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ROBERT R. NATHAN ASSOCIATES, Inc.

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# Final Report To the National Service of Community Development

Contract No. GOB/AID-511-97

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## I. - INTRODUCTION

### 1. - Background and Reporting Period

As a consequence of the situation in which the small farmer found himself, and as a result of various studies and analysis undertaken by the National Service of Community Development, the Economic Mission of the United States of America in Bolivia and various national and international organizations, the 13th of May of 1976, the National Service of Community Development - (SNDC) signed an Agreement with USAID/BOLIVIA - GOB/AID 511-97 to help the development of the farmer organizations.

The Development Program was to begin on the 24th of March of 1976. The USAID/BOLIVIA contribution was US\$ 10.917.000 consisting in a loan (511-T-055) for US\$ 7.500.000 and in a donation (511-0452) for US\$ 3.417.000 for technical assistance, teaching and initial subsidy for the Cooperatives (Letter of Implementation No. 17 of project 511-T-055). The national counterpart contribution was approximately US\$ 24.000.000, which means the total investment of the project was US\$ 34.917.000.

The SNDC created within its structure, the Department of Farmer Organizations and within it, the office that was to administer the C-...C loan (Rotating Credit to promote Farmer Organizations).

Originally the project contemplated technical and credit support for small rural Cooperatives, which would unite in 10 to 14 central zones of credit service, provision of input and merchandise. At the same time these central zones would form departmental federations and eventually a national federation.

However; the SNDC and USAID/BOLIVIA soon realized that the project, as it was set up, did not have much chance of succeeding and in October of 1976 the SNDC organized a seminar to discuss this problem. In the seminar it was analyzed and finally approved, the concept of the Integral Cooperatives, which would have economic support that would accelerate the time to reach self sufficiency.

The Integral Cooperative would be organized with a large number of members, and would provide various types of services. It would be located in a relatively large geographical area that would take in various rural communities and would have professional administration paid by the same Cooperative. The services would consist in agricultural technical assistance, credit, provision of input, commercialization of agricultural products and processing when necessary.

An organization of this type would benefit by centralizing administrative responsibilities, accumulation of capital of members, profits from a larger scale operation and manager contracted and paid by the same Cooperative.

In January of 1977 the SNDC approved officially the new concept and, based on feasibility studies, two integral cooperatives were organized: The first in September, 1977, in Punata, Cochabamba, and the second in October of the same year in Betanzos, Potosí.

On May 16th of 1978, the SNDC signed with the Consultant that had been initially contracted (ROBERT R. NATHAN ASSOCIATES, Inc.), Amendment No. 6, to the Agreement No. 511-97, extending the contract period until the 15th of May of 1980.

Because of the changes made in the program design, the different way technical services were to be provided, and because of the magnitude of the same, this amendment marks an important point in the development of the project. Because of this amendment, all the Technical Advisory group was changed, taking into consideration the new concept of the Integral Cooperatives. Therefore, the period of this report will begin May 16th of 1978 until December 31st of 1979,

the termination date. The preceding reports are in the possession of SNDC and USAID for reference when necessary.

## 2.- Technical Assistance

Amendment No. 6 to the Original Agreement contemplated the participation of the following Advisory group, and their starting work dates. The dates of departure from the country are when their contract terminates.  
(See Table # 1)

As a consequence of the aforementioned amendment the emphasis on assistance changed directly to the integral cooperatives. The Regional Advisors were eliminated, with the exception of one in Cochabamba, the Advisor to INALCO, and the Advisor who was promoting the Farm Woman.

The group was kept at 10 Advisors, but each Integral Cooperative had its own in permanent form. In the same manner short-term assistance was continued for projects and specific needs.

## 3.- Objective of the Program Starting 15/5/78

Amendment No. 6 established in Article II the following objectives:

Founding of seven strong cooperatives, from an economic, administrative and social point of view, grouped in one organism of second degree. For the fulfillment of the objective the following activities were to be carried out:

- (1) Training members, leaders and professional personnel of the Integral Cooperative and its Federation;
- (2) Technical assistance and supervision of the Integral Cooperatives, including extension, infrastructure, cooperative development and accounting and audit services;
- (3) Credit to the Integral Cooperatives for a maximum period of five years. Assistance to a small number of rural communal groups as an interim step to its transformation into GARs and later into the Integral Cooperatives.
- (4) Administrative Assistance to the Federation of the Integral Cooperatives.

All of the above would be implemented based on economic projects in accordance with feasibility studies.

Subsequently, the Advisory Group prepared their work program based on the established objectives and activities.  
(See Annex No. 2 ).

## 4.- State of Development and Situation of the Project on the 15th of May, 1980

As was pointed out before, because of the impossibility to carry out the Project as it had been originally conceived, the project was changed and the objectives and goals were re-established. Even though Amendment No. 6 made official the change, the new strategy had been initiated with the organizing of the two cooperatives in September and October of 1977.

However, on the above date, the overall project situation offered the following image:

- 1.- Two Integral Cooperatives with scarcely 8 months of life.
  - 2.- The promotion of two cooperatives was made very rapidly and the members didn't have any clear concept of them, nor their objectives nor form of operation;
  - 3.- The SNDC operated under a chronic lack of funds to support the project;
  - 4.- The Department of Farmer Organizations was resisted in a growing manner by the rest of the personnel of SNDC;
  - 5.- Very little training had been given to employees and directors of the Cooperatives that were functioning.
  - 6.- There was friction between the Cooperative and SNDC personnel at zonal levels;
  - 7.- There was a total dependence (economic, technical, administrative and leadership) on the part of the Cooperatives toward the SNDC;
  - 8.- The country was in great political unrest;
  - 9.- The Assessor group continued lending more assistance and technical support to the SNDC than to the Cooperatives;
  - 10.- The Advisory Group had not been able to set up a group with uniform criteria and concepts;
  - 11.- The CROFOC had many deficiencies in the areas of supervision, approval of credit, setting-up of projects, internal communication, bookkeeping and proceedings in general;
  - 12.- Little, or no interinstitutional coordination, even with all the effort made in this direction;
  - 13.- There was poor communication between the National Office of the SNDC in La Paz and the regional and zonal offices, to say nothing of the Cooperative itself;
  - 14.- Credit had been used as a means of promotion and training of members in the Cooperatives;
  - 15.- The cooperatives were first organized and then the process of preparing documents, systems and proceedings was initiated so that the cooperatives might have a professional-type administration. For example, no cooperative had approved an internal credit regulation, nor policies of any kind;
  - 16.- Orders were received from "above" to organize two other Integral Cooperatives by a fixed date, for evident political promotion.
- 5.- Important Considerations

I would like to point out and present my excuse for incongruities and perhaps some inexact statements that this report might contain. In my character as Advisor of an Integral Cooperative, I have not had access, nor a global vision of the project that was being carried out.

In the preparation of this report I have studied the documents and information available at Robert R. Nathan Associates, Inc. in Cochabamba. Manu

materials were left with the SNDC in La Paz before the change was made in the Project.

My obligation to present this report was given to me at the last minute, and there was no opportunity, not even to comment on the contents of the same, nor to learn from the experiences and personal recommendations of the previous Chief of Party.

I take responsibility for the contents of same.

## II.- WORK PERFORMED

### 1.- Administration and Accounting

#### Integral Cooperative Level

The SNDC & INALCO and USAID/BOLIVIA, in their studies and analysis that served as a base for the program, identified as one of the principal causes of the failure of the Cooperatives, deficient, and in very many cases, non-existent administration.

From there the Advisory Group met this problem head on and gave it much importance. The pretended group to establish and fortify the Cooperatives, to train them in the least possible time and equip them so that they could compete with success in the country in which they were supposed to work. The group wanted to make of them economic enterprises of ample social structure, efficiently administrated and subject to credit at the national and international levels.

Because of this the Advisory Group tried to permanently provide sufficient assistance so that the Cooperatives could develop and put into practice a Professional Administrative system. As a result, Guides, Forms and Corresponding Manuals were developed. In the same manner, in the visits that the Advisory Group made to the different Cooperatives, and the permanent assistance that the resident advisors provided, they contributed painstakingly and systematically so that the personnel contracted by the Cooperatives, and its directors, might analyze and understand the basic concepts of a sound administration. The Group took advantage of the meetings with the Administration Board, Vigilance and Credit in order to give practical instruction on aspects related to them. The Work Plan developed and put into practice by the Advisory Group and which was opportunely approved by the National Service of Community Development, is concrete proof of efforts made in this respect.

The concrete actions carried out are not worth repeating this time as they can be found in great detail in the quarterly reports presented to the SNDC. Nevertheless, for better follow-up of the materials produced and whose corresponding copies are with the SNDC (Department of Farmer Organizations) and in the Integral Cooperatives that participated in the Program, I have prepared a list as Annex No. 3.

As an important component of the professional administration, the book-keeping in the Cooperatives had an indispensable follow-up. The Group worked on the revision of the Bookkeeping Manual previously prepared and introduced the modifications that experience had taught. These modifications were presented and discussed with the Cooperatives for their use.

It took much time, in the same manner, the analysis and studies that were made to justify the acquisition of accounting machines. Ultimately it was decided to purchase IBM mini-computers, but for unavoidable

reasons, at the last moment when the Program was being transferred from SNDC to FENACRE, the acquisition was again delayed.

The Advisory Group tried to make the Cooperative Administrators and bookkeepers understand the concept that accounting is an instrument of a good administration and that it has to be used to make good decisions. This idea was transmitted constantly at all levels, taking advantage of every opportunity available.

AT THE SNDC LEVEL (DEPARTMENT OF FARMER ORGANIZATIONS)

Perhaps the major point of our work was the restructuring and centralizing of the CROFOC Program at the Department of Cooperative Development level, with headquarters in La Paz. This activity used enormous resources, meetings and talks at all levels. Once the change was made, eliminating the Regional Credit Committees and establishing the Mobile Advisory Teams, the SNDC could not financially support the work and the result of the same was reduced to almost 100%.

Apart from this activity, a close contact was kept with the Department Chief and subordinate personnel supporting this work in administrative daily tasks such as cash flows, use and sources of funds, control and revision of documentation on subsidies, signature and supervision of the subsidy agreements, and in the carrying-out of the Development Plan of the Integral Cooperatives presented to the Executive Secretary of Title III - P.L. 480 for their financing.

One task that required dedication and strength was the support given to the SNDC to complete and give follow-up to the recommendations of the audit report that USAID/BOLIVIA carried out for the project in the second semester of 1978 and whose report was just finished by the middle of 1979.

2.- AGRICULTURAL CREDIT (CROFOC)

Cooperative Level

As credit became the major activity in the Cooperatives, the assistance in this respect was constant but, at the same time, very difficult. The members, directors and administrators of the Cooperatives saw the CROFOC in a very flexible light. They had in their mind other programs that they had known directed to small farmer groups that had passed without making any results, other than a large bundle of paper work collecting dust for the State.

The idea that credit is an instrument, perhaps the most risky, and not an end in itself, to raise the income of the small farmers, was transmitted but not always understood. Also the complementary idea that the Cooperative would have to use the credit mechanism to capitalize and introduce improvements in the productive process, did not always have the approval or the desired understanding, fundamentally because of the farmer's lack of confidence towards his own Cooperative.

Even so, the Advisory Group prepared an internal credit standard regulation for the Cooperatives that had a long acceptance period, and even then one Cooperative never approved it.

At the same time the forms and documents necessary for the credit operation were designed, put into practice and then adapted to the individual needs. (See Annex No. 4)

Two Cooperatives rejected their Credit Plans for the period 79/80 for a total amount of approximately \$b. 53,000,000. The rejection in one case was because of the internal delinquency and in the other because of administrative problems. These were CROFOC's first rejections.

#### SNDC LEVEL (DEPARTMENT OF FARMER ORGANIZATIONS)

The Credit regulation of CROFOC was revised, discussed, analyzed and finally approved by the Credit Committee of CROFOC. This regulation incorporated many concepts and procedures of a sound administration.

Parallel to the above the administrative and operative procedures of the Fund were revised and reorganized according to the centralization of the fund in the Department of Cooperative Development with their headquarters in La Paz.

With the new regulation and the centralization of functions there was a notable betterment in the processing and approval of credit even though many times development criteria help and service preceded a healthy financial practice. This development criteria weakened the system of credit approval, due to the fact that in one case the CROFOC approved one credit through another Cooperative, because the first was not eligible, due to internal delinquency.

Regarding internal department control, this left much to be desired because of poor coordination with the State Bank and a systematic lack of conciliations of accounts caused by the delay in sending documents from the field to La Paz.

Up to the 30th of November, 1979 the portfolio was the following:

Amount of approved credit	\$b. 94.064.396
Amount of credit disbursed	\$b. 70.766.706
Amount past due	\$b. 39.064.646
Amount paid	\$b. 36.876.511
Advance Payments	\$b. 2.567.403
Present Loan Portfolio	\$b. 29.194.657
Amount overdue and delinquent	\$b. 2.188.134
Delinquency in active Portfolio	7.5%
Historical Delinquency	6%
Amount owed by Integral Cooperatives	\$b. 28.052.687
Nu. of credits granted since the beginning	103
No. of credits on record	42

We must clear up that one Cooperative had been given various extensions that expire in September of 1980 for an approximate amount of \$b. 9,000,000 that probably will not be cancelled. The credit given to one Cooperative through another, for more than \$b. 2,000,000 became delinquent on the 15th of December, 1979 and also is not included in this statistical datum.

### 3.- EDUCATION AND TRAINING

Perhaps the activity that was neglected the most, and had the greatest

impact within the development of the project was the educative and training activity.

At the beginning, the Training Advisor dedicated himself almost exclusively to the Training Department of the SNDC to help promote their program on a national level, in which only a small part were training for cooperatives.

Afterwards the SNDC reassigned the functions of this Advisor and requested training to the Cooperatives. Because of this, a National Plan was set up that took in the individual plans of the four cooperatives.

Unfortunately, the National Plan was barely carried out. The Santa Cruz North, Cooperative carried out its Plan better than all the rest even though they had Administrative and personnel problems. The Training Advisor resigned because of health problems in June, 1979, leaving the education program even worse than it was before. The attempts that were made afterwards to replace the Advisor all failed, for various reasons.

The most important activity of this period without doubt, was the course on Administration and Cooperative Management that lasted for three months. The Cooperative Managers attended this.

The course was a success in itself, even though the impact on the development of the project was minimized in that very few participants found jobs in the Cooperatives afterward.

With all these antecedents, the information and training did not reach the places in the right way or the right fashion necessary. The members were, in this sense, damaged the most. To the lack of systematic training it can be added the difficulties the Advisory Group had with native languages, worsened by the fact that the SNDC could not support their work with their technicians, principally because of budgetary restraints.

A copy of the National Plan is in possession of the Department of Cooperative Development of the SNDC. The Department, unsuccessfully, requested the information on the development of the plan from the Cooperatives. Their request got very little response, the reason because there was principally no unified information from the four cooperatives.

4.0 INTER INSTITUTIONAL COORDINATION

The SNDC, jointly with the Advisory Group, carried out strong efforts to reach an adequate coordination between organisms and programs that affected the Integral Cooperatives. Not much was accomplished in this respect.

The area of best coordination was within the agricultural sector. A contract of institutional coordination between the IBTA and the SNDC was signed but was never carried out at the field level.

Another contract was signed with INALCO who, even though they had budget problems, supported the development of the program, providing legal charters to the cooperatives and carrying out auditing.

At the Cooperative level also, intents of coordination with organisms, such as CBF, Development Corporation, FOMO, Methodist Church, Experimental Stations, & organizations of farmer promotion, were carried out. At the National level a superposition of programs and projects, supported by different national and international organisms, could be noted - such as BID, World Bank and USAID. For example, BID is supporting a Fruit & Milk Development program in the High Valley of Cochabamba with little

or no intervention of the Cooperative. The BID program could have a tremendous impact for the future self-sufficiency of the Cooperative

5.- TECHNICAL AGRICULTURAL ASSISTANCE

The work of technical agricultural assistance was limited to what each Advisor could obtain for the cooperative. In cases where the specialty of the Advisor was in the agricultural field, the Cooperative received better support.

The Cooperative that benefited the most in this area was "Tahuantinsuyo" and then "Cochabamba". The other Cooperatives depended on Agricultural Technical assistance that specialized organisms provided. In one form or another, in various opportunities, the cooperatives obtained help from the Experimental Stations of Chinoli, San Benito, Toralapa and Pairumani, also from PIL, CIAT, Technical Swiss Mission (COTESU), Association of Milk Products, Agricultural Bank, IBTA, MACA and the German and Methodist Missions.

In the same manner international assistance for the development of different specific projects was obtained, like the barley in Tahuantinsuyo.

In June, 1979 the Regional Advisor to Cochabamba was moved to La Paz and was assigned different functions. He had the principal responsibility of lending and coordinating agricultural technical assistance.

In this short time, various instructive forms were developed. (Annex No. 5) The model contract of inter-institutional cooperation was only signed by the Cooperative in Cochabamba, even though the results are yet to be seen.

The major problem that was confronted at the farmer level was that of the Cooperative Extensionists. Within the Advisory Group itself there was no uniformity of criteria in the extensionist cooperative role. As a result, the cooperatives contracted personnel insufficiently prepared and with confused ideas about their role within the cooperative.

In this regard, the Advisory group organized and carried out various meetings with Extensionists of the Cooperatives and prepared various educational reports. Even at that, the role was not totally understood.

At last, the Advisory Group agreed that the Cooperative Extensionist should be a young man, dynamic and with general knowledge on agriculture, credit, administration and cooperative doctrine. Only 10 to 15% of his time should be dedicated to work appropriate to an agricultural extensionist and the rest of his time should be dedicated to other work in the Cooperative. As Agricultural Extensionists they should be the channels of agricultural technical assistance available in the zone of influence of the Cooperative. Unfortunately, when the Group arrived at this agreement, all of the extensionists had been contracted already with different characteristics.

6.- OTHER ACTIVITIES

According to the contract signed with SNDC, RRNA contracted a technician for the carrying out of the feasibility study for the Federation of Integral Cooperatives. The Advisory Group actively participated in all this process. The Study recommended not to constitute the Federation

yet because of the situation that the three cooperatives were facing at the moment and the fourth one had not yet been formally organized.

The Advisory Group cooperated diligently with the CROFOC in the study of all the applications approved and principally the study of those that had been rejected.

The Advisory Group collaborated in the carrying out and revision of the tri-annual financial projections of the three cooperatives that were functioning and in the carrying out of the feasibility study of the Gran Chaco Cooperative of Yacuiba.

With the cooperation of USAID and the SNDC the Group evaluated the studies realized on possible agro-industrial projects to develop in the Integral Cooperatives. Unfortunately, once more we had to deplore over not being able to use these projects, in that the same were far from satisfactory and a long way from meeting the needs of the Cooperatives. The Cooperatives had to redo all these projects constituting a waste of time, effort and money.

The SNDC, with support of the Advisory Group, selected 16 possible places where Integral Cooperatives could be organized. During the contract, it has not been possible to evaluate the studies, but they would serve as a base for the progress of the future program.

After June, 1979 the Advisory Group participated and collaborated closely with the SNDC & USAID in order to carry out the evaluation of the project progress and recently in all the steps that were taken so that the recommendation of the evaluation be carried out right. Of these steps we will mention the most important ones:

- Support to USAID in preparing the revision of the project that was presented and approved in Washington;
- Support to SNDC and USAID in the negotiations with FENACRE;
- Support to the main Consultant Office in Washington in contracting new technicians;
- Support for the contracting of national technicians.

Much time was used by the Advisory Group in the necessary work done to close the recommendations of the USAID Audit. As never before, an Auditor of USAID produced 16 recommendations with more sub-recommendations. Even by dint of much effort in the SNDC, as well as the Cooperatives, by the date of the report, not one recommendation had been closed. The Advisory Group, along with USAID agreed that the recommendation be transferred to the new Program Executor.

### III. METHODOLOGY USED

During the contract the Group used a mixed and changeable methodology according to the circumstances. The same was with the strategy used by the Advisory Group.

In the beginning, the Advisory Group acted as an Advisory team. Later, Cooperative personnel and also the SNDC preferred that the Advisory Group assume major responsibility in the carrying out of the project. The SNDC requested the Advisory Group to share the responsibility for the execution of the project

and notified the functionaries of SNDC and the Cooperatives of this change of responsibility. Later, there were opinions within SNDC against this arrangement and they requested the Advisory Group again to assume the functions of Advisors to the project.

In one as well as in the other case, the results were not good, fundamentally because the SNDC always reserved for itself the final decision on all the most important aspects of the project. As a consequence of this, even though the Advisory Group had assumed the shared responsibility with the SNDC in the carrying out of the project, they never had much strength to enforce their recommendations. Also, on many occasions, the decisions made by the Advisory Group were disregarded by the SNDC, causing considerable damage to the execution of the project.

The Advisory Group utilized the following mechanics to transmit knowledge and information:

- Courses, studies and meetings, with the previously pointed out problems.
- Periodic visits to the Cooperatives and participation in their Assemblies, sessions of directive bodies and meetings of employees.
- Publication of written instructions, guides and forms for the Cooperatives operations and those of the SNDC.
- Practical Assistance in the joint preparation of plans of work, financial projections and accounting documents;
- Recommendations on different aspects of the cooperatives in verbal and written forms. These recommendations were given many times in informal gatherings and after work hours.
- Trips to get to know the exterior of the country;
- Meetings and courses at the national level;

One aspect that needs to be pointed out as a deficiency in the methodology used, is that the Group were not able to communicate in their native language to the members. The support that they had to have from the SNDC and the cooperatives was insufficient and the Group never could verify what they were really transmitting to the members.

IV.- PROBLEMS AND SOLUTIONS

To continue, we will enumerate the more important problems that the Program was facing and how they were solved by way of the Advisory Group. The numbering does not mean priority or relative importance.

1.- Cooperative Personnel:

From the initiation of the project this was one of the major obstacles. Because of this difficulty the SNDC provided for from their own personnel to the Cooperative. On a long-range scale this provided more harm than good, in that the personnel of SNDC were steeped in the philosophies of the Service and they did not understand the methods and way of operation of a private economic enterprise.

Because of this, there was much turnover of personnel in the cooperatives, to the point that in one cooperative during the year 1979, they changed managers four times.

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Naturally, this had its repercussions in the execution of the program because there was no continuity and all the educational effort and promotion was lost.

In the Gran-Chaco Cooperative it was impossible to find a Manager and the Advisor, with SNDC permission, took the position. This was mainly due to the fact that the salary was below the requirements of a professional who would want to move to Vacuiba. Little by little, the Advisory Group was assisting the contracting of more qualified personnel, following a merit system in grading, etc. Nevertheless it was not possible to see results from this work with the Cooperative.

## 2.- The role of National Service of Community Development

In the beginning, there was not a clear concept of the program on the part of the SNDC, nor the necessary knowledge in the personnel responsible for its execution. From the start, this was due to the fact that this personnel participated in the promotion of the first cooperative with procedures and norms different and, at times, contrary to the others. These people, many times, accentuated and underlined the benefits that the program boasted and did not explain to the farmer sufficiently what his obligations would be. Also, as the Cooperative was used as political promotion, they promised easy credit to the farms in order to obtain rapidly a good number of members and a considerable volume of loans as indication of success. It is not hard to guess what results this type of farmer promotion produced.

Also, the farmers used all kinds of political pressure to obtain from the SNDC (State organism) concessions and means that were not always the best for the progress of the project.

It was a permanent request that the SNDC assign to the Advisory Group technical counterparts so that professional Bolivians might work jointly with us, integrating specialized teams so that they continue the work started when we leave. This problem was never solved for different reasons even though the main cause was the budgetary problem of the SNDC.

## 3.- Role of the Advisory Group

The principal problem of the Advisory Group was that it could not standardize technical criteria. Differences of origin and experiences made it difficult to give both the SNDC and the Cooperatives a uniform criteria in treating different operative and institutional aspects of the Cooperatives. This caused each Cooperative to operate almost isolated, from a technical point of view, from the other Cooperatives. Each Advisor became "owner" of "his" Cooperative and concentrated on their own problems to the point of defending them against the established policies of the program.

Even though periodic meetings of the Advisory Group were held to attempt to make procedures and criteria uniform, this objective was never really achieved. Perhaps, the principal reason being that there was no definite orientation from a technical point of view.

## 4.- Cooperative Members

As was stated before, members came to the Cooperative looking for

promises of easy and cheap credit. They were never selected. Even in one GAB in Santa Cruz, the Cooperative affiliated minors to complete the minimum number of members required to constitute this GAB (Associated Base Group).

In addition, we were never able to reach the members with sufficient education and information because of the aforementioned reasons. Furthermore, the Cooperatives were formed in zones which had many other programs that had been unsuccessful in the past, leaving, in the future, members of the Integral Cooperatives a feeling of "what's the use in paying our credit dues if the Cooperative is going to be as unsuccessful as the others".

The general attitude of the Cooperative members has been that of trying to obtain the most benefits possible with the least effort or support towards its own organization. This attitude reflects years of experience, in lack of confidence and comprehension in what a Cooperative really is. At the same time, it also reflects the inability of program personnel to reach the members and provide them with information and education adequate enough to convince them. Another aspect of importance is that the Integral Cooperatives were organized in zones where there were also other different Cooperatives that had already been functioning (and in many cases, had been unsuccessful). The members thought that this was the same thing and they should get all they could in the way of benefits out of it before it also failed.

The only way to solve this problem, as it was identified by the Advisory Group, was the permanent education, which did not happen as it was programmed, by the reasons given above.

5.- The Directors in the Cooperative

This was another principal problem that derived from the type of members and the promises made to them in the promotion phase. The first directors that took charge of the Cooperatives had had ample experience in other fields that didn't belong to the Cooperatives. The directors of the Cooperatives, at large, had been syndicate, religious and political leaders and in many cases of small Cooperatives that had been formed by the help of the Land Reform, to obtain land and credit.

This experience was moved to the Integral Cooperatives where it was confronted with the concept of the professional administration and the work division as fundamental basis of the Cooperative enterprise. These leaders wanted to manage the Cooperatives as they were accustomed to do and they invaded the administrative field doing the work that was not their responsibility, instead of dedicating their specific efforts to do what was stipulated within the administrative structure and established in their bylaws.

All the talks that were had, the courses that were organized and the visits to the Cooperatives, apart from the presence of the Advisors in meetings and ordinary sessions of the directive bodies, was not enough to change this attitude on the part of the directors.

On the other hand, these same directors assumed their offices with the idea of profiting from the same for their own personal benefit. Apparently, this pattern of conduct is socially and morally accented among the farmers, as even though accusations were made by personnel of the

SNDC and the Advisory Group, the same people were nominated again to occupy places in the directorship in their respective Cooperatives. Perhaps, this also follows previous compromises assumed by these leaders by work or benefits that they could have brought before. Nevertheless, this hypothesis and the one before would have to be demonstrated by the corresponding studies.

The directive bodies that worked the best were the Administration Board and the Credit Committee. The Vigilance Committee & the Education Committee did very little to fulfill their specific functions.

The Auxiliary Administration Committees (CAAs) operated very irregularly in all of the Cooperatives.

It is necessary to emphasize that the CAAs had a double function: in the first place they are representatives of the members before the General Assembly of Representatives where they elect the Directive Bodies. In this case they act as owners of their enterprise and because of this they adopt the corresponding resolutions. In the second place, they are administrative auxiliaries of the Manager. In this case they depend on the Manager for the channelling of the different services to the members.

The CAAs have to understand perfectly their first function and they have profited from it to impose solutions that favor individually the members, or group of members, but very few times did they look to the Cooperative as a whole, when considering the future. The modification of this criteria is fundamental for the future of the cooperatives because, when applied, it is converted into erroneous cooperative policies. The application of this criteria in the past, has left as a consequence, an absolute and permanent dependence, on the part of the farmers, on external sources of financial help, because their cooperatives never capitalized sufficiently, in order to survive after the program terminates, nor did they have sufficient income to cover the cost of an efficient administration.

For lack of internal controls, for lack of accounting, lack of a good administration and above all, a lack of the concept of the need of a good administration, the agricultural cooperatives failed in their majority.

In transferring these experiences and these ideas to the Integral Cooperatives, and in confronting them with concepts and different ideas that had not been sufficiently explained, or that had not been fully understood, produced one of the greatest problems of this program.

From this concept was derived the opposition of the farmer to capitalize their Cooperatives and to pay for the products and services they receive, their just market value. This threatened and will continue to threaten in the future, the feasibility of the Cooperatives as economic enterprises, self-managing and self-sufficient.

#### 6.- Administration and Accounting

Even though the SNDC and the Advisory Group dedicated much of their time to provide technical assistance on all these themes, both of them have suffered serious deficiencies.

Concerning the Administration, the fundamental problem has been negative

in many cases and simple ignorance in others, of the recommendations that were left or discussed in each case.

The most important was that it was almost necessary to give a police-type supervision in order to have them fulfill these recommendations. On the slightest carelessness, it was found that the Cooperatives had stopped fulfilling the basic principles of internal control. Like for example: The signing of blank checks, the use of cash income to make payments, the advances made to purchase or contract services without the corresponding rendering of accounts, the handling of checking accounts separated from the bookkeeping of the cooperatives, deviation in using loans, etc. etc. Even though all these problems were promptly discovered and solutions were given, many times they fell into the same error once again, even though they knew what the outcome would be. The regulations and policies approved by the Cooperatives were not fully followed. The reason being that they were approved under pressure and as indispensable requirements to obtain credit and subsidy or as a way of pleasing the SNDC and the Foreign Advisors, but not with the knowledge of its usefulness, nor with sufficient knowledge to use it as an important tool of a sound administration.

A firmer policy on the part of the SNDC and the application of sanctions would have given better results. On no occasion was a Cooperative suspended in receiving subsidies, for example, or in the suspension of credit, when they were found to be in violation of some administration principle or regulation recommended and accepted by the same Cooperative. Concerning the Accounting, the Advisory Group found another problem. By and large, the bookkeepers ignored the recommendations. In this case, the Advisory Group did recommend the dismissing of some bookkeepers for their manifested incompetence. Only in one case was this recommendation carried out, but with a delay of almost one year.

It was almost at the end of 1979 when the bookkeeper of the Cooperative in Santa Cruz accepted, grudgingly, the Accounting Plan recommended by the Advisory Group and started to prepare their reports with all the requirements and annexes solicited.

Probably, in the future, a firmer policy, in relation to giving credits and subsidies, will produce the desired change, when the personnel does not give the expected results.

7.- Agricultural Credit

Apart from what has already been stated about the Cooperatives promotion policy, it is noteworthy that the same Cooperative saw credit as their most important activity.

The paradox consisted in that they used wrongly this means, or instrument, to carry out other tasks more profitable for the member and with less risk for the Cooperative.

In one Cooperative the internal credit regulation was never approved, and worse, they gave credit twice to delinquent members from previous campaigns.

In Tahuantinsuyo this is the situation:

<u>Amount in 1977</u>			<u>Amount in 1978</u>			<u>Amount in 1979</u>		
<u>Approved</u>	<u>Delinquent</u>		<u>Approved</u>	<u>Delinquent</u>	<u>%</u>	<u>Approved</u>	<u>Delinquent</u>	<u>%</u>
7.746.663	1.407.419	18.2%	11.312.540	4.613.460	30.8%	7.286.391		

In Santa Cruz the first credit applications have not yet expired. The same applies for Gran Chaco. Cochabamba maintains a delinquency of around 10%.

In many cases the credit relation has not been observed by the members, nor the compulsory capitalization. And more, the Cooperatives used their time and efforts with this service (even though bad) and neglected the organization and provision of the other services that had been contemplated in their feasibility studies.

CROFOC policies, in this sense, were very liberal and started the very opposite way. Instead of selecting borrowers at the start, making things more severe, they were liberal and gave money into full hands, so that afterwards, based on the results, they restricted their policy with the following damage to the Cooperatives.

8.0 Other Services

Besides the credit service, it had been contemplated in the feasibility studies of the different Cooperatives, the provision of other services as commercialization of agricultural products, provision of agricultural input, storing of the same, and in some cases, industrialization. None of the Cooperatives succeeded in this respect. The SNDC imported fertilizers, that, in spite of initial problems, had good results economically for the two Cooperatives involved. The next year, fertilizers were bought locally, and the next they probably won't buy any, using that which had been left over from previous years. In the commercialization program of agricultural products, not one Cooperative advanced one step. Perhaps because this was one of the most difficult fields and lacked the support and conviction necessary to carry it out. In the case of commercialization of the milk in Cochabamba and Santa Cruz, this has left much to be desired. In both cases they are losing money because of the margin that the Cooperatives have. In the case of Santa Cruz, they suspended it since March, 1979. The Cooperative wanted to reinstate it in Oct. but has again suspended it. They obtained a refrigerated tank from PIL that didn't function even two months.

The Cochabamba Cooperative also obtained a tank and was negotiating with PIL the freight and finishing installation to initiate the marketing operation. This service in both Cooperatives will have their problems while the price of milk is fixed by the Government at political levels and elaboration of cheese as a competitive item is accounted for.

Up until now, the members see the commercialization of milk as a requirement to obtain loans and not as a service of the Cooperative that might cause them to gain more and have a secure market. The projections prepared by the Cooperatives contemplate once again the provision of these other additional complementary services to credit. The financing policy of CROFOC and the selective criteria will determine what road the Cooperatives are going to take in the future.

9.- National Political Situation

Undoubtedly, the political situation was an element that subtly conspired against the success of the project. After July and August of 1978 the changes in the National Direction of SMDC, in the Regional offices and in the subordinate personnel, made it almost impossible to have continuity in the decision-making process and in the priority that each new director assigned the project. Also, as the program was supported by state organism, the politicians in the field, held their campaigns promising specific actions of the SMDC in different fields, that had to be fulfilled, due to pressures from higher authorities.

One concrete promise that affected the Las Pampas del Leucuzana was the condoning of all the debts of the farmers. Luckily, the size of the promise made its fulfillment impossible.

The project had to adapt to this external element and learn to live with it. Perhaps with the transfer of the project to a private institution, this type of influence will be considerably reduced, even though it would be impossible to eliminate it completely.

10.- Economic Mission of the U.S.A. in Bolivia

Even though it constitutes a paradox, on many opportunities, the internal bureaucracy of USAID was a negative factor for the development of the project. We may cite a concrete case: The requisition of the accounting machines:- Two years after making the original decision, we still had not made the respective purchase! We might add to this, the frequent changes USAID made in technical personnel, which also added little continuity in the development of the program.

11.- Education and Training

As was anticipated, this has been the area of greatest weakness and perhaps, the cause of the other aforementioned deficiencies. A continued centralized effort, perhaps, produces the desired results. Nevertheless, these efforts of education should be accompanied by concrete examples on the part of the Cooperatives in the provision of economic services useful to the members.

12.- Subsidy Provisions

The subsidy provision to the Cooperatives has been badly handled since the beginning. In the first place subsidies were provided that did not reflect realistically the Cooperative's needs and in the second place, there was a bad concept about this because the Managers tried to "save" subsidies believing that the overflow would stay in the Cooperative and at last, in the considerable delay of these, some of the corresponding subsidies for 1979 were just disbursed in January, 1980.

Incredible as this may seem, the negative impact on the Cooperatives was enormous. The Cooperatives were not able to contract the necessary personnel, nor buy the material and equipment contemplated in the programs. As a consequence, programs were held up and in some cases eliminated totally. In the case of Santa Cruz, the Cooperative had to borrow funds twice from the Bank of Santa Cruz de la Sierra, to cover their normal operating expenses, while awaiting the subsidy.

One cannot insist on the fulfillment of the Cooperatives obligation when the SNDC also did not fulfill theirs. That is the reason why many times the arm of the SNDC was weakened in requesting fulfillment of the commitments made by the Cooperatives.

V.- SITUATION OF THE 4 COOPERATIVES on December 31 of 1979.

1.- Integral Cooperative of Services, (Cochabamba Ltd.)

The Cooperative was organized in September of 1977. The services that it was to provide were the commercialization of milk, credit, corn, marketing, provision of agricultural input and Technical Assistance to their members. The Cooperative was organized absorbing various small milk Cooperatives that already existed in the High Valley, assuming their obligations and controlling their assets.

The first manager was proposed by the SNDC from their personnel and was accepted by the Cooperative. Because of bad administration problems and wrong conduction of the Cooperative, they fired this Manager after various months, in Feb. of 1979. The firing was a major undertaking and was the object of resentment and bad treatment on the part of the directors.

As a consequence of this bad administration, the Cooperative violated systematically the regulations of CROFOC, and the recommendations given by the SNDC and the Advisory Group, so that the administration and accounting might be better.

The new Manager, that took charge of the Cooperative in May, 1979, had also been an employee of SNDC and had previously participated in the promotion and assistance of the small milk Cooperatives and in the organization of the Integral Cooperative. Even though their Manager is substantially better concerning new ideas, he still needs much support in the administrative field, management of personnel, making of decisions and development of new services. This Cooperative, as well as the others, have suffered with the constant turnover of personnel, some voluntarily, and others fired for incompetence, or lack of understanding with the Manager.

The Cooperative has received the following credit since its beginning: (See Annex No. 6).

Loans to members have been used for the purchase of milk cows, cultivation of potato, corn, for small artesans, agricultural implements and small industry.

The internal delinquency is \$b. 387.356.09 for credit on middle terms and \$b. 955.549.82 for short terms, making a general total of \$b. 1.342.905.91.

The Cooperative has never taken action of legal type for repayment of its delinquent loans, not even with the oldest ones. The only strong disposition assumed by the Cooperative under pressure of CROFOC, was that of its directors who were delinquent, to leave the directorship in order to help the reception of new credit from CROFOC, according to the regulation.

The capital of the Cooperative is \$b. 2.564.556.85. Its total patrimony is \$b. 3.827.958. It has 1.299 members. For more complete economic data see Annex No. 7.

The service of commercialization of milk has had ups and downs permanently. At first it was commercializing up to 2.800 liters a day, but soon it lowered to 400 liters per day and ultimately has been rising again slowly. This service causes losses for the Cooperative and the fluctuations are due fundamentally to the competition that the same members make to the Cooperative with the sale of cheese. This difficult problem will not be worked out while the milk remains at a low price because of political reasons. Lately the Cooperative initiated the installation of a refrigerated tank that they obtained from the "Planta de Industrias Lacteas" (PIL) and they are installing it in a piece of land outside Punata. The Cooperative expects that the members will milk their cows in the afternoon in order to raise rapidly the milk volume.

To operate this service the Cooperative has acquired milk vats and they loan them to members for a small fee. The Cooperative truck operates every day on the different GAB routes, where the milk producers store the milk. The Cooperative has established storing centers and hired someone responsible to weigh the milk, give out receipts and clean the vats for a small monthly fee. The truck transports the milk to the PIL plant, 60 kilometers away from Punata. At the end of the month, the Plant pays what is owing to the Cooperative for the milk bought. At the same time, the Cooperative pays the members. From the price of the milk the Cooperative subtracts the price of transport, capitalization, and administrative costs. In some cases, the members have authorized discounts to cover their debts with the Cooperative. The volume of sale of milk ascended to \$b. 1.578.923 in 1979.

The Cooperative has cultivated a foraging lot of oats and is selling them to their members with a margin of approximately 15%. If the experiment has good results in subsequent years, the Cooperative will increase their acreage cultivated, since there is an enormous demand for forage in the winter months.

The Cooperative store has been functioning irregularly. The store had been closed originally but they reopened it in September of 1979 and have approximately 50 different articles for sale. The store almost operates at cost (a gross margin of 2 to 3%). The total volume of sale in 1979 rose to almost \$b. 10.000.000, of which the sale of input occupied almost 70% and the sale of phytosanitary products 20%. The principal problem of the sale has been the control of inventory, of which fertilizers is the most important.

Within this, it must be pointed out, a somehow irregular "operation", the Cooperative obtained a loan by which to help Tahuantinsuyo. With the support of SADC, USAID and the Consultant firm, the Cooperative obtained a credit to channel to the other Cooperatives, because Tahuantinsuyo was not eligible to obtain credit, because of its high internal delinquency. Around 15.000 of Temix for a total value of around \$b. 2.100.000 was imported. Temix arrived late for the planting season but even so they gave it to Tahuantinsuyo who stored it in one of their warehouses. By the 15th of December, expiration date of the credit, Tahuantinsuyo had paid off only \$b. 450.000, leaving the remainder in delinquency. At the same time the Cochabamba Cooperative had fallen in delinquency to the

CROFOC. This operation possibly will hamper the Cooperative in Cochabamba in its historical record with the bank and in the acquiring of credit for 1981.

2.0 Integral Cooperative Service 'Tahuantinsuyo' Ltd.

The Cooperative was organized on November of 1977 in the Las Pampas de Lequezana, between Sucre and Potosí, with 695 members. The feasibility study established that they were to be a Cooperative of potato producers with credit services, storing, marketing, provision of input and technical assistance. Later on, the Cooperative was to provide credit for barley and wheat. The Cooperative started with the same problem as the one before. An exfunctionary of SNDC took charge of the management. He was hired in May, 1979. Even though his hiring was for different reasons the results in the Cooperative were the same.

The CROFOC credit regulations were ignored and "power" credit was given to Directors.

The Credit Committee and Counsel of Vigilance never functioned, and it was the bookkeeper that gave out credit.

The Administration and Accounting had to be redone because of bookkeeping and procedure errors that were found. This could be attributed in part to the fact that the Advisors assigned to the Cooperative had little experience in bookkeeping and administration and they spent their time fortifying the technological package of the Cooperative.

The principal problem that this Cooperative is confronting is delinquency, to the point they didn't qualify for credit in the period 7/80. Before this the credit proceedings and controls were definitely deficient and they gave credit to members that had been delinquent on two previous occasions.

The Cooperative with the support of SNDC, imported fertilizer and this constituted great impulse in that it produced great surplus in the 78/79 campaign. In the next campaign, because of the problems that had begun in the Cooperative it was not possible to approve a credit with sufficient anticipation and the Cooperative had to buy fertilizers locally. The net margin was less but the Cooperative served their members. In 1979/80 the Cooperative did not qualify as a CROFOC borrower and that is when they affected the operation with the Cooperative of Cochabamba.

If the Cooperative would solve their delinquency problems, they would have a means of extraordinary income: the importation and sale of fertilizers. With this activity alone the Cooperative could be rapidly self-sufficient.

- The Cooperative was not able to put into practice a credit regulation, nor any type of internal regulation, causing this act a permanent disorder in the administrative duties and processes.

- Perhaps, one of the more important problems of this Cooperative is that of the directors. Apart from the others, the Cooperative, has not been able to separate itself from the leaders that have confused the Cooperative with a syndicate or with some particular form of political party. Besides, the administrative and control bodies have always

functioned together, ignoring the work division established in its bulaws and the specific functions for each one of them.

The Cooperative has 1.448 members of which 808 received credit in 79/80. On the otherhand, 640 members have not received credit because of their delinquency.

The credit service has been the most important for the Cooperative, even though from the point of view of the income it produces, this seems doubt

The Cooperative gave to its members \$b. 7.746.663 in 1977, 11.312.540 in 1978 and 7.286.391 in 1979. Of the first credit, there is still \$b. 1.407.419 to be collected and from the second a total of \$b. 4.613.460. The last 79/80 credit has still not expired. The total delinquency rises to the beautiful sum of \$b. 6.020.879, which is 31.6%.

With a strong credit recuperation program the Cooperative has recovered around \$b. 7.000.000 in 1979, which is the amount that was given in loans for the period 79/80. This loan expires in September, 1980.

The potato warehouse, that was built with donation funds from the SNDC, are finished, even though two years late. The program of barley beer has not been able to be implemented, even though there had a sure market. Neither have they been able to initiate the process of importation of fertilizer, thus, the item of greatest income to the Cooperative, is not operating.

Concerning the principal item of production of the members - this is being confronted with problems of nematode, also from a lack of availability of seeds free from virus, and also the need to revise the utilization of fertilizers.

The members have not yet shown a true spirit of cooperation, on the contrary they have shown themselves to be individualists. This temperament is accentuated among the delinquent members.

Directors, as well as members, have been trying to take over the Cooperative, in order to leave the administration in the hands of fellow members. This attitude especially became more evident at the end of 1979, when the employees of the Cooperative, with pressure from the Advisory Group and the CROFOC, started an aggressive campaign of loan recuperation.

The capitalization of the Cooperatives rose to \$b. 2.476.732. The balance of external loans is \$b. 12.165.589. See Annex No. 3.

3.- Service of Integral Cooperatives, Santa Cruz-North Ltd.

This Cooperative was organized in September, 1978 with a little more than 500 members and has kept at this level by decision of the directors. The aims, objectives and activities of this Cooperative are similar to those of Cochabamba.

In this Cooperative, more than in the other two, politics were involved, especially during the promotion and organization stage. The day of their inauguration, the Agricultural Ministers presented them with a

symbolic check for more than \$b. 11,000,000, that has still not been approved. What is more, the Cooperative had not yet initiated their operations, nor hired any personnel.

The Manager was contracted after the 1st of Oct. (ex-functionary of SNDC) and the credit disbursement arrived the 13 of October.

The Cooperative has managed to approve and apply, to a large extent, political and administrative regulations that should have facilitated a good administration; nevertheless, the same problems of leaders of the other two Cooperatives made impossible the decision-making process and the implementation of services and policies that had already been approved. Because of this, the Cooperative changed 4 managers in 1979, and a good number of inferior personnel.

The Accounting has been maintained relatively up to date, even though with errors. The principal problem has been the control of inventory. In 1978/79 the Cooperative obtained their first credit from CROFOC for \$b. 3,500,000 and in 79/80 CROFOC rejected a milk project for approximately \$b. 43,000,000. The CROFOC authorized the reutilization of recovery from previous credit.

The milk-marketing service, and the financing of cattle has practically been unsuccessful in the Cooperative. The new financial projects that were presented to SNDC in the last days of December provided for six different activities that helped achieve the Cooperative self-sufficiency in four years. Unfortunately, all this work will have to be revised because of the economic measures that were dictated by the Superior Government at the end of the year and that affected the cost and income of the Cooperative. During all the first year of life of the Cooperative the only services provided were credit, provision of input on credit and the commercialization of milk. The latter caused losses to the Cooperative and was interrupted and reinstated on various opportunities. The Cooperative obtained on loan a refrigeration tank for the storing of milk, but the place in which it was installed was a decision taken, based on the interest of the president of the Cooperative, and not taking into account the interests of all the members. In March, 1979 a group of 60 members separated from the Cooperative and revived the Association of milk producers of Yapacani to compete with the Cooperative, principally because of friction between directors and a negative feeling on the part of the members to capitalize their Cooperative and to give a small fee to cover part of the administrative costs. The members of GABs 4, 5, 6, 7 and 8, after receiving credit, have remained completely inactive.

The Cooperative has expelled 7 directors that were competing with the Cooperative, but did not know how to treat the rest of the members that had reactivated the old milk association.

In this Cooperative, as in the others, the CAAs did not understand their real functions. They assumed their functions of representatives of the members and in this way had the administration of the Cooperative adopt measures for their own benefit or for a group of members, but they did not act as channels of services for the Cooperative, or to the orders of the administration.

With the new Manager contracted after October, 1979 and the new Administration Counsel, that emerged from a stormy Assembly, there is more hope

for the Cooperative. The Cooperative has 546 members, and as the first loan will expire the 13th of April, 1980, it does not have delinquency. For better economic datum see Annex No. 9.

4.- Integral Cooperative of Services "Gran Chaco" Ltd.

This Cooperative was organized in July of 1979 with 43 members.

The promotion of the Cooperative started in January of 1979, giving emphasis in the obligations of the members and in the support that they themselves should give to the Cooperative, instead of promoting credit, conveniences and benefits of the organization.

In the same manner, the fundamentals of the credit policy were different, since it was promised 5 X 1 and not 20 X 1 as had been made with the other cooperatives. The requisites of affiliation were made more rigid and also the requisites of capitalization.

The long promotion stage and organization guaranteed a good preparation of the few members that would accept all the obligations that were required for affiliation, because of which it is hoped this Cooperative will not have the same problems that the others had. Another fundamental variation was that the Advisor of the Cooperative was in it since the first day of the promotion.

The Cooperative will provide principally the service of agricultural mecanization with a pool of machines for the cultivation of soybeans, corn and peanuts. Additionally they will provide credit of agricultural production and technical assistance for the same products. The feasibility study of the Cooperative established the point of equilibrium of the 4th year of operation of the Cooperative.

The principal problem that confronts this Cooperative is the contracting of a Manager and of one or two functionaries. This difficulty caused the Advisory Group to recommend that the Advisors assigned to the Cooperative assume these functions temporarily.

The commercialization of soybeans is secure with the Oil Plant of Villa Montes.

The future of the Cooperative depends on the fact that the machines be in the Chaco on the expected date (March/April of 1980).

By the 31st of December the Cooperative had 95 members. The capital of the Cooperative is \$b. 172.519. The total of its patrimony is \$b. 250.264. The Cooperative obtained a first credit for \$b. 5.339.801 of which \$b. 3.203.866 has been disbursed by the 31st of December.

The new methodology approved, exclusion of politics, better selection of members, and the systematic education of the same on their principal obligations, foretells a better future for this Cooperative. For better economical datum see Annex No. 10.

VI RECOMMENDATIONS

Perhaps the principal recommendation of the Advisory Group, arrived after various meetings with technical personnel of SNDC and USAID/BOLIVIA, might be

the cause of the editing of their final report at this opportunity. The recommendation indicated that the SNPC had already completed their initial role and that they had to give way to the second stage, which was giving opportunity to a private organization, so that it might continue with the execution of the project. In this case, as a Federation of Integral Cooperatives was premature, a transitory solution was chosen which was the forming of an office attached to the National Federation of Cooperatives of Savings & Loan (FENACRE). Nevertheless, it would be worth pointing out the following recommendations:

- 1.- For the future, before initiating a promotion and organization of new Cooperatives, all the infrastructure necessary (human resources, materials, paperwork, etc., lists) must be ready beforehand.
- 2.- The introduction of politics in the promotion, organization and functioning of the Cooperatives must be avoided.
- 3.- Sufficient time must be given that the members might understand clearly their aims, objectives and, above all, their obligations to the Cooperative.
- 4.- For the future, the Consultant Firm, or better, the consultants, should be more homogenous in their experience and knowledge and there should be a person who fixes and determines the directions and policies to be followed without hesitation.
5. The responsibility of the carrying-out of the project and that of decisions made, should fall on the same person or institution.
- 6.- Better places in which to organize the Cooperatives must be selected, establishing from the start, requisites of selection of leaders that will avoid the problems of the past.
- 7.- The feasibility studies should include not only the economic aspects, but also the social aspects, attitudes of leaders and potential members, and the organizations that worked in their place and their results.
- 8.- The feasibility studies should contain economic datum on the potential members that will serve as a future base to determine the impact of the Cooperatives and the program in the farmer participation.
- 9.- The Cooperative must view the farmer as an economic unit and promote programs of rural administration.
- 10.- The credit criterias should be ordered, so that from the beginning, they are stricter and when the clientele is known, the rules then might become more flexible.
- 11.- Principal importance must be given to education and training of the Cooperatives, without skimping on funds, nor effort, even though they might seem useless and repetitive.
- 12.- The transportation system, communications and preparation of information should be studied carefully.

#### VII. - ACHIEVEMENT

- 1.- The most important is the organization of the four Cooperatives, that even with problems, they continue to function.
- 2.- We believe that the concept of the Integral Cooperatives is viable, even though it might be needed to make some adjustments, and above all, revise the form of their implementation.

- 3.- Even though there is opposition and many problems, a capitalization system was established. This system, in two and a half years, since the organization of the first Integral Cooperative, has permitted the capitalization to small farmers of more than \$b. 5.000.000, something that did not even exist before.
- 4.- Experience was gained in rural Bolivia, permitting the next Cooperatives to be organized, not suffering the same complications.
- 5.- All the administrative accounting and internal control systems, as also the pertinent regulation, is ready for the study and approval of the new Cooperatives that will be formed.
- 6.- It is already noticeable, a major conscience and knowledge on the part of the directors and employees on their rights and obligations and the form of completing their functions.
- 7.- Directors, as well as employees, are starting to use the administrative instruments for their own use and not as requisites to obtain credit.
- 8.- The same Cooperatives have taken into account the problem that delinquency causes and are commencing to take means to reduce this in the future.
- 9.- There is conscience of the importance of the Cooperative integration as a mechanism to look for solutions for Cooperative members.

<u>LOCATION</u>	<u>POSITION</u>	<u>PROPOSED ARRIVAL DATE</u>	<u>ARRIVAL DATE</u>	<u>CONTRACT TERMINATION DATE</u>
La Paz	Chief of Party	1/7/78	17/7/78	31/2/79
La Paz	Training Advisor	15/5/78	29/1/78	4/8/79
La Paz	Promotion Advisor			
	Farmer	15/5/78 *	15/6/76	11/11/78
La Paz	Credit Advisor			
	Cooperative	15/5/78 *	29/9/77	31/12/79
La Paz	Administrative and Financial Advisor	15/5/78 *	29/1/78	31/12/79
La Paz	INALCO Advisor	15/5/78	14/2/77	31/12/78
Cochabamba & Sucre	Regional Advisor (2)	15/5/78 **	1/8/76	30/4/79
	Cooperative Advisor		2/4/77	31/5/77
Cochabamba	Cochabamba	15/5/78	20/10/78	31/12/79
Betanzos	Tahuantinsuyo	15/5/78 **	15/11/78	15/8/79
Montero	Santa Cruz	1/9/78	8/6/78	31/12/79
Yacuiba	Gran Chaco	1/9/78	5/11/78	31/12/79
La Paz	Advisor - Coffee Production	1/10/78	1/4/78	4/5/78
La Paz	Advisor in Cooperative			
	Agricultural Extension	----- **	1/5/79	31/12/79

NOTE: \* Previously employed Advisor and continuing afterwards

\*\* One in Sucre and the other in Cochabamba. The one from Sucre helped the Betanzos Cooperative. The one from Cochabamba continued in his functions until 30/4/79 when he was moved to La Paz.

WORK PLANGENERAL OBJECTIVES

Integrate the Agricultural Cooperative movement of wide scope into an Integral Cooperative National Organization that as a supportive instrument the affiliated cooperatives, might assist the economic and social development of the Bolivian farmer.

SPECIFIC OBJECTIVESCOMPLETION DATECOMMENTSI. Feasibility StudyA.- GOALS

1. Carry out the feasibility study for the Federation of Integral Cooperatives.

6/30/79

A short-term councillor was hired for this purpose. The report was received on time. The main conclusion contained in the report was that in view of the problems in the cooperatives it would be premature to establish a federation.

12/31/79

Based on an evaluation of the program, the conclusion arrived at was that the project interest would be better fulfilled transferring to FENACRE. Private Institution not subject to the limitations of personnel nor to budgetary problems confronting the SNDC.

2. Establish a process useful for carrying out feasibility studies for new Integral Cooperatives.

12/1/78

16 studies on basic information and 8 feasibility studies were completed. These will be checked to determine whether they contain basic datum adequate to measure the economic impact. This will be checked by the Integral Cooperatives National Office (ONCICOOP) established with Fenacre and will be checked to determine whether they include basic datum, adequate to measure the project impact on the life of the farm members.

SPECIFIC OBJECTIVES

II. Fortification of the Integral Cooperatives to attain their economic and administrative stability and the integration of their members and their activities.

## A. GOALS: Economic Selfsufficiency

1. That each Integral Cooperative carry out a project of their economic operations every 3 years that might show how apt they are to attain selfsufficiency.

4/15/79

Projects were prepared for each of the 3 cooperatives. These will be checked in October 79, to include commercialization and other practical projects, such as cheese processing plants, food processing, etc. The studies were completed in September of 79 but it was determined that they were superficial and unsatisfactory. The Cooperatives are trying to check into these studies. Work plans were developed for the Cooperatives of Santa Cruz and Tahuantinsuyo. Cochabamba does not have a work plan. The three cooperatives did not use a work plan because of the problems already discussed in the report, in spite of the efforts put forth to accomplish this. ONCICOOP will work with each cooperative on development of a realistic work plan for 1980.

2.- That each Integral Cooperative carry out a yearly work plan, based on the 3-year projections.

4/15/79

## B. GOALS: Professional Administration

10/1/79

1. That each Cooperative will establish a mechanized accounting system, that will account for operational results for each activity.

An Account book was prepared and is in process of distribution. The book uses uniform nomenclature for accounts and modernizes the entire system. It will give an analysis of each activity of the cooperatives. Also a formula was designed to help the cooperatives make these analysis. As was indicated in the narrative portion of this report, the cooperatives were slow to adopt this system. ONCICOOP will have ways of assuring that the system is being used.

- |  |         |   |
|--|---------|---|
| 2.- Establish in each cooperative a uniform accounting system.   | 10/1/79 | The use of the abovementioned account book, will have as a result a uniform accounting system. The approval and use of this system will be put into practice in the next few months.  |
| 3.- That each cooperative have a system of information and analysis to facilitate decision making on the part of the Manager and Administrative Counsel  |         | At the end of March a guide was distributed to help make the monthly reports. An agreement was reached that the monthly report would contain statistics, and the narrative report would analyze the condition of the cooperatives, they would be given 4 times a year. To date the narrative reports have not been submitted to SNDC.                             |
| 4.- That each cooperative might have established methods for elaboration, carrying out and control of the yearly budgets.  | 5/15/79 | A guide was made for the preparation, control and evaluation of budgetary income and expenditures in March.   |
| 5.- That each cooperative might have regulations that control:<br>-Personnel, work description and contracts<br>-Equipment, including vehicles<br>-per-diem<br>-credit<br>-purchases and supplies<br>-others |         |   |
| 6.- That each cooperative have the necessary internal controls to take care of Cooperative goods.  | -----   | A control guide for inventory was prepared and distributed to each cooperative.   |
| 7.- That each cooperative have bonds for their personnel that manage Cooperative funds and that they have the necessary insurance to take care of their goods.   | 5/1/79  | Because of excessive change of personnel in the cooperatives, only the cooperative of Santa Cruz fulfilled these requirements. The Advisory Group brought this to the attention of the other cooperatives, since this is the most important pre-requisite contained in the CROFOC credit policy. To date all the cooperatives have bonds for their key employees. |
| 8.- Analyze the possibility of establishing an information system of prices to reach a better market for the commercialization of member products.   |         | This will be included in the projects for the coming year.  |

## C. GOALS: Efficient Services

- |   |         |  |
|---|---------|--|
| 1. That each cooperative have an efficient system to approve credit for the member and effective procedures for the recuperation of credit.   | 6/15/79 | The CRDFOC credit policy was drastically revised and approved in March of 1979. A model policy for cooperatives was prepared and distributed to the cooperatives and was used for the regulations of the cooperatives.   |
| 2.- Establish effective procedures of administration of credit in each cooperative.   | 6/15/79 | The abovementioned model will establish procedures for the administration of credit project.   |
| 3.- That each cooperative have machines in good condition and practical in order to acquire and provide income for their members.   | 6/15/79 | A guide and formula were prepared for the administration of a cooperative center for distribution of agricultural income.  |
| 4.- That each cooperative have a technical agricultural assistance plan that will permit technological change that will benefit their members   | 6/15/79 | In June a regional president advisor was transferred to La Paz giving him responsibility to develop agricultural extension plans in each cooperative. Two meetings were held with extensionists to develop a method for these plans.   |
| 5.- That each cooperative have a practical commercialization program  |         | Tahuantinsuyo started the construction of experimentation sheds, the which, if satisfactory, will lead the development of the commercialization program. Cochabamba and Santa Cruz are carrying out their milk commercialization programs. Commercialization programs are generally behind in schedules.   |
| 6.- That each cooperative establish mechanization services when they are necessary.   | 6/15/79 | To date the only machinery that is being used on a wide scale is in Yacuiba. Other cooperatives should give machinery loans in their general credit program  |
| 7.- That each cooperative might have agro-industrial transformation projects so that the member and the cooperative might obtain better use of their economic operations, according to the necessary potential. |         | A group of 4 Bolivians were hired to prepare 3 feasibility studies cheese plants, food mills, etc. in the Santa Cruz and Cochabamba cooperatives. If it is feasible these projects will be incorporated in the 3-year revision of the projects. Tahuantinsuyo cooperative made a study on barley, and if commercialization adjustments can be made a small processing plant will be built in 1980. |

8.- That each cooperative, according to their necessity, have a program of mechanization services, whenever these are established.

D. GOALS Cooperative Training

- 1.- That each cooperative might have an activity plan for training that will allow good functioning of GAB's and the various committees and counsels, to achieve active participation from the members in cooperative activities.
2. That the personnel hired from each cooperative be trained for the fulfillment of his functions and to lead the membership courses, committees and counsels.

Will be included in the projects of the coming year.

1/1/79

A plan was developed for each cooperative at the beginning of the year. In the Tahuantinsuyo and Cochabamba cooperatives the program is greatly behind schedule.

In spite of these hindrances, manager courses of the cooperative (3-month Israeli program) extensionists and directors of cooperatives were carried out. In view of the constant change of administrative personnel, little progress of training was made for them to conduct.

LIST OF MANUALS, INSTRUCTION SHEETS, GUIDES AND FORMS  
DEVELOPED BY THE ADVISORY GROUP TO FACILITATE THE PRO-  
FESSIONAL ADMINISTRATION

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- 1.- Guide for the elaboration and execution of the Work Plan.
- 2.- Guide for the elaboration of the tri-annual financial projections.
- 3.- Guide for the formulation and presentation of monthly work information.
- 4.- Guide for the formulation, carrying out, control and evaluation of income and expense budgets.
- 5.- Guide for the managing of an input store in the Cooperative.
- 6.- Guide for the management of Petty Cash.
- 7.- Forms for the permanent control of inventory in warehouses.
- 8.- Project of Regulation for Per diem and travel expenses.
- 9.- Model of a new catalogue of accounts that enable bookkeeping by areas of activity.
- 10.- Instruction and forms for the monthly elaboration of accounting reports and analysis of results by areas of activity.
- 11.- Instruction and forms for the control of delinquency and Guarantees.
- 12.- Models of Work Contracts for the Cooperative personnel.
- 13.- Descriptions of functions for all the personnel of the Cooperative.
- 14.- Regulation for the utilizing of a Management Checking Account.
- 15.- Regulation for the utilizing of an Exchange Fund.
- 16.- Instructives for the auditing of cash and other funds.
- 17.- Regulation of utilization of the Safe Box.
- 18.- Model for Employee Application.
- 19.- Regulation for the contracting of personnel.
- 20.- Regulation for the operation, use and control of motor vehicles.
- 21.- Regulations on the use and control of check books and vouchers.
- 22.- Regulation for the functioning of the Executive Committee.

LIST OF REGULATIONS, FORMULAS AND INSTRUCTION  
SHEETS PREPARED BY THE ASSESSOR GROUP

- 1.- CROFOC Credit Regulation.
- 2.- Model Credit Regulation for the Cooperatives.
- 3.- Credit Applications.
- 4.- Promisory notes.
- 5.- Model of notes of Meetings of Credit Committees.
- 6.- Instructions on how to analyze a loan.
- 7.- Instructions and forms on control of delinquency and guarantors.
- 8.- System of Collection.
- 9.- Application forms for waiting, extension and amplification of credit.
- 10.- Forms for the establishing of a pay plan for members.
- 11.- Forms for the Agricultural Credit Plan.
- 12.- Forms for the presentation to CROFOC on the way credits are being utilized.
- 13.- Control of cash disbursements.

INSTRUCTION SHEETS, FORMS AND OTHERS PREPARED  
BY THE ADVISORY GROUP FOR TECHNICAL,  
AGRICULTURAL AND EXTENSIONIST ASSISTANCE

- 1.- Manual for Extensionists.
- 2.- Forms for Agricultural Planning.
- 3.- Procedure for the preparation of Planning.
- 4.- Procedure for the collection of loans by Extensionists.
- 5.- Report forms for Farm visits.
- 6.- Forms for declaring harvests.
- 7.- Forms for the registration of volume of commercialization.
- 8.- Forms for the establishing of costs of Production.
- 9.- Forms of Registration of Inventions.
- 10.- Guidelines to follow in the promotion process, organization and legal registering of Cooperatives.
- 11.- Technical bulletin on the Cultivation of Potatoes.
- 12.- Agreement Model of Inter-Institutional coordination.
- 13.- Contract Model of sale of Agricultural products.

INTEGRAL COOPERATIVE OF SERVICES, COCHABAMBA LTD. OBLIGATORY BALANCES TO PAY  
MEDIUM AND SHORT TERM TO 30 - 4 - 80

ANNEX N°6

	TERMS	CROFOC LOAN	AMORTIZATION	BALANCE SHORT TERM	BALANCE MEDIUM TERM
77/78	Short Term	1.709.650,50	— 0 —	1.709.650,50	— 0 —
	Medium Term	— 0 —	— 0 —	— 0 —	— 0 —
78/79	Short Term	6.966.052,00	2.902.771,17	4.063.283.	— 0 —
	Medium Term	5.828.000,00	— 0 —		5.828.000.00
79/80	Short Term	13.895.467,24	10.598.087,27	3.297.379,97	
	Medium Term	— 0 —	1.674.643,96		4.153.356,04
Totals	Amortizacions				
	Short Term	22.571.169,74	13.500.858,44	9.070.311,30	
	Medium Term	5.828.000,00	1.674.643,96		4.153.356.04
Totals		28.399.169,74	14.012.381,73	9.070.311,30	4.153.356,04

Punata, 26 of May of 1980

INTEGRAL COOPERATIVE OF SERVICES "COCHABAMBA LTD." PUNATA

<u>ACTIVE IN CIRCULATION</u>		<u>A C T I V E</u>	13.877.541.16
101	Cash	67.059.50	
102.1	Cochabamba Bank Savings Acct.	1.175.429.12	
102.2	State Bank Checking Acct.	98.554.52	
102.3	American Bolivian Bank	104.655.34	
102.4	State Bank Savings Acct.	723.018.41	
103.1	Petty Cash	6.000.00	
103.2	Judicial Charges Petty Cash	2.000.00	
104	Short-Term Loan to Charge	6.499.036.44	
105.1	Loans to be charged to particular persons	26.050.00	
105.2	Emergency Loans to Members	265.295.30	
105.3	Emergency Loans to particular persons	5.000.00	
106	Accumulated Interest chargeable with terms	296.306.44	
107.1	Inventory Income	2.230.008.00	
107.2	Inventory Gain	9.800.00	
108	Certified Purchases from Contributions.	500.00	
110.-	Insurance Claims	3.185.00	
111.-	Uncollectable Accounts	26.170.00	
113.-	Fodder in Cultivation	49.296.00	
114.-	Inversions	30.400.00	
116.-	Company Cultivation	1.755.00	
118.-	Chargeable Accounts	1.977.855.68	
119.-	Chargeable Interest	109.086,41	
120.-	Agricultural Craftsman Development Loan	166.000.00	
<u>FIXED ACTIVE</u>			4.859.620.69
121	Moveable Office Equipment	197.225.80	
	(-) Depreciating Stock. Accumulated Office Equipment	(-67.747.24)	129.478.56
	Vehicles	676.345.00	
	(-) Depreciating Stock. Accumulated Vehicles	(- 221.452.89)	454.892.11
123	Milk Equipment	74.217.00	
	(-) Accumulated Stock Milk Equipment	(- 39.891.77)	34.325.23
124	Agricultural Equipment	1.724.00	
	(- 903.12)		830,88
125	Loan to Charge Long Term		3.671.178.39
126	Accumulated Interest to charge Long Term		252.657.38
127	Subsidies to Charge		316.258.14
<u>ACTIVE DELAYED</u>			35.864.00
162	Advanced salaries	11.500.00	
163	Insurance prepaid	5.564.00	
164	Advanced Platform Construction	3.800.00	
165	Pre-paid transportation	15.000.00	
			<u>18.773.025.85</u>

## P A S S I V E

	<u>PASSIVE IN CIRCULATION</u>			9,668.080.58
201	Payable Accounts	34.888.24		
202	Time Payment Obligations	9.513.220.12		
203	Accumulated Interest, Payable Short Term	9.558.03		
203	Deposit Accounts	2.290.70		
206	Safekeeping Funds	6.909.69		
207	Payable Salaries and Benefits	95.899.00		
208	Net Payable	5.306.80		
	<u>FIXED PASSIVE</u>			5.039.990.31
211	Obligations for Long-Term Payments	5.029.930.25		
212	Accumulated Interest, for Long-Term Payments	10.060.06		
	<u>DEFERRED</u>			180.000.00
222	Advance Payment USAID/BOLIVIA	180.000.00		
	<u>CAPITAL AND RESERVE</u>			3.884.954.96
231	Surplus to Distribute	472.862.65		
	PLUS: Surplus 1979	150.500.85	623.363.60	
232	Contribution Certificates		2.564.556.85	
233	Donations		14.000.00	
234	Capital Donated USAID/BOLIVIA		540.286.99	
235	Social Benefit Reserve		6.400.00	
240	Reserve Fund		77.912.94	
241	Assistance & Social Prevision Fund		38.956.46	
242	Education Fund		19.478.22	
				<u>18.773.025.85</u>

Punata, December, 1979

INTEGRAL COOPERATIVE SERVICES  
"COCHABAMBA LTD." PUNATA  
STATEMENT OF PROFIT AND LOSS

<u>INCOME</u>		7.680.572.68
Sale of Input		7.680.572.68
Sale of Food Concentrate		91.641.90
Sale of Milk		1.578.923.80
Sale of Food Concentrate Bags		825.00
Sale of Bran		54.00
Sale of Milk (Cattle Imported)		597.00
Sale of Stock		13.757.00
Sale of Agricultural Equipment		72.292.70
Sale of Booklets		150.00
Sale of Potato Seed		13.750.00
Sale of Oat Fodder		9.600.44
Sale of Oat Straw Fodder		910.00
Sale of Veterinary Products		307.00
Sale of Phytopathology		2.020.395.70
Sale of Domestic Products		1.421.00
Sale of Alfalfa Seed		260.00
		<hr/>
NET SALES		11.485.538.22
<u>MINUS: COST OF SALES:</u>		
Purchase of Input	6.319.810.00	
Purchase of Agricultural Equipment	106.884.00	
Purchase of Milk	1.298.008.83	
Purchase of Food Concentrate	94.090.00	
Purchase of Veterinary Products	15.362.54	
Purchase of Food Concentrate Containers	6.296.00	
Purchase of Phytopathological Products	2.124.630.10	
Purchase of potato seed	15.750.00	
Purchase of Domestic Products	2.120.00	
		<hr/>
NET PURCHASES:		9.982.951.47
PLUS: Initial Input Inventory		2.004.081.80
PLUS: Initial Stock Inventory		69.886.53
		<hr/>
		12.056.919.00
MINUS: Final Input Inventory	2.230.088.00	
MINUS: Final Stock Inventory	9.800.00	
Gross Sale Margin		<hr/>
		2.239.888.00
		<hr/>
		9.817.031.80
		<hr/>
		1.668.506.42
<u>MINUS OPERATION COSTS</u>		
General Expenses		111.698.25
Salaries and social benefits		1.116.986.47
Professional Honors		3.030.00
Per diem and personnel expenses		11.242.80
Per diem and director expenses		21.243.80
Lubricants and Combustibles		24.964.50
Rentals and services		47.588.90
Office materials		53.462.40
Licenses, insurance and bonds		12.773.20
Maintenance and vehicle repair		55.334.37
Education and Social Expenses		8.117.30
Interest above obligations		613.809.57
Milk Association Product Contributions		5.586.80
Rent of Photocopier		1.035.00

Advisory Expenses	80.000.00
Milk Expenses	283.730.00
Food Concentrate Expenses	1.966.71
Oat Fodder Expense	2.100.00
Input Expenses	240.510.00
Phytopathological Product Expenses	258.549.60
Accumulated Depreciation of Milking Equipment	18.554.25
Accumulated Depreciation of Agricultural Equipment	433.50
Accumulated Depreciation of Vehicles	135.269.00
Accumulated Depreciation of Office Equipment	49.306.45

3.157.182,87  
 (1.488.676,45)

PLUS: OTHER INCOME:

Accrued Interest	17.160.76
Punitive Interest	1.973.85
Income Payments	7.200,00
Other Income	14.074,53
	135,23
Various Costs (Subsidies)	16.250,14
	<u>1.676.802,51</u>
	<u><u>188.126,06</u></u>

INTEGRAL COOPERATIVE "TAHUANTINSUVO" LTD.

GENERAL BALANCE TO THE 28TH OF FEBRUARY, 1980

A C T I V E

ANNEX N°8

ACTIVE CIRCULATING

3. - Cash		124.091.53	
7. - State Bank		51.151.05	
11. - Bank of Potosi		13.303.80	
15. - Petty Cash		3.000.00	
19. - Loans		13.056.464.02	
23. - Chargeable Accounts		645.052.22	
27. - Chargeable Member Loans		141.251.67	
31. - Chargeable Accumulated Interest		1.499.588.46	
43. - Chargeable Insurance		125.707.55	
75. - Office gear		24.095.30	
		<u>15.683.705.60</u>	

FIXED ACTIVE

53. - Land			15.000.00
55. - Furnitures and Household Goods	233.551.54		
121. - Accumulated Furniture and Household Goods Depreciation	(39.806.97)	193.744.57	
57. - Sheds		157.034.88	
59. - Tools	8.478.00		
123. - Tool Accumulated Depreciation	(3.026.00)	5.452.00	
61. - Vehicles	418.094.57		
125. - Vehicle Accumulated Depreciation	(96.255.88)	321.838.63	
63. - Equipment & Installation	142.978.78		
127. - Equipment and Installation Accumulated Depreciation	(18.611.29)	124.366.89	
65. - Construction Machines	12.000.00		
129. - Construction Machine Accumulated Depreciation	( 3.599.99)	8.400.01	
67. - Construction		<u>263.943.47</u>	1.089.780.45

ACTIVE DEFERRED

39. - Security and Bonds Paid in Advance.		19.537.08	
35. - Expenses paid in Advance		18.421.00	37.958.08

ACTIVE, OTHERS

77. - Advances		423.80	423.80
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TOTAL ACTIVE

16.811.867.93



GENERAL BALANCE TO 31/12/79SERVICES OF INTEGRAL COOPERATIVE SANTA CRUZ NORTH - LTD.A C T I V E

<u>CURRENT ACTIVE</u>		<b>4.665.282.08</b>
Cash	10.478.17	
Checking Account Bank Santa Cruz	21.319.89	
Savings Account Bank Santa Cruz	809.336.16	
Petty Cash	4.000.00	
Chargeable Member Loan C.P.	1.538.458.51	
Chargeable Member Loan M.P.	808.956.00	
Member Chargeable Accounts	10.810.00	
Other Chargeable Accounts	32.559.04	
Chargeable Accumulated Interest	210.534.17	
Inversions	22.000.00	
Inventory	210.000.34	
Chargeable Interest Bank Santa Cruz pertaining to Savings Account	76.494.64	
Charge Fund	20.000.00	
Chargeable Subsidy S.N.D.C.	890.331.56	
<u>FIXED ACTIVE</u>		<b>978.677.25</b>
Office Equipment	161.631.33	
Accumulated Depreciation Office Equipment	(33.505.69)	
	<u>128.125.64</u>	
Vehicle	658.020.49	
Vehicle Accumulated Depreciation	(74.381.34)	
	<u>583.639.15</u>	
Veterinary Equipment	2.195.00	
Accumulated Depreciation Veterinary Equip.	(1.245.82)	
	<u>949.18</u>	
Milking Equipment	281.303.90	
Accumulated Depreciation Milking Equipment	( 5.340.62)	
	<u>265.963.28</u>	
<u>OTHER ACTIVE</u>		<b>49.417.20</b>
Commercial Rice Fund	49.417.20	
<b>TOTAL ACTIVE</b>		<b><u><u>5.693.376.53</u></u></b>

Montero, December 31, 1979

PRESIDENTTREASURERMANAGERPrepared by Licensed Zenon Siles F.  
BOOKKEEPER

P A S S I V E

CURRENT PASSIVE

3.894.887.18

Member Payable Accounts	24.521.47
Non-Member Payable Accounts	16.473.65
Payable Loans C.P.	3.500.000.00
Accumulated Interest Payable C.P.	255.492.02
SNDC Advance	98.400.00

CAPITAL AND RESERVE AND PROVISIONS

1.648.840.26

Donation Certificates	657.521.50
Commercial Milk Donation	30.440.97
Donations	678.594.53
Reserve for Lab. Loan	60.439.53
Provision for Non-Payable Loans	221.843.73

OTHER PASSIVE

136.786.79

Fund in Safekeeping	25.530.29
Equipment in Safekeeping	105.000.00
Inventory Difference	6.256.50

Legal Reserve Fund 10%	1.286.23
Education Fund 5%	643.11
Social Assistance and Prevision Fund 5%	643.11
Excessive for Reinvestment	10.289.85

TOTAL PASSIVE

5.693.376.55

Montero, December 31, 1979

PRESIDENT

TREASURER

MANAGER

STATE OF RESULTS

TO 31/12/79

Sale of Milk	852.011.09	
Store Sales	231.369.50	
Sale of Stock	<u>473.500.00</u>	1.556.880.59
Sale of Milk	768.048.99	
Store Sales	201.526.11	
Sale of Stock	494.500.00	
	<u>1.464.075.10</u>	
plus initial inv.	150.400.00	
	<u>1.614.475.10</u>	
Minus final inv.	210.000.34	
	<u>1.404.474.76</u>	
	Gross use in operations	<u>1.404.474.76</u>
		<u>152.405.83</u>
<u>Minus Expenses</u>		
Administration Expense	1.460.785.41	
Financial Expense	214.181.25	
Milk Commercialization Expense	110.765.99	
Rice Commercialization Expense	9.000.00	
Store Expense	5.796.59	
Stock Expense	7.512.00	
Prov. Expense Non-Payable Loan	117.370.88	
Cotton Production Expense	<u>192.50</u>	1.925.604.62
<u>Plus Income</u>		
Interest Received	425.790.15	
Income Payments	1.350.00	
Other Income	<u>57.755.12</u>	484.895.27
Operational Losses		<u>(1.288.303.52)</u>
Plus Subsidy AID/SNDC		<u>1.312.638.21</u>
Excess Period/79.		<u>24.334.69</u>
Minus period loss/78		<u>11.472.39</u>
		<u>12.862.30</u>
<u>Excess to distribute</u>		
Legal Reserve Fund 10%	1.286.23	
Education Fund 5%	643.11	
Assistance and Social Prevision Fund 5%	643.11	
<u>Excess to reinvest</u>	<u>10.289.85</u>	
	<u>12.862.30</u>	

Montero, December 31, 1979

PRESIDENT

TREASURER

MANAGER

GENERAL BALANCE TO 31/12/79  
SERVICE OF INTEGRAL COOPERATIVES  
"GRAN CHACO" LTD. YACUITA

A C T I V E

CIRCULATING

101	Cash and Banks	2.788.088.52	
103	Petty Cash	3.500.00	
104	Chargeable Loans Association C.P.	461.015.50	
106	Chargeable Subsidies	11.480.04	
107	Chargeable Accumulated Interest	11.480.04	
108	Inventory:		
	.1 Store	198.335.60	
	.2 Seeds	7.946.70	
	.3 Inoculations	10.650.00	216.932.00
110	Store purchase advance	4.230.00	3.500.372.16

FIXED

123	Moveable Furniture and Office Equip.	51.491.50	
143	Depreciation Reserve Moveable Furniture and Office Equipment	(1.375.32)	50.116.18
TOTAL ACTIVE			<u>3.550.488.34</u>

P A S S I V E

CIRCULATING

204	Payable Accumulated Interest	34.498.18	
207	Payable Services	61.460.00	
208	Payable Expenses	399.00	96.357.18

FIXED

211	Loans to pay CROFOC	3.204.866.80	3.203.866.80
TOTAL PASSIVE			<u>3.300.223.98</u>

CAPITAL AND RESERVE

231	Non distributable Capital	62.203.09	
232	Donation Certificate	130.600.00	
234	Reserve Fund (10%)	7.775.39	
235	Education Fund (5%)	3.887.69	
236	Prevision and Social Assistance Fund (5%)	3.887.69	
242	Capitalization	41.910.50	250.264.36
TOTAL PASSIVE AND CAPITAL RESERVES			<u>3.550.488.34</u>

SERVICE OF INTEGRAL COOPERATIVE"GRAN CHACO LTD., YACUIBA"STATE OF RESULTSSALE OF PRODUCTS AND SERVICES:

301	Store Sales	54.00		
306	Seed Sales	120.198.00		
308	Vaccination Sales	19.512.00	139.764.00	
	.1 Plowing	186.047.50		
	.2 Cultivator	77.782.50		
	.3 Planting	16.915.00	280.745.00	420.509.00

Minus: COST OF SALES AND SERVICES

401	Store Purchases	198.389.60		
406	Seed Purchase	113.129.00		
408	Innoculating Purchases	25.200.00	336.718.60	
422	Mechanization Services,			
	.1 Plowing	184.250.00		
	.2 Cultivator	76.610.00		
	.3 Planting	16.700.00	277.560.00	
			614.278.60	

(-) Final Inventory:

	Stores	198.335.60		
	Seeds	7.946.40		
	Innoculations	10.650.00	216.932.00	397.346.60
	<u>GROSS EXCESS</u>			23.162.40

Minus: DIRECT EXPENSES:

501	Store Expenses	1.277.00		
506	Seed Expense	3.990.00		
508	Innoculation Expenses	185.00	5.452.00	

OPERATIONAL EXPENSES

531	Administration Expenses:			
	.1 Salaries and Social Benefits	80.833.50		
	.2 Professional Honors	450.00		
	.3 Per diem and Personnel Travel Expense	5.759.36		
	.4 Per diem and Director Travel Expense	10.369.40		
	.5 Lubricants and Combustibles	5.626.62		
	.6 Rentals and Services	23.715.49		
	.7 Various Office equipments	20.458.30		
	.8 Licenses, Insurance & Bonds	9.012.96		
	.9 Bldg. & Inst: Maint. & Repair	1.341.00		
	.10 Vehicle and Office Equipment Maintenance and Repair	206.70		
	.11 Vehicle and Office Equipment Depreciation	1.375.32		
	.15 Vehicle Maint. & Repair	1.947.50	161.096.15	

OTHER NON-OPERATIONAL INCOME

601	Interest	30.132.29		
603	Subsidies	218.219.60		
604	Various Incomes	0.40		
605	Income Payments	19.000.00		
606	Discounts Obtained	2.520.00	269.872.29	

Minus: OTHER NON-OPERATIONAL COSTS:

701	Interest	34.498.18		
702	Education and Social Costs	13.117.50		
703	Legal Procedures, Loans and Registrations	286.00		
704	Shipping & Moving Costs	831.00	48.732.68	54.591.46

EXCESS NET

77.753.86  
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