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|---|-----|-------------------------|-----|---|------|-------------------|-----------|
| AID 1020-25 (7-68) | | SECURITY CLASSIFICATION | | 001 PROJECT NUMBER | | | |
| PROJECT APPRAISAL REPORT (PAR) | | UNCLASSIFIED | | 520-11-810-187 (A) | | | |
| (U-446) See M.O. 1026.1 | | | | | | | |
| 002 PAR | MO. | DAY | YR. | 003 U.S. OBLIGATION SPAN | | 004 PROJECT TITLE | |
| AS OF: | 6 | 3 | 06 | 9 | FY 6 | 4 | Thru FY 7 |
| | | | | | | | 3 |
| 006 COOPERATING COUNTRY - REGION - AID/W OFFICE | | | | 004 PROJECT TITLE | | | |
| GUATEMALA | | | | RURAL COMMUNITY LEADERSHIP & MODERNIZATION Credit Union Development/CUNA | | | |

005 FUNDING TABLE

| AID DOLLAR FINANCING OBLIGATIONS (\$000) | TOTAL | CONTRACT (NON-ADD) | PERSONNEL SERVICES | | | PARTICIPANTS | | COMMODITIES | | OTHER COSTS | |
|---|-------|--------------------|--------------------|------|----------|--------------|----------|-------------|----------|-------------|----------|
| | | | AID | PASA | CONTRACT | DIR. PASA | CONTRACT | DIR. PASA | CONTRACT | DIR. PASA | CONTRACT |
| CUMULATIVE NET THRU ACTUAL YEAR (FY 1969) | 261* | | | | 155 | | | 18 | | | 88 |
| PROPOSED OPERATIONAL YEAR (FY 1970) | 189 | | 26 | | 52 | 1 | | 74 | | | 36 |

*FY 66-FY 69 only; prior two years funded by AID/W

CCC VALUE OF P.L. 480 COMMODITIES (\$000) → Thru Actual Year : Operational Year Program :

007 IMPLEMENTING AGENCY TABLE

If contractors or participating agencies are employed, enter the name and contract or PASA number of each in appropriate spaces below; in the case of voluntary agencies, enter name and registration number from M.O. 1551.1, Attachment A. Enter the appropriate descriptive code in columns b and c, using the coding guide provided below.

| TYPE CODE b | TYPE CODE c | 0. IMPLEMENTING AGENCY | TYPE CODE | | d. CONTRACT/PASA/VOLAG NO. | e. LEAVE BLANK FOR AID/W USE |
|---|---|------------------------|-----------|----|----------------------------|------------------------------|
| | | | b. | c. | | |
| 1. U.S. CONTRACTOR 2. LOCAL CONTRACTOR 3. THIRD COUNTRY CONTRACTOR 4. PARTICIPATING AGENCY 5. VOLUNTARY AGENCY 6. OTHER: | 0. PARTICIPATING AGENCY 1. UNIVERSITY 2. NON-PROFIT INSTITUTION 3. ARCHITECTURAL & ENGINEERING 4. CONSTRUCTION 5. OTHER COMMERCIAL 6. INDIVIDUAL 7. OTHER: | 1. CUNA International | 1 | 2 | csd-1526 | |
| | | 2. | | | | |
| | | 3. | | | | |

PART I - PROJECT IMPACT

I-A. GENERAL NARRATIVE STATEMENT ON PROJECT EFFECTIVENESS, SIGNIFICANCE & EFFICIENCY.

This summary narrative should begin with a brief (one or two paragraph) statement of the principal events in the history of the project since the last PAR. Following this should come a concise narrative statement which evaluates the overall efficiency, effectiveness and significance of the project from the standpoint of:

- (1) overall performance and effectiveness of project implementation in achieving stated project targets;
- (2) the contribution to achievement of sector and goal plans;
- (3) anticipated results compared to costs, i.e., efficiency in resource utilization;
- (4) the continued relevance, importance and significance of the project to country development and/or the furtherance of U.S. objectives.

Include in the above outline, as necessary and appropriate, significant remedial actions undertaken or planned. The narrative can best be done after the rest of PART I is completed. It should integrate the partial analyses in I-B and I-C into an overall balanced appraisal of the project's impact. The narrative can refer to other sections of the PAR which are pertinent. If the evaluation in the previous PAR has not significantly changed, or if the project is too new to have achieved significant results, this Part should so state.

008 NARRATIVE FOR PART I-A (Continue on form AID 1020-25 I as necessary):

(See following 6 pages)

| | | |
|-----------------------------|-----------|-----------|
| MISSION DIRECTOR APPROVAL → | SIGNATURE | DATE |
| | | 22 Feb 69 |

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PAR CONTINUATION SHEET

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108 Credit Union Development to Date

Credit union development in Guatemala began as far back as 1953, when it was promoted by the Catholic Church. From 1953 to 1958, seven credit unions were organized; from 1959 to 1964, another twenty-two were added, bringing the total to twenty-nine.

The present project was initiated through a contract between AID/W and CUNA International. In July 1964, USAID/Guatemala concluded arrangements to bring CUNA technicians to Guatemala (originally for a five-year period) to help build a self-supporting credit union movement. Roughly two years were required to establish a significant number of new cooperatives and to form a National Federation of Credit Unions (FENACOAC). (The latter presently includes 19 of the original groups plus 34 organized since 1964.) The next two years were dedicated to expanding the entire movement: the number of credit unions, number of members in each, and total savings.

Statistically speaking, the credit union movement in Guatemala consisted of the following as of June 30, 1969:

| | | |
|----------------------------------|-----------------|---------------|
| Number of credit unions | 114 | |
| Number of members | 18,850 | |
| Savings | \$472,000 | |
| Loans granted | \$,445,000 | |
| Loans outstanding | \$420,000 | |
| Total assets | \$564,000 | |
| Reserves | \$17,500 | |
| Average savings per member | \$25 | |
| Average savings per credit union | \$4,140 | |
| Credit Unions by size: | <u>Assets</u> | <u>Number</u> |
| | 0 - 1,000 | 36 |
| | 1,001 - 10,000 | 64 |
| | 10,001 - 25,000 | 9 |
| | 25,001 - 50,000 | 4 |
| | 50,000 - - | 1 |

PAR CONTINUATION SHEET

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The distribution of these credit unions between rural and urban areas was as follows:

| | <u>Credit Unions</u> | <u>Members</u> | <u>Savings</u> |
|------------------------|----------------------|----------------|----------------|
| Urban (Guatemala City) | 15 | 1,881 | \$ 90,200 |
| Rural | 99 | 16,969 | 381,800 |

Horizontal development of the movement in terms of number of credit unions organized can be considered good; however, vertical development in terms of the number of people reached and the quantity and quality of services provided (savings, loans, insurance, etc.) leaves much to be desired. When compared to the vertical growth and development of credit union movements in other countries, there is conclusive evidence that this slower vertical development in Guatemala has been due above all to the lack of supplementary "seed" capital input.

The following table will indicate the growth in two other countries, with conditions quite similar to Guatemala, which experienced explosive developments over the same period of time (1964-1968) due to loan capital input.

| <u>Country</u> | <u>Total Assets</u> | <u>USAID & Other Loans</u> | <u>USAID Grant Funds</u> | <u>Return on Loan Funds</u> | <u>Return on Grant Funds</u> |
|----------------|---------------------|------------------------------------|------------------------------|---------------------------------|----------------------------------|
| Bolivia | \$8,388,000 | \$ 800,000 | \$200,000 | 10 to 1 | 42 to 1 |
| Ecuador | 5,873,000 | 1,000,000 | 500,000 | 6 to 1 | 12 to 1 |
| Guatemala | 470,600 | - | 130,000 | - | 3½ to 1 |

Henceforward, project efforts will be directed (a) toward strengthening Guatemala's expanded credit union base through management training and improved organization and (b) toward obtaining the supplementary capital needed to achieve financial self-sufficiency for the National Federation by the target date of 1975. It is anticipated now that CUNA/AID technical support will be phased out 3-4 years after sufficient loan capital has been made available to the Federation.

Problems Faced by the Credit Union Movement

A. Lack of Supplementary Capital

USAID/Guatemala made grant funds available to initiate the CUNA program in 1964, and has continued limited funding of CUNA up to the

PAR CONTINUATION SHEET

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present time. The objective of this technical assistance has been to bring about the self-sufficiency of a substantial number of credit unions which in turn would finance the National Federation through a dues-paying structure, thus leaving within the country a completely developed chain of credit institutions at both the local and national levels. Self-sufficiency is planned for 1975. Since it was organized in 1965, however, the National Federation never has had the capital funds needed to accelerate credit union growth and expand services to the movement at the required rate. The Federation has a budget of \$42,000 at the present time, and on the basis of the existing dues structure alone it will clearly not reach self-sufficiency by 1975. The credit unions are not growing in capital and gross income at a rate sufficient to absorb the Federation's budget by that date. An injection of supplementary capital is necessary to speed their growth, produce additional interest income, and attain this objective.

B. Lack of Trained Personnel

A second problem faced by the Guatemalan credit union movement is the lack of trained and capable management personnel. Heavy emphasis must be placed on the development of these human resources; once trained, they should be employed on a full time basis at competitive salaries. Students who have completed teacher training or those graduating from agricultural schools have the necessary academic preparation, and with additional training in administration they can move directly into managerial positions at the local level.

- C. Beyond these two major problems, there are other factors which indirectly have had an unfavorable effect on the credit union movement: (a) over the past five years the movement has had to operate in a climate of severe political unrest; (b) there has been an almost total absence of Government support; and (c) there exists a residue of antipathy toward cooperative movements in general left over from the pro-communist Arbenz government's experiments in cooperativism in the early fifties.

Overall Efficiency, Effectiveness, and Significance of the Project

1. There are some favorable indices of the growth of the credit union movement and the effectiveness of CUNA's efforts despite the problems described above. During the past three years, for example, the number of credit unions has increased by 40%; savings have more than doubled; new services of the National Federation such as bonding and insurance have been added; and the cumulative total of credit union loans passed the "first \$1 million" mark and is now close to \$1.5 million. The following chart shows the growth of the credit union movement since 1964.

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PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

| | <u>12/31/64</u> | <u>12/31/65</u> | <u>12/31/66</u> | <u>12/31/67</u> | <u>12/31/68</u> |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Credit Unions | 29 | 78 | 88 | 102 | 110 |
| Members | 5,000 | 9,900 | 12,000 | 14,800 | 17,300 |
| Savings | \$ 56,200 | 122,800 | 185,800 | 258,600 | 372,100 |
| Loans Granted | \$287,800 | 371,400 | 517,400 | 771,100 | 1,181,800 |
| Loans outstanding | \$ 67,600 | 97,500 | 144,600 | 216,100 | 338,800 |
| Assets | \$ 75,000 | 132,900 | 227,400 | 306,000 | 444,800 |
| Reserves | \$ 3,000 | 5,000 | 8,100 | 11,900 | 13,500 |

A favorable indicator of another sort was attendance at the recent annual meeting of the National Federation in Guatemala City, when 90 credit union officers representing over 70 cooperatives came to participate. This is very good attendance considering that there were only 51 credit unions affiliated with the Federation at the time.

On the other hand, it is now a matter of record that the National Federation of Credit Unions did not attain self-sufficiency within the five-year period ending June 30, 1969, as originally anticipated when the CUNA/AID project began operations in July 1964. In addition to the factors described earlier - lack of capital, trained personnel, and Government support, combined with adverse political climate - there were other reasons for this.

- a. The Federation complied with the AID policy of organizing credit unions primarily in the rural areas, thus creating many small units.
 - b. Until two years ago, the dues structure of the Federation - requiring the collection of \$.50 per capita from campesinos with an average annual income of \$11.50 - made it difficult and in some cases impossible for affiliated rural credit unions to fulfill their obligations to the Federation.
 - c. The services rendered by the Federation have not been enough to induce many of the older, larger and well established credit unions to affiliate with the Federation.
2. Notwithstanding these serious limitations, by concentrating on the organization and development of marginal farmers in the context of small credit cooperatives at the local level, the project has

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helped to create new cadres of progressive leadership in areas where none existed; it has involved close to 15,000 farmers in establishing and sustaining these local institutions, most of whom had never experienced such involvement; and it has offered both the organizational vehicle and the financial means for channeling agricultural innovations to these people. In short, the dynamics of creating and maintaining credit unions in the rural areas of Guatemala contribute substantially to the program goals outlined in Part 1-C.

3. The relatively small amount of financial support provided by AID through its contract with CUNA has been efficiently converted into services to the credit union movement. Up to now, CUNA has focused its technical advice and in-country training primarily on "organizational" activities; i.e., establishing the National Federation and founding new credit unions throughout the country. In terms of horizontal development, this has been an effective operation, as indicated by the figures shown in part I-B and elsewhere. However, the point now has been reached in implementing this project where major new inputs are required. The "organization" phase is terminating and what the National Federation and individual credit unions need now is sustenance and better management. Consequently, a continuation of CUNA's activities at their current level - without a substantial injection of loan capital and a sharply stepped-up advisory and training effort - would be of small help to the credit union movement; nor would the project be able to maintain a respectable cost/benefit ratio from AID's point of view.
4. Looking ahead, the credit union movement will become increasingly relevant to Guatemala's development and to U.S. objectives as it approaches financial self-sufficiency and the ability to offer a perpetual source of credit to the mass of low-income and subsistence-level Guatemalans who otherwise would be substantially shut off from financial assistance. Providing adequate low-cost credit facilities is one of the essentials for raising production and consumption levels of the million-plus small farmers, fishermen, artisans, and manual laborers of rural Guatemala.

At the same time, with the growth of credit unions the objectives of Title IX increasingly are served, as responsible credit union leadership and management develops and as popular participation in the credit unions increases. Once the National Federation achieves self-sufficiency, it will offer almost unlimited potential for such Title IX development by providing an economically viable system of community organization and leadership preparation throughout Guatemala.

Finally, it is important to put the credit union program in proper perspective, for it is but one part of a larger USAID scheme to develop local leadership and popular organizations in the rural areas. The project known as Rural Community Leadership and Modernization (810-187) consists of four activities: Credit Union Development/CUNA,

PAR CONTINUATION SHEET

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Agricultural Cooperative School, Rural Organization Development/IDF, and the Training Center for Promotores Sociales (C.A.P.S.)/Landívar University. All share the same "program goals" (see Part 1-C.1) and all are mutually reinforcing. Together they represent a major undertaking by USAID/Guatemala in the area of Title IX. Its ultimate objective is the development on the aldea and municipio levels of politically-aware, activist leadership elements combined with strong popular organizations which together will act as a major force on the Government and vested interests to bring about change and modernization in the rural communities. The credit union program, then, should be evaluated over the long run as much on the basis of its contribution to this larger "political" goal as in terms of the growth of the credit union movement per se.

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520-11-810-187

PART I-B - PROJECT EFFECTIVENESS

I-B-1 - OUTPUT REPORT AND FORECAST - (See detailed instructions)

| This section is designed to record progress toward the achievement of each project output target which was scheduled in the PIP, Part II. Where progress toward a target is significantly greater or less than scheduled, describe reason(s) beneath the target. | ACTUAL AND PLANNED OUTPUTS (ALL DATA CUMULATIVE) | | | | |
|--|--|----------------------------------|--------------|---|---|
| | 3. ACTUAL CUM. TO (6/30/69) | 4. AS OF PRIOR JUNE 30 (1968) | | 5. PLANNED BY NEXT JUNE 30 (1970) | 6. PROJECTED TOTAL FOR PROJECT LIFE (1972) |
| | | a. PLANNED | b. ACTUAL | | |
| Number of credit unions in Guatemala: | 114 | 115 | 104 | 135 | 150 |
| Number of credit unions affiliated with the Federation: | 53 | 50 | 47 | 70 | 135 |
| Average membership of individual credit unions: | 165 | 140 | 153 | 165 | 500 |
| Average savings per member: | \$25 | \$15 | \$20 | \$35 | \$60 |
| Cumulative loans granted by all credit unions: | \$1,445,000 | \$885,000 | \$902,500 | \$2,000,000 | \$5,000,000 |
| Percentage of funding of total program contributed by Federation's income: | 5% | 0% | 0% | 10% | 50% |
| Number of credit unions with savings of \$30,000 or more: | 5 | 3 | 3 | 13 | 35 |
| Number of credit unions participating in insurance and bonding programs: | 17 | 0 | 0 | 35 | 90 |
| Number of credit unions participating in DAPC program: <u>a/</u> | | | | | |

a/ Funds not yet approved to initiate this activity.

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PART I-B - Continued

010 B.2 - OVERALL ACHIEVEMENT OF PROJECT TARGETS

Place an "X" within the bracket on the following seven-point scale that represents your judgment of the overall progress towards project targets:



PART I-C - PROJECT SIGNIFICANCE

011 C.1 - RELATION TO SECTOR AND PROGRAM GOALS (See detailed instructions M.O. 1026.1)

This section is designed to indicate the potential and actual impact of the project on relevant sector and program goals. List the goals in col. b and rate potential and actual project impact in cols. c and d.

| e. CODE NO. (AID/W USE ONLY) | SCALE FOR COLUMN c: 3= Very Important; 2= Important; 1= Secondary Importance SCALE FOR COLUMN d: 3= Superior/Outstanding; 2= Adequate/Satisfactory/Good; 1= Unsatisfactory/Marginal | c. POTENTIAL IMPACT ON EACH GOAL IF PROJECT ACHIEVES TARGETS | d. ACTUAL IMPACT ON GOAL TO DATE RELATIVE TO PROGRESS EXPECTED AT THIS STAGE |
|--|---|--|---|
| | b. SECTOR AND PROGRAM GOALS (LIST ONLY THOSE ON WHICH THE PROJECT HAS A SIGNIFICANT EFFECT) | | |
| | (1) Development throughout Guatemala's rural communities of a broad base of activist leadership elements motivated toward change and modernization, possessing the necessary organization and managerial skills, and willing to press community demands and interests with the Government. | 3 | 2 |
| | (2) Establishment (with these leadership elements) of productive, self-sufficient local enterprises and community associations utilizing modern techniques and practices, involving maximum popular participation, and reinforced wherever possible by regional groupings and by "untied" Government support. | 3 | 2 |
| | (4) | | |

For goals where column c. is rated 3 or 2 and column d. is rated 1, explain in the space for narrative. The narrative should also indicate the extent to which the potential impacts rated 3 or 2 in column c. are dependent on factors external to the achievement of the project targets, i.e., is there a substantial risk of the anticipated impact being forestalled by factors not involved in the achievement of project targets. If possible and relevant, it also would be useful to mention in the narrative your reading of any current indicators that longer-term purposes, beyond scheduled project targets, are likely or unlikely to be achieved. Each explanatory note must be identified by the number of the entry (col. b) to which it pertains.

012 NARRATIVE FOR PART I-C.1 (Continue on form AID 1020-25 i):

(1) If the credit union movement can establish itself on a relatively self-sufficient footing, it should become a major force in the development of leadership capability in the rural areas. Already it is contributing significantly to this goal, if still on a limited scale (see P. 5, #2). Administrative and managerial skills are being developed in credit union officers through CUNA's in-country training program; 308 officers from 90 credit unions received such training in 1968, and the rate will go up substantially in 1969-70.

(2) The existence of an independent and healthy credit union movement would have great impact on the second goal cited above, inasmuch as well run, self-sufficient credit unions are precisely the type of "community associations" envisaged here. They help create the patterns of leadership and popular participation essential for the democratic management of economic, social, and (ultimately) political affairs in the community. Monthly meetings of members, frequent sessions of credit union committees, and the joint responsibilities of operating a serious economic enterprise are the mechanisms

PAR CONTINUATION SHEET

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Part I-C.1 (Cont'd)

which generate new leadership and lead to change and innovation. An established credit union movement also can serve as a channel for carrying modern agricultural technology and practices to the rural sector. The formation of credit unions with large memberships and enterprising leaders combined with the availability of capital at the local level provide the basic elements for the introduction of modern techniques to the "campesino" communities of Guatemala.

(As indicated earlier, the credit union program is one of four inter-related activities aimed at the above two goals; the degree of effectiveness of those other activities will have a definite bearing on this program's potential impact.)

PART I-C - Continued

C.2 - GENERAL QUESTIONS

| These questions concern developments since the prior PAR. For each question place "Y" for Yes, "N" for No, or "NA" for Not Applicable in the right hand column. For each question where "Y" is entered, explain briefly in the space below the table. | MARK IN THIS COL. |
|---|-------------------|
| 013 Have there been any significant, unusual or unanticipated results not covered so far in this PAR? | N |
| 014 Have means, conditions or activities other than project measures had a substantial effect on project output or accomplishments? | N |
| 015 Have any problems arisen as the result of advice or action or major contributions to the project by another donor? | N |
| 016 If the answer to 014 or 015 is yes, or for any other reason, is the project now less necessary, unnecessary or subject to modification or earlier termination? | NA |
| 017 Have any important lessons, positive or negative, emerged which might have broad applicability? | Y |
| 018 Has this project revealed any requirement for research or new technical aids on which AID/W should take the initiative? | N |
| 019 Do any aspects of the project lend themselves to publicity in newspapers, magazines, television or films in the United States? | Y |
| 020 Has there been a lack of effective cooperating country media coverage? (Make sure AID/W has copies of existing coverage.) | N |

021 NARRATIVE FOR PART I-C.2 Identify each explanatory note by the number of the entry to which it pertains. (Continue on form AID 1020-25 I as necessary):

- 017 The credit union program's directors have learned that, after the "organizational" phase of from two to five years, such a movement can achieve independence and permanent viability only through the introduction of sufficient "seed capital" to begin generating enough interest and dues income to cover expenses. Even after sufficient supplemental capital is made available, it will take at least five years more before the movement becomes self-supporting. Any future attempt to begin a credit union program should include plans for such a capital input from the beginning.
- 019 The project provides a variety of examples of self-help and Title IX activity involving large, well-organized groups which demonstrate well the spirit of the Alliance for Progress.

PART II - IMPLEMENTATION REPORT

II-A - STATUS OF SCHEDULE

022 A-1 - INDIVIDUAL ACTIONS (See detailed instructions M.O. 1026.1). This is a listing of major actions or steps which were scheduled for physical start or continuing implementation in the reporting period as reflected in the Project Implementation Plan, Part I.

| (a) PIP ITEM NO. | MAJOR ACTIONS OR STEPS; CAUSES AND RESULTS OF DELAYS; REMEDIAL STEPS | (b) STATUS - PLACE AN "X" IN ONE COLUMN | | |
|---------------------------|---|--|-----------------------|-----------------------------|
| | | (1) BEHIND SCHEDULE | (2) ON SCHEDULE | (3) AHEAD OF SCHEDULE |
| | Constant extension service to all credit unions in Guatemala | | X | |
| | Yearly training courses for leaders of credit unions in each region of the country. | | X | |
| | Move toward central populous areas as target for the creation of new credit unions with high savings potential. | | X | |
| | Establish life savings insurance plan. | X | | |
| | Establish loan protection plan. | X | | |
| | Establish bonding plan for credit union treasurers. | | X | |
| | Initiation of Directed Agricultural Production Credit (DAPC) pilot project for rural credit unions. | (*) | | |
| | Evaluation of DAPC pilot project and establishment of large-scale DAPC project. | (*) | | |
| | Constant increase in number of credit unions in Guatemala, number of members per union, number of unions affiliated with the Federation, total savings, cumulative loans, total assets, and dues to the Federation. | | X | |
| | *Funds not yet approved to initiate this activity. | | | |

PART II - Continued

023 II-A.2 - OVERALL TIMELINESS

In general, project implementation is (place an "X" in one block):

| | |
|--|---|
| (a) On schedule | X |
| (b) Ahead of schedule | |
| (c) Behind schedule | |
| (1) AID/W Program Approval | |
| (2) Implementing Agency (Contractor/Participating Agency/Voluntary Agency) | |
| (3) Technicians | |
| (4) Participants | |
| (5) Commodities (non-FFF) | |
| (6) Cooperating Country | |
| (7) Commodities (FFF) | |
| (8) Other (specify): | |

BLOCK (c): If marked, place an "X" in any of the blocks one thru eight that apply. This is limited to key aspects of implementation, e.g., timely delivery of commodities, return of participants to assume their project responsibilities, cooperating country funding, arrival of technicians.

II-B - RESOURCE INPUTS

This section appraises the effectiveness of U.S. resource inputs. There follow illustrative lists of factors, grouped under Implementing Agency, Participant Training and Commodities, that might influence the effectiveness of each of these types of project resources. In the blocks after only those factors which significantly affect project accomplishments, write the letter P if effect is positive or satisfactory, or the letter N if effect is negative or less than satisfactory.

1. FACTORS-IMPLEMENTING AGENCY (Contract/Participating Agency/Voluntary Agency)

| | | | |
|--|---|---|---|
| 024 IF NO IMPLEMENTING AGENCY IN THIS PROJECT. PLACE AN "X" IN THIS BLOCK: | | 032 Quality, comprehensiveness and candor of required reports | |
| | | 033 Promptness of required reports | |
| 025 Adequacy of technical knowledge | P | 034 Adherence to work schedule | P |
| 026 Understanding of project purposes | P | 035 Working relations with Americans | P |
| 027 Project planning and management | P | 036 Working relations with cooperating country nationals | P |
| 028 Ability to adapt technical knowledge to local situation | P | 037 Adaptation to local working and living environment | |
| 029 Effective use of participant training element | | 038 Home office backstopping and substantive interest | P |
| 030 Ability to train and utilize local staff | P | 039 Timely recruiting of qualified technicians | P |
| 031 Adherence to AID administrative and other requirements | | 040 Other (describe): In-country training | P |

2. FACTORS-PARTICIPANT TRAINING

| | | | |
|--|---|--|--|
| 041 IF NO PARTICIPANT ELEMENT IN PROJECT. PLACE AN "X" IN THIS BLOCK: | X | TRAINING UTILIZATION AND FOLLOW UP | |
| PREDEPARTURE | | 052 Appropriateness of original selection | |
| 042 English language ability | | 053 Relevance of training for present project purposes | |
| 043 Availability of host country funding | | 054 Appropriateness of post-training placement | |
| 044 Host country operational considerations (e.g., selection procedures) | | 055 Utility of training regardless of changes in project | |
| 045 Technical/professional qualifications | | 056 Ability to get meritorious ideas accepted by supervisors | |
| 046 Quality of technical orientation | | 057 Adequacy of performance | |
| 047 Quality of general orientation | | 058 Continuance on project | |
| 048 Participants' collaboration in planning content of program | | 059 Availability of necessary facilities and equipment | |
| 049 Collaboration by participants' supervisors in planning training | | 060 Mission or contractor follow-up activity | |
| 050 Participants' availability for training | | 061 Other (describe): | |
| 051 Other (describe): | | | |

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PART II-B - Continued

3. FACTORS-COMMODITIES

| PLACE AN "X" IN APPROPRIATE BLOCK: | 062 FFF | 063 NON-FFF | 064 NO COMMODITY ELEMENT | X | |
|---|---------|-------------|--------------------------|---|--|
| 065 Timeliness of AID/W program approval (i.e., PIO/C, Transfer Authorization). | | | | | 072 Control measures against damage and deterioration in shipment. |
| 066 Quality of commodities, adherence to specifications, marking. | | | | | 073 Control measures against deterioration in storage. |
| 067 Timeliness in procurement or reconditioning. | | | | | 074 Readiness and availability of facilities. |
| 068 Timeliness of shipment to port of entry. | | | | | 075 Appropriateness of use of commodities. |
| 069 Adequacy of port and inland storage facilities. | | | | | 076 Maintenance and spares support. |
| 070 Timeliness of shipment from port to site. | | | | | 077 Adequacy of property records, accounting and controls. |
| 071 Control measures against loss and theft. | | | | | 078 Other (Describe): |

Indicate in a concise narrative statement (under the heading a. Overall Implementation Performance, below) your summary appraisal of the status of project implementation, covering both significant achievements and problem areas. This should include any comments about the adequacy of provision of direct hire technicians as well as an overall appraisal of the comments provided under the three headings (b, c & d) which follow. For projects which include a dollar input for generation of local currency to meet local cost requirements, indicate the status of that input (see Detailed Instructions).

Discuss separately (under separate headings b, c & d) the status of Implementing Agency Actions, Participants and Commodities. Where above listed factors are causing significant problems (marked N), describe briefly in the appropriate narrative section: (1) the cause and source of the problem, (2) the consequences of not correcting it, and (3) what corrective action has been taken, called for, or planned by the Mission. Identify each factor discussed by its number.

079 NARRATIVE FOR PART II-B: (After narrative section a. Overall Implementation Performance, below, follow, on form AID 1020-251 as needed, with the following narrative section headings: b. Implementing Agency, c. Participants, d. Commodities. List all narrative section headings in order. For any headings which are not applicable, mark them as such and follow immediately below with the next narrative section heading.)

Overall Implementation Performance.

The Contractor's program in Guatemala has been well run, although conservative and unaggressive in approach (partly warranted by the situation and a limited budget). The CUNA country director moves cautiously but efficiently. At this point, the major problem is that the program will never reach self-sufficiency or encompass a significant number of "campesinos" until it is provided a sufficient amount of lending capital and can expand its own horizons. Until this is done, the USAID Mission will be involved in indefinite funding of a limited effort.

Considering the limitations on it, the Contractor's program should be rated high. Its staff is competent, if conservative, and its technical expertise is excellent.

The project input being made by the Peace Corps also should be noted. In February, 1968, a group of 37 Peace Corps Volunteers arrived in Guatemala, 20 of whom were assigned directly to the National Federation for placement in credit unions. Most of these PCV's are doing excellent work with their groups, helping them to bring the books up to date, establish proper accounting and administrative procedures, and plan promotional and other activities which should result in membership growth.

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PART III - ROLE OF THE COOPERATING COUNTRY

The following list of illustrative items are to be considered by the evaluator. In the block after only those items which significantly affect project effectiveness, write the letter P if the effect of the item is positive or satisfactory, or the letter N if the effect of the item is negative or less than satisfactory.

| SPECIFIC OPERATIONAL FACTORS: (No reference to Guatemalan Gov't, except 081.) | |
|---|-----|
| 080 Coordination and cooperation within and between ministries. | - |
| 081 Coordination and cooperation of LDC gov't. with public and private institutions and private enterprise. | N |
| 082 Availability of reliable data for project planning, control and evaluation. | P |
| 083 Competence and/or continuity in executive leadership of project. | P |
| 084 Host country project funding. | - |
| 085 Legislative changes relevant to project purposes. | - |
| 086 Existence and adequacy of a project-related LDC organization. | P |
| 087 Resolution of procedural and bureaucratic problems. | P |
| 088 Availability of LDC physical resource inputs and/or supporting services and facilities. | N |
| 089 Maintenance of facilities and equipment. | - |
| 090 Resolution of tribal, class or caste problems. | - |
| 091 Receptivity to change and innovation. | P |
| 092 Political conditions specific to project. | N |
| 093 Capacity to transform ideas into actions, i.e., ability to implement project plans. | P |
| 094 Intent and/or capacity to sustain and expand the impact of the project after U.S. inputs are terminated. | P/N |
| 095 Extent of LDC efforts to widen the dissemination of project benefits and services. | P |
| 096 Utilization of trained manpower (e.g., participants, counterpart technicians) in project operations. | P |
| 097 Enforcement of relevant procedures (e.g., X only established in accordance with system X) (loan payment) | P |
| 098 Other: | - |
| HOST COUNTRY COUNTERPART TECHNICIAN FACTORS: N/A | |
| 099 Level of technical education and/or technical experience. | |
| 100 Planning and management skills. | |
| 101 Amount of technician man years available. | |
| 102 Continuity of staff. | |
| 103 Willingness to work in rural areas. | |
| 104 Pay and allowances. | |
| 105 Other: | |

In the space below for narrative provide a succinct discussion and overall appraisal of the quality of country performance related to this project, particularly over the past year. Consider important trends and prospects. See Detailed Instructions for an illustrative list of considerations to be covered.

For only those items marked N include brief statements covering the nature of the problem, its impact on the achievement of project targets (i.e., its importance) and the nature and cost of corrective action taken or planned. Identify each explanatory note.

106 NARRATIVE FOR PART III (Continue on form AID 1020-25 I):

The credit union program in Guatemala is almost entirely a private sector effort. The only official connection with the Government is with the Superintendencia de Bancos, which provides audits of credit unions on request and grants legal authorization to groups in formation which apply for official recognition. Until a year ago, many credit unions had experienced difficulty and delay in the publication of their by-laws in the official Government Gazette. This problem was resolved when, at the urging of the National Federation, some 50 credit unions sent telegrams to the President of Guatemala asking his help in the matter, which he promptly gave.

In all other respects, the support of the Guatemalan Government is minimal and inadequate. There is a serious lack of technical support to the credit union members in their capacity as farmers. The entire Government effort in development and support of cooperatives is disorganized and inefficient.

The current political situation in Guatemala seriously hinders any effort to collaborate with the Government in an attempt to develop a workable program in the field of cooperatives. Until significant improvement is noted this particular project must limit its scope of activities to the private sector.

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PART IV - PROGRAMMING IMPLICATIONS

IV-A - EFFECT ON PURPOSE AND DESIGN

Indicate in a brief narrative whether the Mission experience to date with this project and/or changing country circumstances call for some adjustment in project purposes or design, and why, and the approximate cost implications. Cover any of the following considerations or others that may be relevant. (See Detailed Instructions for additional illustrative considerations.) Relevant experience or country situations that were described earlier can simply be referenced. The spelling out of specific changes should be left to the appropriate programming documents, but a brief indication of the type of change contemplated should be given here to clarify the need for change.

For example, changes might be indicated if they would:

1. better achieve program/project purposes;
2. address more critical or higher priority purposes within a goal plan;
3. produce desired results at less cost;
4. give more assurance of lasting institutional development upon U.S. withdrawal.

107 NARRATIVE FOR PART IV-A (Continue on form AID 1020-25 I):

The Credit union movement in Guatemala has reached a crucial point of transition. Previous efforts have been dedicated to the creation of a broad base of rural credit unions. The movement now must develop a comparable depth or it will never reach its potential as a major force for economic and social change in Guatemala. The large number of credit groups formed to date are reaching a higher level of sophistication; they are beginning to seek more and better services; they seriously need additional outside capital to meet the demand for loans from a growing membership. If such services are not forthcoming, the movement will remain a marginal effort and thousands of "campesinos" will become frustrated in their attempt to effect real progress through their cooperatives.

The National Federation urgently needs additional lending capital. It will never be self-sufficient on annual dues alone and must have other sources of income. A principal one could be the interest received on additional Federation loans to its members. Furthermore, these loans would increase the turnover of capital and thus increase the income of the borrowing unions, which in turn would increase the income of the Federation since its dues are now 15% of the gross income of the credit unions. An important side effect is that when the Federation can make loans available on a much larger scale, the credit unions which are now holding off will want to affiliate with it.

IV-B - PROPOSED ACTION

108 This project should be (Place an "X" in appropriate block(s)):

| | |
|--|---|
| 1. Continued as presently scheduled in PIP. | |
| 2. Continued with minor changes in the PIP, made at Mission level (not requiring submission of an amended PIP to AID/W). | |
| 3. Continued with significant changes in the PIP (but not sufficient to require a revised PROP). A formally revised PIP will follow. | X |
| 4. Extended beyond its present schedule to (Date): Mo. ___ Day ___ Yr. ___. Explain in narrative, PROP will follow. | |
| 5. Substantively revised. PROP will follow. | |
| 6. Evaluated in depth to determine its effectiveness, future scope, and duration. | X |
| 7. Discontinued earlier than presently scheduled. Date recommended for termination: Mo. ___ Day ___ Yr. ___ | |
| 8. Other. Explain in narrative. | |

109 NARRATIVE FOR PART IV-B:

Proposed actions to continue effective implementation of the project are as follows:

- a) "Seed capital" must be made available soon for the reasons and purposes already stated. Such a loan should be made directly to the National Federation.
- b) A substantial new input into the National Federation will be made during the next 18 months to prepare for the proper utilization of this capital input and to increase the services required by an ever-increasing number of credit unions. Three additional extensionists will be hired; a director of field services and a credit department director will be appointed, and a public relations department will be established. A number of specialized courses in management will be held. The additional inputs of AID funds will amount to \$64,000, bringing the total CY 70 Federation budget to \$1,06,000.

PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

Part IV.B (Cont'd)

- c) Additional technical assistance will be required to assure effective implementation of this expanded program. An experienced direct-hire Credit and Cooperatives Advisor is expected to join USAID/G soon.
- d) As set forth in the Project Agreement (69-22) signed June 27, 1969, the National Federation (FENACOAC) proposes to accomplish the following before the end of CY 70:
1. Prepare, produce and distribute educational and promotional material and uniform administrative and accounting forms to its affiliates.
 2. Provide fidelity bonding and life insurance on savings and loans to safeguard the cooperative members' investments and the cooperatives' assets.
 3. Increase its field support to affiliated cooperatives by enlarging its extension staff and assigning one extensionist to each of six zones into which the country has been divided. The extensionists will be rotated yearly to different zones to assure greater balance in technical assistance activities.
 4. Expand the Credit Department's resources and activities by requiring a mandatory capitalization of 5% of all loans granted by FENACOAC to the credit unions; establish an additional system of capitalization by the credit unions in FENACOAC equivalent to 5% of their paid-in capital (shares) and time deposits, which they shall constantly maintain invested in shares of FENACOAC; and adopt a lending policy which will give preference to loans for production purposes.

An intensive effort will be made to obtain donations and external financing to increase the lending capabilities of the Credit Department.

5. Develop a system, including the preparation of forms and acquisition of the necessary equipment, to offer centralization of funds to the affiliates.
 6. Coordinate with the Cooperative School of Chimaltenango to encourage the training and placement of professional cooperative managers in all rural savings and credit cooperatives affiliated to FENACOAC.
 7. Establish a Materials Production Center which will serve all the Guatemalan cooperative movement with its printing needs.
 8. Create a Public Relations Office charged with providing the membership and the official and public sectors with continuing information on the activities of FENACOAC and its affiliates.
- e) Whereas previous efforts were focused on the formation of a broad base of rural credit unions, many in small communities, the program will in the future emphasize credit union development in the departmental cabeceras and larger rural communities. These possess a greater share of the organizational, leadership and financial resources needed to establish viable credit unions. They will also provide greater financial and managerial support to the National Federation and, through it, to the poorer credit unions in small communities.