

SMALL SCALE REGIONAL DEVELOPMENT

The Problem and Response

CIDERE (Corporación Industrial para el Desarrollo Regional- Bio-Bio) is a private voluntary organization located in Concepción, Chile. Its purpose is to provide work opportunities for rural or urban poor by helping them start small scale industries using unutilized natural resources or industrial by-products.

CIDERE begins by identifying potential projects. Project ideas may come from any source: some are submitted by interested groups, other by CIDERE's own officers, and other by teams sent to poor rural areas to search out work opportunities.

Once an idea is at hand, pre-feasibility analysis is begun. This involves discussion by specialized sector groups comprised of members of CIDERE's board of directors, analysis by local university staff, and sometimes by sending a team to the site. When an idea passes these preliminary hurdles, CIDERE launches a full scale feasibility study, including construction of a prototype. Simultaneously, CIDERE works with local cooperatives or other groups to ready them for eventual ownership and operation of the project. CIDERE also works to locate markets for the products to be produced.

Once the prototype is functioning, CIDERE assists the organizing entity in obtaining financing through the banks or other financial institutions with which CIDERE has contacts. The entity then buys the operation from CIDERE. Once the project is in operation, CIDERE pulls out, providing only occasional advisory assistance.

An example of how CIDERE operates is provided by its project for mora, a wild berry resembling the raspberry. In many areas where land is poor, this berry has grown in great abundance for centuries. However, it was never exploited in an organized way because it deteriorated rapidly after picking and fast transportation was not available to send it to Santiago, where the nearest plants for making preserves, ice cream flavors, and other end products were located. CIDERE developed an inexpensive process by which much of the water was removed from the moras. The resulting pastelike concentration was easy to ship and would withstand the trip without loss. Simultaneously, CIDERE organized a number of small cooperatives to handle processing and helped set norms for the collection of the fruit. CIDERE also helped locate markets for the product, assure a fair price, and make sure there was an adequate supply of packing material available. Today, hundreds of persons obtain seasonal employment in the collection of mora and other wild fruit, and 75-90% of the value of the final product flows directly to them. A similar CIDERE-organized operation, the collection and processing of rose hips, has turned into a million dollar export industry.

CIDERE has a proven track record. In existence since 1966, it has developed successful projects in such diverse fields as frog production, extraction of resin from

pine trees, use of sawdust as a fuel, mushroom collection, plastic greenhouses, collection and polishing of semi-precious stones, and the use of mashed potatoes as a wheat extender in bread, in addition to the rose hip and wild berry projects described above. CIDERE estimates that for the ten months ending in April, 1975, its projects created some 2,065,000, man days of work for the un- or underemployed in its area.

CIDERE operates in an area comprising five of Chile's 25 provinces. Its funding comes from voluntary quarterly contributions by 49 industries and four universities. Its board of directors is selected from among the owners, general managers, presidents, and rectors of the above institutions, and plays an active role in the day to day affairs of CIDERE. The directors are divided into seven "sector" groups which examine each new project suggestion to determine its potential feasibility. CIDERE's full-time staff is small: one general manager (a man of great leadership ability who is well respected in the community), one secretary, and a messenger. It operates by contracting its work out to qualified engineers, technicians, accountants, and others in the region, an approach that has worked out well.

CIDERE, in short, has been remarkably successful. It has been able to marshall all the elements needed for success: community support, good management, sources of small-scale technology, means of finding markets for the end products, and thus far adequate financing for itself and credit for the eventual operating entities.

Though CIDERE was able to work adequately within its budget during its first eight years of existence, it has recently found itself in need of outside financing. This is because the demand for CIDERE's services has risen substantially, not only because of its expanding recognition, but also because the economic stringencies in Chile have affected the poor severely and have caused unemployment to rise several times over, creating a need for small-scale labor-intensive industries. And on the income side, because economic conditions in Chile have caused production to fall 10 to 50% in most industries, the companies supporting CIDERE have not been able to increase their contributions commensurately with the rise of CIDERE's level of operations. The result is that CIDERE currently has some 23 project ideas stalled at the stage between identification and feasibility study/prototype for lack of funds. To carry these 23 projects through to completion would require about \$48,000.

CIDERE, ODEPLAN (the GOC's planning agency), and USAID are together working on a program to establish new CIDERE's in three other regions of Chile and to get all four CIDERE's on a permanently self-sufficient financial basis. USAID is submitting a PID for an FY 77 combined grant/loan project to support this program. In the meantime - in the two years between now and when funds from the proposed project would become available - the already established CIDERE desperately needs funding to enable it to carry out its program at the level the demand warrants.

CIDERE is therefore requesting a two year operational program grant to cover its funding needs for the FY 76-77 period.

Because of CIDERE's ability to provide real long-term development opportunities to Chile's poorest people, USAID supports the CIDERE approach and intends to submit to AID/W a Mission-approved OPG early in FY 76.

Financial Requirements and Plan

CIDERE has been operating with a budget of about \$75,000 per year. In the year ending June 30, 1974, 39.2% of this went for office expenses and staff salaries, 31.6% for identification and evaluation of new project ideas, and 29.2% for feasibility studies, prototypes and other technical assistance. More recently some 55% of the budget has been going for identification and evaluation of new project ideas. With office expenses/salary costs pretty much fixed, there have been virtually no funds available for the feasibility studies, prototypes, and T.A. operations. CIDERE estimates that in order to operate adequately, its budget for each of the next two years must be around \$125,000. With the supporting institutions unable to increase their contributions during this period of economic crisis in Chile, CIDERE is asking that the OPG make up the \$50,000 shortfall for each of the two years, or total of \$100,000.

The OPG funds will be used only to cover the shortfalls in funds for project identification feasibility studies, building of prototypes, and other technical assistance to the entities owning and operating the individual projects. Other activities in which CIDERE occasionally gets involved (for example, several years ago it was instrumental in getting a vocational school begun in a working class area near Concepción) will not be eligible to use the OPG funds.

Development of the Project

CIDERE has already discussed the outline of its OPG request with USAID. It will forward its formal proposal to USAID in the early FY 1976. USAID expects that its cable will be sent by August 1, 1975. USAID will forward the required documents at about the same time. No AID/W TDY assistance is anticipated to be necessary.

PROJECT APPRAISAL REPORT (PAR)

PAGE 1

1. PROJECT NO 513-0287	2. PAR FOR PERIOD 20 Feb. 76 TO 20 Aug. 76	3. COUNTRY Chile	4. PAR SERIAL NO. P-TQ4
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5. PROJECT TITLE

Small Scale Regional Development - CIDERE

~~DUPLICATE~~

4 P. PAR

6. PROJECT DURATION: Began FY 76 Ends FY TQ	7. DATE LATEST PROP -----	8. DATE LATEST PIP -----	9. DATE PRIOR PAR -----
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 50,000	b. Current FY Estimated Budget: \$ 50,000 (T.Q.)	c. Estimated Budget to completion After Current FY: \$ -0-
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME CIDERE Bio Bio	b. CONTRACT, PASA OR VOL. AG. NO. OPG Grant Agreement
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I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
		X	Change reporting of CIDERE Bio Bio from quarterly Feb., May, Aug., Nov. cycle to a March, June, September, December cycle to facilitate reporting.	Dec. 31, 1976

D. REPLANNING REQUIRES

REVISED OR NEW:

PROP
 PIP
 PRO AG
 PRO T
 PRO C
 PRO/P

E. DATE OF MISSION REVIEW

Sept. 76

PROJECT MANAGER, TYPED NAME, SIGNED INITIALS AND DATE

Charles R. Mathews, Chief Project Gp. III

MISSION DIRECTOR, TYPED NAME, SIGNED INITIALS AND DATE

James L. Roush

James Frankey

Clearance: **HWormald (draft)**
RWitherell (draft)

II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)				
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW		MEDIUM		HIGH
	1	2	3	4	5	6	7	1	2	3	4	5
1. CIDERE Bio Bio							X					X
2.												
3.												

Comment on key factors determining rating

1. Based on USAID Project Manager's observation, the project was undertaken with efficiency and effectiveness, displaying CIDERE's outstanding management skills.
2. Local support, which is a crucial for this type of operation, was demonstrated by private contributions of US\$20,000 versus US\$18,000 budgeted (6/10x US\$30,000).

4. PARTICIPANT TRAINING	None							1	2	3	4	5	6	7	1	2	3	4	5
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Comment on key factors determining rating

5. COMMODITIES	None							1	2	3	4	5	6	7	1	2	3	4	5
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Comment on key factors determining rating

6. COOPERATING COUNTRY	a. PERSONNEL	None							1	2	3	4	5	6	7	1	2	3	4	5
	b. OTHER	N/A																		

Comment on key factors determining rating

7. OTHER DONORS	None							1	2	3	4	5	6	7	1	2	3	4	5
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(See Next Page for Comments on Other Donors)

IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP? YES NO

To support the expansion of CIDERE, providing technical assistance by which some of the Bio Bio's regions poorest persons can establish small scale industries using unutilized natural resources and industrial by-products.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
<p>Although the major intent of project is to create employment opportunities for the poor, another expected condition which will exist at the end of the project are as follows:</p> <p>1) The CIDERE will be operating at a level which will enable it to review all ideas presented.</p> <p>2) The CIDERE will be able to operate at the above level without additional international assistance.</p> <p>3) Projects found feasible in the Bio Bio Region will have spread to other regions.</p>	<p>- As can be seen from Section III, CIDERE has met and exceeded quantifiable indicators.</p> <p>- Permanent expansion of CIDERE seems to be assured by increase of private contributions of 13% during their last reporting period.</p> <p>- Widespread use and acceptance of projects started in recent years as shown by the 250% increase in exports from CIDERE rosebuds and accepted use of the sawdust burner in the Bio Bio Region and other regions further south.</p>

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To provide development opportunities to some of Chile's poorest persons.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

During the first six months the project has created approximately four times the amount of work anticipated (about 10,000 man-years of work). On an annual basis this amounts to 20 thousand man-years. With a population of 1.2 million in the region and a poverty rate of 23% there are a potential 276 thousand beneficiaries. Therefore, it can be seen that in the first six months the project has made a significant contribution with its limited resources (about US\$58,000 disbursed during the period.)

1/ **It must be remembered that the increase in private funding occurred when the area was economically depressed and a decrease in funding would have been expected.**

II. 7. Continued: Comment on key factors determining rating of Other Donors

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					
		CUMU- LATIVE PRIOR FY	CURRENT FY ear		FY 77	FY _____	END OF PROJECT
			TO DATE	TO EN:			
Man-days of work created (in 1,000 man days)	PLANNED		760	1,000	1,500	2,500	
	ACTUAL PERFORM- ANCE		2,480				
	REPLANNED			2,500	5,000	7,500	
Project ideas evaluated	PLANNED		92	120	120	240	
	ACTUAL PERFORM- ANCE		109				
	REPLANNED			120	130	250	
Feasibility studies begun	PLANNED		6	8	8	16	
	ACTUAL PERFORM- ANCE		11				
	REPLANNED			11	11	22	
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:						
Assistance to other CIDERE's (Project side benefit)	During the project period CIDERE has been active in providing operational and program assistance to CIDERE type operations in other Regions.						
2.	COMMENT:						
3.	COMMENT:						

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UNITED STATES GOVERNMENT

Memorandum

513-0287

9 p.

Prog Fund 1977

TO : The Files

DATE: November 2, 1977

FROM : Ault M. Nathanielsz, Program Officer *AM*

SUBJECT: Trip Report - October 18/21, 1977

Upon my arrival in Concepción the first place I visited was the San Vicente Port. Mr. Hugo Olsen, the Port Administrator had left on emergency leave because of the death of his mother. I spoke to Mr. Liberona who was acting Port Administrator. After viewing a model of the port I was taken on a tour of the port facilities by a Mr. Homero Van Camps. The port presently has berthing capacity for three vessels and berthing capacity for additional vessels is under way. It is obvious that in the total complex the A.I.D. loan project will form a small part of the finished total port facilities.

The next three days I spent viewing the projects designed by CIDERE Biobio in operation and speaking management directors and beneficiaries. The fish drying, bee keeping, sawdust burning, fruit, vegetable and rose hip drying processes, all of which I saw, involve simple intermediate technology adapted to the region. As far as CIDERE Biobio's reaching the target population, it seems to be doing an admirable job. Although 0287 Grant was not designed to improve the management or organization, I made some suggestions (see attachment) to Mr. Raffo, the Manager, and to Mr. Chang, the Chairman of the Board, during interviews with both of them. Mr. Raffo and I discussed methods of improving measurement of management achievements in the CIDEREs which Biobio might employ under Grant 0282.



POSSIBLE ACTIVITIES COMPLEMENTARY TO CIDERE BIOBIO'S PRESENT ACTIVITIES

The thrust of CIDERE Biobio's activities since its inception has been to develop appropriate technology and to enable the poor in the area to use the technology so developed to better their lives; or, as in the case of the sawdust burning facilities to save Chile's valuable foreign exchange and to conserve a natural resource.

It seems to me, however, that the objective of CIDERE Biobio, i. e., to improve the living levels of the poor in the region depends upon not only the development of appropriate technology and its introduction but even more importantly on the development of the vital commercial links between producers and markets.

CIDERE Biobio has in fact devoted resources to develop markets, that is, it has found buyers for the goods which the poor can produce through the utilization of the appropriate technology developed by CIDERE Biobio. However, unless reputable, efficient companies serve as linkages, the markets CIDERE has taken pains to cultivate can easily be lost because of lack of quality control; further, the prices offered to workers might drop.

Let us take, for example, the case of rose hips. CIDERE Biobio found a roadside weed, a market for the weed's seed pods, and a cheap efficient method of preparing the seed pods for market. Through dint of CIDERE's efforts private entrepreneurs entered the business of buying rose hips from the campesinos processing them and marketing them. There are now 25 such companies in the drying business which has expanded to buying of other products such as mushrooms. Many campesinos have been given work picking rose hips and mushrooms from the hills and woods where they grow wild. An industry has grown from the weeds thanks to the work of CIDERE Biobio and no one can belittle this fact. CIDERE Biobio now finds it necessary to attempt to influence the price the unorganized campesino receives for his rose hips. At present CIDERE is undertaking a campaign to inform the campesinos of the prices which the dryers will pay for rose hips. However, CIDERE cannot control or put a floor under the price paid to the pickers. Apart from the relatively expensive advertising campaign,

there is little CIDERE can do to protect the campesino suppliers. How different it would be if CIDERE had been able to assist a private firm or two to capture a large percent of the market. This private firm could then be in a position to buy all of the rose hips offered for sale and thereby set a floor price which its competitors would have to meet in order to acquire supplies. The CIDERE organized private company could protect the rose hip market by assuring quality and could prevent the destruction of the market for "rose hips from Chile" which is possible if quality is not maintained.

I do not mean to imply that CIDERE would have to become a profit corporation but merely that CIDERE or a similar "brother" organization could use its resources as a small business consulting agency to assist entrepreneurs establish themselves as linkages between the picker and the market. This assistance would encompass helping the entrepreneurs obtain financing, offering them technical assistance in the intermediate technologies involved, and providing assistance in business skills such as marketing, accounting, control systems and legal advice. The entrepreneurs, since the very creation of their business would be dependent upon the intervention of CIDERE (or the brother organization), should be willing to grant an equity interest to CIDERE in exchange for this assistance.

Thus CIDERE would be able when necessary to take an active part in the business or to remain as an active guide, both morally and practically, making sure the new enterprise met all of its obligations both to suppliers and customers. The new equity interest would in time provide a source of funds to CIDERE as the CIDERE assisted processing corporations grew more profitable.

This same approach could have been, and perhaps still could be, taken in the case of the sawdust burners. The development of the sawdust burner provided little employment to the poor but it has resulted in immense savings to property owners who can now burn sawdust instead of oil. It has resulted in savings of foreign exchange to Chile and has been a boon to the area. This beneficial effect perhaps could have been or, hopefully, still might be, multiplied. Perhaps CIDERE, or a brother organization created for the purpose, could provide assistance to an entrepreneur wishing to furnish

sawdust burning furnaces and fuel to the private market. Such a company would increase its viability if it were to have access to and use the entrepreneurial skills which a small business consulting company could offer. Since the quality of the sawdust delivered is especially important in the case of home consumption, the reliability of the suppliers is a factor allowing brand discrimination.

I understand that one of the fishing cooperatives in the area is seeking assistance from CIDERE in obtaining capital for its fish drying operation. I would imagine that the coop probably needs more than capital. It probably also needs managerial assistance. If CIDERE secures a loan for the cooperative, CIDERE, the lender, and the fishing cooperative would all be in better positions if the fishing cooperative received the necessary business advice. If CIDERE can do this for the fishing cooperative without taking an equity interest, it certainly can do the same for other entrepreneurs and, in some cases, insist on obtaining an equity interest.

I recognize the fact that CIDERE Biobio's inventions, which are models of simplicity, cannot be protected by patent or be kept secret. I think that to try to so protect them would probably impede, not promote, their adoption and would thus be counter productive to CIDERE's main purpose. I merely suggest that a more active role should be taken in developing the necessary linkages between producer and market. I do not mean to suggest either that CIDERE become a profit corporation, but rather that it assist, in a public spirited manner, the creation of private enterprises. In this manner, once private enterprises are established, it will have obtained for itself a source of funds with which to continue its good work. Income, be it from equity shares in corporations or donations, is not necessarily "profit". If the income is used for eleemosynary work, the corporation receiving it is still a non profit organization. There is no end to the amount of good CIDERE can do and, similarly, probably no end to the amount of funds it could usefully employ. For example, in the Yacimientos Minerales program, CIDERE promised to help protect the interest of the campesinos who cooperated in the program by supplying specimens, yet it finds itself unable to follow through with this promised assistance for lack of funds. Suppose CIDERE Biobio in fact were to protect the interests of Sr. Ignacio and a mine is started. Is it just that he benefit greatly while CIDERE,

which shall have made the accidental find a working reality, receives nothing with which to carry out its good work? In the case of the shell deposits on the island of Mocha, a private cement company might well gain windfall profits because of CIDERE's work simply because CIDERE does not have the funds to perfect or protect mineral interests on the island. Surely it must be realized that the exploitation of the carbonato de calcio and the copper would have beneficial effects for the islanders and workers employed, however, the windfall benefits of the cement company, and the benefits to Sr. Ignacio and others would be great. Quite frankly, I believe it would be more just and equitable if CIDERE were to share in these profits and thus be able to extend its work.

Clearly the entrance into a business by an entrepreneur is not a thing to be lightly undertaken. After three days getting acquainted with CIDERE Biobio, one cannot urge that any particular business be started; however, I think that, if there is insufficient opportunity now in drying of vegetables and rose hips or in saw-dust burners, perhaps there is opportunity for this type of activity in connection with the production of furfural, biogas, or some other activity under consideration.

I think that with 15 productive activities already created by CIDERE Biobio, the Board of Directors is now faced with an important decision, i. e., whether to continue the tremendously important work which CIDERE has thus far so successfully advanced or whether to extend CIDERE's activities to encompass the technical assistance to private corporations in the market and share in the profits derived from its project. This latter would be with an end to not only continue the wonderful activities heretofore carried out, but extend them, while building itself a base of strength from which it can more adequately protect the persons engaged in the type of livelihood which did not even exist before CIDERE started its work. The Board is faced with a choice between the continuation of an operation of a prototype model, which does in itself produce a great deal of good, and the expansion of that model into a system of activities which will benefit an untold number of Chileans.

POSIBLES ACTIVIDADES QUE COMPLEMENTARIAN A LAS ACTIVIDADES QUE CIDERE

BIO-BIO REALIZA EN LA ACTUALIDAD

El impulso de las actividades de CIDERE Bio-Bio desde su iniciación ha estado dirigido hacia el desarrollo de tecnologías apropiadas y a hacer posible que personas de bajos ingresos usen las tecnologías desarrolladas para mejorar sus condiciones de vida o, como en el caso de los quemadores de aserrín, para ahorrar a Chile sus valiosas divisas y conservar un recurso natural.

No obstante, me parece que el objetivo de CIDERE Bio-Bio, que es mejorar los niveles de vida de los pobres de la región, depende no solamente del desarrollo de tecnología apropiada y de su aplicación, sino también de manera aún más importante, del desarrollo de vínculos comerciales vitales entre productores y mercados.

CIDERE Bio-Bio, en efecto, ha dedicado recursos al desarrollo de mercados, es decir, ha encontrado compradores para los artículos que los pobres pueden producir a través de la utilización de la tecnología apropiada desarrollada por CIDERE Bio-Bio. Sin embargo, si no hay compañías confiables y eficientes que sirvan de vínculo, los mercados que CIDERE Bio-Bio se ha tomado el trabajo de cultivar pueden fácilmente perderse por falta de control de calidad, y aún más, los precios ofrecidos a los trabajadores pueden bajar.

Tomemos, por ejemplo, el caso de la rosa mosqueta. CIDERE Bio-Bio encontró una maleza que crece a la orilla de los caminos, un mercado para las semillas de esta maleza, y un método barato y eficiente de preparar estas semillas para su comercialización. A través de la concentración de los esfuerzos de CIDERE los empresarios privados entraron en el negocio de compra, procesamiento y venta de la rosa mosqueta recolectada por los campesinos. Existen ahora 25 de esas compañías en el negocio del secado de la rosa mosqueta las que han ampliado sus actividades a la compra de otros productos tales como las callampas. Muchos campesinos han obtenido trabajo recogiendo rosa mosqueta y callampas de los cerros y bosques donde crecen en estado silvestre. Una industria ha crecido de las malezas gracias a la labor de CIDERE Bio-Bio y nadie puede restar importancia a este hecho. CIDERE Bio-Bio encuentra ahora que es necesario tratar de influenciar los precios que el campesino no constituido en una organización obtiene por la rosa mosqueta. Actualmente CIDERE ha emprendido una campaña para informar a los campesinos acerca de los precios que los secadores pagarán por la rosa mosqueta. Sin embargo, CIDERE no puede controlar o verdaderamente establecer un mínimo para el precio que se pagará a los recolectores. Aparte de la relativamente costosa campaña publicitaria es poco lo que CIDERE puede hacer para proteger a los campesinos proveedores. Cuan diferente sería si CIDERE

hubiese podido ayudar a una o dos empresas privadas a que captaran un gran porcentaje del mercado. Estas empresas privadas podrían entonces haber estado en condiciones de comprar toda la rosa mosqueta ofrecida en venta y así haber establecido un precio mínimo que sus competidores tendrían que pagar para poder obtener dicho artículo. La compañía privada organizada por CIDERE podría proteger el mercado de la rosa mosqueta al garantizar su calidad y podría prevenir la destrucción del mercado de "rosa mosqueta de Chile", lo que podría suceder si la calidad no se mantiene.

No quiero inferir que CIDERE debería convertirse en una corporación con fines de lucro, sino simplemente que CIDERE, o una organización "hermana" similar podría utilizar sus recursos para actuar como una agencia consultora para pequeños empresarios con el fin de asistirlos para que lleguen a convertirse en vínculos entre el recolector y el mercado. Esta colaboración involucraría ayudar a los empresarios a obtener financiamiento, ofrecerles asistencia técnica en las tecnologías intermedias que se utilicen, asesoría en prácticas empresariales tales como comercialización, contabilidad, sistemas de control y asesoría legal. Los empresarios, puesto que la creación misma de su negocio dependería de CIDERE o las organizaciones "hermanas", deberían estar dispuestos a conceder a CIDERE una participación a cambio de esta asistencia.

Así CIDERE podría cuando fuese necesario tomar una parte activa en el negocio o permanecer como asesor activo, tanto moral como prácticamente, asegurándose de que la nueva empresa cumpla con todas sus obligaciones tanto hacia los proveedores como hacia los clientes. Esta participación constituiría a su debido tiempo una fuente de ingresos para CIDERE a medida que las corporaciones asistidas por CIDERE se volvieran más rentables.

Estas mismas medidas podrían haberse tomado, y quizás aún puedan tomarse, en el caso de los quemadores de aserrín. El desarrollo del quemador de aserrín creó pocos empleos para los pobres pero ha constituido un inmenso aborro para los propietarios de edificios que pueden ahora quemar aserrín en vez de petróleo. Ha producido ahorro de divisas a Chile y ha sido un beneficio para la región. Este efecto beneficioso podría quizás haber sido, o esperamos que aún pueda ser, multiplicado. Quizás, CIDERE o una organización "hermana" creada para ese propósito podría dar asistencia a un empresario que quisiera proveer al comercio privado con hornos quemadores de aserrín y con aserrín. Dicha compañía aumentaría su viabilidad si tuviese acceso a, y pudiera hacer uso de las habilidades empresariales que una firma consultora para pequeñas empresas podría ofrecerle. Como la calidad del aserrín es de esencial importancia para el consumo en casas particulares, la confiabilidad de los proveedores es un factor que permitiría discriminar entre distintas marcas comerciales.

Tengo entendido que una de las cooperativas de pescadores de la región está buscando ayuda de CIDERE para obtener capital para sus actividades de secado de pescado. Me imagino que la cooperativa probablemente necesita

más que capital. Probablemente también necesita asesoría administrativa. Si CIDERE obtuviese un préstamo para cooperativa, CIDERE, la institución que otorgaría el préstamo, y la cooperativa de pescadores estarían todos en mejor situación si la cooperativa de pescadores recibiera asesoría administrativa. Si CIDERE puede hacer esto por la cooperativa sin obtener una participación, ciertamente podría hacerlo con otras empresas y en algunos casos insistir en la obtención de una participación.

Reconozco el hecho de que las invenciones de CIDERE Bío-Bío, que son modelos de simplicidad, no pueden ser protegidas por patentes o permanecer secretas. Creo que tratar de protegerlas de ese modo impediría, en vez de promover, su adopción y sería por lo tanto contraproducente al objetivo principal de CIDERE. Yo sugiero solamente que se juegue un rol más activo en el desarrollo de los vínculos necesarios entre el productor y el mercado. Tampoco intento sugerir que CIDERE se convierta en una compañía con fines de lucro, sino más bien que asista, como una contribución al bien público, en la creación de empresas privadas. De esta manera, una vez que las empresas privadas se hayan establecido habrá obtenido para sí mismo una fuente de ingresos con los cuales continuar su buena labor. El ingreso, sea éste en forma de acciones de las compañías o de donaciones, no es necesariamente "lucro". Si el ingreso se utiliza con fines caritativos, la corporación que lo recibe es siempre una organización sin fines de lucro. No hay límite para la cantidad de bien que CIDERE pueda hacer y, en igual forma, probablemente no hay límite para la cantidad de fondos que podría emplear utilitariamente. Por ejemplo, en el programa de yacimientos minerales, CIDERE prometió ayudar a proteger los intereses de los campesinos que cooperarán con el programa proporcionando especímenes, sin embargo, se encuentra en la imposibilidad de cumplir con su promesa por falta de fondos. Supongamos que CIDERE Bío-Bío de hecho protegiera los intereses del Sr. Ignacio y una mina se iniciara. ¿Es justo que él se beneficie tanto mientras CIDERE, que habría hecho del hallazgo accidental una realidad viable, no recibiera nada con lo cual continuar con su buena labor? En el caso de los depósitos de conchas de la isla Mocha, una compañía productora de cemento podría obtener ganancias, algunas de las cuales serían inmerecidas, debido al trabajo de CIDERE simplemente porque CIDERE no tiene los fondos para desarrollar o proteger los intereses mineros de la isla. Sin duda entendemos que la explotación del carbonato de calcio y el cobre tendría efectos beneficiosos para los isleños y los trabajadores que se empleen. No obstante, las ganancias de la compañía productora de cemento y los beneficios que obtendría el Sr. Ignacio serían grandes. Francamente, creo que sería más justo y equitativo si CIDERE participara de estas ganancias y pudiera así ampliar sus actividades.

Obviamente, la iniciación de un negocio por un empresario no es algo que debe tomarse a la ligera. Después de solamente tres días de estar conociendo a CIDERE Bío-Bío, uno no puede recomendar la iniciación de un negocio en particular, sin embargo, creo que, si ahora no existen oportunidades suficientes en el secado de hortalizas y rosa mosqueta o en los quemadores de

aserrín quizás hubiese oportunidades para este tipo de actividad en relación con la producción de furfural, bioogas u otro proyecto en estudio.

Creo que con quince actividades productivas ya establecidas por CIDERE Eío-Bío, el Directorio se enfrenta ahora a una decisión importante, es decir, continuar con la extremadamente importante labor que CIDERE ha desarrollado con tanto éxito hasta la fecha o ampliar las actividades de CIDERE para que incluyan la asistencia técnica a empresas privadas en el mercado y participar en las ganancias provenientes de sus proyectos. Esto se haría con el fin de no sólo continuar las excelente actividades realizadas hasta el presente sino que aumentarlas al mismo tiempo que se construye una base sólida con la cual pueda proteger más adecuadamente a las personas ocupadas en obtener medios de subsistencia que no existían antes que CIDERE iniciara su labor. El Directorio se enfrenta con la alternativa de continuar una operación con un modelo prototipo, que como tal, produce un gran beneficio, o ampliar dicho modelo hasta lograr un sistema de actividades que beneficiarán a un número incontable de chilenos.

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TO - AID/W TCAID A-4 x

DATE SENT
3/15/78

FROM - USAID/Chile
E.C. 11652 N/A
SUBJECT - Evaluation of CPG Small Scale Regional
Development - CIDERE Biobio.
REFERENCE - 1 AIDTC Circular A-188

This evaluation is submitted in accordance with
Alternative 2 of the Reference Airgram.

LANDAU

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DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY:
ANathanielsz PC	Program	312	3/15/78	C. D. Matthias, Acting AID Representative

A. I. D. AND OTHER CLEARANCES

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CONTINUATION

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PROJECT EVALUATION SUMMARY
(Submit to MO/PAV after each project evaluation)

Mission or AID/W Office Name USAID/Chile	2. Project Number 513-0287
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Project Title OPG Small Scale Regional Development - CIDERE Biobio

Key project dates (fiscal years) Project Agreements Signed FY 1976 & TQ	b. Final Obligation TQ	c. Final input delivered FY 1977	5. Total U.S. funding - life of project \$ 100,000
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Evaluation number as stated in Eval. Schedule 7	7. Period covered by this evaluation From: Aug. 1976 TO: Aug. 1977 Month/year Month/year	8. Date of this Evaluation Review 11/30/77 Month/Day/Year
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Action Decisions Reached at Evaluation Review, including items needing further study (Note--This list does not constitute an action request to AID/W. Use telegrams, airgrams, SPARS, etc., for action) None - This is closed project.	10. Officer or Unit responsible for follow-up	11. Date action to be completed
---	---	---------------------------------

12. Signatures:	
Project Officer Signature <i>Ault M. Nathanielsz</i>	Mission or AID/W Office Director Signature <i>Charles D. Matthias</i>
Typed Name Ault M. Nathanielsz, Prog. & Eval. Officer	Typed Name Charles D. Matthias, A/AID Represent
Date	Date

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13. SUMMARY - Summarize in about 200 words the current project situation, mentioning progress in relation to design, prospects of achieving purpose, major problems encountered, etc.
- The project is terminated. The project purpose was to support the continuation and expansion of CIDERE Biobio, A Chilean PVO which is providing technical assistance by which Chile's poorest persons can establish small scale industries utilizing unutilized natural resources in industrial by-products. By any standards the project has been an unqualified success. The grant enabled CIDERE Biobio to operate at almost full capacity while expanding its Chilean resource base. It has increased Chilean and local community support and has progressed further toward achieving its goal than originally deemed possible. (See Section 17.)
14. EVALUATION METHODOLOGY - Describe the methods used for this evaluation, i.e. was it a regular or special evaluation? was it in accordance with the Evaluation Plan in the PP with respect to timing, study design, scope, methodology and issues? What kinds of data were used and how were they collected and analyzed? Identify agencies and key individuals participating and contributing.

Regular evaluation in accord with plans. Data primarily used were audited annual reports - field inspections.

CIDERE Biobio
USAID/Chile
Juan Raffo
Ault Nathanielsz
Eugene Szepesy

- 15 Documents to be revised to reflect decisions noted page 1 (other side:)
- Project Paper (PP) Logical Framework CPI Network Financial Plan
- PIO/T PIO/C PIO/P Project Agreement Other
- This evaluation brought out ideas for a new project -- a Project Identification Document (PID) will follow.

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Evaluation findings about EXTERNAL FACTORS - Identify and discuss major changes in project setting which have an impact on the project. Examine continuing validity of assumptions.

Not applicable.

7. Evaluation findings about GOAL/SUBGOAL - For the reader's convenience, quote the approved sector or other goal, (and subgoal, where relevant) to which the project contributes. Then describe status by citing evidence available to date from specified indicators and by mentioning progress of other projects (whether or not U.S.) which contribute to same goal. Discuss causes--can progress toward goal be attributed to project, why shortfalls?

The goal of the project was "to provide development opportunities to the poorest persons". The measure of the goal achievement was to create 2.5 million man-days of work over the two year period allowing 6,000 persons to raise their annual income from US\$20 to US\$500 a year. Man-days of work created - figured by dividing the value of the product by the maximum wage - was over 6.5 million man-days of work, far in excess of the 1.5 million man-days identified as a goal target. However, it must be noted that this is slightly under the re-planned estimate of 7.5 man days of work that was anticipated in the last year's evaluation period.

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18. Evaluation findings about PURPOSE - Quote the approved project purpose. Cite progress toward each End-of-Project Status (EDPS) condition. When can achievement be expected? Discuss causes of progress or shortfalls.

To support the expansion of CIDERE which provides the technical assistance by which the Biobio Region's poorest persons can establish small scale industries using unutilized natural resources and industrial by-products.

During the last evaluation the conditions which were expected to exist at the end of the project when the purpose is achieved were stated as follows: (1) CIDERE will be operating at a level which will enable it to review all ideas presented; (2) that CIDERE will be able to operate at the above level without additional international assistance; and (3) project found feasible in the Biobio region will have spread to other regions.

Status of above: 1. At the end of the project the number of ideas identified and evaluated would have been 240 according to the original plans and 250 according to the revised plans as revised at the end of last evaluation. The project fell short of this goal for only 178 ideas were evaluated and identified. The number of feasibility studies to be done and prototypes to be built was planned at 16 and we planned in the last evaluation as 22. The actual number accomplished was 13. This was a result of a conscious decision to emphasize the promotion and exploitation of feasible projects. 2. CIDERE Biobio's income from non-A. I. D sources expressed in units equivalent to the minimum

(continued)

9. Evaluation findings about OUTPUTS and INPUTS - Note any particular success or difficulties. Comment on significant management experiences of host contractor, and donor organizations. Describe any necessary changes in schedule or in type and quantity of resources or outputs needed to achieve project purpose.

Originally the outputs and magnitude of outputs were defined as follows:

Outputs: Doubling of project ideas identified and evaluated, (i. e., the funds will support a doubled effort in personal costs, transportation, per diems for site visits, building prototypes, etc.).

Magnitude of Outputs: Number of ideas studied increase from 60 to 120 per year.

The discussion in 18 above covers this point.
See also 22 below.

18. (continued)

annual wage of one person, an accounting procedure utilized to offset the effects of inflation, was 68 in the year prior to the A. I. D. grant, 77 in the first year of the A. I. D. grant, and last year it was 109. This shows that the efforts of CIDERE to increase its support have been successful. A government grant will enable CIDERE to operate at the level that it was operating during the time of the A. I. D. grant. 3. Seven projects have spread to other regions during the life of the grant and more are being adopted. CIDERE Biobio is assisting in the formation of Cideres in other regions.

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20. Evaluation findings about UNPLANNED EFFECTS - Has project had any unexpected results or impact, such as changes in social structure, environment, technical or economic situation? Are these effects advantageous or not? Do they require any change in plans?

None of any appreciable magnitude.

21. CHANGES in DESIGN or EXECUTION - Explain the rationale for any proposed modification in project design or execution which now appear advisable as a result of the preceding findings (items 16 to 20 above) and which were reflected in one or more of the action decisions listed on page 1 or noted in Item 15 on page 2.

None proposed for this is a terminated project.

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22. LESSONS LEARNED - What advice can you give a colleague about development strategy-- e.g., how to tackle a similar development problem or to manage a similar project in another country? What can be suggested for follow-on in this country? Similarly, do you have any suggestions about evaluation methodology?

From the discussion in Section 18, it can be seen that one of the reasons that project purpose indicators were not met was the shift in thrust from identifying and developing incipient projects to ~~pre-~~^{pre-}developing and making operational projects which had already proven themselves as feasible. This was one of the major reasons for the shortfall in achieving end of projects status condition. As more projects are put on stream, CIDERE will have to go back and develop the projects which are ⁱⁿ less advanced stages and as the process balances out, we believe we'll be seeing more projects in each stage of development rather than having the company switch from pre-feasibility to concentrate on feasibility and concentrate on implementation. We believe that it will be a steady flow from one stage to another. The success of the project during the first year apparently led the evaluation team to set overly ambitious targets for the rest of the program.

Evaluation revealed that the ratio between potential activities evaluated and feasible projects was a much more meaningful indicator than simply the number of ideas studied since it is more difficult to find feasible projects than it is to reject non-feasible projects. It is the ratio then that is far more important than absolute numbers.

23. SPECIAL COMMENTS or REMARKS (For AID/W projects, assess likelihood that results of project will be utilized in LDC's).

Programs such as this can only be successful with strong community support - and recognition of the necessity of hiring - at a competitive wage - a strong, intelligent and experienced manager for the PVO.