever been loaned, \$b 4,951,425.79. The total sum currently owed is \$b 2,654,956.50, of which \$b 1,406,210 is the total owed by delinquent members. Furthermore, as indicated above, the real number of loans in arrears is much higher, closer to half. Even utilizing the co-op's system of calculating delinquency, the actual rate could be twice the stated seven percent.

A further deficiency in regard to implementation has been the inadequate exchange of information with the local BAB office, thereby impeding a comparison of BAB and IC loans which might reveal credit abuses. BAB in January did request a list of co-op members receiving loans, but as of the end of March, the co-op had only provided aggregate data. A check of IC and BAB records for one Valle Alto community found that only five co-op members had borrowed from BAB. However, all five were delinquent on co-op loans made in 1979 or earlier. The obvious conclusion is that they had gone to BAB because they were ineligible for further co-op loans. Exchange of information and consultation between the IC and BAB would facilitate elimination of such abuses.

While it is easy to paint a black picture of the credit system at the Cochabamba IC, particular strengths do exist. These include:

- o The credit committee appears to be consistently reviewing member aportaciones and enforcing co-op credit requirements in this regard.
- o Member control is assured through regular use of libreta de préstamos. Each member, upon receiving or amortizing a loan, presents his/her libreta to the co-op employee for entry of sums.
- o IC personnel enter information when the transaction takes place.
- o Members may pre-pay and avoid remaining interest charges (and commonly do).
- o The IC is putting pressure on members, through letters, and visits by extensionists, credit committee members, and local officials (corregidores), to pay debts.
- o The small average loan size (b\$ 12,000) contributes to lowering the delinquency rate.
- o Seasonal loans are due at same time, making it easier for the co-op to know when a member becomes delinquent.
- o Fixed payment date (July 31) for short-term loans is timely -- farmers have just completed the harvest and have cash on hand.

Overall, however, the Cochabamba IC suffers from significant loan abuse. In this regard it is important to emphasize that the co-op represents one of several sources of capital for member households to tap in pursuing individual household objectives. These objectives are often unrelated to the purposes for which the loans are intended. Due to the present administrative disorder, and to the fact that a significant percentage of loans are in cash (for the purchase of potato seed), a large but still indeterminate percentage of co-op loans probably does go to other uses.

The poor credit control stems primarily from:

- o poor co-op loan supervision owing to inability of the extension agents to visit each member;
- o poor supervision by GABs;
- o inadequate review of long-term credit standing of loan applicants, owing to dispersal of data and staff indifference;
- o irregular due dates for long-term loans, making monitoring more difficult and increasing the likelihood of default when payments fall due during cash-poor periods;
- o inadvertent, unauthorized rescheduling of long-term loans; and
- o lack of coordination with local BAB office.

In particular, we noted that the extension agents spend much of their time engaged in credit activities, reducing the time devoted to technical assistance. Even so, they cannot attend to each and every application. As a result, much of the responsibility for verification of credit requirements devolves by default upon the GAB Comités Auxiliares. The quality of such local review is extremely variable, however.

d. Conclusions and Recommendations--Credit

In all three ICs, major deficiencies exist in the administration of credit, from the initial application and evaluation through supervising and collecting. In general, the ICs have also failed to exchange adequate information on loans to members with local BAB offices. Both situations permit, and indeed encourage, substantial loan abuse by members and contribute to loan delinquency. In the case of the "Gran Chaco" IC, in particular, the awarding of loans has been done with little regard to financial feasibility. As a result, loan amounts to members in 1980-81 are beyond those limits consistent with expected crop yields, suggesting a high level of delinquency to come in the present agricultural year.

We recommend that greater efforts be made to:

(1) Improve monitoring of credit

- o create a data system which makes it easy to:
 - determine the status of loans, and in particular the arrears position (by age and loan category). If one category of loans has a higher delinquency rate (e.g., medium-term loans), it might be a good idea to suspend this type of loan or modify the project;
 - establish and enforce loan limits as determined by the co-op's required membership capital/credit ratio;
 - monitor compliance with payment dates, particularly for long-term loans requiring multiple repayments;

- monitor separate loans to the same individual;
and
- generate and utilize data for agricultural planning purposes;

(Based on our field analysis, we present in Annex 5 some suggestions for redesigning the present credit control system).

- o Make checking of loan limits the responsibility of the Credit Committee.
- o Improve supervision at GAB and extensionist level to, inter alia,
 - (a) assure application authenticity;
 - (b) verify need and proper loan use; and
 - (c) enforce co-op regulations prohibiting one family member from borrowing from another who is delinquent.

To better assure proper loan use, both a visual and documentary check, through extension visits and submission of titles, leases, or en compania agreements, should be made. (Titles kept as security and copies of other land documents should be kept under lock, in one place, and not separately in members' files, for easier comparison as well as security).

(2) Improve loan collection procedures

- o Make it easy for the borrower to repay through direct collection (through GAB's and extensionists), market visits, part-time agencies, convenient location, etc.;
- o Withhold additional loans to GAB of which defaulter is a member (to encourage peer pressure); alternatively, enforce present requirement that

loans are not to be made to GABs with a 10% or greater delinquency rate;

- o Increase and enforce penalties for late repayment;
- o Give bonuses or discounts for timely or early repayment, particularly at the group level;
- o Use local authority figures — corregidores, GAB leaders, credit committee members (as in Cochabamba) — to facilitate debt collection;
- o Undertake timely visits by debt collectors -- at the time of sale of produce (as in Cochabamba);
- o Require repayment of medium-term loans at regular intervals (consistent, of course, with periods of expected farmer cash surplus); and
- o Cancel small debts of delinquent members where possible with their aportaciones in order to clear books, lower overall delinquency rate (particularly in Cochabamba).

(3) Motivate borrowers

- o Establish good customer relationship;
- o Maintain continuity of contact;
- o Promote member involvement through GAB meetings in discussion of new projects; and
- o Involve spouse when possible.

(4) Educate borrowers

Borrowers often need to be educated into its uses and responsibilities. The topics covered should include: (a) how to decide upon the amount to borrow, (b) security requirements, (c) interest charges and why interest must be paid, and how much, (d) the necessity for repayment and the penalties which may be incurred in case of default, and (e) the need to keep simple accounts and, if possible, illustrations of simple accounting systems.

Courses should be conducted at the GAB level, as close to home as possible. Much of this training can be relatively inexpensive and cannot only teach people how to use credit but build up a rapport with borrowers.

(5) Cooperate with other lenders

- o The co-ops should regularly exchange information on delinquent members with BAB, Banco del Estado, and other financial institutions to minimize duplication of loans and incidences where co-op members delinquent to one institution obtain additional loans from the other(s).
- o ONCICOOP should assist the co-op and other institutions in establishing guidelines for the exchange of such information.

Cooperation with other lending agencies through the exchange of lists of delinquent accounts can be helpful in the credit screening process. Beginning in September 1980, for example, the BAB office in Punata has reportedly been providing the cooperative with a list of local BAB morosos with the intent that these persons be denied credit by the co-op.

In particular, ONCICOOP should work closely with the Gran Chaco IC to assure the redesign and implementation of credit procedures. This can probably best be accomplished through the assignment of a qualified advisor/credit specialist.* In addition, ONCICOOP/RRNA, BAB/CROFOC, and USAID should prepare a strategy to deal with the predicted high rate of member delinquency/default which will likely be encountered this year.

* Such a person is not presently on the ONCICOOP/RRNA staff and should be contracted from outside the present technical assistance team.

2. Project Planning and Implementation--Selected Problems

To reach financial self-sufficiency, the ICs must create additional sources of income apart from the channeling of credit to members. New project activities must be launched and made profitable in the areas of (1) farm input supply, and (2) agricultural processing, storing and marketing. This requires a substantial amount of business acumen, however, and each IC has encountered particular difficulties. This section presents selected analyses of project planning and implementation experiences at each IC.

a. "Gran Chaco" Integral Cooperative

(1) Machinery Pool--Social Conflict and Design Deficiencies

(a) Description

The machinery service is the primary raison d'etre for the Gran Chaco co-op.^{*/} Lack of labor and/or machinery at planting and harvest is the largest bottleneck to increased agricultural production. The machinery pool is the principal activity and cost to the IC,

^{*/} Unlike in Santa Cruz del Norte, little sentiment currently exists in Yacuiba for individual ownership of tractors. It seems that this present lack of interest can be explained by several factors. First, these farmers are poorer, more traditional, and possess smaller extensions of land than farmers at Santa Cruz del Norte. Furthermore, repair is more problematic owing to the distance from facilities in Santa Cruz. Finally, a tradition of group ownership and use of tractors is present. Over the past decade farmers have joined agrupaciones of 5-15 members apiece to obtain credit from BAB for the purchase of tractors. Eight of these groups reportedly still exist in the area.

and is the primary reason that membership rose from under 100 to 234 in just three short months, from October 1980 to January 1981.

Such quick growth in membership contributed significantly to the management tensions which affected (and continue to affect) the IC. The large increase in members seeking tractor services, particularly in the absence of GAB's and with the inadequate internal organization of the co-op, made it difficult to systematically program the use of the machinery. Given the additional problems of diesel shortages and heavy rains, which limited the time the machinery was available, disputes over access to services in retrospect seem unavoidable.

Countercharges of favoritism have been traded back and forth among members and co-op staff. As a result of this tension, the co-op fired the head of the tractor pool in late February. The pool advisor came under intense pressure to leave and there is reason to believe that several people associated with the IC engineered his arrest shortly thereafter on charges unrelated to the co-op.

In reviewing the tractor pool records, the consultants found that the tractor pool manager's father and several other large (over 20 hectares) landholder socios had received tractor services well in excess of the limit of 20 hectares. Dispute exists over whether the delivery of these specific services at that time was justified or not. However, the real issues here are two:

- o whether, given scarce resources in a co-op, it is advisable to have both large and small landholders;
- o whether it is the manager or the elected co-op leadership which is allowed to discipline employees, regardless of their performance.

The Gran Chaco IC is geographically and socio-economically divided. On the east side of the mountains, the IC has approximately 200 members with average landholdings under ten hectares apiece, all within 20 kilometers of the tractor pool. On the west side of the mountains, the IC has 45 dispersed members, with larger landholdings ranging upwards of 100 hectares, living from 22 up to 100 kilometers from the tractor pool. This situation is bound to be financially wasteful and socially divisive. All things being "equal", the more distant members, with more land to cultivate, will receive greater benefits relative to smaller landholders.

To complicate matters, the machinery pool project suffers from several major design deficiencies. These deficiencies result from the consistent failure, from the time the project was conceived up to the present, to utilize simple data which the cooperative has available at its office. The following deficiencies are noted:

- o Non-use of available information on areas cultivated for the 1979-80 agricultural year. This piece of information could have been obtained from individual member loan applications.
- o Overestimation of the number of members the cooperative would have for the 1980/81 agricultural year.
- o Unrealistic estimate as to the average crop mix of individual members.

- o Low estimation of tractor utilization in terms of hours per year.
- o No analysis of existing staff capabilities and its capacity to handle a tractor pool.
- o No pre-designed information collection system to handle the demands or responsibilities of running machinery.

If the authors of the initial project proposal had looked at the above factors they would have proposed a machinery pool on a much smaller scale. In this regard, it is noted that the cooperatives have a tendency to overestimate their needs and that they are extremely inflexible when it comes to adjusting to a situation at variance with projections and previous assumptions.

Information from the feasibility study is compared with the planned activities as specified in the individual credit applications. For the 1979/80 agricultural year the average area planted by crop is based on the 1979 credit applications on file. For the 1980/81 agricultural year the number of applications studied was 215.

Table 20: Projection of average area planted (in ha.) by crop compared to estimated average area to be cropped as specified in the credit applications - 79/80 - 80/81 agricultural years, Gran Chaco Co-op

		Crops planted in ha.				
		Corn	Soybeans	Peanuts	Others	Total
79/80	Projected	7.0	6.0	2.5	1.2	15.7
	Credit applications	5.2	3.5	0.8	0.7	10.2
80/81	Projected	5.1	5.5	2.7	1.2	14.5
	Credit applications	5.3	5.0	0.3	0.8	11.4

Table 20 clearly demonstrates that the credit applications indicate an area to be planted which is, on the whole, much less than projected by the feasibility study. At this point, adjustments could have been made. It is not known why the advisors did not utilize the credit application forms as a means of estimating the average area planted. This readily available information would have indicated (1) a preference for planting corn rather than soybeans, and (2) a smaller area actually available for cropping.

The number of members estimated for the 1980/81 cropping year was 300. In reality, only 234 people are currently members of the co-op, of which 90% (210 members) have outstanding loans. If the projected estimate (14.7 ha./member x 300 members) of 4410 hectares is compared to a figure closer to the real one (11.4 ha./member x 210 members) which is a maximum of 2394 ha., there is a difference of almost 100%. This figure alone would indicate that the number of tractors currently owned is double the actual number needed.

Machinery in Bolivia is very expensive. Therefore, it is necessary that agricultural equipment be utilized to its fullest. From a conversation with FAO's agricultural economist and Bank of America's vice president in charge of agricultural loans, it was calculated that a tractor should be utilized in minimum of 1200 hours/year in order for it to be economical. In the feasibility study the estimates used were 780 hours/year for the 120 hp John Deere's and 1164 hrs./year for the

60 hp Ford's. As of mid-March these tractors had less than 400 hours/
machine of use, strengthening the conclusion that the number of machines
purchased was too great.

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The next facet studied was the use of tractor services by month. Excluded from Table 21 is all work that was on fields of more than 20 hectares. This was done since the co-op had a limit of 20 hectares per operation per member. By excluding the large landholders it is shown on Table 21 that the average number of hectares worked was approximately 5 per member. If the members who had more than 20 ha. of work done are included, then the total area plowed through January was 1357.6 ha. This includes 130 ha. plowed on one member's landholdings alone. This same member also abused the other machinery services and ended up having a composite of activities performed of over 300 hectares.

The integral cooperative was lent enough funds to finance 3764 ha. of crops. As indicated by the above data, the co-op didn't even reach 40% of this estimate on its major activity--plowing.

The present status of the machinery pool is complicated by the lack of basic information and the lack of timely recording of the data that does, in theory, exist. Table 21 is only through January, which is still incomplete, because of the lackadaisical attitude towards record-keeping held by the cooperative staff. Over 130 receipts for tractor work performed--with an estimated value of \$b 400,000--were

Table 21: Tractor work performed by type of activity and month - includes ha. worked, no. of member and average no. of ha./member.^{1/}

	Plowing			Discing			Planting			Fumigation		
	Has.	No. Mem.	Ave./Mem.	Has.	Mem.	Ave./Mem.	Has.	Mem.	Ave./Mem.	Has.	Mem.	Ave./Mem.
Nov.	364.5	73	5.0	58	6	9.7	28	3	9.3	-	-	-
Dec.	467.8	76	7.2	224.3	53	4.2	132.8	29	4.6	-	-	-
Jan.	228.8	48	4.8	417.8	72	6.8	247.3	50	5.0	8.5	2	4.3
Total	1061.1	197	5.4	700.1	131	5.3	408.1	82	5.0	8.5	2	4.3

^{1/} Excludes all work over 20 ha.

found on top of a bookcase. Approximately 20% did not have the farmer's signature. Also, by mid-March, none of the receipts for sales performed in February at Campo Pajoso had been brought to the central office.

Before the machinery pool was set up a thorough review of the staff capabilities should have been undertaken. The result of this failure is the current attitude towards record-keeping. In addition, a functioning data collection system should have been designed.

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(b) Conclusions and Recommendations

The tractor pool has been the focus of considerable group conflict stemming from a number of factors, some outside the co-op's control and others not. There exists the danger of continued group conflict and of wasteful utilization of existing and future machinery.

To resolve some of these tensions, ONICOOP and/or the IC should:

- o implement a smoothly functioning information recording system that accounts for all machinery work performed. Assure timely (i.e., within one week) transfer of information and establish accountability for any delays. Use resulting data base for long- and short-term planning purposes;
- o review current staffing capabilities to determine whether the capacity and willingness exists to implement the recommended changes;
- o explore and explicitly accept or reject the alternative of individual or small group ownership, as currently undertaken in the Santa Cruz del Norte IC or as done previously and concurrently in the Yacuiba area through BAB loans to agrupaciones;
- o postpone the purchase of additional machinery until current machinery holdings are being used to capacity, i.e., a minimum of 1,000 hectares/tractor/year, and the machinery pool is determined to be functioning efficiently;

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- o restrict the access of larger landholders to machinery services, either by prohibiting outright their membership or placing other limits on their use of services in order to ensure access by all members and minimize disputes;
- o determine the exact location(s) of all member cultivable landholdings as well as their approximate areas so that efficient machine scheduling can be undertaken;
- o design and construct an all-inclusive map and station planner that visually shows where work is being performed, by whom, and when; and
- o take steps to assure that the tractor pool possesses the autonomy and capacity to allocate its services according to technical criteria.

(2) Extension/Technical Assistance

In addition to problems with the machinery pool, the "Gran Chaco" IC needs to strengthen its extension and technical assistance.

In brief, we found that:

- o membership dispersion, given the inadequate area transportation network, is a significant obstacle to member participation and access to technical assistance services; and
- o the IC coordinates very little with other local institutions, such as IBTA, and fails to utilize existing area resources to any great extent.

We recommend that:

- o the IC should make efforts to aggregate its members more effectively and under no circumstances should increase its geographical extension; and
- o the IC should make greater efforts to coordinate with other area institutions, taking advantage of their resources and promoting greater transfer of technology.

b. "Santa Cruz del Norte" Integral Cooperative

(1) Dairy Livestock Project

(a) Description

The co-op was formed in 1978 on a base of small dairy co-ops in the Yapacaní region. The IC's first activity was to lend for the purchase of dairy livestock and to market member milk production to PIL, the government-owned milk monopoly. However, the combination of disputes with individual members over co-op surcharges, lower-than-expected performance of imported purebred cows, and controlled, unattractive milk prices, reduced both the number of members participating and the quantity of milk marketed. Currently, less than 200 liters/day are being sold through the co-op to PIL. Although there has been no direct loss to the co-op, because PIL had lent infrastructural facilities, overhead costs and the costs of a higher-than-average delinquency and default rate suggest that the dairy project has not contributed to achieving co-op financial self-sufficiency, but has rather been a drain on co-op resources. In addition, significant membership attrition has been noted in the dairy GAB's.

However, there is no consciousness of these problems among co-op members and staff, due in part to the poor state of co-op credit records (described elsewhere) and inadequate supervision on the co-op's and ONCICOOP's part. The IC's preliminary proposal on credit requirements for 1981-82, prepared jointly by the IC manager and an ONCICOOP

technician, requested an additional \$b 5,855,600 for the purchase and improvement of dairy cattle.

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Undoubtedly, individual members appear to have benefitted from co-op marketing services, on-farm milk consumption, and the sale of calves and mature cows. Thus the dairy project represents for some members diversification of income and improved nutrition.

(b) Conclusions and Recommendations

From the financial standpoint of the co-op, the dairy livestock project (milk marketing and credit) represents a marginal activity. It has also engendered internal conflict and led to significant member attrition. The benefits appear to be the increase and diversification in some member incomes.

Because higher delinquency rates exist for dairy loans, we feel that the amount requested for such loans in 1981-82 is too great.

In fact, we recommend that:

- o the status of all dairy-related loans be reviewed, and a realistic projection of loan demand and default based on experience be made, before such additional loans are granted.

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We also recommend that any renewed and expanded milk marketing program await:

- o resolution of surcharge dispute with members;
- o improved government price policy; and
- o introduction of improved criollo stock instead of purebred stock which appear unsuitable for local small farmer conditions.

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(2) Tractor Project

(a) Description

At present, the Santa Cruz IC is making long-term loans for tractor purchases to individual members. Six such loans were made during the 1980-81 agricultural year; more are anticipated in the coming year. As noted elsewhere, expanding land under cultivation and peak labor needs are making mechanization a necessity for these farmers.

Ownership on an individual basis is locally perceived as preferable for small tractors, plows, etc., on the assumption that the lower cost puts this machinery within individual reach and that the owner will take better care. Under this system, it is anticipated that individuals will provide services to neighbors to help recoup and fully utilize the investment, serving a group of ten or so guarantes first and then the community.

On the other hand, heavy machinery, which requires a larger investment, will be co-op owned, allowing the group to shoulder a greater part of the risk and costs of purchase and maintenance.

However, a serious problem confronts individual tractor owners. Because of late delivery and chronic diesel fuel shortages, the six present borrowers will be hard-pressed to meet payments due in June and December 1981. To be economical, the type of tractors currently owned by members should attend a minimum of 150 hectares/year. As of

mid-March, the two tractors examined had only 90 and 170 hours of use apiece, indicating productive work of at most 50 hectares between them and thus the strong likelihood that these would not reach the breakeven point.

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(b) Conclusions and Recommendations

The indiscriminate extension of credit for the individual purchase of tractors, without the provision by the cooperative of substantial and timely support services, threaten members with being unable to use their tractors efficiently and therefore unable to meet their loan payments.

We therefore recommend that:

- o in examining any tractor credit request, the Credit Committee should analyse:
 - the number of cultivable hectares of the applicant and his guarantors, and distance of these latter from the owner's land;
 - availability of maintenance, spare parts, and technical advice;
 - availability of diesel fuel; and
 - availability of outside sources of income and other assets to guarantee the loan.
- o tractor loans not be made until the 1982/83 agricultural year and until problems of diesel fuel and service availability, and other problems encountered this past year, are worked out to ONCICJOP's satisfaction.

(3) Projections of Agricultural Credit Requirements

(a) Description

To be most accurate, projections must draw upon past trends, modified as necessary by common sense accounting for new

factors. Unfortunately, existing co-op data on cropping patterns was not drawn upon in the preparation of the IC's draft 1981-82 credit proposal. This resulted in extremely optimistic and unrealistic projections by the IC for soy (from zero to 500 hectares from 1980 to 1981), beans (from 17.25 to 350 hectares), and for landclearing costs. Since beans are a winter crop and use land previously planted to rice or corn, no landclearing is required).

Another example for poor planning is provided by the situation of backpack fumigation sprayers. In the 1980-81 agricultural year, CROFOC loaned over b\$ 1,000,000 for the purchase of 600 packpack sprayers. During almost the entire agricultural year, the co-op has sold only 75 of these sprayers to 72 members. In total, 525 sprayers, representing a large sum upon which the co-op is paying six percent interest, continue to occupy scarce co-op space.

In spite of the current excess supply of these sprayers, the IC's draft paper on 1981-82 credit requirements requested additional funds to purchase 600 more sprayers. Either the current inventory was viewed as an asset and not a liability, or it was not taken into consideration at all. In either case, no analysis was done of the co-op's experience in this area.

(b) Conclusions and Recommendations

Planning capabilities at the Santa Cruz del Norte IC are clearly inadequate, and to date, ONCICOOP/RRNA technicians have

exacerbated rather than ameliorated the problem. In particular, little use of existing data, or reference to co-op experience, has been made in elaborating plans for future activities. Illustration of this point has been made by analyzing four areas, including three activities where the co-op is performing sub-optimally. These are: dairy cattle; tractor credits; backpack sprayer sales; and agricultural credit. Still other examples exist which have not been noted here.

We make two recommendations here (one of which has been repeated elsewhere):

- o ONCICOOP should contract an experienced agricultural economist/planner to work with the co-ops and with ONCICOOP technicians; and, in the meantime,
- o ONCICOOP should expand present efforts to link report-writing requirements (now viewed by co-op staff and even some technicians as isolated tasks) with planning.

c. "Cochabamba" Integral Cooperative

(1) Fertilizer Import Project

(a) Description

Co-op sale of fertilizer to members has reportedly been successful in boosting member production, capitalizing the co-op, and compelling private distributors to compete through lowering their prices to all consumers. This success, together with the IC's need to generate further revenue to maintain its fragile financial self-sufficiency, has prompted the IC to submit to USAID in February, 1981 a project to import fertilizers (Urea and "18-46-0") on a large scale, principally for potato production. In general, the project paper is well presented, but the following deficiencies have been observed:

- o fertilizer is treated as a single factor when it is only one part of a production package;
- o existing data is not presented on previous sales of fertilizers, and cropping techniques used by the members;
- o proposed markets are not analyzed. In particular, no information is provided on what is currently being sold, by whom, and when;
- o the cooperative infrastructure is not analyzed nor is the co-op's capacity to handle a substantial volume of fertilizer; and
- o the social structure and what member attitudes might be toward applying the recommended amount of fertilizer is not considered at all. In addition, USAID questions about staffing and demand remain unanswered in spite of an initial ONCICOOP/RRNA reply.

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Coop (Cochabamba)
the Fertilizer
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When recommending use of 18-46-0 and Urea fertilizers, consideration must be given to soil types (particularly in relation to ph) of the

disbursement area. Due to the high acidity of the Valle Alto soils (ph between 4.5 and 5.0) it is advisable to use a neutral fertilizer such as an ammonium nitrate or a neutralizer (calcium carbonate). To date, the co-op has not studied this at all nor does it possess the technical expertise to do so.

Fertilizer application also needs to be studied in greater depth. In the July, 1980 Credit Study of Potato Production, the recommended amount of fertilizer to be applied is two bags of 18-46-0 and one bag of Urea. But in the fertilizer import study the recommended amount is five bags of 18-46-0 and two bags of Urea. No reason for this discrepancy has been provided. It is noted that five bags of 18-46-0 and two bags of Urea is commonly recommended for areas with a ph of 6.5 to 7.0 (of course there also exists a gap between what a person applies and what is recommended).

A logical starting point for any feasibility study is the information, for example, fertilizer sales records, available in the co-op office. As in similar cases in other IC's, those who prepared the Cochabamba fertilizer study failed to consult available local data. What were the total sales last year of 18-46-0 and Urea? How many members made purchases and what was the average purchase by member? What was the estimated area of application? What was the time distribution of sales? Answers to these questions are not presented, yet this information would more accurately indicate potential demand and

the administrative capacity of the co-op staff to handle the sale of the proposed 23,000 bags of fertilizer.

In examining co-op records, we found many gaps.

At first glance it appeared that the co-op sold approximately 750 bags of Urea and 2,500 bags of 18-46-0 in 1980. These figures are an overstatement, however. Irregularities exist which suggest that significant amounts of fertilizer were sold below the normal price or disappeared. Comprobantes (records of sales) are missing in some cases, and co-op staff had no explanation of why this is so.

For example, in the sale of 18-46-0, the third entry on the control card, dated 1/21/80, is for 90 bags. However, we found no record of this sale. In another case, on 9/16/80, 350 bags were supposedly sold. Voucher Numbers 6081-6084 reveal the sale of only 231 bags. The assistant accountant observed that he did not know what had happened to the other 119 bags. On 9/11/80, voucher number 6054 should have indicated sales of 26 bags, but instead only 8 are recorded. We have documented additional examples.

If this documented lack of internal control exists for little more than 3,000 bags of fertilizer, it appears inadvisable to permit further extension of USAID monies for a quantity eight times greater without requiring significant upgrading of the system.

(b) Conclusions and Recommendations

Significant irregularities exist in the present administration of co-op fertilizer sales. We therefore strongly

recommend that:

- o the cooperative not import fertilizers until it is determined that the cooperative has the necessary internal controls and qualified staff to handle the proposed quantity of fertilizer; and
- o a qualified expert in fertilizer use for potato production be consulted on the technical aspects of the present proposal.

*Dr Jones,
CID has
explicitly
supported the
Fertilizer project.*

(2) Milk Marketing

(a) Description

One of the principle activities, current and future, of the Cochabamba IC is dairy-related. Because small area milk co-ops formed the core of the IC when formed in 1977, one of its first projects was an ambitious milk marketing project. However, none of the objectives in terms of number of beneficiaries and co-op profitability have been met. Fewer than 80 members are currently marketing less than 700 liters of milk daily, as opposed to original benchmarks of 600 members marketing 10,000 liters daily. The project is marginal in financial terms, barely covering its direct costs.

The justifications for continuing reportedly are the indirect financial benefits (aportaciones, sale of inputs, income on medium-term loans) to the co-op, the direct income benefits to the few members participating, and the desire to maintain the co-op's prestige and demonstrate its continuity. These factors are undoubtedly of some significance. Also significant may be the heavy representation of milk

producers among the co-op leadership. Ten of sixteen co-op leaders in 1980-81 are from the four GAB's whose members market milk through the co-op. Four of six members of the 1980-81 Consejo de Administración are among the 78 members who market milk cooperatively.

However, there are also significant indirect costs to the project. These include, in particular, administrative overhead and the high real delinquency rate observed on medium-term loans, all of which are for dairy-related investments (see other section).

Still, the co-op has elected to proceed with another dairy-related project. The poor financial performance to date of the first project, both in terms of marketing dairy products and loan repayment performance, and the marked presence in the co-op leadership of "dairy interests", suggests that any new dairy-related project be analyzed extremely carefully in terms of financial/economic viability.

Table 22 shows the large number of members with delinquent medium-term loans, particularly those who are not marketing milk through the co-op.

(b) Conclusions and Recommendations

Members marketing milk through the co-op are over-represented in the leadership and thus have a large influence in co-op decisionmaking. This factor creates the potential for internal conflict over the determination of co-op priorities. It also suggests a less-than-critical attachment by the co-op to dairy-related projects.

Table 22

STATUS OF LIVESTOCK LOANS IN RELATION TO MEMBERS
MARKETING MILK BY GAB
COCHABAMBA

		M e m b e r s							
GAB		Marketing Milk		Not Marketing Milk		Not Delinquent	Delinquent 1/	Totals	
		Not Delinquent	Delinquent	Not Delinquent	Delinquent				
5	No.	16	4	11	14	27	18	45	
	%	35.6%	8.9%	24.4%	31.1%	60%	40.0%	100%	
6	No.	17	2	-	2	17	4	21	
	%	81.0%	9.5%	-	9.5%	81.0%	19.0%	100%	
8	No.	33	6 2/	23	19	56	25	81	
	%	40.7%	7.4%	28.4%	23.5%	69.1%	30.9%	100%	
14	No.	-	-	20	12	20	12	32	
	%	-	-	62.5%	37.5%	62.5%	37.5%	100%	
All	No.	-	-	27	37	27	37	64	
Others	%	-	-	42.2%	57.8%	42.2%	57.8%	100%	
Total	No.	66	12	81	84	147	96	243	
	%	27.2%	4.9%	33.3%	34.6%	60.5%	39.5%	100%	

Note: 1/ The delinquency rate as calculated by the co-op is an understatement. See Section III.D.1.c. on "Credit" for further details.

2/ Includes one member owing b\$ 159 and another who currently holds the GOB position of Sub-Secretary for Peasant Affairs.

Therefore, we recommend that project sponsors:

- o analyze any new dairy-related project extremely carefully in terms of financial/economic viability; and
- o sensitize the co-op leadership to the need to broaden access by members to the co-op's decisionmaking process and services.

(3) Extension/Technical Assistance

(a) Description

The Cochabamba IC places a heavy burden on its extension agents, who are responsible for supervising credit, providing technical assistance in production areas, and providing cooperative education. Clearly, the three extensionists of the Cochabamba IC, no matter how well-qualified they may be, are inadequate to the task of servicing 1,750 members. Credit is poorly supervised (see III.D.1. Credit). Technical assistance is insufficient to make loans most productive, even with the support of several demonstration plots in barley and avena established by IBTA's San Benito Experimental Station personnel. Co-op survey results support this conclusion.

Only five percent of Cochabamba IC survey respondents felt they had received technical assistance from the co-op; 48 percent expressed the desire that such services be improved.

One problem noted is the tendency to confuse technical assistance, which members desire, with co-op education, for which members show

little interest. Both activities are costly and labor-intensive. Low member receptivity to formal co-op education and the desire to boost production suggest that effort be shifted by the IC to technical assistance. Indirect co-op education benefits may also be expected from this change in emphasis.

b. Conclusions and Recommendations

Current extension and technical assistance efforts are inadequate. Given the size and financial capacity of the Cochabamba IC, it might be expected that a larger number of extension agents could be supported, particularly when it is assumed that greater loan supervision would lower delinquency and default rates.

We recommend that the IC:

- o hire a minimum of one additional extension agent;
- o shift its emphasis from co-op education to technical assistance and loan supervision;
- o increase efforts to tap public and private sources of technical assistance; and
- o use its extension agents to collect data to assist in and provide a firm base to the agricultural planning process.

3. Summary of Weaknesses in Co-op Administration and Internal Control

While much progress in the aggregate has been made since early 1980, the IC's continue to suffer major administrative deficiencies. These deficiencies are summarized in Table 23 which follows on successive pages. Based on these deficiencies, we conclude that:

- o the administration of the cooperatives is weak, inefficient, and uncoordinated; little procedural standardization exists and minimal supervision is being exerted at present to establish an adequately functioning system;
- o the accounting activities occupy an unnecessarily large amount of time and yet function almost as a separate co-op component, thereby jeopardizing the overall administration of the organization;
- o the marketing of input supplies is administered with little planning even though it has become a principal activity of the cooperative; and
- o the credit system lacks simplicity of design and objective, leading to poor implementation, both of which contribute to loan delinquency. We feel that this is possibly the weakest aspect of the IC's.

Table 23

DEFICIENCIAS EN EL CONTROL INTERNO Y ADMINISTRATIVO
DE LAS COOPERATIVAS INTEGRALES

	<u>GRAN CHACO</u> <u>YACUIBA</u>	<u>NORTE</u> <u>STA. CRUZ</u>	<u>COCHABAMBA</u> <u>PUNATA</u>
A. <u>ADMINISTRACION</u>			
1. Falta de manuales de procedimientos contables y administrativos	X	X	X
2. No existe fecha en la aprobación del último reglamento de crédito	X		
3. No hay un control adecuado de los "valores" (letras de cambio o títulos de propiedad) que se encuentran en los archivos de préstamos.		X	X
4. El gerente interino cumplía simultáneamente funciones de contador.	X	X	
5. El Consejo de Vigilancia no realiza funciones de control ni fiscalización. Nunca se reunió.	X		
6. No todos los empleados que podrían tomar parte en supuestas irregularidades tienen fianza.		X	X
7. Los documentos que amparan las inversiones no se encuentran bajo la custodia del gerente.	X	X	X
8. No existe documentación completa para la maquinaria, o vehículos.	X	X	X
9. Los inmuebles de la CI no tienen sus documentos legales en orden.		X	X
10. No se presta mantenimiento adecuado a los vehículos	X	X	X
11. No todos los empleados tienen sus contratos de trabajo.	X	X	X
12. No todos los empleados tienen sus archivos con la mínima documentación requerida.	X	X	X

	<u>GRAN CHACO YACUIBA</u>	<u>NORTE STA. CRUZ</u>	<u>COCHABAMBA PUNATA</u>
13. Hay muchas actas de reuniones que no están legalizadas por falta de firmas.	X		
B. <u>CONTABILIDAD</u>			
1. No hay rotación entre los empleados contables (personal muy reducido y/o poco conocimiento contable).	X	X	X
2. Se crean muchas cuentas sin evaluar la información requerida	X	X	X
3. Los comprobantes de contabilidad no están prenumerados en su integridad, o faltan firmas autorizadas	X		
4. Las recaudaciones no siempre se depositan en el Banco en forma diaria.	X	X	X
5. Los resúmenes de ingresos no siempre son aprobados por el contador o son revisados después de haberse aprobado	X		X
6. Los cheques anulados no tienen archivo adecuado.	X	X	
7. Las conciliaciones bancarias los efectúa la persona que maneja el efectivo.	X	X	
8. Las conciliaciones bancarias no se cruzan con los saldos del Libro Mayor	X		
9. Las operaciones con el fondo de cambio son autorizados por el gerente después de realizada la transacción.		X	
10. El control del fondo fijo de caja chica es deficiente.	X		
11. Los documentos que justificaron las reposiciones de caja chica no son anulados.	X	X	X
12. No se deja constancia documentada de los arquesos de caja o se deja constancia en pocas oportunidades.		X	X

	<u>GRAN CHACO YACUIBA</u>	<u>NORTE STA. CRUZ</u>	<u>COCHABAMBA FUNATA</u>
13. El Consejo de Vigilancia no participa en los arqueos de caja chica.	X		
14. No existe manual de procedimientos para el manejo de fondos de caja chica.	X	X	X
15. No se preparan mensualmente estados detallados de las cuentas por cobrar y no se reconcilian regularmente con los auxiliares.	X		
16. Las depreciaciones no se controlan en las mismas tarjetas del activo fijo		X	
17. Los activos fijos no tienen pólizas de seguro		X	
18. No se preparan estados de cuentas por pagar detallados cada trimestre.	X		
19. No se lleva auxiliar de cuentas por pagar	X		X
20. No hay presupuestos de administración para aquellos gastos que no sean substanciados por el Título III	X		
21. El gerente no explica al Consejo de Administración las variaciones que se presentan en el presupuesto del Título III	X	X	
22. No todos los gastos están autorizados por el gerente	X	X	
23. El Consejo de Vigilancia no realiza revisiones de los cálculos en las planillas.	X	X	X
24. Existen errores en la contabilización de los aportes y capitalización en las tarjetas de los socios.	X	X	X
25. Existen serias deficiencias en la contabilización de los servicios de maquinaria.	X	X	
26. No existe una lista mensual o anual de las deudas por cobrar		X	X

	<u>GRAN CHACO YACUIBA</u>	<u>NORTE STA. CRUZ</u>	<u>COCHABAMBA PUNATA</u>
C. <u>ALMACENES</u>			
1. No existen precauciones adecuadas contra robos y siniestros en los almacenes.	X	X	X
2. El control de los inventarios permanentes es deficiente	X	X	X
3. No hay documentos de ingreso de mercadería en los almacenes			X
4. El almacenaje de las mercaderías es inadecuada.	X	X	X
5. Los inventarios físicos de la mercadería en almacén se realiza una sola vez al año	X	X	X
6. No hay procedimientos para dar de baja a los artículos estropeados.	X	X	X
7. No existen precios de ventas actualizados	X	X	X
8. No se tiene un detalle de las fechas de expiración de los artículos	X	X	X
9. Los inventarios en almacenes no están asegurados	X	X	X
10. Ninguno de los miembros de la directiva de CI participan en la toma de inventarios	X		
11. Los dineros acumulados por concepto de venta no son depositados en breve plazo	X	X	X
12. Faltan documentos que certifiquen la salida de mercaderías.			X
13. Hay discrepancias en los precios de venta para un mismo artículo.			X

	<u>GRAN CHACO YACUIBA</u>	<u>NORTE STA. CRUZ</u>	<u>COCHABAMBA FUNATA</u>
D. <u>CREDITOS</u>			
1. No todas las solicitudes de crédito son preparadas con asistencia del extensionista y/o revisadas por él.	X	X	X
2. El Comité de Crédito no efectúa una revisión de los aportes para aprobar el crédito	X	X	
3. El Comité de Créditos no analiza el estado de las deudas de los socios para aprobar una nueva solicitud		X	X
4. No se solicitan informes confidenciales de las otras instituciones crediticias en particular del BAB antes de aprobar las solicitudes.	X	X	X
5. No se efectúa una revisión completa de la documentación de crédito antes que se realice el desembolso.	X	X	X
6. Las solicitudes de Crédito no incluyen el detalle de las garantías del préstamo	X		
7. La mayor parte de los préstamos concedidos no están respaldados con los contratos firmados por los socios.	X		
8. Los contratos de préstamo no tienen reconocimiento de firmas.		X	X
9. La mayor parte de los contratos de préstamo no están debidamente llenados.		X	X
10. Se han efectuado préstamos sin respaldo del contrato respectivo	X		X
11. Existen Letras de Cambio y Contratos firmados por socios que no recibieron préstamos		X	
12. Hay Contratos de préstamo firmados por los socios sin especificación del monto adeudado		X	X

	<u>GRAN CHACO YACUIBA</u>	<u>NORTE STA. CRUZ</u>	<u>COCHABAMBA FUNATA</u>
13. No hay explicación clara acerca del uso del préstamo y/o los documentos de préstamo no incluyen datos reales sobre su uso	X	X	X
14. Los montos de préstamo aprobados por el Comité de Créditos y los montos desembolsados no son iguales.	X	X	X
15. En muchos casos el aporte de los socios es menor con relación al préstamo recibido	X	X	
16. Existen Préstamos por encima de los límites establecidos por el CROFOC	X		X
17. Se han efectuado extensiones de las fechas de vencimiento de los socios sin previa aprobación del Comité de Créditos. Tampoco existen solicitudes de extensión de parte de los socios.			X
18. Las tarjetas individuales no indican el monto límite de préstamo	X	X	X
19. Hay diferencias sobre los montos que deben los socios en sus contratos y sus tarjetas		X	X
20. Los préstamos a corto y mediano plazo no tienen o carecen de un control adecuado.		X	X
21. Los préstamos otorgados a un mismo socio están mezclados en una sola tarjeta y los saldos aun no cancelados son incluidos en los montos del préstamo nuevo.		X	X
22. No existe un control adecuado por parte de la CI sobre el uso del préstamo por los socios	X	X	X
23. Los préstamos en mora no están separados de los préstamos corrientes	X	X	X

	<u>GRAN CHACO YACUIBA</u>	<u>NORTE STA. CRUZ</u>	<u>COCHABAMBA FUNATA</u>
24. Existen préstamos en mora cuyo monto se puede amortizar con el monto de sus aportes			X
25. El socio no lleva control de su deuda a través de una libreta de préstamos y amortizaciones	X	X	
26. Existen archivos de socios retirados en los archivos de los socios activos		X	X
27. Los préstamos concedidos por la gerencia no son refrendados por el Comité de Crédito		X	X
28. Hay deficiencias en el sistema para determinar el límite de crédito para cada socio.	X	X	X
29. El Consejo de Vigilancia no verifica la exactitud y legalidad de los montos de préstamos con los registros de la CI.	X	X	X
30. El Consejo de Vigilancia no revisa los documentos de préstamo.	X	X	X

IV. INSTITUTIONAL CHARACTERISTICS AND RELATIONSHIPS

A. Introduction

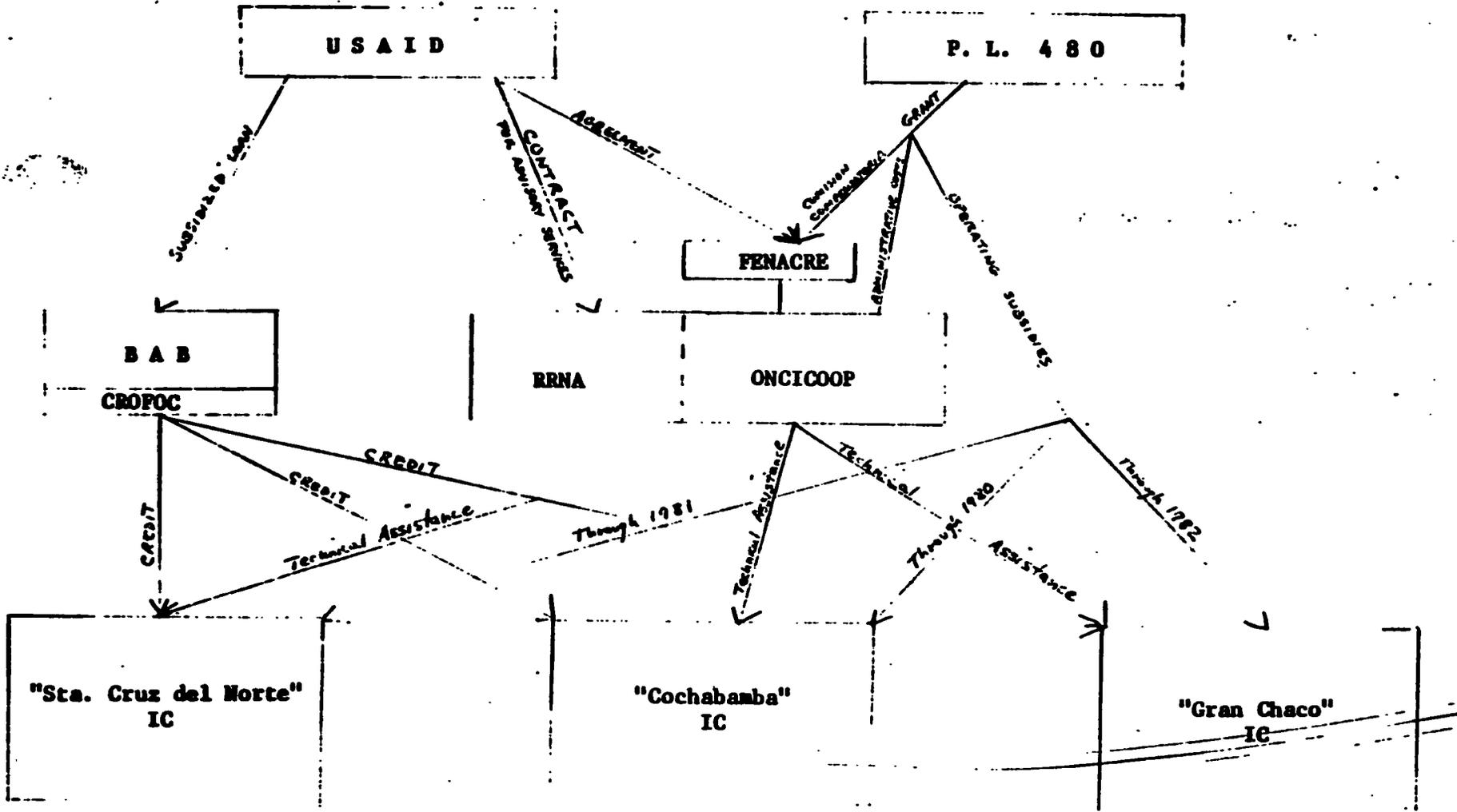
The SFO Project is institutionally speaking, one of the more complex development projects owing to the multiple project funding and implementing agencies (See Figure 8). Part of the task of the current evaluation is to evaluate the adequacy of participant agency performance with respect to the ICs and to each other. Specifically, in this chapter we discuss and evaluate:

- o FENACRE and ONCICOOP in providing technical assistance to the ICs;
- o BAB in providing credit to the ICs;
- o P.L. 480 in providing administration subsidies to the ICs and to ONCICOOP;
- o the relationships, where applicable, among BAB, P.L. 480, FENACRE/ONCICOOP, and the ICs; and
- o the current feasibility of forming a federation of ICs.

Recommendations are made, where appropriate, at the end of each section.

FIGURE 8

**ORGANIZATIONAL STRUCTURE
SMALL FARMER ORGANIZATIONS PROJECT**



B. National Federation of Savings and Loan Cooperatives (FENACRE)

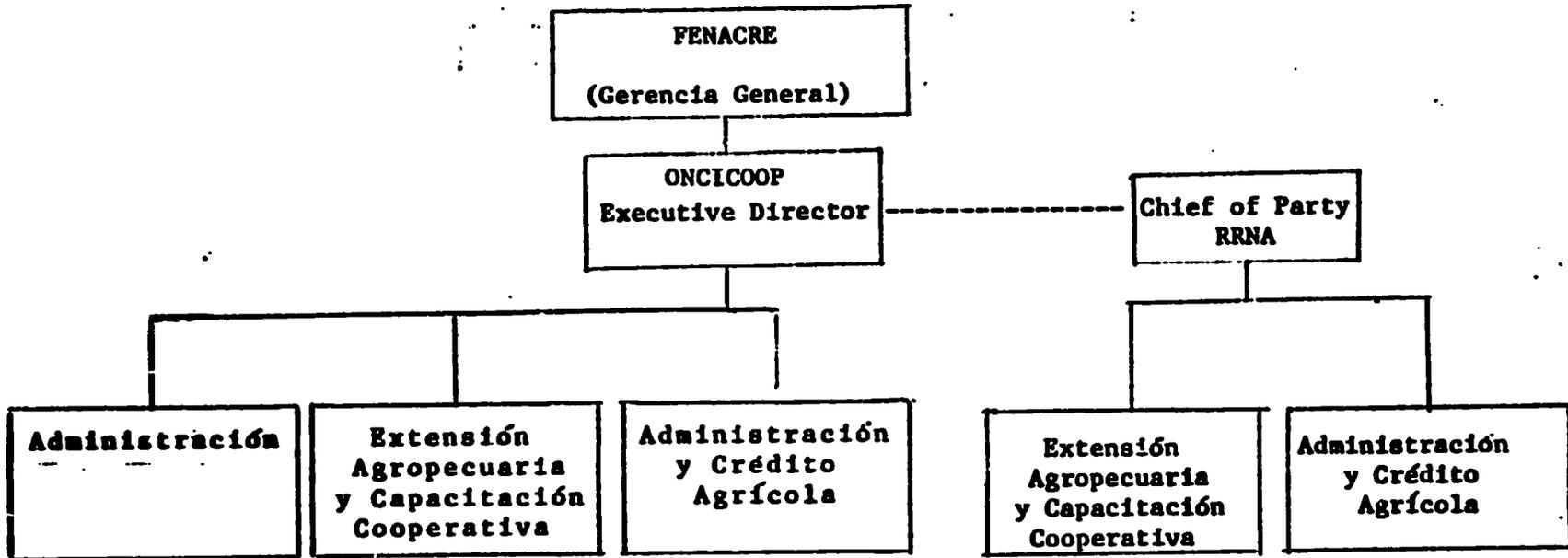
1. Description

FENACRE is the executing agency responsible for providing administrative and technical assistance to the IC's participating in the SFO project. Under the terms of FENACRE's agreements with USAID and P.L. 480, such assistance is provided directly through a semi-autonomous office created with FENACRE, called ONCICOOP. ONCICOOP has its own separate accounting and administrative systems. In theory, FENACRE supports ONCICOOP through supervising ONCICOOP activities and assuming ultimate legal, financial, and administrative responsibility, including appointment of staff. In practice, this involves minimum expenditures of FENACRE staff time. To date, no staff people from FENACRE's Cochabamba office visited the three ICs to assist them or to assess the efficiency of ONCICOOP/RRNA staff and/or to review the ICs' administrative credit disbursement system. What FENACRE provides is mostly intangible. As the most solvent and consistent of Bolivian coop federations, FENACRE provides ONCICOOP with a measure of institutional prestige and political neutrality which, in the Bolivian milieu, is not insignificant.

In return, FENACRE receives a compensación compensatoria of \$b 1,950,000 from the P.L. 480 Title III program for the 20-month period ending August 1981.

FIGURE 9

**ORGANIZATIONAL STRUCTURE FOR
TECHNICAL ASSISTANCE**



FENACRE also receives significant indirect benefits from its association within ONCICOOP/RRNA, particularly in the utilization of excess administrative capacity. Examples include:

- o Rent of FENACRE office space to ONCICOOP/RRNA;
- o ONCICOOP/RRNA use (on fee-for-service basis) of FENACRE printing facilities;
- o Advertising in ONCICOOP publications; and
- o Payment by ONCICOOP/RRNA to have an audit conducted by FENACRE.

FENACRE has not complied with two commitments required under its agreement with P.L. 480: (1) the creation of two new IC's and (2) the undertaking of a feasibility study for a federation of IC's. Both of these items have been held up at the request of USAID, pending the performance of this evaluation and the evolution of U.S.-Bolivian relations.

2. Problems

The SFO Project expires on September 1, 1981, and for the ICs to continue to function, some provision for technical assistance is required.

In conversations with the evaluators, FENACRE's executive director indicated the institution's basic satisfaction with present arrangements placing ONCICOOP with FENACRE, and expressed the desire that FENACRE's agreement with USAID be extended after the current project expires.

However, little interest was expressed in FENACRE's taking a more active role in assisting the co-ops, either directly or through provision of resources to ONCICOOP.

Tensions exist between FENACRE and P.L. 480 over use of P.L. 480 funds. Because of this conflict, FENACRE would prefer to gain greater independence from its two funding institutions, USAID and P.L. 480, to achieve greater flexibility in fund use. FENACRE would also be receptive to assuming responsibility from BAB for providing financial assistance.

3. Conclusions and Recommendations

FENACRE fulfills a valuable role as a "parking place" for the project technical assistance unit. However, FENACRE's supervisory role is not well-defined in substantive terms. In addition, FENACRE possesses real skills in credit administration at a time when the ICs are performing inadequately in this area.

We recommend that steps be taken to:

- o clearly define FENACRE's current supervisory role;
- o explore means to tap FENACRE resources, in particular expertise on credit administration and control, as part of any extension agreement; and
- o extend current FENACRE responsibility for ONCICOOP on interim (approximately two years) basis.

C. ONCICOOP

1. Description

ONCICOOP is the project agency directly responsible for assisting the IC's towards full financial and administrative self-sufficiency. It seeks to assist in:

- o member education, in both technical and cooperative fields, through courses, field visits, training of extension agents, and elaboration of written materials;
- o development and implementation of administrative systems through system design and training of co-op staff and elected leadership;
- o facilitation of CROFOC funding, including elaboration of feasibility studies of CROFOC credit;
- o achieving increased coordination with regional, national, and international institutions;
- o advising IC's in the implementation of input and product marketing systems; and
- o promoting other profitable co-op services.

ONCICOOP is headed by a director appointed by FENACRE, who in turn is advised by the RRNA Chief of Party. On January 1, 1981, Tyrone Heinrich, a Bolivian national, assumed the directorship of ONCICOOP, replacing RRNA's Miguel Angel Rivarola who remains as RRNA Chief of Party. Responsibility for project direction is thus moving in the direction of greater Bolivianization.

2. Problems

In the past, ONCICOOP activity has been hindered by several factors, some of which are no longer active. These include:

- o Slow start - staffing not completed until March 1980;
- o Funding uncertainty - political situation forced vital suspension of travel from late July through early September 1980; and
- o Internal staff conflicts - professional and personal jealousies & competition/rivalries led to lack of coordination, leading to new working structure in September 1980 and March 1981.

The evaluators encountered a number of additional problems and factors which require consideration should the SFO project continue.

- inappropriate staff member skills;
- lack of sufficient staff members should RRNA withdraw;
- inappropriate geographical assignment;
- objectives and benchmarks are decidedly overoptimistic;
- training materials often too general;
- delays in production of written materials; and
- obstacles in introduction of computers.

These problems are discussed below.

a. Staff member skills/qualifications

A number of problems relative to skill levels and assignments have arisen during the past year and continue to plague the project. These include:

(1) Inappropriate assignment of staff

Individuals have been assigned to tasks for which they have had inadequate experience or preparation. For example, in Santa Cruz, deficiencies by ONCICOOP technicians were noted in both use of existing agricultural data and in analysis of credit/membership capital information. In Yacuiba, at the time of the evaluators visit, a young generalist economist was to be assigned to revise the credit administration systems and assure better system implementation, a difficult task under the circumstances which the evaluators felt to be more appropriate to someone with greater experience.

(2) Lack of expertise in key disciplines

These include in particular:

- (a) Unfilled position of an institutional credit specialist during 3/4 of the year (as discussed elsewhere, we have found serious deficiencies in design and implementation of the member credit system). Given existing personnel shortages, ONCICOOP made the decision to use its personnel in preparing feasibility studies which the co-ops had proved unable to adequately elaborate, rather than to supervise credit allocation and system implementation.
- (b) Lack of an experienced agricultural planner, with proposal writing background, resulting in deficient proposals for both the 1980/81 and the 1981/82 agricultural years (as discussed elsewhere, poor planning capability continues to exist at the co-op level, even with ONCICOOP/RRNA technician input, as evidenced by all the 1981/82 plans);

- (c) Lack of a social anthropologist with Bolivian experience to analyze, inter alia;
- o Role and use of credit in a traditional society;
 - o Why technologies (e.g., fumigadores) not being adapted as planned;
 - o Potential role of women, not only in their own programs but in strengthening male participation;
 - o Social factors affecting the issue of individual vs. group ownership of machinery;
 - o The organization of participation at the GAB level;
 - o Motivational factors influencing small farmers on whether to join the IC, particularly group solidarity.

(3) Indistinguishability between RRNA and ONCICOOP staff members

RRNA and ONCICOOP técnicos are indistinguishable in quality, experience and responsibility. As a result, RRNA people, with the exception of the director, do not function in any advisory capacity vis-a-vis ONCICOOP staff and little skill transfer is taking place at this level, as originally expected. This leads one to the question as to whether or not expatriate technicians are needed.

b. Staffing levels

The RRNA team members, while technically advisory in terms of work responsibilities, are in practice ONCICOOP staff members. They carry a significant share of the ONCICOOP workload of

technical and administrative assistance to the IC's. An RRNA departure after August 31, 1981, as presently conceivable, will further handicap the technical assistance effort. ONCICOOP/RRNA, which currently has a sufficient number of staff to carry out the job, does not always employ them effectively and does not include individuals with all the appropriate disciplines.

c. Staff logistics

Assignment of staff to assist the IC's has been handicapped by the geographic dispersal of the co-ops as well as the lack of staff. The present system, initiated in September 1980, has assigned technicians to one co-op, with the intention of rotating them after six months to avoid over-identification with the host co-op. Under this system, technicians are based and maintain residence in Cochabamba.

This new system, like the old system where technicians assisted several co-ops, suffers from high costs in terms of money and staff time occasioned by multiple trips between ONCICOOP headquarters in Cochabamba and the field.

d. Over-optimistic benchmarks

A review of the quarterly reports, when available, of individual technicians indicate that objectives and benchmarks for

periods have been consistently overoptimistic and as a result unfulfilled. Attention must be given to making expectations more realistic, either by lowering projections or boosting performance, or both. For example, with the existing staff it has proven impossible to date to attend all the monthly GAB meetings, and impossible to offer two cursillos every quarter to all GABs.

e. Training materials

"Co-op education" receives lip service from all project participants, yet its nature and effectiveness is rarely assessed. It is the consultants' belief and that of the ONCICOOP director that there is a need to improve and customize co-op education materials for each co-op, taking into consideration cultural variables and recurrent local problems. The present materials are uniform and oriented to dry, theoretical problems. For example, Boletín Técnico # 9, Funciones y Responsabilidades, needs to more simply characterize the responsibilities of the board, the president, and the manager and in particular to emphasize that these duties are performed as services to members, not for self-aggrandizement. Nowhere on paper is this acknowledged as a common problem.

Other publications are equally divorced from reality.

"El Asociado" (12/68) possesses a better style, but still does not emphasize member responsibilities in regards to loans. It also needs

to give more examples about major problems. In "El Gerente", again there are no examples.

Manuals in some cases have been prepared using only in-house FENACRE materials. We feel it would be a good idea to consult with other institutions, e.g. Ayni-Ruway, DESEC, ACLO, Agrocentral, to discuss and adapt/use their materials.

f. Delays in printing of ONCICOOP materials

ONCICOOP reportedly obtains the required three bids for printing services, but has consistently chosen FENACRE's in-house printer due to perceived advantages in terms of convenience, timeliness, and ability to leverage satisfactory production. However, the large volume of materials generated during the last year have led to backlogs in several areas, e.g. the co-op accounting handbook which has been in the shop since October 1980. Clearly, distributing the workload to other printers should be considered in light of FENACRE's complete disregard for time.

g. Introduction of Computers

The introduction of computers into the IC accounting systems, while technically desirable and in our opinion still feasible from the technical and human standpoint (except in Yacuiba as pointed out below), has been mismanaged from the beginning. The failure to consult local computer specialists familiar with Bolivian conditions has led to the following problems:

*Understand USAID reqs
require that computers
be released by these to high
staff*

Devres

Notes should be made...

- o computers were purchased which had relatively small memories and only one disc drive, limiting potential use;
- o stabilizers and auxiliary power supplies, necessary due to the undependability of rural electric systems, were not included as part of the original purchase, leading to delays and extra costs;
- o a complete set of manuals is still unavailable in Spanish;
- o the original program design did not include software packages for key areas such as inventory and credit control;
- o computer courses were offered in July - August 1980, well before the computers were installed, leading to a reduction in the training's effectiveness. To date, the computer at the Gran Chaco IC has not been installed and the computer at the Santa Cruz IC is still in its first trials; *what is hndlypi*
- o courses were offered in La Paz, where the operating conditions are far different from those at the ICs;
- o the six-week courses, attended by most of the key IC accounting personnel, left the co-ops without the capacity to adequately handle the co-op bookkeeping and administration in the interim. In the case of the Gran Chaco IC, this led directly to a severe deterioration in IC administration from which the co-op has yet to recover;

- o because the first course did not cover all the specific needs of the ICs, a second course had to be held in December; and
- o the poorly designed credit disbursement system is still not covered by one of the computer programs.

3. ONCICOOP Relations With ICs

ONCICOOP in the past few months has begun to take a hard line with the ICs over operating within project regulations. This assertiveness is a result of project experience and the decision by the project consultative committee (composed of USAID, FENACRE, ONCICOOP, P.L. 480, and BAB/CROFOC) that no IC proposal lacking ONCICOOP's approval will be accepted by any of the participating institutions. Now, ONCICOOP has the means, through the withholding of new subsidies and loans as well as the withdrawal of assistance in the preparation of loan applications, to pressure ICs which may violate program regulations. In the past, ONCICOOP observed the ICs making mistakes but had its hands tied by lack of leverage and overrespect for co-op independence (in certain respects, SNDC was previously similarly tied by bureaucratic and political constraints which borrowing co-ops exploited).

4. Conclusions and Recommendations

ONICOOP, while in place, operates inefficiently with the few resources it has been assigned, and in particular puts too much emphasis on cooperative education and too little on commercial/administrative aspects.

Efforts in both areas have been handicapped by a number of factors both outside and within ONCICOOP's control. These factors have included:

- o assignment of individuals to tasks for which they have been inadequately prepared;
- o lack of expertise among ONCICOOP staff in key disciplines;
- o inadequate staffing levels;
- o inefficient staff logistics;
- o inappropriate training material;
- o mismanagement of introduction to computers.

Having in mind these problems, we recommend that:

- o Adequate staff, in numbers and in areas of expertise, must be provided to ONCICOOP. It is essential for the co-ops to receive timely, expert technical assistance and guidance in the elaboration of feasibility studies and in the implementation of projects in new sections. An example of where this has been done, with some success, has been in the case of the Gran Chaco IC, where machinery pool specialists have been contracted. Because an institution such as ONCICOOP cannot maintain a complete extension staff, reliance must be placed at times on short-term experts from outside, expatriate or national. These should include: an agricultural planner; an institutional credit specialist; and a sociologist/anthropologist. The latter could and should be contracted locally.

- o Given the fact that the RRNA team is working as part of ONCICOOP, not merely advising, the RRNA team should not be removed at the end of August without sufficient provision for staff replacement, preferably either through the addition of new ONCICOOP personnel and/or the contracting of short-term specialists for specific tasks.
- o ONCICOOP técnicos should be based at co-op sites in order to minimize travel time and costs, increase ONCICOOP supervision, and maintain work continuity. The burden of travel should fall on the ONCICOOP director and the RRNA advisor.
- o Benchmarks should be made more specific and conservative.
- o Training materials should be made less theoretical, draw upon Bolivian experiences, and be adapted as possible from existing materials elaborated by other agricultural co-op sponsors such as DESEC, ACLO, Agrocentral, and others.
- o Greater emphasis should be put on technical assistance in administrative/commercial areas.
- o A local independent computer consultant should be contracted to advise on implementation of the computer systems;
- o The design of the credit system should be revised before a software package for credit is introduced;
- o The feasibility of introducing and maintaining a computer system at the Gran Chaco IC should be carefully evaluated, given Yacuiba's physical isolation from computer repair services; and

Being done

- o RENA's role should be modified to one long-term advisor and selected, experienced short-term advisors as deemed necessary. Short-term people in agricultural planning, institutional credit and rural sociology/anthropology should be brought in as soon as possible to reduce current problems.

D. Banco Agrícola de Bolivia/CROFOC--Performance and Adequacy of Current Relationships

1. Description

The BAB assumed administrative responsibility for the CROFOC beginning in January 1980, channelling AID-supplied funds to the integral cooperatives receiving technical assistance from ONCICOOP. BAB essentially (1) evaluates and makes loan decisions on IC loan applications, (2) disburses loan funds to ICs, (3) supervises loan use, and (4) collects repayments for eventual relending. Under the terms of the USAID agreement, CROFOC funds become the property of BAB (although they will continue to be lent out to ICs until such time as USAID and BAB determine otherwise).

2. Problems

a. Evaluation/approval of loans

During the first year of implementation of the BAB/CROFOC/ONCICOOP system, substantial friction was generated between BAB/CROFOC on the one hand and ONCICOOP and the ICs on the other over delays in the evaluation and approval of loan applications. As far as we could determine, and without giving greater weight to one

factor or another, the reasons for these delays appear to include the following:

- o Lack of sufficient prior consultation and agreement between BAB and ONCICOOP over required substance and format;
- o Limitations on ONCICOOP field work due to suspension of ONCICOOP advisor travel to ICs during late July, August, and early September due to the political situation;
- o Inexperience of IC and ONCICOOP staff members in agricultural planning and feasibility study preparation, leading to delays and flaws in submission of applications; and
- o Delays and errors in analysis of applications by BAB/CROFOC.

Delays in the loan applications and review process are typical of the start-up phase of any project. In the case of the SFO project, ONCICOOP staff were new and generally inexperienced in feasibility study preparation; the full ONCICOOP team did not form until the end of March, 1980; ICs were less capable than anticipated in project preparation; data was scarce and use of existing data was minimal; and one key ONCICOOP staff position (credit officer) was unfilled for most of the first year. BAB's requirement for full feasibility studies, under these conditions, proved burdensome. These factors undoubtedly led to the ICs' tendency to exaggerated project feasibility, financial returns, and individual IC financial needs, which in turn may have made BAB analysis more difficult. Furthermore, BAB initially required these feasibility studies in a specific format, and exhibited some inflexibility when applications came in which did not fit

this format. In one case where BAB initially rejected a study as inadequately done (in substantive terms), USAID and ONCICOOP persevered, and the final outcome (project approval with no modifications) suggests that the application contained the correct information but not in the form initially desired by BAB. We heard many complaints of BAB/CROFOC delays which negatively affected timely project implementation. BAB's response time in the third quarter of 1980 was 30 days, in contrast to the 10-day period required by the convenio. One case in point concerns the Santa Cruz del Norte centro de acopio project, where an alleged delay resulted from analytical errors on BAB's part, including one documented error in arithmetic. Because this project was not approved in a timely fashion, the IC appears unlikely to get even half the projected benefit during this year's harvest now in progress.

The delays, money, and time incurred in the loan applications process in developing countries are often as financially and psychologically significant as the terms of the loan. Thus, there is a constant need to find ways to streamline the process and adapt it to small farmer needs. Many problems might have been resolved more quickly had BAB staff had greater flexibility in traveling from La Paz to ONCICOOP offices in Cochabamba or to IC sites.

Since last year, much progress has been made in overcoming these obstacles and problems. ONCICOOP and BAB staff have acquired more experience, BAB's application requirements (in regard to substance and format) have become less stringent, and communication has improved. At present, BAB is asking for simple "profiles" of proposed projects. However, as of our visit, no clear outline or definition of what this "profile" might be has been agreed upon by the institutions involved. Moreover, while the need for greater BAB staff access to ONCICOOP and the field has been recognized, no concrete steps have been taken to promote this on a regular basis.

b. Disbursement of Funds

Once loan applications have been approved by BAB/CROFOC's credit committee, numerous requirements, including BAB procedural steps as well as obligations of the ICs, must be fulfilled for the ICs to obtain disbursements of loan funds. These requirements have in certain instances delayed project implementation from several weeks to several months. They have prompted individual ICs to request disbursements in one lump sum rather than in several smaller amounts more matched to IC credit or implementation needs.

They have also cost ONCICOOP and individual ICs large amounts of money in transport, taxes, commissions, etc. (ONCICOOP estimates

that it has spent \$b 380,000 in taxes, commissions, reproduction etc., solely to get necessary permits and approval from different GAB agencies).

c. Loan Supervision

BAB's loan supervision responsibility is to assume proper use of loan funds. Local BAB offices confirm purchases on use on a spot-check basis, theoretically though four-five visits/year.

Our impression, gleaned from inspection of documents, discussions local BAB staff, and discussion with IC and ONCICOOP staff, is that present BAB supervision is less-than-adequate at both the individual member and co-op level. This is due in general to insufficient levels of staff resources (both quality and quantity) and motivation at the local level leading to fewer and less effective visits than programmed. For example, in Yacuiba in 1980, ^{the} BAB office had only two loan supervisors for 750 loans to area farmers. High staff turnover, lack of experience, administrative chores, and inclement weather made it impossible to supervise these and IC loans as well. The local BAB office assumed at the project's beginning that the IC would supervise and discipline its socios, but that has not happened.

Greater interaction between local BAB offices and ICs is required. In addition, closer analysis of existing loan formularios prior to field

visits would probably help BAB employees to focus on problem areas. ONCICOOP supervises co-op loans more closely than BAB. For example, we have observed that it is ONCICOOP which first becomes aware of improper use of loan monies.

The degree of BAB coordination with IC's in regards to preventing duplicative loans to co-op members has varied with the office. In Yacuiba, BAB has attempted to compare lists but the IC has failed to respond. In Montero, the co-op has offered to share information but it was not until recently that the local BAB office, at outside initiative, agreed to respond.

The lack of coordination between the IC's and BAB can and has led to instances of loan abuse by members.

Examples of abuses include:

- o Separate loans from BAB and the co-op for the same purpose (three instances of this were found in a sample of elected officials of the Gran Chaco IC);
- o Co-op members with delinquent loans from either the co-op or BAB continue to receive loans from the other institution (e.g. the new president of the Santa Cruz del Norte IC, as of March 20, 1981, is delinquent on a \$b 25.147 BAB loan. With interest and penalties, he presently owes more than \$b 40,000).

d. Loan Collection, Delinquency, and Extension

Loans are repaid by the IC's, generally directly to the local

BAB office. As of mid-1980, the total CROFOC loan program including loans to co-ops not participating in the IC system which were made prior to December 22, 1979 has US \$ 2,794,421 in loans outstanding, of which 85 percent is "normal", 2 percent vencida, and 13 percent en ejecución. Of the 85 percent normal, almost a third, or 25.5 percent, of total CROFOC loans have been rescheduled for one reason or another, to avoid default. Meaningful figures to compare with this figure will not be available until mid-1981, after the harvest is in and loans come due.

However, it appears that given BAB's current rate of interest (6%) charged to co-ops, and its low penalties (3% through the first 30 days, 4% after 30 days, 5% after 60 days, and 7% after 90 days) relative to the 23% interest rate available to co-ops in savings accounts, there is little financial incentive to re-pay immediately.

BAB can authorize loan extensions to co-ops provided that adequate justification (excessive rain, pests, or disease, etc.) can be documented by BAB/CROFOC or local BAB staff.

3. Institutional Options--Future BAB Role

Essentially three institutional options present themselves at this point:

- o Maintain status quo - BAB to remain as administrator of CROFOC, with minor modifications to make loan process more efficient: This option has the advantage of requiring little additional outlay in resources and the least apparent risk.

- o Move toward greater BAB participation in the SFO Project

As proposed by BAB, BAB would receive resources from USAID and share in promotional work and preparation of feasibility studies. The alleged advantage to this option is the speeding up of the process of creating new ICs and funding new projects, and so utilize existing USAID funds. The drawbacks include additional outlay for project staff, division of responsibility for technical and promotional assistance between BAB and ONCICOOP, and the requirement to create a new capability within BAB. BAB is a bank, not a promotional organization, and lacks promotional technical assistance experience.

- o Cut back BAB role in administration of CROFOC

This might prove impractical, given the existing agreement between BAB and USAID which gives ownership of CROFOC funds to BAB. However, the continued separation of financial assistance from technical and promotional assistance maintains many inefficiencies in terms of financial resources and time. Eventually, it might be advisable and feasible to channel USAID funds to the creation and capitalization of an independent Cooperative Bank, including ONCICOOP and perhaps initially attached to FENACRE but ultimately independently owned and controlled by borrowing cooperatives.

4. Conclusions and Recommendations

BAB/CROFOC has been generally successful in approving and disbursing loan monies to the ICs. However, the loan process suffers from:

- o delays in approving and disbursing loans due in part to bureaucratic requirements and failure to fully define and communicate application requirements;
- o inadequate loan supervision by local BAB offices at individual level due to limited staffing and interest; and
- o inadequate exchange of credit information between local BAB offices and the ICs due to lack of interest on both parts.

BAB should seek ways to speed loan approval and disbursement,

including:

- o Relocating BAB/CROFOC office to Cochabamba to work more closely with ONCICOOP and the ICs;
- o Simplifying the process for authorizing field travel for BAB/CROFOC staff;
- o Jointly (with ONCICOOP) defining and simplifying CROFOC loan application requirements; and
- o Simplifying and streamlining disbursement procedures, thereby encouraging disbursements in smaller sums to more exactly match individual co-op cash needs.

E. P.L. 480 Title III Program

1. Description

P.L. 480/Title III has supported the Small Farmer Organizations Project through a three-year grant totalling approximately US \$3,000,000. These funds have subsidized the following irrecoverable project costs:

- o the operating costs of ONCICOOP (including seven staff salaries);
- o a portion of the operating costs over three years of the three participating integral cooperatives, diminishing from 100 percent in the first year to 80 percent and 40 percent in the second and third years, respectively; and
- o the services provided by FENACRE.

2. Problems

Support by P.L. 480 beyond August 31, 1981 is in doubt due principally to budget uncertainties associated with current U.S.-Bolivian relations.

As a binational public institution, P.L. 480 must be accountable to its source of funds and thus in turn requires accountability from its grantees. A substantial body of regulations, forming part of the agreement between FENACRE and P.L. 480, describes procedural and substantive guidelines for use of P.L. 480 monies.

Interpretation of these guidelines has been a continual source of tension between P.L. 480 and FENACRE/ONCICOOP. On the one hand, P.L. 480 has insisted that FENACRE/ONCICOOP abide al pie de la letra, while on the other, FENACRE/ONCICOOP feels P.L. 480 has been overly strict in relation to FENACRE/ONCICOOP's purchasing procedures, types of purchases, and work plan modifications. FENACRE/ONCICOOP feels it could function more effectively without these restrictions, and that as an essentially private institution, it should have that flexibility.

In relation to this conflict, it appears that:

- o P.L. 480 may be motivated by doubts about program efficiency and effectiveness to take an unusually inflexible stand on matters pertaining to the agreement between P.L. 480 and FENACRE;
- o The two institutions have exchanged correspondence which have been interpreted by each recipient as insulting, biased, and not, in good faith, intended to further project purposes.

An accurate estimate of program requirements for future subsidies is presently unobtainable. In particular, the financial uncertainties facing the IC's, which have been documented elsewhere in this report, make it fruitless to attempt to estimate the level and duration of need for an outside subsidy such as P.L. 480 presently provides. In the past, feasibility studies have been consistently overoptimistic, and

current plans, as pointed out, are similarly flawed. The degree and speed of implementation of recommended financial and administrative reforms is another unquantifiable variable. Finally, the number and timing of new entrants to the IC system, and their size, composition, and activities, are also currently unquantifiable.

ONCICOOP requirements for outside support also are difficult to quantify, since they depend upon co-op performance, number and characteristics of co-ops, and staffing levels.

In particular, the issue of whether to charge self-sufficient co-ops on a dues or fee-for-service basis (possibly at some percentage of the direct costs of providing a particular service) must be examined if and when the ICs become financially self-sufficient.

3. Conclusions and Recommendations

P.L. 480 provides substantial support to the SFO Project through its administrative subsidies. This support brings in its train certain spending and reporting requirements, which in their application have generated conflict with the project implementation agency. These conflicts need to be resolved if the present institutional arrangements are to continue after September 1, when the current project expires. The ICs and the technical assistance entity will need continued financial support from some source for several years to come. The following recommendations are made:

- o That all parties involved make a stronger effort to communicate and consult regularly and with greater empathy;
- o That P.L. 480 consider easing the interpretation of its regulations affecting use of funds to permit FENACRE/ ONCICOOP greater flexibility;
- o That P.L. 480, if funds are available, continue to fund ONCICOOP/FENACRE, preferably at the levels implied by the staffing and other recommendations made in this report.

F. Federation of Integral Cooperatives?

The present agreement between USAID and FENACRE allows for the creation of a federation of integral cooperatives to assume responsibility for ONCICOOP at the agreement's expiration (September 1, 1981). Alternatively, if no federation exists by August 31, FENACRE will acquire all ONCICOOP property.

The agreement authorizing an IC federation was concluded at a time when optimistic projects were current in regard to the number and financial condition of the integral cooperatives. These projections have since been scaled down. Reality is that only three ICs presently exist, none of which can be unequivocally judged to be financially and administratively self-sufficient. These and other changes since the agreement's conclusion have prompted USAID, P.L. 480, ONCICOOP/FENACRE, and BAB/CROFOC to question whether a federation of integral cooperatives is presently feasible or desirable.

This section of the present evaluation seeks to shed some light on:

- o What responsibilities and functions might a federation assume?
- o What factors have to be present for a federation to be successfully founded and to make sense?
- o Should a federation be created?

It has been suggested that some co-op leaders desire a federation for the "wrong" reasons, e.g., control of ONCICOOP property, cheaper

loans, more negotiating power with outside institutions, leadership status, etc. On a more principled level, of course, the case for a federation and IC control of ONCICOOP essentially rests on arguments of beneficiary control and self-determination.

The counter-argument put forth by project sponsors stems from these institutions' need for guarantees of proper resource utilization consistent with project goals. This is particularly due to the sponsors' accountability to their own source(s) of funds.

It is not the evaluators' intention to argue the political or philosophical merits of co-op control of ONCICOOP or other project resources. Rather, this report suggests technical criteria to be used in determining the advisability and desirability of proceeding with the formation of an IC federation as follows:

1. What Responsibilities and Functions Might a Federation Assume?

Much discussion has centered around what a federation might be and do. This discussion in turn can be divided into:

- o What resources might the federation assume responsibility for and control?
- o What technical functions might a federation undertake?
 - a. What resources might the federation assume responsibility for and control?

The federation has essentially been proposed as an organizational alternative to the current institutional structure whereby UASID and P.L. 480 have contracted FENACRE/ONCICOOP to provide technical

assistance to the integral cooperatives. The ICs, in this alternative view, would elect a representative board of directors, with ONCICOOP as its secretariat, much as savings and loan cooperatives have FENACRE. The ICs, through the federation, would thus be in the position of providing technical assistance to themselves through ONCICOOP. The ICs would more directly influence the provision of technical assistance through the control of ONCICOOP resources.

b. For what technical functions might a federation assume responsibility?

Apart from the current technical assistance and education functions which ONCICOOP provides to the ICs, additional technical functions theoretically exist which a federation might fulfill. These include:

- o channeling new subsidies or loans to member organizations;
- o facilitating IC imports and exports; and
- o purchasing inputs--machinery, pesticides, fungicides, fertilizer, etc. -- in bulk at savings to member cooperatives.

Political/informational functions which a federation might perform include:

- o aggregating and representing common IC interests before other institutions;
- o exchanging information on common problems of an administrative or technical nature; and
- o assisting the organization of new ICs.

Other possible functions undoubtedly exist, and should be determined through conversations among the ICs, USAID, and other concerned

organizations prior to establishing any federation, possibly as part of an in-depth feasibility study.

The idea was suggested that a future federation play a stabilizing/consolidating role for member co-ops. However, this concept was not elaborated in any detail. Moreover, it appears to imply a disciplinary function which is likely neither feasible nor advisable for a democratically-run federation to undertake.

2. What Conditions are Necessary for the Organization of a Federation?

For a federation of ICs to form and adequately function, the following conditions at a minimum should be fulfilled:

- o member co-ops should have the interest and initiative to ascertain the legal and financial requirements for establishing a federation, through consultation with INALCO, legal counsel, the Ley General de Cooperativas and other applicable laws), and financial sources as appropriate;
- o member co-ops should be sufficiently numerous and have the demonstrated financial solvency to support a federation. In the absence of financial self-sufficiency, USAID or other organizations should be willing to support it;
- o member co-ops should require a sufficient volume of services (services which by themselves individual ICs are unable to adequately provide) to justify the federation's existence and permit the creation of an adequate administration in the long term;
- o a favorable context should exist within the cooperative movement and the potential should exist for good relations with co-op and other institutions, public and private;
- o a federation, under present and foreseeable national political conditions, should be able to influence rural/agricultural development policies, programs, and projects (USAID/B originally viewed the creation of a network of private sector, farmer-owned cooperative agribusinesses as a counterweight to consumer pressure groups which, it felt, unduly influenced public pricing policy for agricultural commodities);

- o ICs should be sufficiently democratic in structure and process to effectively articulate and represent broad small farmer interests at the local, regional, and national level;
- o USAID and other program sponsors must be willing to accept the formation of an organization one of whose principle objectives might well be political lobbying for additional subsidies, either from USAID, GOB, or other international donors; and;
- o Sufficient functions must exist which cannot be done at all or are ineffectively or inefficiently done under existing institutional arrangements.

3. Should a Federation be Created?

In the interest of stimulating thinking about the desirability of a federation, some subjective conclusions are presented below.

These conclusions indicate that creation of a federation, while possibly desirable sometime in the future, is still premature. Arguments against the present creation of an IC federation include:

- o To organize a federation within the next year, without resolving the many administrative, financial, and personal conflict problems that exist at the co-op level, would merely extend these problems to the federation level;
- o Skilled personnel are lacking and should be saved for co-op level functioning. The greatest need exists to expand downward to assure a properly functioning, participatory IC, rather than to expand upward;
- o A federation would exacerbate the tendency toward politicization of the ICs (for this reason alone, it may be better for financial/technical staff and project sponsors to retain some influence);
- o Few common interests exist, if any, to justify a federation. The ICs are geographically dispersed and produce different

agricultural products. Of more immediate concern should be greater coordination at the local level, such as in Yacuiba, where the Comité Inter-Institucional del Desarrollo Rural (CIDER), composed of various local institutions (including BAB, IBTA, and CODETAR) lobbies for better government policies for the Gran Chaco region;

- o A new subsidy for a federation would contradict the objectives -- financial self-sufficiency, businesslike management, etc. -- that USAID has been seeking for the last five years;
- o A federation would risk introducing political criteria in place of technical criteria into the allocation of ONCICOOP's resources;
- o Insufficient numbers and financial/administrative self-sufficiency of member co-ops implies greater costs and outside subsidies, particularly in relation to the co-op resources available and the benefits expected;
- o Many, if not most, functions of a federation can be accomplished through other, existing, cheaper means (e.g., export/import companies). Since IC products and input needs vary, the present potential for joint purchasing and sales appears limited, and in any case can be done without a federation.

New institutional arrangements, such as a federation of IC should be promoted only when the need is clearly established after careful investigation. New institutions often face great start-up costs and political/administrative hurdles, and often suffer from the same problems as existing institutions.

4. Co-op Interest in a Federation

Co-op interest in a federation at present appears low. Only one individual actually raised the subject to the evaluators during their six weeks in Bolivia. In response to direct questions, two

co-op presidents showed no desire to organise a federation, preferring instead to concentrate on local problems. One of these, in fact, confided that especially during the present political circumstances, ONCICOOP advice and influence stabilized the co-op, in particular preventing the resurgence of political and personal interests and conflict. This individual, while favoring progress towards IC independence and a federation in the long run, felt short-term concerns for stability and local consolidation should take precedence. With exceptions, a small sample of individual co-op members felt the same way.

5. Conclusions and Recommendations

In theory, a federation is a good idea. However, it appears that it is still premature to organize such an institution. At minimum, a fully functioning federation is two years away, and likely more. To undertake a federation feasibility study at the present time may also be premature, given the uncertainties of continued funding, co-op financial performance, and number of system participants. Before a feasibility study is initiated, at least two new ICs should be created and efforts to bring other existing ICs into the system should be made.

For a federation to succeed, it must have prospects for financial self-sufficiency. Any increase in IC membership, through creation of new ICs or absorption of existing ICs, will directly assist in raising the potential volume of federation services towards a breakeven point.

In addition, a requirement for federation participation might be set that each IC exhibit financial independence and pay membership dues to the federation. In this way, the federation might more quickly achieve self-sufficiency and at the same time serve as an incentive to more efficient co-op financial performance.

One step which might be taken at present is the creation of a consultative committee of IC representatives. However, responsibility for initiating and funding this mechanism should rest with the interested co-ops. To be consistent with the project's goal of promoting financially and administratively self-sufficient co-ops, USAID and other sponsors should avoid conflicting signals which would be sent by initiating and approving yet another subsidy. The project, overall, is on its way towards overcoming the costs of past paternalism, but the progress is fragile and should not be unnecessarily endangered.

V. SYNTHESIS OF FINDINGS AND RECOMMENDATIONS
AS TO CONTINUED PROJECT FUNDING

A. Achievement of Project Goal: Extent to Which the Program is Attaining the Goal of Developing Four Viable and Financially Independent Integral Cooperatives

The Small Farmer Organization Project has made substantial progress towards the original goals of developing viable and financially independent integral cooperatives and a system to nurture them. This chapter summarizes our findings on the extent to which the program is attaining these goals and the uncertainties which the program continues to face, concluding with recommendations on the changes required to promote project success.

1. Accomplishments

None of the three ICs evaluated have reached financial self-sufficiency. Our financial analysis (including a performance of a detailed cash flow analysis and close inspection of co-op financial records which can be found in Annex 3) indicates particular problems in the Cochabamba IC, which was expected to be self-sufficient this year, and in the Gran Chaco IC. The only IC which to date has substantially met its financial projections is Santa Cruz del Norte. Even in this case, however, no assurance exists that the co-op will reach self-sufficiency as projected by early 1981, given the administrative problems noted and the riskiness of the ambitious economic program to be implemented this coming year.

In sum, it is our determination that the projections elaborated by the ICs are to a greater or lesser degree overly optimistic and ought to be revised to better conform with reality, taking into consideration, in particular, the present limited administrative capacity of each IC.

2. Future Uncertainties

Continued weaknesses in the SFO Project threaten the long-term viability of the co-ops. These weaknesses have been discussed in detail in the body of the report but can be summarized here. They include:

- o design and implementational difficulties in the credit system, leading to higher delinquency rates, especially in medium-term loans;
- o demonstrated poor planning capabilities, leading to marginal projects which do not contribute to co-op self-sufficiency;
- o overall poor management in areas of administration, accounting, input supply, and projects;
- o government policy uncertainties with respect to milk and oilseed prices, diesel fuel price and availability, etc.;
- o lack of coordination at local level between IC and local BAB office;
- o delays in loan approval and disbursement process;
- o gaps and inefficiencies in technical assistance; and
- o external funding uncertainties.

B. Recommendation for Continued Funding

1. Advisability of Continued Funding

Funding for the Small Farmer Organization Project expires on September 1, 1981. Does there exist both a financial need and a justification, grounded in USAID project selection criteria, for continued project funding? The Devres team, based on its analysis of the data presented in this report, feels that both a need and a justification exist, and that USAID should support, or arrange for the support of, a project extension.

As noted above, none of the three ICs presently participating in the system can be described as financially self-sufficient. Nor are they self-sufficient in administrative terms. Each confronts serious problems in almost every major area of endeavor.

Continued outside financial and technical support is required to resolve these problems. This support must consist of (1) subsidies for the provision of technical assistance services (i.e., operating costs of ONCICOOP) and (2) operating subsidies for the individual ICs.

The SFO Project has been an extremely costly one for project sponsors. Lack of an early baseline study and methodological difficulties in quantifying the benefits of institution-building make it impossible to calculate a benefit cost ratio, but it is undoubtedly low. Over the past five years, the project has not been particularly efficient nor effective, and the two project amendments in 1977 and 1979 were a response to these

observed deficiencies. However, the most important consideration for USAID now is not these "sunk costs", but the costs and benefits of continued support.

The Devres team believes it is possible to make the co-ops self-sufficient, possibly within the time frame contemplated in the present subsidy scheme. To do so, USAID should:

- o assure that increased and improved technical assistance is provided to the co-ops; and
- o assure, using the threat of cut-off of funds if necessary, that the co-ops implement the changes recommended in this report and by technical assistance providers.

2. Changes Required to Promote Project Success

In order to justify continued sponsorship of the SFO Project, and increase its chances of success, USAID should immediately consider requiring that:

- o the IC financial projections, particularly those of the Cochabamba and Gran Chaco ICs, be revised;
- o planning capabilities be strengthened prior to the next agricultural year through (1) provision of short-term expert technical assistance in agricultural planning, (2) integration of report-writing with planning, and (3) regular generation, aggregation, and utilization of agricultural/credit data at co-op level.

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25 (continued) Julia, Start Here ✓

- (4) o in all cases, operational plans be elaborated in conjunction with the financial projections, with the object of having a yardstick to measure present and future activities leading to financial self-sufficiency;
- (5) o the accounts of the Cochabamba IC, as soon as possible, be reconciled with those of BAB/CROFOC so as to determine the correct amount of the IC's debt;
- (6) o the credit system of each co-op be re-designed and better implemented to assure greater control over loan use and amounts (specific suggestions are presented in the body of the report and in Annex 5); and
- (7) o a resident advisor with considerable experience in institutional credit and in cooperative process be appointed for the Gran Chaco IC to implement changes in credit and administration and to provide a counterweight to the influence of the co-op president.

The Devres evaluation team found it particularly disturbing to find continuing deficiencies and omissions in areas identified in July 1979 by a USAID audit report. Annex 6 provides a copy of the audit report's recommendations. These recommendations, although overly stringent, financially burdensome, and in some cases unrealistic, do parallel the suggestions presented in this report, particularly in regard to credit, and should be consulted by project staff.

Next page

In the medium term, USAID should consider requiring that the ICs:

- 8) o improve co-op accounting practices (see body of paper for specific conclusions and recommendations);
- 9) o improve supervision and internal control in the input supply stores (see body of paper for specific conclusions and recommendations);
- 10) o improve extension and technical assistance through:
 - a - expanding extension staff, shifting resources as possible from the office to the field (particularly in the Gran Chaco IC);
 - shifting emphasis from formal co-op education activities to technical assistance;
 - integrating the extension agents into the agricultural planning process by requiring simple data collection activities (and de-emphasizing time-consuming reporting requirements); and
 - increasing the tapping of local technical resources potentially available from MACA/IBTA, CID, Misión Británica, Misión Suiza, private commercial enterprises, and other area development institutions;
- 11) o analyze the actual and potential role of women in the cooperative, and as possible create women-oriented programs with the goals of lowering loan delinquency among member households and combatting social stratification/income differentiation within the co-ops; and

- 12
- o promote more democratic, decentralized member participation through:
 - enforcing regulations against loan delinquency and other credit abuses by leaders;
 - encouraging leadership turnover and broad geographic and socio-economic representation;
 - organizing all required committees and councils and providing practical orientation;
 - providing greater staff support to committee/council functioning, particularly in the case of the Credit Committee.

25. 3. Institutional Issues

If USAID intends to achieve the original project goals, it must arrange for continued support. The current institutional support structure, linking two project funders (USAID and P.L. 480) with essentially two implementing agencies (FENACRE/ONCICOOP/RRNA and BAB/CROFOC), although unwieldy, appears to offer the potential for providing the broad support the ICs still require. New institutional arrangements should not be created without major justification, which in this case do not yet appear to exist. USAID should therefore seek to extend the current system of institutional support, consistent with the recommendations in this report.

The analysis in the body of this report indicates strongly that to organize a federation of ICs now or in the near future (i.e., within two years) would be premature given the current financial and administrative condition, among other factors, of the ICs. However, the Devres team

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believes that the goal of a federation to eventually assume program responsibility is a good one under certain conditions. In this regard, the team recommends that USAID:

- (1) o encourage the formation of a consultative committee, composed of IC representatives, should the ICs endorse the concept and allocate co-op resources to facilitate meetings;
- o examine the possibility of bringing existing co-ops into the IC system, with a view toward more quickly creating the resource base and demand for services necessary to support and justify a federation; and,
- ? o develop guidelines for forming an IC-managed federation which explicitly link this process to the achievement of financial self-sufficiency by the co-ops.

4. Final Comment

The problems encountered in this project are considerable. However, given the complexity and difficulty of building viable institutions in the Bolivian milieu, and the significant progress made to date thanks to the efforts of the many individual and institutional participants, we consider it worth the additional marginal investment required to put the co-ops on a sound financial and administrative footing.

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ANNEXES

ANNEX 1

SCOPE OF WORK

"A. General

The Contractor's technicians shall examine the Small Farmer Organizations I project to assess the extent to which the program is attaining the goal of developing four viable financially independent integral cooperatives; identify the key elements contributing to the success or weakness of the cooperatives and cooperative model employed; and make recommendations on whether to proceed with the integral cooperative model and if so recommend adjustments which may be necessary to ensure the successful promotion of integral cooperatives in the future.

B. Specific

1. Within this broad scope, the technicians shall focus on the following issues within each of the integral cooperatives:
 - a. the cooperative members' understanding and exercise of their rights and responsibilities
 - b. the function of Basic Associated Groups (GABs) in relation to their responsibility for coordinating member training courses and receiving credit applications
 - c. the adequacy of cooperative directors to promote the long-term development of the cooperatives and their compliance with cooperative regulations, especially regarding repayment of loans
 - d. the relationships between the elected officers, the salaried employees, and the GABs
 - e. the establishment and adherence to financial controls, such as the timely submission of financial statements, adequate internal credit controls and the maintenance of a low rate of delinquency at the level of the Cooperative and at the level of the members.

2. The technicians shall provide the following project-wide determinations:
 - a. an evaluation of existing projections for each IC to reach self-sufficiency from outside subsidies (This will require up-to-date and realistic projections of costs and income and other analyses of the economic financial and social base of each cooperative.)
 - b. an evaluation of FENACRE and ONCICOOP in providing technical assistance to the ICs, viewed in relation to their current work plans. The type and amount of technical assistance which will be needed, on a yearly basis, by each of the cooperatives over the next five years should be determined.
 - c. an evaluation of the function of BAB in providing credit to the ICs by means of the revolving credit fund, including a consideration of timeliness of disbursements, the collection of loan repayments, and the provision of financial advice to the ICs
 - d. evaluation of the adequacy of the relationships between the BAB, PL480 office, FENACRE/ONCICOOP, and the ICs with recommendations for improving these relationships
 - e. review the role and adequacy of the PL 480 Title III program in providing administrative subsidies for the cooperatives and for ONCICOOP and estimate the level and duration of continued need for this support
 - f. the current feasibility of forming a federation of integral cooperatives, including the objectives of such a federation, its function and its relationship to FENACRE/ONCICOOP, as well as to the CROFOC fund within the Bolivian Agricultural Bank.
 - g. a comparison and evaluation of the three variations of the integral cooperative model being developed in the Gran Chaco, Punata and Montero cooperatives, and an assessment of the advisability of using the basic model in the formation of additional cooperatives."

ANNEX 2
PROJECT LOG FRAME

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project
From FY 72 to FY 81
Total U.S. Funding \$4,146,851
Date Prepared: 9/17/79

AND 4820-10 (2-79)
SUPPLEMENT 1

INSTRUCTIONS: THIS IS AN OPTIONAL
FORM WHICH CAN BE USED AS AN AID
TO ORGANIZING DATA FOR THE PAR
REPORT. IT NEED NOT BE RETURNED
OR SUBMITTED.

Project Title & Number: SMALL FARMER ORGANIZATION (511-0452 511-T-072)

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:</p> <p>To increase the per capita income and to improve the standard of living of rural people.</p>	<p>Measures of Goal Achievement:</p> <p>Average annual family income of 6,000 members of integral cooperatives will have increased by 75% from present average of \$780 as of December 1981.</p>	<p>I.C. surveys on yearly basis using <u>baseline data collected at beginning</u> of project for comparative purposes.</p>	<p>Assumptions for achieving goal targets:</p> <p>The availability of credit and technical assistance will bring about improvements in agricultural practices thereby increasing production.</p> <p>That GOS agricultural pricing policy during the project implementation period does not discourage agricultural production.</p> <p>That climate conditions do not preclude anticipated production increases.</p>

Form 1040-68 (Rev. 1-25-68)

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

AKREX
Life of Project: Page 2 of 5
From FY 72 to FY 75
Total U.S. Funding \$ 1,144,051
Date Prepared: 9/17/72

Project Title & Number: SMV FARMER ORGANIZATION (511-5482 and 511-5455)

PAGE 2

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose:</p> <p>To establish an independent, viable cooperative movement, including development of four base-level integral coops (ICs).</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p>1. Four integral (IC) base-level product-specific coops established in Departments of Cochabamba, (dairying), Potosí (potato), Santa Cruz (dairying), and Tarija (oil seed):</p> <ul style="list-style-type: none"> - Each IC with average total membership of 1,500. - Each IC providing a full complement of services, through Associates Zonal Groups (AZGs), to integrate vertically all activities related to its product line. IC providing professional management, mechanized accounting, veto as necessary on AZG credit decisions, input distribution, communication with markets, storage and processing facilities, technical assistance in production for farmers, management of loan applications and contracts with ICI. - For each IC, 10-20 Associated Zonal Groups (AZGs) making all decisions affecting farmers and electing board of directors to serve on the ICs. Each AZG approving membership and credit applications for farmers from community, conducting cooperative educational activities for members, coordinating course with external technicians in Agricultural practices, supervising and 	<p>Integral Cooperative records</p> <p>Cooperative records</p> <p>Cooperative records</p>	<p>Assumptions for achieving purpose:</p> <p>That the integral cooperatives will be able to charge the margins and achieve the volumes projected in feasibility studies.</p> <p>That climatic conditions do not preclude anticipated production increases.</p>

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**PROJECT DESIGN SUMMARY
 LOGICAL FRAMEWORK**

Life of Project: ASREX
 From FY 72 to FY 81 Page 3 of 5
 Total U.S. Funding \$4,146,351
 Date Prepared: _____

Project Title & Number: **SMALL FARMER ORGANIZATIONS (311-0492 and 311-T-095)**

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Project Purpose:</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <p>collecting loans to community members.</p> <p>- ICs require no subsidies for operating costs.</p> <p>2. Total sub-loans from revolving credit funds will be \$5,825,000.</p> <p>3. The following indicators of loan performance will have been achieved:</p> <p>a. No. of subloans to ICs 4</p> <p>b. Average size of subloans to ICs. \$ 1,000,000</p> <p>c. Default rate (subloans made by ICs) 9%</p> <p>d. Delinquency rate (sub-loans made by ICs) 10%</p> <p>e. No. of subloans/IC 1,500</p> <p>f. Average size of subloans made by ICs \$500</p>		<p>Assumptions for achieving purpose:</p>

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ANNEX 3
FINANCIAL ANALYSIS ¹

Resultados Financieros de las CIs

Introducción

El análisis de la actual situación financiera de las Cooperativas Integrales: "Gran Chaco", "Santa Cruz Norte" y "Cochabamba" (CIs), se ha efectuado con el propósito de determinar si las CIs han logrado alcanzar un nivel de autosuficiencia financiera.

Para el presente análisis se han utilizado los estados financieros auditados por la Federación Nacional de Cooperativas de Ahorro y Crédito de Bolivia (FENACRE) correspondientes a la gestión 1979, (con excepción de la CI "Cochabamba" cuya auditoría fue realizada al 30 de junio de 1979).

Se han analizado los resultados financieros de las CIs y ^acomprado con las proyecciones que se presentaron en los estudios de factibilidad o en las proyecciones financieras.

El período que cubre este análisis comprende la gestión de 1980 (Enero 1° a Diciembre 31), basado en los estados no auditados y preparados por las CIs. Este trabajo sin embargo tiene sus limitaciones y no constituye un análisis completo de todos los aspectos financieros de los CIs, fundamentalmente debido a la dificultad de obtener la información y al limitado tiempo disponible para su elaboración.

En general la falta de proyecciones con una base más real han distorsionado considerablemente las posiciones financieras de los CIs y han causado diferencias considerables con los resultados ^{reales de} ~~electivos~~ en cada CI.

1/ The cash flow analysis which forms the basis of this section was performed by Zaul Pinto of USAID/Bolivia's Comptroller's Office.

Los resultados actuales de las tres CIs muestran que ninguna de ellas han alcanzado una posición de autosuficiencia financiera al 31 de diciembre de 1980, esta situación puede permanecer o empeorar si no se efectúan correcciones en sus planes operativos y si no se toman bases más reales para su elaboración.

1.1. Gran Chaco - Yacuiba

a) Resultados Financieros

La CI en Yacuiba ha producido una pérdida neta de \$b 981,935 1/ en la gestión que termina el 31 de diciembre de 1980. (Ver cuadro 1). El excedente neto esperado para este período según los presupuestos de Ingresos y Egresos del proyecto de factibilidad era de \$b 543,376 incluyendo los subsidios para costos de operación.

El resultado de la CI incluyendo subsidios, intereses ganados por dinero depositado a plazo fijo o en ahorro, etc. durante el mismo período fue el siguiente:

Pérdida neta 1980		\$b (981,935)
Subsidios	\$b 1,741,983	
Intereses sobre fondos en ahorro	224,862	
Diferencia de cambio	<u>102,750</u>	<u>2,069,585</u>
Excedente en 1980		<u>1,087,660</u>

Es decir que una gran parte de los subsidios (56.4%) fue destinada a cubrir la pérdida neta de la CI.

1/ Sin incluir los subsidios, intereses en Cajas de Ahorro y/o diferencias de cambio.

Los costos de ventas de insumos agrícolas durante este mismo período fueron del 82%, lo que dió un margen de ganancia bruta de 18%. Considerando que la CI soporta la competencia de los comerciantes y por tanto debe regular sus precios de acuerdo a los existentes en el mercado, creemos que este margen de ganancia es aceptable.

Los servicios de la maquinaria agrícola tienen costos muy elevados (84%), si se toma en cuenta que la maquinaria es nueva, creemos que estos costos se incrementarán considerablemente cuando la maquinaria esté funcionando ^{se verá afectada en} su plena capacidad, entonces la CI ~~recibirá un impacto~~ en sus futuros resultados. (Este punto será tratado en forma separada en el capítulo relacionado al Pool de Maquinaria).

En la gestión anterior la CI ha logrado recuperar casi el 100% de los préstamos concedidos a sus socios, su mora (\$b 4,500) fue insignificante. Para los créditos concedidos en la presente gestión se espera una mora mucho mayor puesto que este año agrícola fue muy anormal, esta situación afectará necesariamente su posición de caja cuando la CI tenga que cancelar sus obligaciones al CROFOC. Durante la gestión de 1980 la CI tenía los siguientes saldos en efectivo al finalizar cada mes incluyendo los subsidios.

<u>1980</u>	<i>Saldo dinero cada fin de mes</i> \$ <u> </u> <u>1/</u>
Enero	3,087,964
Febrero	3,013,977
Marzo	2,970,940
Abril	2,703,294
Mayo	2,293,789
Junio	2,475,954
Julio	2,630,404
Agosto	2,101,069
Septiembre	1,306,795
Octubre	7,365,121
Noviembre	3,443,207
Diciembre	2,475,182

Un detalle mas amplio sobre el origen y el uso de estos fondos se pueden ver en el cuadro No. 3 .

El siguiente cuadro muestra cual fué el comportamiento del efectivo en la CI. *durante la gestión 1980.*

1/ Incluye dinero en caja, caja chica y Bancos.

COOPERATIVA INTEGRAL DE SERVICIOS "GRAN CHACO" LTDA
 Flujo de ^{renta} i por el periodo de Enero 1^a Diciembre 31, 1980 (En Pesos Bolivianos)

CUADRO No. 2

Efectivo a principios de mes
Órgen de Fondos

Préstamo CROFOC

Subsidios y Donaciones

Intereses sobre préstamos

Ventas y Comisiones

Cuotas de Ingreso y Aportes

Pagos recibidos de CBF

Fondos recibidos por anticipado y otros

Intereses ganados sobre ahorros

Otros ingresos

Fondos generados en el mes

Total efectivo en el mes

Uso de Fondos

Amortización CROFOC

Intereses CROFOC

Compra de insumos y otros

Equipo agrícola, herramientas y otros

Gastos servidos de equipo agrícola

Gastos administrativos

Equipo de Oficina

Anticipos, pago de obligaciones y otros

Fondos utilizados en el mes

Fondos disponibles a fin de mes

	ENERO	FEBRERO	MARZO	ABRIL	MAYO	JUNIO	JULIO	AGOSTO	SEPTBRE	OCTUBRE	NOVIEMB.	DICIEMBRE
	2791278	3087964	3013977	2970940	2703294	2293789	2475954	2630404	2101069	1306795	7365121	3443207
										3289803		
	391023								1000000	114885		
	156			4245	8437	17014	11583	18493	6364	2546	204	149
	13307	5266	640		13037	16416	21686	10673	634	40	176	31622
	12700	12200	5000	1500	12085	6050	5000	13798	11900	80300	145800	35927
							9068			1225912		
	3224	8386	106345	83382	135888	357705	204982	225994	77456	77729	26737	3870
			14706		9628	90716			44108			45364
	420390	25852	126691	89127	179075	487901	252319	268958	1140462	14791215	172917	116932
	3211668	3113816	3140668	3060067	2882369	2781690	2728273	2899362	3241531	16098010	7538038	3560139
									1050468		2153399	
									172975		30865	
				84684	17510	175487	- 0 -	19596	621	26138	99557	458000
										8562997	318199	49072
	88180	89988	24800	5300	-0-	575	5135	18774	22409	18442	63770	7832
	25139	47924	60598	76595	100033	57467	21326	16280	112664	124208	123239	164538
			20184	44004	-0-	-0-	-0-	-0-	-0-	-0-	100820	4830
	75415	12590	64746	146190	471037	72207	71408	743733	575599	1104	1204982	400685
	123704	99839	169728	376773	588580	305736	97869	798293	1934736	8732889	4094831	1084957
	3087964	3013977	2970940	2703294	2293789	2475954	2630404	2101069	1306795	7365121	3443207	2475182

MOVIMIENTO DE FONDOS

Saldo a principios de la gestión 1980		\$b 2,791,278
Más: Ingresos de fondos		
a) Ventas, servicios, recuperaciones de crédito, intereses, etc.	\$b 3,276,128	
b) Préstamo CROFOC	13,289,803	
c) Subsidios	<u>1,505,988</u>	<u>18,071,839</u>
Total fondos disponibles durante la gestión		20,863,117
Menos: Egreso de fondos		
a) Amortización e Intereses CROFOC	\$b 3,407,707	
b) Compra de insumos y maquinaria agrícola	9,811,861	
c) Costos de administración, compra de equipo para la oficina y pago de otras obligaciones	<u>5,168,367</u>	<u>18,387,935</u>
Saldo a fines de la gestión 1980		<u>\$b. 2,475,182</u>

El promedio de saldos en efectivo durante 1980 fue de aproximadamente \$b 3 millones, cuyo monto ^{crece} ~~consideramos~~ muy elevado si comparamos con su cartera que alcanza aproximadamente a \$b 1,4 millones. Esta situación empeora durante enero de 1981, puesto que la CI solicitó al CROFOC la suma de \$b. 6,068,430 adicionales para labores culturales y compra de equipo agrícola.

En el análisis del uso de los fondos al 17 de marzo de 1981 se ha observado que existe la suma de \$b 8,336,230 en caja de ahorro o a plazo fijo, percibiendo intereses que varían del 17% al 22% anual. (Ver cuadro No. 2) esta situación muestra que la CI ~~tiene~~ ^{ha solicitado} más dinero de lo que actualmente puede usar en propósitos de crédito agrícola. Los términos del contrato suscrito con el CROFOC indican que la CI no podrá invertir estos fondos en otros propósitos que no sean aquellos especificados en el contrato, inclusive se establece que el CROFOC puede suspender los desembolsos si se evidencia esta situación.

Al analizar el Balance General y el Estado de Resultados al 31 de diciembre de 1980, (Ver cuadros Nos. 6 y 7) se observa que la liquidez de la CI tiene una relación de 1.38 a 1 esta situación que no es muy favorable, puede empeorar, si ^{se} efectúa una depuración de los inventarios o de las posibles deudas en mora así como aquellas otras cuentas no muy líquidas (subsídios a cobrar, seguros anticipados y depósitos en garantía). El cociente ácido para esta CI es de 1.16 a 1, esta relación si bien teóricamente es aceptable, creemos que puede reducirse considerablemente si se ~~reduce~~ ^{resta} la estimación de la deuda en mora debido al mal año agrícola.

El índice de liquidez de los bienes de cambio nos da un coeficiente de 5.30 el mismo que muestra un alto grado de movilidad en los almacenes y la importancia que adquiere en la estructura de la CI.

El índice de los costos de operación (33%) muestra el grado de la eficiencia administrativa, de acuerdo a este porcentaje la CI está aún muy lejos de poder alcanzar ^{su nivel satisfactorio} ~~una situación satisfactoria~~.

b) Fondos CROFOC

La Cooperativa Integral de Servicios "Gran Chaco" Ltda., recibió del CROFOC durante la gestión 1979 el monto de \$b 3,203,867 (Ver cuadros Nos. ___ y ___) y amortizó la totalidad durante el año 1980. Durante este período solamente tuvieron un monto mínimo de morosidad (\$b 4,500).

En septiembre de 1980 se firmó un contrato de préstamo con el CROFOC por \$b 26,529,773 para cultivos (\$b 11,594,608) y adquisición de maquinaria (\$b 14,934,965). De este monto el CROFOC desembolsó la suma de \$b 13,289,783 en octubre, 1980 para cultivos (\$b 3,219,948) y para compra de maquinaria (\$b 10,069,835), los que fueron transferidos a su cuenta corriente del Banco en Oruro, agencia de Santa Cruz, para facilitar sus transacciones de compra de equipo y otros en ese mercado.

La Cooperativa ha efectuado las adquisiciones de los equipo, pero al momento de esta evaluación faltaban por entregar 3 cosechadoras adquiridas de la Compañía Intermotor BRL (Santa Cruz) a quienes se les pagó anticipadamente el costo total de \$b 1,125,000, la entrega debía efectuarse en diciembre de 1980.

Los representantes de esta compañía han manifestado que recién estaban embarcando los equipos a Yacuiba debido a problemas de demora en la fábrica y a las determinaciones de carácter económico que tomó el gobierno el pasado mes de enero, restringiendo las importaciones.

Por otra parte se compraron 3 cultivadoras de la Compañía Ciagro (Santa Cruz) por un monto de \$b 3,652,050. El Contrato (noviembre 1980) establece que el pago se efectuará a la entrega del equipo. Hasta el momento de nuestra visita

al proveedor, estos equipos no fueron entregados aún, la demora se debió a que el GOB no extendió permisos para su importación, pero que recién se regularizó esta situación y las 3 cultivadoras se remitirán a la Cooperativa en breve plazo.

No se han adquirido aún 2 camionetas para los cuales se recibió el dinero. En enero 1981 la Cooperativa recibió un segundo desembolso por \$b 2,103.300 para labores culturales (Ver cuadro No 13), de este monto se depositaron en plazo fijo (30 días) US\$ 60,000, equivalente a \$b 1,470,600, al día siguiente de recibir los fondos.

En enero 1981 se efectuó una transferencia de los fondos de Cuenta Corriente a depósito a plazo fijo (90 días en el Banco de Crédito de Oruro [Agencia Santa Cruz] por \$b. 2,000,000).

En el mismo mes de enero 1981 la Cooperativa solicitó un tercer desembolso al CROFOC por \$b 4,865,130 para la compra de 3 cosechadoras y 3 trilladoras los que se depositaron en plazo fijo (90 días) en el Banco de Crédito de Oruro (Agencia Santa Cruz) en la misma fecha en que se recibieron los fondos.

Los certificados de depósito a plazo fijo no se encontraban en las oficinas de la Cooperativa aunque según la gerencia del Banco de Crédito de Oruro (Agencia Santa Cruz) éstos fueron remitidos oportunamente.

c) Fondos PL 480 Título III

El PL 480/Título III (PL 480) durante la gestión de 1980 ha desembolsado el monto de \$b 1,391,023 de un presupuesto de \$b 2,467,323 (56.4%), destinado a los gastos de administración y funcionamiento de la CI. El PL 480 tiene su propio instructivo contable para facilitar los descargos financieros del uso de los fondos. En nuestra opinión creemos que la CI está siguiendo las instrucciones del PL 480 y que los fondos asignados por esa oficina se están utilizando para el propósito programado.

Al concluir la gestión 1980, y de acuerdo al presupuesto programado del PL 480 para esta CI, el monto de subsidio por cada uno de los 230 socios de la CI alcanzó a \$b 10,700 cuyo monto es más del doble con relación al número de socios proyectados para el mismo año que fue de 600.

Según la Carta de Entendimiento suscrita entre el PL 480 y FENACRE, la primera tiene el derecho de supervisar el manejo de los fondos y las actividades de las CIs en forma periódica. En el caso de esta CI hasta ahora no se efectuó una auditoría o una revisión por parte del PL 480 con excepción de la revisión de los descargos financieros.

C U A D R O N o . 1

Resultados de las Cooperativas Integrales sin considerar Subsidios e Intereses
por depósitos en Caja de Ahorro durante la gestión que termina en Diciembre
31, 1980

	<u>Gran Chaco Yacuiba</u>	<u>Norte Sta. Cruz</u>	<u>Cochabamba Punata</u>
Utilidad durante la gestión	<u>\$b 1,087,660</u>	<u>\$b 55,717</u>	<u>\$b</u>
Menos: otros ingresos			
Interés percibido de caja de ahorro y/o diferencia de cam- bio	\$b 327,612	124,088	
Subsidios	<u>1,741,982</u>	<u>1,429,987</u>	<u> </u>
Total otros ingresos	<u>2,069,595</u>	<u>1,554,075</u>	<u> </u>
Pérdida en la gestión	<u>\$b (081,935)</u>	<u>\$b (1,498,358)</u>	<u>\$b</u>

C U A D R O No. 3

FONDOS EN CAJA DE AHORRO y/o PLAZO FIJO AL 17 DE MARZO DE 1981

	<u>Ahorro o Plazo Fijo</u>
1. Banco de Crédito de Oruro (Yacuiba (US\$ 60,000) a un mes plazo, certificado No. 73/81 (vence marzo 24, 1981)	\$b 1,470,600
2. Banco de Crédito de Oruro (Yacuiba) de acuerdo a libreta de ahorro	500
3. Banco de Crédito de Oruro (Santa Cruz)	
3.1 Depósito a plazo fijo (90 días con vencimiento al 14 de abril de 1981) (No existe certificado)	2,000,000
3.2 Depósito a plazo fijo (90 días con vencimiento al 23 de abril de 1981) (No existe certificado)	<u>4,865,130</u>
Total en Caja de Ahorro y Plazo Fijo	<u>\$b 8,336,230</u>

RESUMEN DEL CONTRATO DE PRESTAMO # 406/80 ENTRE EL BAB/CROFOC Y LA
COOPERATIVA INTEGRAL DE SERVICIOS "GRAN CHACO" LTDA

A. Fecha de la aprobación: Septiembre 26, 1980	
B. Monto del préstamo	\$b 26,529,773
C. Propósito del préstamo:	
a) Gastos de Operación de Cultivos	
1,485 Has. Soya	\$b 6,575,880
729 Has. Maní	4,834,728
1,550 Has. Maíz	<u>214,000</u>
	\$b <u>11,594,608</u>
b) Adquisición de Maquinaria	
5 tractores 120 HP	\$b 3,683,812
6 " 60 HP	2,472,525
4 Arados 120 HP	724,275
2 Rastras 120 HP	589,410
1 Rastra 60 HP	54,196
1 Arado 60 HP	89,910
3 Sembradoras	921,998
3 Cultivadoras	224,775
3 Fumigadoras	151,069
3 Cosechadoras de soya	2,270,725
3 Trilladoras de Soya	774,405
3 Chatas o barandas	428,271
3 Tanques de 3.000 litros	136,378
1 Tanque de 4.000 litros	88,911
2 Camionetas	724,285
Herramientas	<u>210,000</u>
	\$b <u>24,934,965</u>

		<u>\$b 26,529,573</u>	
Total para Cultivo y maquinaria			
D. Desembolsos del BAB/CROFOC			
a)	Primer desembolso Octubre 8, 1980		\$b 13,289,783
	Cultivo de Soya	\$b 1,808,730	
	Cultivo de Maní	1,197,018	
	Cultivo de Maíz	<u>214,200</u>	
		<u>\$b 3,219,948</u>	
	Maquinaria y Herramientas	<u>\$b 10,069,855</u>	
	Total	<u>\$b 13,289,783</u>	
b)	Segundo desembolso Enero 19, 1981		2,103,300
	Labores culturales		
c)	Tercer desembolso enero 23, 1981		4,865,130
	3 Cosechadoras	\$b 4,270,725	
	3 Trilladoras	<u>594,405</u>	
		<u>\$b 4,865,130</u>	
	Total desembolsado al 31 de enero de 1981		<u>\$b 20,258,213</u>
	Saldo por desembolsar		<u>6,271,360</u>
			<u>\$b 26,529,773</u>
			<u>\$b 26,529,773</u>

C U A D R O N o . 5

ESTADO DE LOS FONDOS RECIBIDOS Y AMORTIZADOS POR LA COOPRATIVA INTEGRAL DE
SERVICIOS "GRAN CHACO" LTDA. AL 31 DE ENERO DE 1981

(En Pesos Bolivianos)

	<u>C R O F O C</u>		<u>TOTAL</u>
	<u>SNDC</u>	<u>BAB</u>	
<u>Desembolsos 1979 y 1980</u>			
Septiembre 1979	1,931,240		1,931,240
Diciembre 1979	1,272,627		1,272,627
Octubre 1980	_____	<u>13,289,783</u>	<u>13,289,783</u>
Total fondos recibidos hasta Dic.31,1980	3,203,867	13,289,783	16,493,650
<u>Amortizaciones</u>			
Septiembre 1980	(1,050,468)		(1,050,468)
Noviembre 1980	<u>(2,153,399)</u>	_____	<u>(2,153,399)</u>
Total saldo por pagar al CROFOC a			
diciembre 31, 1980	-.-	13,289,783	13,289,783
<u>Desembolsos 1981</u>			
Enero 19,1981		2,103,300	2,103,300
Enero 23, 1981		<u>4,865,130</u>	<u>4,865,130</u>
Total saldo por pagar al CROFOC			
a enero 31, 1981		<u>20,258,213</u>	<u>20,258,213</u>

1.2. Santa Cruz Norte - Montero (Santa Cruz)

Esta CI que tiene aproximadamente dos años y medio de funcionamiento, inició sus actividades con 543 socios y, al finalizar la gestión de 1980 tenía 584 socios activos, cuyo capital social ascendía a \$b 2,061,664 y la sitúa segunda en importancia después de la CI de Cochabamba.

Las áreas de actividad en las que la CI había proyectado trabajar eran las siguientes: a) Crédito de ganado lechero, b) Crédito agrícola, c) Reproductores de porcinos, d) engorde de porcinos, e) Planta mezcladora de alimentos, f) Comercialización de insumos y productos, y g) Crédito para maquinaria agrícola.

Las proyecciones para 1980 fueron bastante cercanas a los resultados obtenidos en el año, tal como se muestra en el cuadro No. 16

C U A D R O No. 16

(En Pesos Bolivianos)

	<u>Real</u>	<u>Proyección</u>	<u>Diferencia</u>
Crédito Lechero	245,288	247,076	(1,788)
Crédito Maquinaria Agrícola	4,187,535	4,126,000	61,535
Comercialización y Crédito Agrícola	<u>2,362,776</u>	<u>1,183,160</u>	<u>1,179,616</u>
	6,795,599	5,556,236	1,239,363
Menos: Costos de venta	<u>6,043,565</u>	<u>4,773,239</u>	<u>1,270,326</u>
Utilidad Bruta	<u>752,034</u>	<u>782,997</u>	<u>(30,963)</u>

El costo proyectado fue de 89% del total de las ventas y el real fue de 86%.

Sin embargo, cuando se consideran los costos de operación, el resultado de la CI se transforma en una pérdida de \$b. 1,498,358 1/ (Ver Cuadro No. 1). Sin embargo el resultado negativo esperada para este año fue' de \$b 2,930,124, sin incluir los subsidios y los intereses en ahorro. Esta CI ha proyectado llegar a una situación de autosuficiencia financiera en 1982. Creemos que con los ajustes necesarios sobre bases más realísticas en las areas de sus actividades, puede alcanzar este objetivo en el plazo fijado, siempre y cuando no influyan factores exógenos.

El resultado de la CI para la gestión de 1980 incluyendo los subsidios y los intereses ganados por dinero depositado en ahorro es el siguiente:

Pérdida neta 1980		\$b (1,498,358)
Subsidios	\$b 1,429,987	
Intereses sobre dinero en ahorro	<u>124,088</u>	<u>1,554,075</u>
Excedente en 1980		<u>\$b 55,717</u>

El 95.4% de los subsidios fue destinado a cubrir el déficit de la CI.

Al analizar el sistema de crédito de esta CI se ha observado que no existe un procedimiento adecuado para determinar los saldos en mora. Este problema surge especialmente cuando un mismo socio tiene simultaneamente, préstamo a corto y a mediano plazo. La CI para el control dispone de una sola tarjeta la misma que no muestra los vencimientos, este dato tampoco aparece en los contratos.

Se ha observado también que la falta de información entre el Banco Agrícola puede ocasionar que un socio de la CI que ya obtuvo préstamo para un pro-

1/ Sin incluir los subsidios y los intereses percibidos en Caja de Ahorro.

pósito puede adquirir otro préstamo del BAB para el mismo propósito. ~~Se~~

~~El balance al 31 de diciembre de 1970 no muestra el monto de la deuda en mora precisamente porque no existe un procedimiento para determinarlo.~~
Si no se corrigen estas deficiencias, creemos que la cartera en mora de la CI va a ser importante y difícilmente podrá cumplir con su plan de amortizaciones al CROFOC.

El Balance al 31 de diciembre de 1970 no muestra el monto de la deuda en mora precisamente porque no existe un procedimiento para determinarlo.

La posición del efectivo al finalizar cada mes durante la gestión de 1980, incluyendo subsidios e intereses percibidos por dinero en caja de ahorro fue la siguiente:

<u>1 9 8 0</u>	<u>Pesos Bolivianos</u> <u>Saldos de dinero</u> <u>cada fin de mes 1/</u>
Enero	1,639,736
Febrero	1,500,770
Marzo	1,656,002
Abril	1,011,749
Mayo	991,435
Junio	949,973
Julio	486,575
Agosto	221,923
Septiembre	2,190,126
Octubre	1,106,470
Noviembre	6,496,536
Diciembre	2,062,981

1/ Incluye dinero en Caja, Caja Chica y Bancos.

Ver el Cuadro No. 4 del Flujo de Fondos sobre el origen y su uso.
 El Cuadro No. 17 nos da el resumen del movimiento de fondos durante la
 gestión de 1980:

C U A D R O No. 17

MOVIMIENTO DE FONDOS

(En Pesos Bolivianos)

Saldo a principios de la gestión 1980		865,135
Más: Ingresos de fondos		
a) Ventas, servicios, recuperaciones de crédito, intereses, etc.	5,397,919	
b) Préstamo CROFOC	8,962,570	
c) Subsidios	<u>1,872,396</u>	<u>16,232,885</u>
Total fondos disponibles durante la gestión		17,098.020
Menos: Egresos de fondos		
a) Amortización Intereses CROFOC	1,052,540	
b) Compra de insumos y maquinaria agrícola	6,762,326	
c) Costos de operación, compra de equipo, muebles y pago de otras obligaciones	<u>7,220,173</u>	<u>15,035,039</u>
Saldo a fines de la gestión 1980		<u><u>2,062,981</u></u>

El promedio de saldos en efectivo, después de deducir los fondos de cambio y el de Caja Chica fue aproximadamente de \$b 1,6 millones, este saldo comparado con la Cartera al 31 de diciembre 1980 fue aproximadamente de un 17%. Como quie ra

que en este saldo está también incluido las subvenciones del PL 480, y el promedio mensual de préstamos durante esta gestión fue de \$b 791,000, creemos que el saldo en efectivo se encuentra en nivel aceptable.

Por otra parte, en el análisis del Balance General y el Estado de Resultados al 31 de diciembre de 1980 (Ver Cuadros Nos. 8 y 9), el índice de liquidez de la CI no es muy alentador alcanzando la relación de 0.99 a 1. La situación empeora al efectuar la prueba de ácido, cuyo resultado es de 0.77 a 1, además esta relación no está afectada por el monto de la deuda en mora la cual disminuiría aún mucho más su relación de liquidez.

La liquidez de los bienes de cambio da un coeficiente de 6.55 que muestra un alto grado de movilidad en inventarios. Nuevamente se ve que en esta CI las actividades de compras, inventarios y almacenes han alcanzado una gran importancia en sus actividades motivo por el cual es necesario mejorar su administración.

El índice de los costos de operación para esta CI fue del 27%, el mismo que indica que la administración aún no ha llegado a alcanzar su nivel aceptable.

b) Fondos CROFOC

La CI "Santa Cruz Norte" Ltda. recibió un préstamo inicial del CROFOC/SNDC por \$b 3,500,000 para crédito agrícola y labores de lechería. (Ver Cuadro No. 14). Amortizó \$b 525,000 en abril 1980 y por el saldo renegoció con el CROFOC/BAB, debido a dificultades confrontadas en las recuperaciones; el vencimiento de esta obligación se cumplía en junio 1981. Las nuevas amortizaciones se efectuarán en cuotas de \$b 595,000 cada junio a partir de 1981 hasta 1985, y los intereses cada semestre a partir de diciembre 1980 hasta junio 1985.

En septiembre de 1980 la CI y el CROFOC/BAB firmaron su primer contrato por el monto de \$b 4,833,150 para gastos de operación y cultivo, mejoras semi-permanentes y destronque. En noviembre 12, 1980 el BAB aprobó la solicitud de los representantes de la CI para cambiar los ~~negocios~~^{rubros} de inversión y el número de hectáreas a cultivarse aunque no se modificó el monto total del préstamo.

De este total el CROFOC/BAB desembolsó hasta marzo 20, 1981 (fecha de nuestra evaluación) \$b 3,611,400, no existe una fecha fija para el desembolso del saldo de \$b 1,221,750. Las amortizaciones de este préstamo empiezan a partir de octubre de 1981 con un monto de \$b 3,406,150 y luego en cuotas de \$b 475,000 hasta 1984.

El 24 de octubre de 1980 la CI y el CROFOC/BAB, firmaron un segundo contrato por el monto de \$b 16,545,443 del cual se desembolsó \$b 6,092,150 para cubrir el 60% de los gastos de infraestructura, cuyas amortizaciones deben empezar a efectuarse en octubre 1981 hasta 1986 (6 años plazo).

En nuestra visita al CROFOC/BAB (agencia provincial) se nos indicó que esta oficina efectuó la primera supervisión en octubre 22 al 25, 1980, con relación al desembolso de \$b 2,650,000 correspondiente al 1er préstamo, comprobándose que la utilización de los fondos alcanzaban al 72%. Por otra parte observaron que los créditos para destronque y preparación de suelos (normalmente a amortizarse en 4 años) se estaban concediendo^a plazos de 18 meses solamente, esta situación, se nos indicó que causaría problemas en las recuperaciones y aumentaría la mora de los préstamos.

En esta CI también se están utilizando fondos del crédito para depositarlos en ahorro con el propósito de obtener intereses mayores a los que cobra el CROFOC/BAB, al 31 de diciembre 1980 estos fondos ascendían a \$b 849,437 y durante la gestión de 1980 la CI ha percibido un total de \$b 124,088 de intereses por este concepto.

c) Fondos PL 480 Título III

El presupuesto del PL 480 para la gestión de 1980 fue de \$b 2,700,377 destinado a cubrir gastos de la administración e inversión.

Al finalizar la gestión de 1980 la CI ha utilizado el 99.7% del presupuesto de gastos administrativos, pero no ha podido utilizar los fondos para inversiones. En realidad la CI adquirió 2 camiones por un precio total de \$b 830,000 (el presupuesto fue de \$b 1,267,000) pero hasta la fecha de esta evaluación, los documentos que legalicen la propiedad a nombre de la CI no se han podido obtener de los vendedores (colonizadores brasileños en el área de Puerto Grether). Según fuimos informados el documento que falta para legalizar la compra, es la póliza de importación que se encuentra tramitándose en la ciudad de La Paz. Mientras no se tengan los documentos de compra en orden, el PL 480 no ^{autorizará el uso de} ~~podrá utilizar~~ los fondos presupuestados.

De acuerdo a los documentos revisados, creemos que la CI está siguiendo las instrucciones formuladas por el PL 480 para el uso de estos fondos y en nuestra opinión éstos están siendo utilizados en los propósitos programados.

Al concluir la gestión de 1980, y de acuerdo al presupuesto programado del PL 480, el subsidio para cada uno de los 584 socios fue de \$b 4,624 cuyo monto varía muy poco (\$b 4,500) con relación a los 600 socios proyectados para ese mismo año.

El PL 480 tampoco efectuó una revisión ~~ap~~ cerca del uso adecuado de los fondos asignados a esta CI.

1.3. Cochabamba Ltda. - Punata (Cochabamba)

El capital social de esta CI al finalizar la gestión de 1980 era de \$b 3,732,798 correspondiente a 1.597 socios distribuidos en 20 GABs, lo que da un promedio de aporte individual aproximado de \$b 2,337.

Las áreas de actividad en las que la CI había proyectado trabajar eran las siguientes: a) Cultivo de papa, b) Cultivo de maíz, c) Cultivo de avena forrajera, d) Compra de yuntas, e) Compra de motobombas, f) Compra de cerdos y g) Compra de ganado lechero.

Las proyecciones para el año 1980 fueron muy optimistas con relación a los resultados efectivos obtenidos en ese año, debido a falta de bases mas reales para su proyección según se muestra en el cuadro No. 18

CUADRO No. 18

PROYECCION DE INGRESOS Y COSTOS
(En Pesos Bolivianos)

	<u>Real</u>	<u>Proyección 1/</u>	<u>Diferencia</u>
Venta de Insumos	3,193,180	22,030,500	(18,837,320)
Ventas Lache	1,434,323	4,428,000	(2,993,677)
Avena Forrajera	40,643	615,000	(574,357)
Alimento Concentrado	42,887	345,600	(302,713)
Ingresos por ventas	<u>4,711,033</u>	<u>27,419,100</u>	<u>(22,708,067)</u>
Menos: Costos de venta	<u>3,779,791</u>	<u>26,276,680</u>	<u>(22,496,889)</u>
	931,242	1,142,420	(211,178)
Ingresos financieros y Cuotas de ingreso	<u>1,401,231</u>	<u>3,951,023</u>	<u>(2,549,792)</u>
Utilidad bruta	<u>2,332,473</u>	<u>5,093,443</u>	<u>(2,760,970)</u>

Cuando se restan los costos de operación a las utilidades brutas, el resultado de las operaciones reales cambia para convertirse en una pérdida neta

1/ Fuente: Proyecciones de la Cooperativa Integral de Servicios "Cochabamba" Ltda. Punata-Bolivia para los años 1979 - 1981

de \$b 1,223,718 ^{2/} (Ver cuadro No. 1).

El resultado negativo esperado para esta gestión fue de \$b 1,107,376 sin incluir los subsidios y los intereses a ganarse por dinero en caja de ahorro.

Al comparar los costos de ventas sobre sus ingresos se ha observado que la diferencia entre lo real (80.2%) y lo proyectado (95.8%) no es muy significativa, sin embargo al comparar los gastos reales de operación con relación al total de ingresos se observa una brecha considerable con lo proyectado (58.5% contra 19.8%), según se muestra en el cuadro No. 19

CUADRO No. 19

CUADRO COMPARATIVO DE COSTOS
(En Pesos Bolivianos)

		<u>Real</u>	<u>Proyectado</u>	
Ingresos por ventas 1980	4,711,033	100%	27,419,100	100%
<u>Costo de Ventas</u>	<u>3,779,791</u>	<u>80.2%</u>	<u>26,276,680</u>	<u>95.8%</u>
Ingresos Totales 1980	6,112,264	100%	31,370,123	100%
<u>Costos de Operación</u>	<u>3,573,234</u>	<u>58.5%</u>	<u>6,200,819</u>	<u>19.8%</u>

El resultado real de las actividades de esta CI para la gestión 1980, incluyendo los intereses ganados por dinero depositado en caja de ahorro fue el siguiente:

Pérdida neta 1980		\$b 1,223,718
Subsidios	\$b 525,708	
Intereses sobre dinero en ahorro	<u>640,301</u>	<u>1,166,009</u>
Pérdida líquida en 1980		<u>\$b 57,709</u>

^{2/} Sin incluir los intereses ganados en Caja de Ahorro y subvenciones.

Los anexos 10 y 11 del Balance General y Estado de Ganancias y Pérdidas muestran con más detalle la estructura financiera de la CI durante los años que terminan el 31 de diciembre de 1979 y 1980.

Durante la gestión de 1980 ¹² CI efectuó una reserva para las cuentas incobrables ^{per} de \$b 298,617 equivalente al 20% de las dedudas en mora.

El Cuadro No. 20 nos muestra la composición de las deudas en mora.

CUADRO No. 20

DEUDORES MOROSOS
(En Pesos Bolivianos)

Largo plazo		333,288
Corto plazo		
Gestión 1977	49,129	
Gestión 1978	332,730	
Gestión 1979	<u>727,939</u>	<u>1,109,798</u>
Total deuda en mora		<u>1,443,086</u>
Castigo 20% sobre deuda en mora		<u>288,617</u>

El monto de \$b 288,617 se aplicó íntegramente a los gastos de operación en la gestión 1980.

El porcentaje de deuda en mora con relación a la cartera total al 31 de diciembre 1980 asciende al 13.6%, sin embargo este porcentaje puede ser aun mayor, porque la CI no ha determinado los saldos en mora de las otras categorías de préstamos (Emergencia y Fomento agro artesanal).

La posición del efectivo al finalizar cada mes durante la gestión de 1980, incluyendo subsidios e intereses percibidos por dinero en caja de ahorro fue la siguiente:

<u>1 9 8 0</u>	<u>Pesos Bolivianos</u> <u>SalDOS de dinero</u> <u>cada fin de mes 1/</u>
Enero	2,422,873
Febrero	1,658,715
Marzo	2,066,883
Abril	1,930,295
Mayo	2,168,151
Junio	2,137,388
Julio	4,379,320
Agosto	4,982,939
Septiembre	1,501,110
Octubre	9,940,073
Noviembre	9,259,430
Diciembre	8,411,365

Para un detalle mayor sobre el origen y uso de los fondos ver el Cuadro No. 5

1/ Incluye dinero en Caja, Caja Chinca, y Bancos

El promedio de saldos en efectivo, después de deducir el fondo de Caja Chica para el primer semestre fue aproximadamente de \$b 2.06 millones y para el segundo semestre de \$b. 6.41 millones, estos incrementos durante el segundo semestre se deben a las amortizaciones de las deudas por parte de los socios de la CI, al desembolso del préstamo CROFOC/BAB y a la recepción de las subvenciones.

La CI debe efectuar amortizaciones al CROFOC/BAB hasta septiembre 1981 aproximadamente por \$b 13.9 millones, pero de acuerdo al flujo de fondos creemos que será difícil que pueda cumplir con esos compromisos debido al mal año agrícola soportado en la región.

b) Fondos CROFOC

Los fondos que recibió la CI "Cochabamba" Ltda. fueron principalmente para actividades de lechería, cultivo de papa, importación de fertilizantes y otros. El CROFOC/BAB tiene registrado en sus activos un saldo por cobrar (al 31 de diciembre de 1980) de \$b 19,204.305, sin embargo los libros de la CI muestran, a esa misma fecha, una deuda de \$b 19,599,036. (Ver cuadro No. 16).

Hasta el 31 de diciembre 1980 la CI y el CROFOC firmaron cinco préstamos, cuatro de ellos se firmaron con el SNDC cuando ellos administraban estos fondos, el último fue firmado con el BAB a principios de octubre de 1980.

Los cuatro primeros contratos de préstamo fueron transferidos al BAB a fines de febrero de 1980, entonces, la CI renegoció los vencimientos de los tres primeros contratos a un plazo mayor debido a problemas de iliquidéz por malos años agrícolas.

el quinto contrato firmado entre la CI y el CROFOC/BAB ^{fué} ~~en~~ por el monto de \$b 15,323,800 de acuerdo al detalle siguiente.

PRESTAMO 5/80 CROFOC/BAB

(En pesos bolivianos)

Fecha de suscripción: Octubre 2, 1980

Monto:

15,323,800

Propósito:

a) Cultivo de 800 Has. de papa	12,901,300
b) Compra de 140 yuntas	2,240,000
c) . Compra de bombas para agua	<u>182,500</u>
	<u>15,323,800</u>

Desembolsos:

1er desembolso Octubre 9, 1980

a) Preparación de suelos, siembra, y compra de insumos y fertilizantes para cultivo de 800 Has. de papa	9,642,500	
b) Compra de 140 yuntas	2,240,000	
c) Compra de bombas para agua	<u>182,500</u>	
	12,065,000	
Saldo por desembolsar	<u>3,258.800</u>	
	<u>15,323,800</u>	<u>15,323,800</u>

El plazo de pagos para esta obligación se vence cada semestre empezando en septiembre de 1981 y concluye en septiembre de 1983.

En nuestra visita a la agencia provincial del CROFOC/BAB se nos indicó que es muy difícil para ^{esa} ~~una~~ agencia efectuar supervisión sobre el uso de los fondos puesto que en el momento no disponían de las facilidades necesarias tampoco del personal suficiente para que efectúe esas labores. Nos comunicaron que no tenían toda la información de control con relación al préstamo otorgado por el CROFOC/BAB a la CI, aparentemente esos documentos se encuentran en la oficina Regional de Cochabamba, esta situación preocupa a los funcionarios de la agencia provincial de Punata puesto que carecen de la información completa para tener un control más exacto de las operaciones de la CI.

En esta CI también se están utilizando fondos del crédito en depósitos de ahorro con el propósito de obtener intereses mayores al que cobra

el CROFOC/BAB, al 31 de diciembre 1980 los montos en caja de ahorro ascendían a \$b. 6,456,782 y durante la gestión de 1980 la CI ha recibido intereses por un total de \$b. 640,300 y desde su iniciación este monto alcanza a \$b 837,166. La cláusula 3ra. del Convenio de préstamo con el CROFOC/BAB indica que ni la CI ni sus socios podrán utilizar estos fondos en operaciones distintas a las establecidas en el contrato y en caso contrario el CROFOC/BAB suspenderá los desembolsos y cobrará la suma adeudada como si los plazos se encontraran vencidos.

e) Fondos PL 480 Título III

El presupuesto aprobado del PL 480 para la gestión de 1980 fue de \$b 1,350,000 para financiar los sueldos de los empleados (\$b 223,000) y la compra de bienes de activo fijo entre ellos la adquisición de un camión (\$b 1,127,000). Al 31 de diciembre de 1980 la CI ha utilizado \$b 525,708 de un total anticipado de \$b. 827,295, el saldo por desembolsar a esa misma fecha era de \$b 522,705. De acuerdo a los documentos revisados, creemos que la CI está siguiendo las instrucciones formuladas por el PL 480 para el uso y manejo de estos fondos y que la utilización de éstos están de acuerdo con el presupuesto aprobado. El ^{promedio del} subsidio del PL 480 para cada uno de los socios de la CI (1,597 en total) fue de \$b 845 correspondiente a la gestión de 1980.

C U A D R O N o . 1

Resultados de las Cooperativas Integrales sin considerar Subsidios e Intereses por depósitos en Caja De Ahorro durante la gestión que termina en diciembre 31, 1980

	<u>Gran Chaco Yacuiha</u>	<u>Norte Sta. Cruz</u>	<u>Cochabamba Punata</u>
Utilidad o (Pérdida) durante la gestión	<u>\$b 1,087,660</u>	<u>\$b 55,717</u>	<u>\$b (57,709)</u>
Menos: otros ingresos			
Interés percibido de Caja de Ahorro y/o diferencia de cambio	<u>\$b 327,612</u>	<u>\$b 124,088</u>	<u>\$b 640,301</u>
Subsidios	<u>1,741,989</u>	<u>1,429,987</u>	<u>525,708</u>
Total otros ingresos	<u>2,069,595</u>	<u>1,554,075</u>	<u>1,166,009</u>
Pérdida en la gestión	<u>\$b (981,935)</u>	<u>\$b (1,498,358)</u>	<u>\$b (1,223,718)</u>

CUADRO No. ²

Cooperativa Integral de Servicios "Gran Chaco" Ltda.

FONDOS EN CAJA DE AHORRO y/o PLAZO FIJO AL 17 DE MARZO DE 1981

	<u>Ahorro o Plazo Fijo</u>
1. Banco de Crédito de Oruro (Yacuiba (US\$ 60,000) a un mes plazo, certificado No. 73/81 (vence marzo 24, 1981)	\$b 1,470,600
2. Banco de Crédito de Oruro (Yacuiba) de acuerdo a libreta de ahorro	500
3. Banco de Crédito de Oruro (Santa Cruz)	
3.1 Depósito a plazo fijo (90 días con vencimiento al 14 de abril de 1981) (No existe certificado)	2,000,000
3.2 Depósito a plazo fijo (90 días con vencimiento al 23 de abril de 1981) (No existe certificado)	<u>4,865,130</u>
Total en Caja de Ahorro y Plazo Fijo	<u>\$b 8,336,230</u>

COOPERATIVA INTEGRAL DE SERVICIOS "GRAN CHACO" LTDA

CUADRO No. 2

Flujo de ^{Fondos} por el periodo de Enero 1^a a Diciembre 31, 1980 (En Pesos Bolivianos)

Estado a principios de mes
Saldo de Fondos
Polígono CROFOC
Subsidios y Donaciones
Intereses sobre préstamos
Ventas y Comisiones
Cuentas de Ingreso y Aportes
Pagos recibidos de CBF
Fondos recibidos por anticipo y otros
Intereses ganados sobre ahorros
Otros ingresos
Fondos generados en el mes
Total efectivo en el mes
Uso de Fondos
Amortización CROFOC
Intereses CROFOC
Compra de Insumos y otros
Equipo agrícola, herramientas y otros
Gastos servicio de equipo agrícola
Gastos administrativos
Equipo de Oficina
Anticipos, pago de obligaciones y otros
Fondos utilizados en el mes
Fondos disponibles a fin de mes

ENERO	FEBRERO	MARZO	ABRIL	MAYO	JUNIO	JULIO	AGOSTO	SEPTIEMBRE	OCTUBRE	NOVIEMBRE	DICIEMBRE
2791278	3087964	3013977	2970940	2703294	2293789	2475954	2630404	2101069	1306795	7365121	3443207
									3289803		
391023								1000000	114885		
136			4245	8437	17014	11583	18493	6364	2546	204	149
13307	5266	640		13037	16416	21686	10673	630	40	376	31622
12700	12200	5000	1500	12085	6050	5000	13798	11900	80300	145800	35927
						9068			1225912		
3224	8386	106345	83382	135888	357705	204982	225994	77456	77729	26737	3870
		10706		9628	90716			44108			45364
420390	25852	126691	89127	179075	487901	252319	268958	1140462	14791215	172917	116932
3211668	3113816	3140668	3060067	2882369	2781690	2728275	2899362	3241531	16098010	7538038	3560139
								1050468		2153399	
								172975		30865	
			81684	17510	175487	0	15506	621	26138	99557	458000
							19596		8562997	318199	49072
23150	99325	24200	5300	0	575	5135	18774	22409	18442	63770	7832
25139	47924	60598	76595	100033	57467	21326	16280	112664	124208	123239	164530
		28184	44004	0	0	0	0	0	0	100820	4830
75015	12590	64746	146190	471037	72207	71408	743733	575599	1104	1204982	408685
123704	99839	169728	356773	588580	305736	97869	798293	1934736	8732889	4094831	1084957
3087964	3013977	2970940	2703294	2293789	2475954	2630404	2101069	1306795	7365121	3443207	2475182

CUADRO N° 4

**COOPERATIVA INTEGRAL DE SERVICIOS "SANTA CRUZ BUITE" LTDA.
Flujo de Fondos por el periodo Enero 18 a Diciembre 31, 1959
(En pesos Bolivianos)**

	<u>Enero</u>	<u>Febrero</u>	<u>Marzo</u>	<u>Abril</u>	<u>Mayo</u>	<u>Junio</u>	<u>Julio</u>	<u>Agosto</u>	<u>Septiembre</u>	<u>Octubre</u>	<u>Noviembre</u>	<u>Diciembre</u>
Existencia a principios de mes	<u>855.132</u>	<u>1.679.776</u>	<u>2.770.770</u>	<u>1.656.002</u>	<u>1.011.749</u>	<u>991.432</u>	<u>749.773</u>	<u>486.572</u>	<u>221.424</u>	<u>2.190.126</u>	<u>1.106.470</u>	<u>6.456.536</u>
Origen de fondos												
Préstamos CMOFUC									2.630.000		6.312.750	
Donaciones y donaciones	872.376								1.000.000			
Intereses sobre préstamos	15.413	13.697	52.567	80.446	52.842	26.878	29.332	42.010	24.536	41.996	18.423	127.637
Ventas y Comisiones	486	1.149	6.144	1.244	12.742	8.995	3.976	29.378	36.476	88.314	130.198	733.399
Cuentas de Ingresos y aportes	32.979	6.826	13.222	15.909	30.008	48.533	170.138	224.116	101.532	104.138	66.503	99.808
Amortización socios		76.908	258.530	485.037	197.042	149.750	123.333	306.505	191.399	151.180	12.683	124.892
rentas en Costeado y Otros	7.871	914		19.400	20.000			101.000				10.000
Cuentas por Cobrar varios	27.319	4.317		97.608	50	4.728		127.190				190.624
Intereses ganados sobre cheques	76.495						81.837					
Otros ingresos	2.042	2.387	4.316	3.232	4.509	3.498	8.141	16.292	7.125	9.672	6.965	28.693
Fondos generados en el mes	<u>1.034.821</u>	<u>306.160</u>	<u>336.769</u>	<u>702.072</u>	<u>317.223</u>	<u>242.382</u>	<u>416.797</u>	<u>846.691</u>	<u>4.011.068</u>	<u>375.300</u>	<u>6.557.522</u>	<u>1.274.813</u>
Total efectivo en el mes	<u>1.890.956</u>	<u>1.985.806</u>	<u>3.107.539</u>	<u>2.358.074</u>	<u>1.329.572</u>	<u>1.233.812</u>	<u>1.166.570</u>	<u>1.333.266</u>	<u>6.232.492</u>	<u>2.565.426</u>	<u>7.663.992</u>	<u>7.731.349</u>
Uso de fondos												
Préstamos concedidos	31.596	30.536	70.574	98.560	36.085	118.644	467.610	883.641	287.564	406.742	547.437	569.475
Amortizaciones CMOFUC				525.000								
Intereses pagados y otros gastos financieros				307.990								219.590
Compras para almacenes y otros gastos	48.691		16.060	173.100	10.655	55.793	14.994	140.137	705.266	577.783	290.315	4.729.932
Gastos administrativos	132.736	116.112	64.986	134.056	139.048	86.400	217.027	66.371	58.895	193.228	47.030	91.717
Equipos y Muebles	1.492	869		47.872	1.920	575	115	1.800	832.190			
Anticipos, pago de obligaciones y otros	45.705	97.609	29.417	60.554	150.329	22.432	180.809	19.194	158.950	301.203	272.674	97.694
Fondos disponibles al finalizar el mes	<u>1.639.736</u>	<u>1.500.770</u>	<u>1.656.002</u>	<u>1.011.749</u>	<u>991.432</u>	<u>949.973</u>	<u>486.572</u>	<u>221.923</u>	<u>2.190.126</u>	<u>1.106.470</u>	<u>6.456.536</u>	<u>2.062.981</u>

Cuadro N° 5
COOPERATIVA INTEGRAL DE SERVICIOS "COCHABAMBA" LTDA.
PLAZO DE FONDOS POR EL PERIODO FEBRERO 19 A DICIEMBRE 31, 1980
(En Pesos Bolivianos)

	ENERO	Febrero	MARZO	Abril	MAYO	JUNIO	JULIO	AGOSTO	SEPTIEMBRE	OCTUBRE	NOVIEMBRE	DICIEMBRE
Efectivo a principios en sus origen de Fondos	<u>2.101.755</u>	<u>2.422.872</u>	<u>1.628.715</u>	<u>2.066.881</u>	<u>1.420.272</u>	<u>2.164.121</u>	<u>2.132.304</u>	<u>2.329.302</u>	<u>2.252.222</u>	<u>1.501.110</u>	<u>2.240.473</u>	<u>2.279.530</u>
Resultados durante el periodo Y	21.154	(77.246)	(73.520)	(122.351)	(73.712)	(52.630)	(68.670)	356.163	1,524.157	71.103	76.623	228.733
Préstamos CBOFOC										12,065.000		816.638
Subsidios y Donaciones	316.258		33.821		49.920				223.000	326.060	278.235	682.000
Cuentas de Ingreso y Aportes	47.851	2.231	13.575	20.125	17.059	13.837	45.963	160.814	310.298	280.077	96.108	110.964
Amortización Socios	132.054	161.949	341.744	165.465	176.019	532.462	1,951.642	108.993	123.736	41.319	59.219	35.178
Intereses percibidos	13.331	120,215	8.923			15.306	144.204	89.800	25.057		17.883	26.310
Cuentas por Cobrar varias	356.331				84.671	101.215	127.572		262.110			58.271
Cuentas por Pagar - varias	74.249	145,047	178.779	66.625	67.112	91.500	101.832	95.972	19.889	53.302	82.773	
Otros ingresos		12.631							30.010		12.478	128.949
Fondos generados en el mes	<u>961.248</u>	<u>382.882</u>	<u>501.252</u>	<u>129.864</u>	<u>321.069</u>	<u>701.790</u>	<u>2.202.543</u>	<u>811.792</u>	<u>2.528.042</u>	<u>32.836.881</u>	<u>630.395</u>	<u>1.582.043</u>
Total efectivo en el mes	<u>3.062.993</u>	<u>2.805.750</u>	<u>2.130.967</u>	<u>2.196.747</u>	<u>2.251.341</u>	<u>2.865.911</u>	<u>4.334.847</u>	<u>3.141.094</u>	<u>4.780.264</u>	<u>14.337.991</u>	<u>10.570.468</u>	<u>10,246.473</u>
Saldo de Fondos												
Préstamos concedidos	267.054	118,184	40,518	629	34.902	5.624	--	39.542	2.291.756	2,146.728	820.874	853.146
Amortizaciones CBOFOC	442.909	876,574				575.563			3,431.644	1,895.095		221,464
Intereses pagados y otros gastos financieros						108.934		52.023	208.204			
Equipo, instalaciones, vehículos, muebles, etc.		575	592	2.000	28.150	6.844	500		4,000	252.617	3.800	482.000
Anticipos, pago de obligaciones y otros	9.307	82.971		79.328	20.161	35.538	40.111	11.396	84.272	1.290	47.262	181.899
Cuentas por Cobrar - varias		68.741	34.440	184.495				105.162		102.188	369.302	564.101
Otros egresos			19.534									
Fondos disponibles al finalizar el mes	<u>2.322.872</u>	<u>1.658.715</u>	<u>2.056.881</u>	<u>1.920.272</u>	<u>2.168.151</u>	<u>2.132.304</u>	<u>2.329.320</u>	<u>2.982.932</u>	<u>1.501.110</u>	<u>2.240.073</u>	<u>2.259.530</u>	<u>2.511.363</u>

Y No incluye depreciaciones al liquidarse.

NOTAS DE FLUJO DE FONDOS

1. Todos los datos fueron obtenidos de las transacciones realizadas por las cooperativas y aún no auditadas.
2. Se han tomado en cuenta solamente aquellas transacciones que implicaron movimiento de fondos.
3. Los fondos disponibles al finalizar cada mes incluyen dineros en Caja, Bancos, Caja Chica y Fondo de Cambio (si la Cooperativa opera con esta cuenta).
4. Se han combinado muchas cuentas similares para mostrarlas en una sola más genérica.
5. Los saldos mensuales de fondos en cada cuenta bancaria, fueron reconciliadas con los libros de las cooperativas.
6. Se han revisado muy pocos comprobantes para verificar la exactitud de las transacciones.

CUADRO NO. 6

COOPERATIVA INTEGRAL DE SERVICIOS "GRAN CHACO" LTDA.

BALANCE GENERAL
AL 31 DE DICIEMBRE DE 1979 Y 1980
(En Pesos Bolivianos)

	<u>1979</u>	<u>1980</u>
<u>Activo</u>		
<u>Corriente</u>		
Efectivo en Caja y Bancos	2,791,589	2,475,182
Préstamos Varios Corto Plazo (Neto)	461,015	1,369,203
Intereses y otras cuentas por cobrar	31,136	748,784
Inventarios	216,932	412,124
	<u>3,500,672</u>	<u>5,005,293</u>
Anticipo compra equipo		1,125,000
Otros activos		131,856
Subsidios a Cobrar		366,086
Equipo, vehículos, mobiliario, etc. (Neto)	<u>50,116</u>	<u>9,413,335</u>
		<u>11,036,277</u>
Total del Activo	<u>3,550,788</u>	<u>16,041,570</u>
<u>Pasivo y Patrimonio</u>		
<u>Corriente</u>		
Intereses y otras cuentas por pagar	<u>96,357</u>	<u>3,615,203</u>
Obligaciones por pagar	<u>3,203,867</u>	<u>10,069,835</u>
Total del Pasivo	<u>3,300,224</u>	<u>13,685,038</u>
<u>Patrimonio y Reservas</u>		
Certificado de Aportación	130,600	548,064
Capitalizaciones	41,910	129,478
Donaciones y Excedentes a distribuir		1,563,370
Fondos de Reserva y Provisiones	15,551	58,046
Capital Irrepartible	62,503	57,574
	<u>250,564</u>	<u>2,356,532</u>
Total del Pasivo, Patrimonio y Reservas	<u>3,550,788</u>	<u>16,041,570</u>

CUADRO N° 7

COOPERATIVA INTEGRAL DE SERVICIOS "GRAN CHACO" LTDA.
ESTADO DE RESULTADOS
POR LOS PERIODOS QUE TERMINAN EN DICIEMBRE 31, 1979 Y 1980
 (En Pesos Bolivianos)

	<u>1</u>	<u>9</u>	<u>7</u>	<u>9</u>	<u>1</u>	<u>9</u>	<u>8</u>	<u>0</u>
Ingresos netos de operaciones				420.509				2.154.298
Menos: Costo de Ventas y Servicios	402.799				1,665.945			
Gastos Financieros					381.042			
Gastos Administrativos	<u>161.096</u>		<u>563.895</u>		<u>1,189.079</u>		<u>3,236.066</u>	
Total pérdida en operaciones sin considerar subsidios y otros ingresos financieros				(143.386)				(1,081.768)
Otros ingresos no operativos (Neto)				<u>221.140</u>				<u>2,169.428</u> 1/
Utilidad durante la gestión				<u>77.754</u>				<u>1,087.660</u>

1/

Incluye intereses percibidos por dinero depositado en Cajas de Ahorro y diferencias de cambio \$b 327,612.00. Subsidios \$b 1,741,983. Cuotas de Ingreso \$b 27,200.00, otros ingresos \$b. 100,905 y varios gastos \$b. (28,272).

CUADRO N° 8

COOPERATIVA INTEGRAL DE SERVICIOS "SANTA CRUZ NORTE" LTDA.

BALANCE GENERAL

AL 31 DE DICIEMBRE DE 1979 Y 1980

	<u>1 9 7 9</u>	<u>1 9 8 0</u>
<u>Activo</u>		
Corriente		
Efectivo en Caja y Bancos.	865.135	2,062.901
Préstamos Varios Corto Plazo	1,538.459	1,818.956
Intereses y otras Cuentas por Cobrar	330.398	491.687
Inventarios	210.000	1,300.548
Equipo en Tránsito		<u>336.000</u>
	<u>2,943.992</u>	<u>6,010.092</u>
Préstamos a Mediano Plazo	808.959	7,861.829
Inversiones	22.000	22.000
Subsidios por Cobrar	890.332	429.195
Otros activos	49.417	36.810
Inmuebles, terrenos, instalaciones, equipo, vehículos, mobiliario, etc. (Neto)	<u>873.677</u>	<u>1,461.475</u>
Total del Activo	<u>5,588.377</u>	<u>15,821.401</u>
 <u>Pasivo y Patrimonio</u>		
Corriente		
Obligaciones por Pagar - Corto Plazo	3,500.000	5,845.600
Intereses y otras Cuentas por Pagar	394.887	223.728
Total del Pasivo Corriente	<u>3,894.887</u>	<u>6,069.328</u>
Obligaciones por Pagar - Mediano Plazo		6,092.150
Otros pasivos	31.786	92.506
Total del Pasivo	<u>3,926.673</u>	<u>12,253.984</u>
 <u>Patrimonio y Reservas</u>		
Certificados de aportación	657.522	2,061.664
Aporte Comercialización leche	30.441	24.778
Donaciones	678.595	603.357
Fondos de Reserva	284.856	827.835
Excedentes a reinvertir	10.290	49.783
Total del Pasivo, Patrimonio y Reservas	<u>5,588.377</u>	<u>15,821.401</u>

CUADRO N° 9

**Cooperativa Integral de Servicios "Santa Cruz Norte" Ltda.
Estado de Resultados
Por los períodos que terminan en Diciembre 31, 1979 y 1980
(En pesos bolivianos)**

	<u>1 9 7 9</u>	<u>1 9 8 0</u>
Ingresos netos por ventas y servicios	1,556.881	6,795.599
Intereses	<u>425.790</u> 1,982,671	<u>607.319</u> 7,402,918
Menos:		
Costo de Ventas y Servicios	1,404.475	6,043.565
Utilidad bruta en operaciones	578.196	1,359.353
Menos:		
Gastos Financieros	214.181	414.506
Gastos de Operación	<u>1,711.423</u> 1,925.604	<u>2,574.467</u> 2,988.973
Total pérdida en operaciones sin considerar subsidios y otros ingresos financieros	(1,347.408)	(1,629.620)
Otros Ingresos no operativos	<u>1,371.743</u> 1/	<u>1,685.337</u> 2/
Utilidad durante la gestión	<u>24.335</u>	<u>55.717</u>

Notas:

- 1/ Incluye subsidios \$b 1,312,638, cuotas de ingreso \$b 1,350 y otros ingresos \$b 57,755.
- 2/ Incluye subsidios \$b 1,429,987, cuotas de ingreso \$b 6,300, intereses sobre ahorros \$b. 124.088 y otros ingresos \$b. 124.962.

CUADRO N° 10

COOPERATIVA INTEGRAL DE SERVICIOS "COCHABAMBA" LTDA.

BALANCE GENERAL

Al 31 de diciembre de 1979 y 1980

(En Pesos Bolivianos)

	<u>1979</u>	<u>1980</u>
<u>ACTIVO</u>		
Corriente		
Efectivo en Caja y Bancos	2,181,715	8,411,367
Préstamos varios corto plazo	6,961,381	10,606,450
Intereses y Otras Cuentas por Cobrar	2,674,957	3,175,476
Inventarios	2,289,184	996,436
	<u>14,107,237</u>	<u>23,189,729</u>
Préstamos a Mediano Plazo	3,671,178	2,654,956
Otros Activos	58,825	482,900
Equipo, vehículos, mobiliario, etc. (Neto)	619,527	632,771
Subsidios por Cobrar	316,258	-
Total del Activo	<u>18,773,025</u>	<u>26,960,356</u>
<u>PASIVO Y PATRIMONIO</u>		
Corriente		
Obligaciones por Pagar Corto Plazo	9,513,220	16,207,727
Intereses y Otras Cuentas por Pagar	164,920	356,169
	<u>9,678,140</u>	<u>16,563,896</u>
Obligaciones por Pagar a Mediano Plazo	5,029,930	3,577,794
Anticipo USAID/B	180,000	
Anticipo Título III - PL 430		827,295
	<u>5,209,930</u>	<u>4,405,089</u>
Total del Pasivo	<u>14,888,071</u>	<u>20,968,985</u>
<u>PATRIMONIO Y RESERVAS</u>		
Certificados de Aportación	2,564,557	3,732,798
Donaciones USAID/B	540,287	540,287
Otras Donaciones y Excedentes a Distribuir	637,363	1,286,922
Fondos de Reserva	142,747	431,364
	<u>3,884,954</u>	<u>5,991,371</u>
Total del Pasivo, Patrimonio y Reservas	<u>18,773,025</u>	<u>26,960,356</u>

C U A D R O N o . 1 2

ESTADO DE LOS FONDOS RECIBIDOS Y AMORTIZADOS POR LA COOPRATIVA INTEGRAL DE
SERVICIOS "GRAN CHACO" LTDA. AL 31 DE ENERO DE 1981

(En Pesos Bolivianos)

	<u>C R O F O C</u>		<u>TOTAL</u>
	<u>SNDC</u>	<u>BAB</u>	
<u>Desembolsos 1979 y 1980</u>			
Septiembre 1979	1,931,240		1,931,240
Diciembre 1979	1,272,627		1,272,627
Octubre 1980	_____	<u>13,289,783</u>	<u>13,289,783</u>
Total fondos recibidos hasta Dic.31,1980	3,203,867	13,289,783	16,493,650
<u>Amortizaciones</u>			
Septiembre 1980	(1,050,468)		(1,050,468)
Noviembre 1980	<u>(2,153,399)</u>	_____	<u>(2,153,399)</u>
Total saldo por pagar al CROFOC a			
diciembre 31, 1980	-.-	13,289,783	13,289,783
<u>Desembolsos 1981</u>			
Enero 19,1981		2,103,300	2,103,300
Enero 23, 1981		<u>4,865,130</u>	<u>4,865,130</u>
Total saldo por pagar al CROFOC			
a enero 31, 1981		<u>20,258,213</u>	<u>20,258,213</u>

RESUMEN DEL CONTRATO DE PRESTAMO # 406/80 ENTRE EL BAB/CROFOC Y LA
COOPERATIVA INTEGRAL DE SERVICIOS "GRAN CHACO" LTDA

A. Fecha de la aprobación: Septiembre 26, 1980

B. Monto del préstamo \$b 26,529,773

C. Propósito del préstamo:

a) Gastos de Operación de Cultivos

1,485 Has. Soya	\$b 6,545,880
729 Has. Maní	4,834,728
1,550 Has. Maíz	<u>214,000</u>
	<u>\$b 11,594,608</u>

b) Adquisición de Maquinaria

5 tractores 120 HP	\$b 3,683,812
6 " 60 HP	2,472,525
4 Arados 120 HP	724,275
2 Rastras 120 HP	589,410
1 Rastra 60 HP	54,196
1 Arado 60 HP	89,910
3 Sembradoras	501,998
3 Cultivadoras	224,775
3 Fumigadoras	161,089
3 Cosechadoras de soya	4,270,725
3 Trilladoras de Soya	594,405
3 Chatas o barandas	428,271
3 Tanques de 3.000 Litros	196,378
1 Tanque de 4.000 Litros	88,911
2 Camionetas	714,285
Herramientas	<u>140,000</u>
	<u>\$b 14,934,965</u>

Total para Cultivo y maquinaria		<u>\$b 26,529,573</u>	
D. Desembolsos del BAB/CROFCC			
a) Primer desembolso Octubre 8, 1980		\$b 13,289,783	
Cultivo de Soya	\$b 1,808,730		
Cultivo de Maní	1,197,018		
Cultivo de Maíz	<u>214,200</u>		
	\$b 3,219,948		
Maquinaria y Herramientas	<u>\$b 10,069,835</u>		
Total	<u>\$b 13,289,783</u>		
b) Segundo desembolso Enero 19, 1981		2,103,300	
Labores culturales			
c) Tercer desembolso enero 23, 1981		4,865,130	
3 Cosechadoras	\$b 4,270,725		
3 Trilladoras	<u>594,405</u>		
	\$b 4,865,130		
Total desembolsado al 31 de enero de 1981		<u>\$b 20,258,213</u>	
Saldo por desembolsar		<u>6,271,560</u>	
		<u>\$b 26,529,773</u>	<u>\$b 26,529,773</u>

CUADRO No. 14

Estado de fondos recibidos y amortizados por la CI Santa Cruz Norte Ltda., al 31 de enero de 1981
(En Pesos Bolivianos)

<u>Desembolsos 1978-1980</u>	<u>C R O F O C</u>		<u>TOTAL</u>
	<u>SNDC</u>	<u>BAB</u>	
Octubre 13, 1978	3,500,000		3,500,000
Septiembre 11, 1980		2,650,000	2,650,000
Noviembre 13, 1980		220,600	220,600
Noviembre 18, 1980		<u>6,092,150</u>	<u>6,092,150</u>
Total fondos recibidos a Diciembre 31, 1980	3,500,000	8,962,750	12,462,750
<u>Amortizaciones</u>			
Abril 17, 1980	<u>(525,000)</u>		<u>(525,000)</u>
Total saldo por pagar al CROFOC al 31 de diciembre de 1980	2,975,000	8,962,750	11,937,750
<u>Desembolso 1981</u>			
Marzo		<u>740,800</u>	<u>740,800</u>
Total saldo por pagar al CROFOC al 20 de marzo 1981	<u>2,975,000</u>	<u>9,703,550</u>	<u>12,678,550</u>

CUADRO No. 15

Estado de Fondos recibidos y amortizados por la CI Cochabamba Ltda., al 31 de diciembre de 1981

<u>Desembolso de préstamos</u>	<u>Según CI</u>	<u>Según CROFOC/BAB</u>	<u>Diferencia</u>
1/80 CROFOC/SNDC	5,029,930	4,212,877	817,053
2/80 CROFOC/SNDC	2,193,380	2,193,380	
3/80 CROFOC/SNDC	2,026,010	2,026,010	
4/80 CROFOC/SNDC	5,293,830	5,293,830	
5/80 CROFOC/BAB	<u>12,065,000</u>	<u>12,065,000</u>	
Total fondos recibidos a diciembre 31, 1980	<u>26,608,150</u>	<u>25,791,097</u>	<u>817,053</u>
<u>Amortizaciones</u>			
Préstamo 1/80	1,452,142	628,381	823,761
Préstamo 2/80		394,000	(394,000)
Préstamo 3/80	666,871	270,581	396,290
Préstamo 4/80	<u>5,306,739</u>	<u>5,293,830</u>	<u>12,909</u>
	<u>7,425,752</u>	<u>6,586,792</u>	<u>838,960</u>
	19,182,398	19,204,305	(21,907) €
Más: Ajuste en libros Diciembre 31, 1980	<u>416,638</u>	<u>-.-</u>	<u>416,638</u>
Saldos según libros	<u>19,599,036</u>	<u>19,204,305</u>	<u>394,731</u>

ADMINISTRATIVE ANALYSIS¹**2. Análisis de Aspectos Administrativos y de Contabilidad**

El análisis administrativo de las tres CI indicadas más adelante muestran que existen muchas deficiencias especialmente en lo que se refiere a sus controles internos y otros, que impiden el adecuado funcionamiento de las CIs. (Ver anexo No. 6).

2.1 Gran Chaco - Yacuiba

De las tres CIs analizadas, posiblemente ésta sea la más problemática. Si bien esta CI opera aproximadamente desde mediados de 1979 y la consideramos relativamente nueva, creemos que la experiencia adquirida en el funcionamiento de las otras CI no fué absorbida por ésta o no fué aplicada en su integridad. Un análisis más detallado de las observaciones se describen a continuación.

a) Consejos y Comités

No funcionan adecuadamente y en algunos casos como el del Consejo de Vigilancia no se ha reunido ni una sola vez desde que la CI está funcionando. Creemos que las personas que integran estos Consejos y Comités carecen de una adecuada educación cooperativa, desconocen los estatutos de la CI y no saben sus funciones específicas.

b) Gerencia y personal

La CI ha cambiado 8 gerentes hasta la fecha de esta evaluación, además hemos sido informados que el actual gerente tiene intenciones serias para dejar la CI en muy breve plazo. Esta

1/ This section was drafted by Raul Pinto in consultation with the Devres evaluation team. Much of the analysis is incorporated in the body of the evaluation report.

situación, lamentablemente ha impedido un desenvolvimiento armónico en la administración, no ha existido un proceso de continuidad y lógicamente ha sido uno de los puntos más débiles de la dirección de esta CI. De los 8 gerentes, 3 de ellos fueron despedidos, uno renunció, 4 fueron nombrados en forma interina por poco tiempo y el último es muy posible que renuncie.

Creemos que entre las razones más determinantes para este cambio tan numeroso de gerentes fué las desinteligencias surgidas entre los Consejos y la Gerencia y/o posiblemente ciertas irregularidades en el manejo administrativo. De subsistir esta situación, creemos que la administración de la CI en su conjunto va a tropezar con una serie de problemas que muy difícilmente podrán ser corregidos en el futuro.

El soporte de la estructura de la CI (Ver organigrama) está integrada por siete funcionarios en la planta administrativa, dos extensionistas y siete en la maestranza, además existen 7 operadores de maquinaria agrícola y 4 ayudantes con carácter eventual.

Creemos que en la planta administrativa hacen falta funcionarios con más experiencia y mayores conocimientos para dar un mejor soporte a la contadora que ejerce el control de la parte administrativa.

La maestranza está a cargo del ayudante de mecánica debido a que no hay un administrador o un jefe mecánico. El análisis de la experiencia y calificación de los operadores de la maquinaria agrícola fue muy difícil, puesto que si bien éstos tienen alguna experiencia, no podemos afirmar que sea precisamente en el manejo de equipo agrícola.

c) Contabilidad

Existen varias deficiencias en el control exacto de las diversas transacciones de la CI, especialmente aquéllas que se refieren a la contabilización del servicio de maquinaria agrícola. Al momento de hacer esta evaluación se han encontrado recibos no contabilizados por aproximadamente \$b. 400,000 (134 recibos). Se ha evidenciado que no existe un adecuado flujo de esta información a la oficina de contabilidad para su registro oportuno.

No existen controles adecuados para las operaciones de caja administrados en los almacenes y no se pueden determinar si todas las transacciones efectivamente realizadas fueron contabilizadas.

El problema más crítico creemos existe en el control de préstamos ^(ver secciones anteriores). Se han observado series de transacciones que no tienen

un registro cronológico de fechas, hay registro de operaciones que fueron contabilizadas después de haber transcurrido muchos meses. El diseño de las tarjetas impiden controlar los límites de créditos. No se efectúan reconciliaciones de esta cuenta en forma mensual.

No existe supervisión de las actividades del encargado de estas tarjetas por parte de la contadora.

Por otra parte, la información financiera no se prepara oportunamente, al momento de esta evaluación, faltaban los informes de enero y febrero 1981 y la contabilización estaba parcialmente registrada. En cuanto a la teneduría de libros, creemos que es aceptable aunque se ha observado la creación de muchas cuentas que en nuestra opinión deberían agruparse con otras similares.

d) Almacenes

El almacén de la CI está ubicado en la localidad de Campo Pajoso aproximadamente a 40 kilómetros de la oficina de la CI. Este almacén forma parte de una estructura de propiedad del Banco del Estado que alquiló a la CI para uso de almacenes, maestranza y oficinas.

El control de las existencias es deficiente. Los ingresos de mercaderías como las salidas no tienen documentación de respaldo coherente. El control al contado de las ventas que

efectúa es deficiente. Los registros no están al día y los documentos de salida de las mercaderías no están adecuadamente archivados. Es muy difícil determinar la existencia en los libros para comparar con el inventario físico. Este almacén se encuentra en un extremo de la propiedad y no ofrece las seguridades adecuadas para el resguardo de los bienes.

e) Compras

No existen manuales que indiquen los procedimientos para las compras. Durante la gestión de 1980, la CI ha efectuado adquisiciones considerables, especialmente en equipos. No existen historial completo sobre estas adquisiciones, alguna de la documentación se encuentra junto con el comprobante de contabilidad, la mayoría no pudo hallarse en los archivos de la CI, se cree que gran parte de esta documentación se encuentra en un archivo cuyas llaves tampoco fueron hechas. No se ha podido encontrar archivos de las compras de insumos, muebles, vehículos, etc. para evaluar el grado de corrección en sus procedimientos.

f) Máquina de Contabilidad

La CI tiene una mini computadora IBM que opera en base a disquetes. Este equipo aún no fue instalado y no se tiene aún

ninguna experiencia sobre sus resultados.

La contadora y el auxiliar de contabilidad fueron entrenados para la operación de esta máquina y recibieron también un limitado curso de programación. Se espera que esta mini computadora esté instalada a fines de marzo de 1981.

2.2 Santa Cruz Norte - Montero (Santa Cruz)

Aunque muchos fueron los esfuerzos destinados a solucionar los problemas de carácter administrativo, muchos de ellos subsisten en la actualidad. La mayor parte ya fueron enunciados en las auditorias que practicó FENACRE (12/31/79), pero por falta de un adecuado control no se han logrado corregir todas las observaciones puntualizadas en ese informe. A continuación se detallan en forma general las deficiencias administrativas más significativas.

a) Consejos y Comités

En esta CI tampoco están cumpliendo íntegramente sus responsabilidades, especialmente en cuanto a las funciones del Consejo de Vigilancia y del Tesorero. Una observación similar fue realizada por los auditores de FENACRE.

Durante nuestra evaluación no se pudo revisar la documentación de los Consejos y Comités porque precisamente esos días debía realizarse la Asamblea Anual de la CI y tanto los libros de actas como la documentación de respaldo estaban siendo utilizados por la Directiva en la preparación de su informe.

b) Gerencia y personal

Esta CI al igual que la de "Gran Chaco" también tuvo problemas en la nominación de sus gerentes. Desde el año de iniciación de sus actividades (1978) hasta la fecha, cuatro gerentes fueron nombrados (uno interino), el último gerente, afortunadamente continúa en sus funciones

desde octubre de 1979 hasta la fecha (17 meses), los otros gerentes administraron la CI cada uno un promedio de 3 a 4 meses. Con excepción de estos últimos 17 meses, la CI anteriormente no tuvo continuidad administrativa. Con el apoyo de los asesores de ONCICOOP y con ciertos ajustes en su estructura administrativa creemos que esta CI puede tender hacia una administración aceptable.

La estructura organizativa de la CI muestra ocho funcionarios en el área administrativa incluyendo a los siguientes: Contador, encargado de computadora, cajero almaceneros (2), secretaria, mensajero y chofer.

Existen también dos veterinarios y dos agrónomos. El organigrama actual de la CI muestra la existencia de cinco departamentos: Contabilidad, Transportes, Comercialización, Producción y Agropecuario. En la actualidad no existen esos departamentos y la administración en general se la realiza por medio de la gerencia y contabilidad.

En la CI hay nueve "folders" con los antecedentes del personal de un total de 13 funcionarios, en la mayor parte de ellos no hay documentos que certifiquen la calificación y experiencia profesional, especialmente para aquellos funcionarios encargados de las actividades de la gerencia, agronomía y veterinaria.

Se ha evidenciado también que las funciones del contador se ven restringidas porque gran parte de su tiempo debe dedicar a labores de teneduría de libros, descuidando ~~las~~ otras funciones mas específicas y de mayor beneficio para la CI. Un mayor soporte en la contabilidad a través de un auxiliar calificado podría solucionar la presente situación.

3) Contabilidad

Se ha observado que los estados financieros no reflejan exactamente la situación financiera de la CI, especialmente aquellas relacionadas a la determinación de los préstamos de corto y mediano plazo. Existe bastante dificultad para determinar el tipo de préstamo, y para obtener las fechas de vencimiento de las obligaciones se deben recurrir a las hojas de pago. La forma y fechas de pago no están en muchos casos registrados en el contrato, puesto que muchos de ellos fueron firmados en blanco. El problema es aún mayor cuando no existe la hoja de pago, de 38 casos observados, el 23% no tenían este documento.

También se ha observado que no existe un control adecuado para las operaciones de caja administradas en los almacenes, es muy difícil de determinar si las transacciones contabilizadas incluyen todo el movimiento de almacenes.

La contabilidad se registra en base a efectivos, sin tomar en cuenta los gastos incurridos en una gestión pero aún no pagados, es decir, no se crean cuentas de provisión para las obligaciones contraídas. No existe uniformidad en la presentación de los Estados financieros y sus anexos, además la información no se presenta oportunamente. Al momento de esta evaluación (Marzo 19, 1981) recién se estaban incluyendo transacciones al 31 de diciembre 1980. No existían informes para enero y febrero 1981. En esta CI también se observó la creación de muchas cuentas que bien podrían agruparse con otras similares.

.) Almacenes

Esta CI tiene dos almacenes ubicados en la localidad de Puesto Fernández y en Yapacaní aproximadamente 45 Km y 75 Km de la oficina ^{de} Montero, respectivamente. Hemos realizado la visita ~~al~~ ^{al} almacén de Puesto Fernández que de acuerdo al contador de la CI es ~~el~~ ^{el} más grande entre los dos. Este almacén consiste en dos habitaciones en muy mal estado de conservación, cuyo espacio útil total es de aproximadamente 10 a 15 metros cuadrados. No existen estanterías para el almacenaje apropiado de la mercadería, la mayoría de los artículos se encuentran en el piso en forma desordenada. Existen semillas que están infestadas junto con otras que aparentemente se encuentran en buenas condiciones. Sus controles internos son muy débiles, hay muchos artículos entregados a los veterinarios para su venta que no están respaldados por la documentación respectiva. Se ha evidenciado que falta un control adecuado de las existencias, no se han utilizado principios básicos para el mantenimiento máximos y mínimos de las cantidades almacenadas. El caso concreto fue la compra de 600 fumigadoras durante la gestión de 1980 que al finalizar esa gestión solamente se había vendido 76 unidades. Se ha observado la salida de artículos sin que existan los ingresos a almacenes, también se han evidenciado que algunos artículos físicamente existentes en el almacén no fueron ingresados a sus tarjetas. No existen precios actualizados para la venta de los productos y los recibos de ventas no están controlados mediante una secuencia numérica. Según se nos informó la rendición de cuentas de los artículos vendidos se efectúa

aproximadamente cada 15 días, la misma que es presentada al Cajero para su revisión. Si bien se prepara este detalle, de acuerdo a lo observado, no existe seguridad de que efectivamente todas las transacciones de venta al contado pudieran ser incluidas.

No se pudo efectuar una prueba del control de inventario permanente debido a la falta de documentación.

Finalmente, este almacén no cuenta con los medios de seguridad mínimos, una de las puertas que comunica al predio del dueño de ^{la casa} ~~esta~~ está averiada y el acceso al almacén es sumamente fácil a través de esta puerta.

e) Compras

Al igual que en la CI Gran Chaco de Yacuiba esta CI tampoco tiene manuales de procedimientos para efectuar sus adquisiciones. Estas operaciones se encuentran concentradas en manos del gerente, quien juntamente con el Consejo Administrativo deciden las adquisiciones.

Durante la gestión de 1980 se han efectuado compras importantes de maquinaria agrícola, vehículos, etc. pero no hemos podido analizar los procedimientos que se han seguido porque la documentación estaba en poder del gerente quien en los días de la evaluación se encontraba demasiado ocupado preparando su informe para la asamblea anual.

En cuanto a la venta de productos, hemos sido informados por el contador de la CI que los costos de insumos adquiridos son recargados con un 20%, de acuerdo a instrucciones de la gerencia, lamentablemente no tuvimos oportunidad de conversar con el gerente para que nos explique la composición de este recargo.

-) Máquina de Contabilidad

Esta CI está equipada con una mini computadora IBM que opera en base a disquetes. Si bien el equipo se encuentra instalado, aún no se encuentra en pleno funcionamiento. A la fecha de esta evaluación se estaba intentando obtener el Balance General y el estado de Ganancias y Pérdidas al 31 de diciembre de 1980, sin embargo se ha observado que no existen todavía los programas para contabilizar las cuentas por pagar y cobrar, inventario de tienda y equipo, control de préstamos, control de aportaciones, control de morosidad, planillas de sueldos y otros. Al momento disponen solamente del programa para el Balance General y Pérdidas y Ganancias. Consultado con el contador y el operador de la máquina, creen que será conveniente llevar, por período más o menos de 6 meses, una contabilidad manual y otra mecánica hasta que se incorpore toda la contabilidad a la máquina y se tenga prueba que los resultados son los correctos.

2.2 Cochabamba Ltda. - Punata (Cochabamba)

Entre las tres CI analizadas ésta parece ser la que tiene una estructura administrativa más sólida que las otras, sin embargo, aunque esta CI está en funcionamiento desde 1977 existen varias deficiencias que ya fueron enunciadas en las auditorías anteriores pero que aún subsisten sin solucionarse íntegramente. A Continuación se detallan en forma general las deficiencias más significativas.

a) Consejos y Comités

Los Consejos y Comités de esta CI tampoco están cumpliendo ~~plenamente~~ ^{plenamente} sus responsabilidades, especialmente el Consejo de Vigilancia y el Comité de Créditos. Los documentos y los libros de actas no pudieron ser revisados porque durante los días de la evaluación debía también realizarse la asamblea anual y estos documentos estaban siendo utilizados por los directivos de la CI. Sin embargo se ha notado que el Consejo de Vigilancia no efectúa la verificación de la exactitud y legalidad de los montos de los préstamos con los registros de la CI, tampoco revisa regularmente los documentos por cobrar y las garantías colaterales que se tiene en los archivos de préstamos.

En el caso del Comité de Créditos, éste no revisa y no refrenda aquellos créditos concedidos directamente por el gerente de la CI. El Tesorero de la Cooperativa tampoco interviene en todas las actividades en que su presencia es requerida, como el caso de toma de inventarios.

b) Gerencia y personal

El organigrama de la CI no muestra exactamente la estructura orgánica actual, por ejemplo, en el caso del encargado de almacén (tienda) en

la actualidad depende del administrador-contador, igualmente el encargado del control de acopio, sin embargo en el organigrama se muestra como personal independiente de la administración. Aunque el organigrama muestra la existencia de un encargado de Planificación y movimiento de recursos, ^{actualmente} ~~en la actualidad~~ ^{hay} no ~~existe~~ una persona con esas funciones. Por otra parte existe en la CI una sección de control de préstamos, la misma que no aparece en el organigrama. Estas y otras deficiencias hacen muy difícil evaluar el funcionamiento de la administración general de la CI.

En la revisión de los documentos del personal que forma parte de la CI se ha observado que los tres funcionarios integrantes de la parte contable (sin incluir créditos) tienen cursos de contabilidad o de administración aunque carecen de la suficiente experiencia. Uno de los extensionistas trabajó con el Instituto Boliviano de Tecnología Agrícola (IBTA) durante los años 1978 y 1979, otro de ellos no tiene experiencia previa y del tercero no existe documentos en la CI. De los 15 funcionarios de la CI, solamente 7 de ellos tienen documentos, aunque en muchos casos se encuentran incompletos (falta de contratos de trabajo, contratos sin firmas, falta de documentos que certifiquen su calificación, etc.).

c) Contabilidad

Los registros y los estados financieros no reflejan exactamente la situación real de la CI. Los préstamos a corto y largo plazo no

están claramente determinados. Los deudores en mora se encuentran juntamente con los créditos normales y no se muestra en el Balance General el monto de esta deuda. No existen reconciliaciones de saldos con el CROFOC/BAB.

La presentación de los libros de Contabilidad y los archivos de estados financieros son aceptables, aunque el diseño del libro Diario y la existencia de muchas cuentas no facilitan el análisis contable.

d) Almacenes

Esta CI tiene dos almacenes, en uno de ellos funciona la tienda para la venta de los artículos a los agricultores, ésta se encuentra en el mismo sitio donde funciona la oficina de la CI, el otro está ubicado en un área donde funcionará las nuevas oficinas y un poco alejado del centro de la población, en este almacén se guardarán los fertilizantes, Temik y otros.

El control de existencias y la documentación de los dos almacenes se encuentran centralizados en la tienda. Durante la evaluación se ha observado muchas deficiencias en su control. No existen documentos que respalde el ingreso de la mercadería. Las tarjetas de control del inventario permanente no muestran un registro ordenado y coherente. En una misma tarjeta se muestran salidas de la mercadería con precios distintos, tampoco se registran (en muchos casos) el número de la nota de ingreso o de salida. Hay tarjetas duplicadas que muestran distintos movimientos.

El funcionario encargado de este almacén nos informó que se hizo cargo en octubre de 1980 y que no encontró tarjetas o éstas se encontraban muy dispersas. Al momento de entregar el almacén por el anterior empleado se hizo un inventario, pero nadie se preocupó de revisar y averiguar las diferencias existentes.

Los dineros por ventas al contado no son depositados en el día y no existen medios aceptables de seguridad para guardar estos fondos. Se ha constatado la existencia de dinero por este concepto en la gaveta del escritorio del encargado del almacén.

Por otra parte, se ha evidenciado que el almacenamiento de los artículos es inadecuado, muchos de ellos se encuentran en el piso en forma desordenada. El almacén que se encuentra en el sitio donde funcionarán las nuevas oficinas controlará la existencia de semillas, fertilizantes y Temik, sin embargo, en la actualidad se carece de un criterio básico para el almacenaje de estos productos puesto que la mercadería (en bolsas) se encuentra apilada sin que exista espacios para su ventilación, para realizar recuentos físicos para efectuar despachos bajo el principio "primeros en entrar primeros en salir". Además creemos que durante la época de lluvias, el agua puede penetrar fácilmente a través de unas ventanas que se encuentran sin vidrios.

e) Compras

En esta CI tampoco existen manuales de procedimientos para sus adquisiciones. No hemos podido efectuar una evaluación de las compras realizadas por la CI, puesto que no existe un archivo separado de estas actividades.

Se nos ha informado que las transacciones de compra las realiza directamente el gerente con los directivos de la CI.

f) Máquina de Contabilidad

La mini computadora aún no estaba operando plenamente. Hemos sido informados por el operador de la máquina que cuando hay cortes de energía se pierde la información procesada.

Esta CI tiene los programas para la contabilización de los diarios y mayor, y puede obtener balances de comprobación periódicos así como puede obtener el Balance General y el Estado de Pérdidas y Ganancias. Se puede contabilizar los préstamos otorgados, el inventario de los artículos en almacenes y el control del activo fijo.

La CI tiene dos funcionarios que han recibido el entrenamiento sobre la operación de esta mini computadora, pero los resultados podrán ser evaluados recién cuando se haya procesado por lo menos un semestre de actividades.

ANNEX 5

SUGGESTIONS FOR REDESIGNING INDIVIDUAL MEMBER RECORDS

1. Membership Share Cards

The three IC's keep individual records, using virtually the same form, for membership shares and outstanding loans. The best designed form in relation to membership shares is the one used at the Gran Chaco IC. It is the only form that has a separate column for loan capital, the 10% requirement that all co-ops use. This amount is and should be kept separate from membership shares until the existing loan is cancelled. The other two co-ops confuse things by adding the required loan capital directly to the amount for membership shares. The only design fault with the "Gran Chaco" certificate is that there is no separate debit and credit column for the required loan capital.

Due to the possibility of a member having more than one loan, a membership card should be maintained but redesigned. The basic information recorded should include:

- a. Member's name
- b. Member's number
- c. Date Column
- d. Description column
- e. Receipt number column
- f. Voucher number column
- g. Debit, credit and balance columns for loan capital
- h. Debit, credit and balance columns for membership shares

2. Loan Cards

There exists a great deal of confusion among co-op personnel about how to maintain loan cards. In some cases, an individual member has a card for each loan and in others he/she has only one card for two or more loans. In addition, on the loan card, there is no place to maintain a running balance or specify the limit of credit as specified in the loan contract. There is no provision for specifying the date of the next payment nor the amount of a member's membership capital. A redesigned loan card should list:

- a. Member's name
- b. Member's number
- c. Loan term
- d. Number of loans
- e. Membership shares
- f. Date column
- g. Description column
- h. Receipt column
- i. Voucher column
- j. Debit, credit, balance columns for amount loaned
- k. Running balance column of loan not dispursed
- l. Interest payment column

The first five points should be part of the loan card heading. In regards to membership capital, it could be recorded followed by the date (e.g., \$b 4,000 - 1/1). One line could be utilized for that purpose. In addition, one card should be prepared for each loan. This fact alone means that a reference number has to be included on each loan card. This can be accomplished by always changing the base number when opening a new loan. For example, if a member already has two loans numbered 1 of 2 and 2 of 2, the second number will have to be

changed to 3 upon the introduction of the third loan.

Specifying the loan term is important for payment dates, since for medium-term loans, payments are due every six months. Accounting personnel should enter the upcoming payment date on the loan card as well as the amount of capital due. Loan payment dates should be documented in the loan contract.

The redesign of the loan card should be carried out at each co-op. The staff handling the cards should understand the current design deficiencies and then suggest the changes to be made.

Other miscellaneous measures to streamline credit administration include:

- o Withdraw and file separately the folders of retired members;
- o Separate land titles used as loan security from loan contracts and file under lock and key;
- o Eliminate practice of calculating member loan interest on monthly basis; and
- o Cancel small debts of delinquent members with their aportaciones where amount owed is smaller.

RECOMMENDATIONS OF AUDIT REPORT FOR SMALL FARMER ORGANIZATIONS,
 USAID LOAN 511-T-055 AND GRANT 511-0452 (AUDIT REPORT
 NUMBER 1-511-79-22, JULY 28, 1979)

LISTING OF RECOMMENDATIONS

Recommendation No. 1

We recommend that the USAID ensure that (1) a project evaluation of goal achievement be performed and (2) NCDS establish procedures to ensure that reliable baseline data is included in future feasibility or other studies for ICs so the income effects of the AID and GOB investment in the project can be more accurately determined.

Recommendation No. 2

We recommend that the USAID analyze and revise the loan/grant budget to reflect current project plans.

Recommendation No. 3

We recommend that the USAID ensure that NCDS require RNA to explore areas of technical collaboration with CID, the Swiss Mission, and IBTA that would be useful to improve agricultural production and to develop joint implementation plans to achieve these objectives.

Recommendation No. 4

We recommend that the USAID ensure that NCDS establish an adequate planning and control system for IC operations which should include (1) standard formats for IC financial statements which would show the gross profit or loss for each activity, (2) the same standard format as used for the financial statements for budgetary projections included in feasibility studies, loan requests and 3-year budget submissions, (3) 3-year budget submissions prepared each year and supported as needed by detailed operational plans and feasibility studies, (4) a change in the accounting cycle from a calendar year to a crop year basis, (5) a system for estimating yields for small farmer production financed with IC loans, and (6) budgetary control reports prepared by the ICs on a quarterly basis.

Recommendation No. 5

We recommend that the USAID ensure that NCDS (1) require each cooperative to submit quarterly reports which compare CROFOC funds disbursed and the quantities of inputs financed to the uses authorized by CROFOC in loan documentation and (2) verify that the IC in Cochabamba fully uses the long-term CROFOC loan of \$291,400 for long-term loans as required or return the unused funds to NCDS.

Recommendation No. 6

We recommend that the USAID ensure that NCDS (1) keep records to accumulate the cost of each course given showing the USAID and NCDS contributions, (2) obtain data on planned courses given at the GAB level, (3) establish a system to evaluate each course given (4) prepare a schedule of courses to be given by the mobile training teams, and (5) submit to the USAID in its quarterly progress report a) data which compares courses

Recommendation No. 6 (Cont'd.)

planned with courses given, b) the total cost of the courses along with the USAID and NCDS contributions, and c) an explanation for slippages in the implementation of the plan.

Recommendation No. 7

We recommend that the USAID ensure that NCDS update its project accounting records and establish adequate procedures to maintain its records on current basis in accordance with sound accounting principles.

Recommendation No. 8

We recommend that the USAID ensure that NCDS comply with the annual audit requirements established in Section 4.09 of the loan agreement and Implementation Letter No. 1.

Recommendation No. 9

We recommend that the USAID ensure that NCDS work with the ICs in Cochabamba and Santa Cruz to develop detailed operational plans to expand existing activities and start new ones that will provide for the financial self-sufficiency of the ICs.

Recommendation No. 10

We recommend that the USAID ensure (1) that the ICs in Cochabamba, Potosi and Santa Cruz suspend cash disbursements to farmers until effective controls are established to ensure that loan proceeds are used for intended purpose and assets purchased with loan funds are not sold by the farmers (2) that the IC in Cochabamba undertake a program to encourage the farmers to sell milk to the IC as required (3) that the ICs establish controls to recover or prevent future disbursements of loan funds in excess of actual needs (4) that the ICs in Cochabamba and Potosi take an inventory of dairy cows and oxen purchased with loan funds and mark them with identification tags (5) that the ICs in Cochabamba and Potosi determine what sanctions should be taken against farmers who did not purchase cows and oxen as required (6) that the system proposed by the IC in Santa Cruz to control the sale of dairy cows is adequate (7) that the IC in Cochabamba take an inventory of stables constructed and ensure that stables not yet built are constructed as required or declare in default that part of the loans given for stables (8) that the ICs in Cochabamba and Potosi make no further loans to farmers until the loan agreement formats are modified giving legal recourse to the ICs in the event funds are not used for authorized purposes or the assets purchased are sold by the farmers and (9) that the ICs in Cochabamba and Potosi completely fill out the loan agreements with all required data prior to the signing of the agreement by the borrower and that the borrower receives a copy of the agreement.

Recommendation No. 11

We recommend that the USAID ensure that NCDS (1) obtain information of loans that IC members might have with the GOB Agricultural Bank and other organizations, (2) require the ICs to obtain data on the loan applications from farmers of their outstanding debts.

Recommendation No. 12

We recommend that the USAID ensure that the model credit regulations recently drafted by NCDS are adopted by the ICs.

Recommendation No. 13

We recommend that the USAID ensure that NCDS identify the staffing needed by the ICs to provide adequate extension services to the program and ensure that these needs are satisfied.

Recommendation No. 14

We recommend that the USAID ensure that independent financial audits are performed of the IC operations as of December 31, 1978. The scope of such audits should include a review of IC internal controls and compliance with credit regulations and other program requirements.

Recommendation No. 15

We recommend that the USAID ensure that NCDS and IBTA identify areas where IBTA could realistically provide assistance to the project and revise the NCDS/IBTA agreement signed on April 27, 1976.

Recommendation No. 16

We recommend that the USAID ensure that NCDS (1) revise the overall implementation plan for the project and (2) formally ask the contractor to submit a revised quarterly work plan with each progress report.

Recommendation No. 17

We recommend that the USAID ensure that NCDS (1) submit its quarterly progress report on a timely basis, (2) expand its quarterly progress report to include, (a) a comparative evaluation between project progress and the implementation plan, (b) reports on the implementation of the programs of training and technical collaboration, (c) IC budgetary control reports, and (d) control reports on the use of CRCFOC loan funds by cooperatives, and (3) expand its monthly report on CRCFOC loan operations to include (a) a comparison between interest falling due and delinquent interest, (b) an explanation of the causes of loan delinquencies and (c) a summary of the cash receipts and disbursement of the CRCFOC fund.

Recommendation No. 18

We recommend that the USAID (1) establish procedures to ensure that NCDS estimates of CRCFOC funds to be disbursed and received are accurate in order to reduce the average monthly cash balance of the CRCFOC fund to a reasonable level and (2) revise the form to be used by NCDS to request USAID disbursements for the CRCFOC fund to eliminate the procedure that increases estimated requirements by 50 percent.

Recommendation No. 19

We recommend that the USAID procure on a priority basis accounting machines suitable for the present and future needs of the ICs.

ANNEX 7

List of People Met in Bolivia
(apart from IC staff and members)

ONCICOOP/Robert R. Nathan Associates (RRNA) Advisory Team (as of March 15, 1981)

Director/ONCICOOP

Tyrone Heinrich

Chief of Party/RRNA

Miguel Angel Rivarola

Administrative Advisors

Oswaldo García

Darrell Johnson (RRNA/ACDI)

Dale Key (RRNA)

Extension and Education Advisors

Edgar Castañeda (RRNA)

Herman Muñoz

Hugo Villarroel

Economist/Credit Specialist

Javier Gregoriou

Other individuals met:

Bryan Anderson, Anthropologist, Durham University, England

Eloy Anello, Director, Fundación Integral de Desarrollo (FIDES)

Gary Bayer, Project Officer, USAID/Bolivia

Malcolm Butler, Director a.i., USAID/Bolivia

Dudley Conneely, Advisor, Cooperativa Agrícola Integral de Mineras (CAIM)

Jorge Dandler, Centro de Estudios de la Realidad Económica y Social (CERES)

Colin Sage Davies, Geographer, Durham University, England

Nicolas de Joncheeré, FAO Agricultural Economist, Santa Cruz

**Robert C. Flick, Project Development Officer, Agricultural Cooperative
Development Institute**

Donald Foster, Consortium for International Development

Howard Handler, Project Evaluation Officer, USAID/Bolivia

Tyrone Heinrich, Director, ONCICOOP

Ken Johnson, P.L. 480 Title III, USAID/Bolivia

Robert Leon de Vivero, USAID/Bolivia

Kevin Kelly, USAID/Bolivia

Robert Kunkel, Potato Expert, Consortium for International Development

Reynaldo Marconi Ojeda, P.L. 490

Fadrique Muñoz Reyes, Executive Director, P.O. 480

Pancho Otero, Desarrollo Socio-Económico (DESEC)

**Harry Peacock, Director, San Julian Project, Fundación Integral de
Desarrollo (FIDES)**

Raul Pinto, Comptroller's Office, USAID/Bolivia

Ingeniero Quiroz, Servicio Nacional de Desarrollo de Com idades (SNDC)

Miguel Angel Rivarola, Chief of Party, RRNA Advisory Team

Edwin Salinas, Director CROFOC, Banco Agri'cola de Bolivia

Jose Sanjines Montán, P.L. 480

Margaret Savino, Rural Sociologist, Cochabamba

Tom Stillwell, Consortium for International Development

Marco Antonio Tellez Rivero, Gerente General, FENACRE

James Thomas, Chief of Party, Consortium for International Development

Robert Thurston, Chief, Rural Development, USAID/Bolivia

Mr. Van Doren, USAID/Bolivia

Jaime Via U., Vice President, Bank of America (Santa Cruz)

Ted Wilde, Robert R. Nathan Associates

In addition, we spoke with many individual co-op members and others who provided useful insights into the SFO Project.

ANNEX 8

ELECTED LEADERSHIP (1980 - 1981), STAFF, AND
ORGANIZATIONAL CHARTS FOR THE "GRAN CHACO",
"SANTA CRUZ DEL NORTE", AND "COCHABAMBA"
INTEGRAL COOPERATIVES

CONSEJO DE DIRECTORES (1980-81)
COOPERATIVA INTEGRAL "GRAN CHACO LTDA."

CONSEJO DE ADMINISTRACION:

Presidente	Juan Quiapo Rueda	Campo Pajoso
Vice-Presidente	Ramiro Gumiel Calarza	Campo Largo
Secretario	Agapito Agrada Omonte	Campo Pajoso
Tesorero	Domingo Murguía Fernández	Cortaderal
Vocal	Rufino Vallejos Ríos	Campo Grande

CONSEJO DE VIGILANCIA:

- Alberto Rufz Pizarro	Saladillo
- Víctor Villegas León	Tatarunda
- Inocencio Anaquín Montes	Campo Grande
- Antonio Saldaña Velásquez	Canto del Agua
- Casto Ganderillas Maldonado	Tatarunda

COMITE DE CREDITO:

- Peeter Urzgeda Espinoza	Coiza
- Osvaldo Ortiz Ayarde	San Isidro
- Eugenio Urozco Cardozo	Caraparí
- Víctor Tejerina Ardóñez	Caraparí
- Zenón Avilés Tarifa	Tatarunda

NOMINA DEL PERSONAL

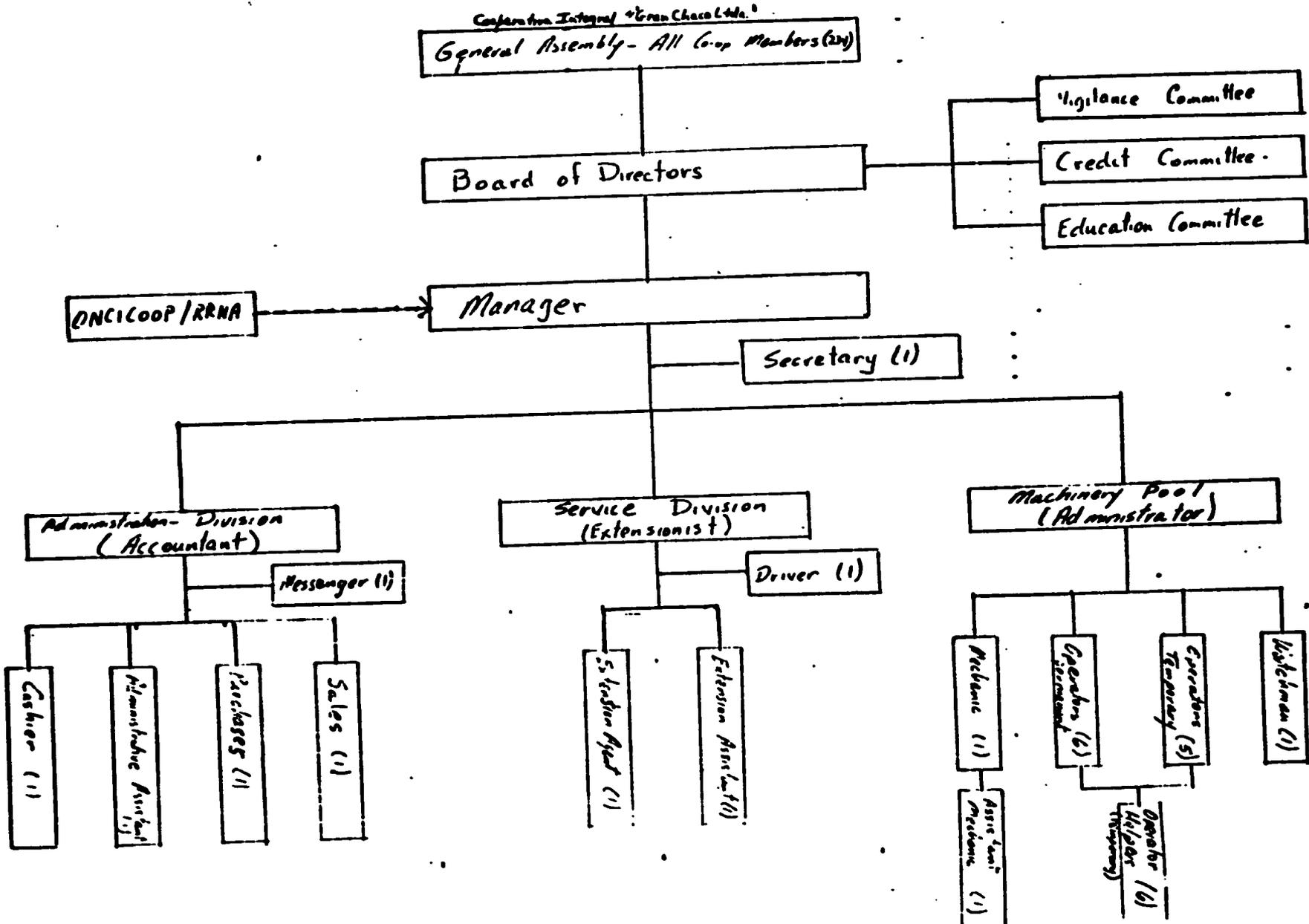
COOPERATIVA INTEGRAL "GRAN CHACO LTDA."

OFICINA CENTRAL -YACUIBA:

Gerente	Arquí Vázquez Montellano
Secretaria	Helga Molina de Dolz
Contadora	Rosa Mordón González
Cajero	Carlos Villarroel Suárez
Auxiliar Contable	Merio Trujillo Riveros
Auxiliar de Oficina	Ramiro LaTorre Gemio
Chofer-Sereno	Alfredo Sahnoro Solíz
Extencionista	Avelino Beldivieso Hoyos
Comercializador	Ismael Suárez Guerrero

MAESTRANZA -CAMPO PAJOSO:

Bodaguero	Pablo Marke Tórrez
Ayudante de Mecánico	Frenz Tórrez Coro
Sereno	Juan Morales Pérez
Operador	Angel Cruz Arenas
Operador	Marcial Vallejos Barrientos
Operador	Carmelo Vallejos Vallejos
Operador	Basilio Vázquez Heredia



DIRECTIVOS DE LA COOPERATIVA INTEGRAL DE SERVICIOS

SANTA CRUZ - NORTE LTDA.

CONSEJO DE ADMINISTRACION

<u>CARGOS</u>	<u>NOMBRES Y APELLIDO</u>	<u>G.A.B.</u>	<u>TERMINO DE MANDATO</u>
PRESIDENTE:	Benjamín Arana.	12	81
VICE-PDTE:	Francisco Arnez.	4	81
SECRETARIO:	Mario Bustamante.	3	81
TESORERO:	Vitaliano Nogales.	11	81
1o.VOCAL:	Demetrio Guillen.	10	81
2o.VOCAL:	Crisólogo Valencia.	7	81
3o.VOCAL:	Basilio Condo.	11	81

CONSEJO DE VIGILANCIA.

PRESIDENTE:	Juan Perez O.	10	81
SECRETARIO:	Andrés Mendoza.	9	81
VOCAL:	Francisco Salguero.	5	81

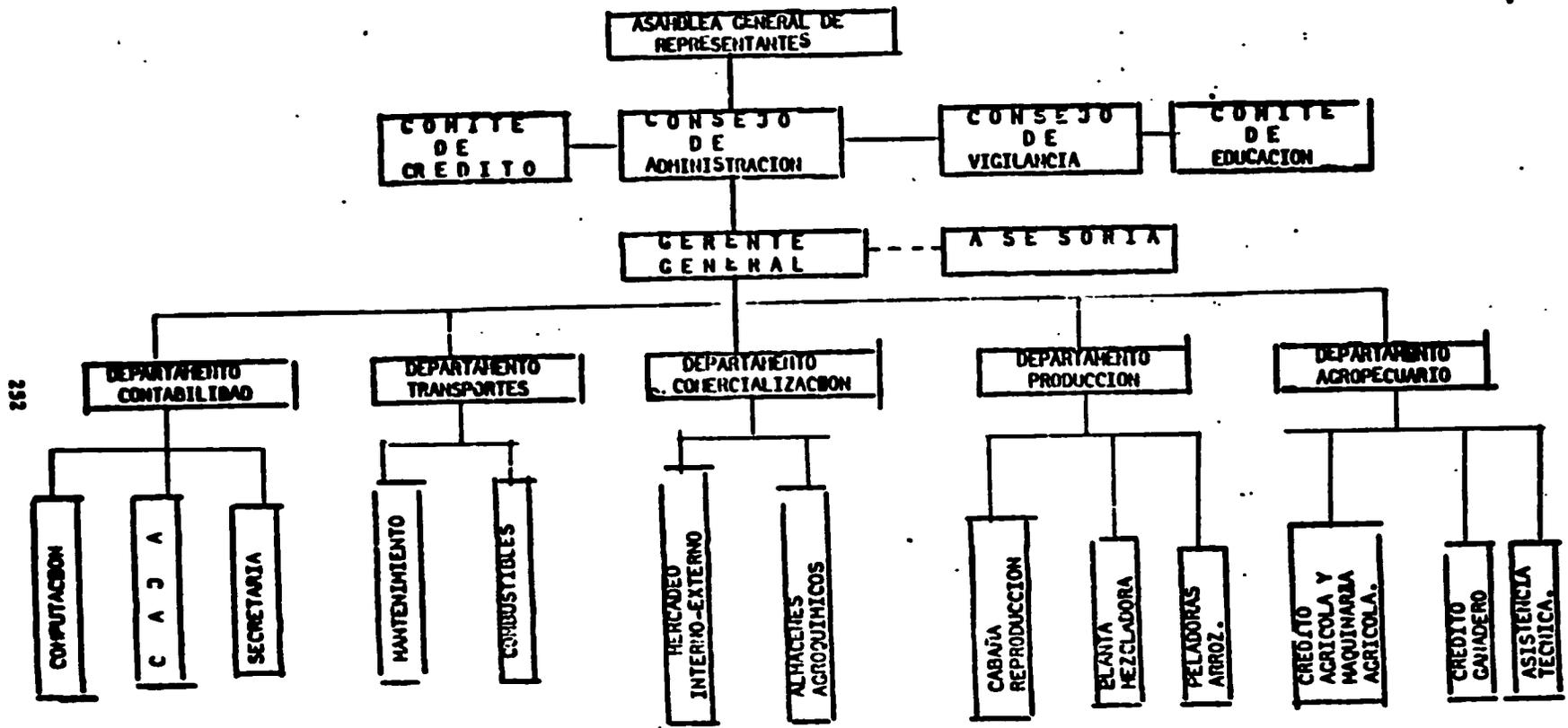
COMITE DE CREDITO

PRESIDENTE:	David Maldonado.	2	81
SECRETARIO:	Manuel Chambi.	12	81
VOCAL:	Eustaquio Serrudo.	4	81

Montero, 15 de Marzo 1.980

COOPERATIVA INTEGRAL DE SERVICIOS SANTA CRUZ-NORTE LTDA

ORGANIGRAMA



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COOPERATIVA INTEGRAL DE SERVICIOS



***COCHABAMBA* LTDA.**

PERSONERIA JURIDICA No. 102

PUNATA - BOLIVIA

NOMINA DE DIRECTIVOS GESTION 1980

CONSEJO DE ADMINISTRACION

1.- Guido Delgadillo	PRESIDENTE
2.- Federico Arispe	VICE PRESIDENTE
3.- Maria Gonzales	SECRETARIA
4.- José Vasquez	TESORERO
5.- Manuel Villarroel	VOCAL
6.- Aparicio Flores	VOCAL
7.- Felipe Delgadillo	VOCAL

CONSEJO DE VIGILANCIA

1.- Vitaliano Gonzales	PRESIDENTE
2.- Paolo Cano	SECRETARIO
3.- Gregorio Terán	VOCAL

COMITE DE CREDITO

1.- Nicómedes Claros	PRESIDENTE
2.- Hilarion Minojosa	SECRETARIO
3.- Valeriano Vallejos	VOCAL

COMITE EDUCACION

1.- René García	PRESIDENTE
2.- Salomón Torrico	SECRETARIO
3.- Julio Rojas	VOCAL

Punata, Marzo 1981

COOPERATIVA INTEGRAL DE SERVICIOS



COCHABAMBA LTDA.

PERSONERIA JURIDICA No. 1012

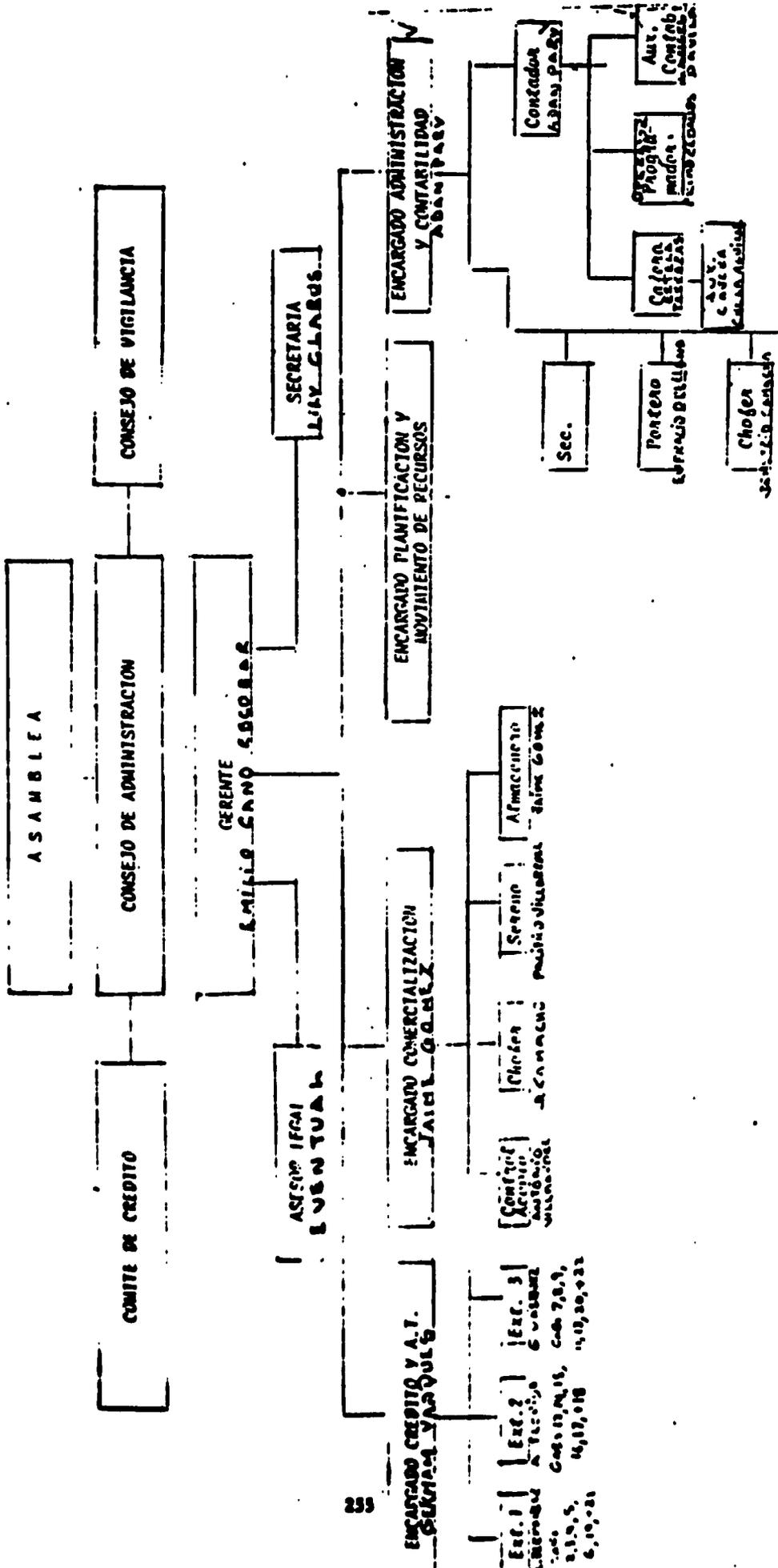
PUNATA — BOLIVIA

N O M I N A P E R S O N A L
COOPERATIVA INTEGRAL DE SERVICIOS
"COCHABAMBA" LTDA. GESTION 1980

1.- Emilio Cano Escobar	GERENTE
2.- Adán Pary Ledezma	CONTADOR
3.- Angel Dávila Gutierrez	AUXILIAR CONTADOR
4.- Primo Zeballos Grágeda	OPERADOR
5.- Jaime Gómez Claors	ALMACENERO
6.- Antonio Florido Camacho	EXTENSIONISTA
7.- Germán Vásquez I.	EXTENSIONISTA
8.- Eliseo Fernandez Arnáz	EXTENSIONISTA
9.- Estela Terrazas Vargas	CAJERA
10.- Lily Claros Guzmán	SECRETARIA
11.- Chela Aguilar Delgadillo	AUXILIAR CAJERA
12.- Antonio Villarroel M.	ENCARGADO LECHERIA
13.- Demetrio Camacho C.	CHOFER
14.- Eufre .cio Orellana	PORTERO
15.- Pacífico Villarroel M.	SERENO

Punata, marzo de 1981

Cooperativa Integral de Servicios
"Cochabamba Ltda."



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ENCARGADO CREDITO Y A.T.
GUSTAVO YARQUE

Exc. 1 | Exc. 2 | Exc. 3
 CANTON VALLEZUELA | CANTON VALLEZUELA | CANTON VALLEZUELA
 14,17,18 | 14,17,18 | 14,17,18,22
 6,19,21

ANNEX 9

SCOPE OF WORK

Robert R. Nathan Associates

A. Chief of Party

The Chief of Party will be based in the office of the host agency and will be the only member of the advisory group to maintain direct contact with the host agency. He/she will:

1. Direct coordinate, and supervise the activities of the expatriate and national members of the advisory group in order to achieve project goals.
2. Manage the office of the advisory group/implementing team and assure that the office is functional.
3. Conduct periodic on site evaluations to assure that advisory group members are satisfactorily performing their duties.
4. Provide technical assistance as required to the host agency.
5. Prepare, as required, scopes of work, work plans, and reports.
6. Ensure effective communication between the advisory group, the host agency, and USAID.
7. Be responsible for the supervision of management contracts with the Integral Cooperatives.
8. Guide preparation of feasibility studies for new services, new integral cooperatives and for future federation structure.
9. Recruit and hire, in consultation with the FENACRE Manager, the Director of the Decentralized Office and assist him/her to recruit and hire other personnel.
10. Participate in meetings of the consulting committee of Integral Cooperatives.
11. Prepare quarterly reports detailing the current status, progress and problems of the program, and supervise preparation of work plans for each team member.
12. The Chief of Party is ultimately responsible for the conduct of the entire program.

D. Administration/Credit Advisors

Two Administration/Credit Advisors will work directly with the Integral Cooperatives; no duties at the national level with the host agency are contemplated for these advisors. They will be required to travel approximately 50 per cent of the time. The Administration/Credit advisors will work with national counterparts. The counterparts will complement the skills of the Administration/Credit advisor and will be responsible for tasks similar to those assigned to the expatriate advisors.

Assist and advise the Integral Cooperatives in the following:

1. Implement and monitor a uniform accounting system in the integral cooperatives.
2. Develop and implement a system of professional administration in the Integral Cooperatives which includes a personnel policy, pricing policies, information systems, budgets, internal controls, etc.
3. Insure that individual cooperative employees have an understanding of their specific duties and are able to effectively carry them out.
4. Assure that cooperative accounting is current.
5. Train the salaried personnel of the Integral Cooperative as well as the administrative council, the vigilance committee and the credit committee concerning administrative and credit matters.
6. Assist in the commercialization of the cooperatives production and in the procurement of agricultural inputs.
7. Insure that the cooperative abides by internal and national credit regulations.
8. Prepare and implement a uniform credit system for the Integral Cooperatives including appropriate paperwork.
9. Assure that the Integral Cooperatives have an appropriate and efficient system for credit recovery.

10. Coordinate closely with the training advisor to ensure that ~~cooperative extensionists~~ are adequately prepared for credit planning and credit recovery.

11. Assure that subloan requests reflect the needs of the campesinos, are reasonable and are efficient.

12. Review cooperative credit requests and monitor cooperative credit activities.

13. Contribute to both cooperative and national training courses as required.

14. Prepare quarterly reports detailing the current status, progress, and problems of his efforts, and prepare quarterly work plans.

15. Perform other duties as assigned by the Chief of Party.

C. Training Advisor

The Training advisor will work directly with the Integral Cooperative membership and with the extension agents. No duties at the national level are contemplated for this advisor. This advisor will be required to travel at least seventy-five per cent of the time. The Training advisor will work with a national counterpart who will complement the skills of the Training advisor and who will perform similar duties as the Training advisor.

The duties of the Training advisor are as follows:

1. Assure that all training activities in each Integral Cooperative are both developed and carried out effectively. The focus should be on training cooperative extension agents and on cooperative members at the COB level.

2. Prepare and implement cooperative and agricultural training programs at the appropriate level for the specific target group.

3. Assist the cooperative extension agents in developing appropriate packages of agricultural practices.

4. Assist the cooperative extension agents in developing and implementing practical work plans.

5. Participate with cooperative extension agents in training activities to ensure their proper execution.

6. Present quarterly reports detailing the current status, progress and problems of the training effort, and develop quarterly work plans.

7. Prepare appropriate materials, as required, for training.

8. Perform other tasks as assigned by the Chief of Party.

ANNEX 10

ADDITIONAL ISSUES FOR USAID TO CONSIDER WHICH FALL OUTSIDE THE PRESENT SCOPE OF WORK

Given the complexity of the SFO Project, there arise a number of issues, not all of which fall within the scope of the present evaluation. Some of the questions and issues which we didn't have time to examine in depth but which should be considered by USAID include:

- (1) IC "banking" of CROFOC funds. We noted that a major reason the co-ops have made progress toward financial "self-sufficiency" is that they earn large amounts of interest income from the subsidized funds loaned cheaply by CROFOC. If it were only a simple matter of earning interest on the CROFOC funds for the short time between receipt of funds from CROFOC and disbursement to individual members, the dollar amount could be small. However, this is not the case. The temptation to take advantage of the wide disparities in interest rates has led to the development of several tactics to increase the amount of cash on-hand, which is then deposited in commercial bank savings accounts at 23 percent interest. Income from these accounts thus constitutes a form of hidden subsidy. The tactics observed include:
 - (a) the ICs request more funds than are needed, banking the surplus for the term of the loan;
 - (b) the ICs request funds earlier than needed and repay them as late as possible; and

(c) the ICs don't adjust their request downward when they find mid-way through a project that they don't require the full amount of an approved request.

(2) Subsidized Interest Rates. Given current inflationary conditions in Bolivia, the 18 percent nominal interest rate charged co-op members is highly negative in real terms. As a result, CROFOC is rapidly decapitalizing. At the moment, this is not a problem, since the demands on CROFOC are well below its current capacity, but should inflation continue at its present rate and should several new ICs enter the system, the CROFOC will soon have to ration its credit. How soon will this occur? Should CROFOC and the co-ops raise their interest rates? How does the fact that BAB presently loans money to small farmers at 14 percent influence the ICs' ability to vary interest rates?

(3) Criteria for the Selection of IC Sites. It appears that IC sites have been selected based not on economic/financial feasibility but on political or other considerations. This has made it more difficult for the IC system to function efficiently, and in particular for UNCICOOP to provide technical assistance efficiently.

The fact that the existing ICs, Tahuantinsuyo, and the two proposed ICs in Yamparacé and Rio Abajo occupy different departments suggests that project staff desire to achieve some sort of geographic balance. However, this geographic dispersion makes it more costly

in staff time and money to provide technical assistance. Distance and differences in production make it impossible to regularly share experiences or pool resources in a systematic fashion.

In particular, the IC in Yacuiba is isolated and, during the rainy season, often inaccessible. Much staff time has been lost in unsuccessfully seeking to reach this IC (as the evaluators can attest through personal experience). In addition, such physical isolation has made difficult the introduction of computers. In particular, timely repair of the Yacuiba computer may regularly be unobtainable.

It also appears that, beginning with Yacuiba, selection of new ICs took place with no comparison of alternative sites. The major factor in Yacuiba's selection appears to be that the government-owned oil processing plant was operating at only 14 percent of capacity and desperately needed agricultural suppliers. The problems of the Gran Chaco IC demonstrate the pitfalls of relying on external criteria in promoting new cooperatives.

(4) Machinery Use--Cooperative vs. Individual Ownership. A more in-depth analysis of the advantages and disadvantages of communal and individual ownership of agricultural machinery needs to be performed, perhaps jointly by an agricultural economist and a rural sociologist. Both technical and social criteria need to be applied. Technical factors may include:

- o land characteristics (size, distribution, quality, etc.);
- o machinery characteristics;

- o availability of fuel, repair services, and member/co-op driver and maintenance skills;
- o machinery costs and financial terms, etc.

Social factors include:

- o member attitudes (perceived need as a function of land characteristics, prestige, income potential, etc.);
- o maintenance capacity and attitudes;
- o potential for increasing/decreasing social stratification;
- o group cohesion/history of use of tractors; and
- o potential for increasing/decreasing internal co-op conflict.

(5) Relationship of ONCICOOP with the Tahuantinsuyo IC. What additional lessons can be learned from the past and current relationship of the Tahuantinsuyo IC with the ONCICOOP system?