

PD-AMS-079

41911

EVALUATION OF TECHNOSERVE
ACTIVITIES IN EL SALVADOR
1982-1985

Prepared for: USAID/EL SALVADOR

under: PDC-0100-I-00-2067-00
Work Order No. 60

By:
David Fledderjohn
and
James Torres

Agricultural Cooperative Development International
1012 14th Street N.W.
Washington D.C. 20005

San Salvador
Washington D.C.
August 1985

TABLE OF CONTENTS

| | |
|---|-----|
| List of Acronyms..... | i |
| Introduction..... | ii |
| Scope of Work..... | iii |
| Methodology..... | iv |
| Executive Summary..... | v |
| Overview of Technoserve Operations in El Salvador..... | 1 |
| Problems Encountered by Technoserve..... | 4 |
| Results of Technoserve's Direct Assistance to Individual Cooperatives..... | 7 |
| Production Analysis of TNS Projects..... | 12 |
| Lessons Learned by Technoserve..... | 14 |
| Cooperative "Self-Management"..... | 15 |
| FESACORA Activities..... | 18 |
| FESACORA Strengths and Weaknesses..... | 23 |
| Financial Status of FESACORA..... | 24 |
| AID vis-a-vis FESACORA and TNS..... | 26 |
| Cooperative Support for FESACORA..... | 27 |
| Regional Cooperative Federations and Their Affiliates..... | 29 |
| FECORASAL..... | 34 |
| FECORACEN..... | 35 |
| FECORAPCEN..... | 35 |
| FECORAO..... | 36 |
| Conclusions and Recommendations..... | 38 |

APPENDICES

- A - FESACORA Member Cooperative Profiles
- B - FESACORA Member Survey Form
- C - Regional Federation Survey Form
- D - Regional Federation Survey Form
- E - List of Interviewed Cooperatives Affiliated
Regional Federations

List of Tables

| | Page |
|--|------|
| Table 1 - Targets and Achievements of Technoserve Under Present OPG | 3 |
| Table 2 - Operating Results of Eight Cooperatives Receiving Technical Assistance Directly From Technoserve | 9a |
| Table 3 - Operating Ratios of Eight Cooperatives Receiving Technical Assistance Directly From Technoserve | 10 |
| Table 4 - Status of Technical Assistance Contracts Between Technoserve and 21 Cooperatives | 11a |
| Table 5 - Activities of FESACORA's Central Management Team | 18 |
| Table 6 - Services Provided by FESACORA to Its Affiliated Cooperatives | 19a |

List of Acronyms Used

| | |
|-------------|--|
| ACDI | - Agricultural Cooperative Development International |
| BFA | - Agricultural Development Bank |
| CENCAP | - Centro Nacional de Capacitacion |
| CENTA | - Centro Nacional de Tecnologia Agropecuaria |
| FENCORACEN | - Federacion Cooperativa de Reforma Agraria Central |
| FENCORAPCEN | - Federacion Cooperativa de Reforma Agraria Paracentral |
| FECORAO | - Federacion Cooperativa de Reforma Agraria Occidental |
| FECORASAL | - Federacion Coopeativa de Reforma Agraria Salvadorena |
| FESACORA | - Federacion Salvadorena de Cooperativas de la Reforma Agraria |
| FINATA | - Financiera Nacional de Tierras Agricolas |
| INAZUCAR | - Instituto Nacional de Azucar |
| INCAFE | - Instituto Nacional de Cafe |
| IRA | - Instituto Regulador de Abastecimientos |
| ISTA | - Instituto Salvadoreno de Transformacion Agraria |
| MAG | - Ministry of Agriculture and Livestock |
| OSPA | - Oficina Sectorial de Planificacion Agropecuaria |
| PAU | - Cooperative Management Program |
| PERA | - Proyecto de Evaluacion de la Reforma Agraria |
| TNS | - Tecnoserve |
| UCS | - Union Comunal Salvadorena |

Introduction

On September 25, 1982 USAID/EL Salvador authorized "The Rural Small Enterprise and Cooperative Development Project" to be carried out under an OPG with Technoserve, Inc., the purpose of which is "to strengthen farm cooperatives and enterprises, particularly those within the agrarian reform sector, and to foster the development of El Salvador's cooperative movement."

On July 15, 1985, USAID/EL Salvador entered into a contract with Agricultural Cooperative Development International, Washington, D.C. to obtain an evaluation of the work which has been carried out by Technoserve under this OPG since September 25, 1982.

In compliance with this contract, the ACDI Study Team has compiled this draft report for presentation to USAID/El Salvador.

SCOPE OF WORK

- A. Review the Technoserve OPG as amended, listing all targets and activities, specific and implied. Using secondary information on subprojects carried out by Technoserve and FESACORA and selected site visits, report on progress toward achieving targeted outputs and activities and/or problems encountered in reaching the targets or carrying out the activities.
- B. Describe in detail the magnitude of Technoserve's technical assistance program in terms of number of cooperatives assisted, enterprises established and farm plans developed and implemented.
- C. Identify and discuss what lessons have been learned about the methodology used by Technoserve to assist Phase I cooperatives.
- D. Quantify and describe in a global sense the progress made by Phase I cooperatives assisted by Technoserve in terms of increases in volume of production, yields, sales and overall net profits and, at the same time, attempt to determine the extent to which these cooperatives have become self-managing.
- E. Report on the services FESACORA is providing to its member cooperatives, and whether these are the services they wish to receive.
- F. Assess the effectiveness of FESACORA in providing service to its member cooperatives and offer recommendations on how this service-delivery might be improved.
- G. List targets and activities, specific and implied, for FESACORA in the OPG and Action Plans and determine progress in meeting those targets and activities and problems in reaching same. Comment on whether these targets and activities are reasonable. Also determine the present extent of FESACORA's capability to perform technical, financial and administrative functions and its progress towards financial self-sufficiency.
- H. Provide recommendations concerning the following questions:
1. Is it reasonable at this time to apply standard economic criteria in evaluating the performance of FESACORA and its member-cooperatives? If not now, when?
 2. If AID support to Technoserve and/or FESACORA is continued, should the Mission enter into an OPG directly with FESACORA instead of, or in addition to, an OPG with Technoserve?

I. Report on the degree to which member cooperatives of FESACORA identify with this federation and participate in the decision-making process, their financial support of it and their loyalty to it.

J. Visit a selected sample of cooperatives affiliated with the regional federations for the purpose of determining: (1) what services these cooperatives receive from the federations; (2) reasons or motivations for affiliation by these cooperatives and the degree of support and member loyalty these federations enjoy; and (3) the general overall performance and effectiveness of these federations.

METHODOLOGY

The data and information which comprise this report were gathered in these ways.

1. In accordance with Paragraph "A" of the Scope of Work, the Study Team utilized secondary information on sub-projects carried out by Technoserve and FESACORA.

2. Lengthy interviews were carried out with officials of Technoserve and FESACORA concerning the nature of their activities, the strengths and weaknesses of their organizations, etc.

3. Internal evaluation reports prepared by Technoserve and FESACORA, training materials, work plans and other documents used by them were examined.

4. On-site visits were made to a selected sample of cooperatives affiliated with FESACORA and in-depth interviews were conducted with key personnel of these organizations.

5. On-site interviews were carried out with key personnel of a selected sample of cooperatives not affiliated with FESACORA but with one of the regional cooperative federations such as FECORAOM, FECORAPCEN, etc.

Following the collection and tabulation of data by the methods listed above, the Study Team prepared this Draft Report and arrived at the conclusions and recommendations set forth on pages 38-40.

EXECUTIVE SUMMARY

1. Since 1975 TNS has been operating in El Salvador, working on a number and variety of rural development projects, but it was not until September 1982 that TNS commenced activity under the "Rural Small Enterprise and Cooperative Development Project" with grant funding from AID.
2. TNS activities under this project have been directed principally in these two ways:
 - * Directly helping a selected group of primary-level cooperatives, providing them with technical assistance in agricultural production, animal husbandry, business operations, member-education, etc.
 - * Working closely with FESACORA, a national cooperative federation, in an institution-building program, providing technical assistance, management training, etc. in order to improve its operational efficiency so that it may better provide needed services and guidance to its more than 200 affiliated cooperatives.
3. The efforts of TNS in its direct assistance to primary-level cooperatives have met with a high degree of success. In the great majority of cases, productivity was increased, organizational efficiency improved and operating losses converted into net gains.
4. Technoserve's institution-building program with FESACORA has been effective in improving the organizational structure of this federation and directing its energies and resources toward providing its cooperative affiliates with a variety of needed services.
5. From interviews with a sample of FESACORA-affiliated cooperatives, the Study Team learned that 77% of them are quite satisfied with the nature and quality of services they receive from FESACORA. There appears to be growing member loyalty and support for this federation.
6. The Study Team found substantial evidence that the lot of individual campesino members of FESACORA cooperatives has improved noticeably since the founding of these cooperatives and their affiliation with FESACORA. Social benefits received by members include better housing, potable water, schools for their children, adult literacy classes, consumer shops and medical services.

7. The relative strengths of FESACORA appear to lie in the areas of intermediation, legal aid and technical assistance in agricultural production matters. Its relative weaknesses, at present, are in farm management, finance and accounting.
8. It is not possible at this time to apply standard economic criteria in evaluating FESACORA for thus far it has generated only a small income stream from its operations and services to affiliates. Standard economic criteria should be applied when FESACORA undertakes specific productive investments and functions as a wholesaler of agricultural inputs for its affiliated cooperatives.
9. Between December 1984 and February 1985 four regional cooperative federations were organized. Among them, they claimed an initial membership of 80 affiliated cooperatives although many of the documents purporting to show such affiliations are of dubious authenticity. These regional federations - FECORACEN, FECORAPCEN, FECORASAL, and FECORAO - are in competition with FESACORA for member cooperatives.
10. Some FESACORA cooperatives have resigned from this national federation to join one of the four regional organizations; and some of these same cooperatives later resigned from a regional federation and rejoined FESACORA. Lately, the movement has been more in this direction: in June and early July nine cooperatives resigned from the regionals and returned to FESACORA.
11. These regional federations appear to be at the same level of development as FESACORA was two years ago. At present they are not able to provide more than a few token services for their affiliated cooperatives. The impression is strong that these regional federations were created more for political purposes than to truly serve the cooperative sector of El Salvador.

CONCLUSIONS AND RECOMMENDATIONS

1. FESACORA should be urged and guided into developing income-producing services with its affiliates, and to act as a wholesaler or intermediary in both production-related activities and the marketing and processing of agricultural products. The organizational structure of this federation should reflect the division of functions between economic activities and promotional, defense and representational activities.
2. The four regional cooperative federations competing with FESACORA represent a distracting and divisive force among agrarian cooperatives. Unless or until these organizations demonstrate a service mentality toward their affiliates, AID should not give them major attention.

3. Until FESACORA develops income producing activities, it is premature to apply normal business criteria in measuring or evaluating the performance of the organization.

4. The present arrangement through which AID assistance to FESACORA is administered by TN3 is working well. No change in this arrangement is considered prudent or necessary.

5. Technoserve should consider mounting, on a trial basis, a team of specialists responsible for rapid response to problems and opportunities in the agrarian reform cooperatives. Possibly related to FESACORA regional offices, this team would be encouraged to intervene in situations in which Technoserve's normal procedures of project development and implementation are too time-consuming or inappropriate in light of need or opportunity characteristic of agriculturally-related pursuits.

OVERVIEW OF TECHNOSERVE'S OPERATIONS IN EL SALVADOR

Technoserve has been operating in El Salvador since 1975, initially without any arrangement with USAID. Then, beginning about 1978, AID and Technoserve began collaborating on rural development projects. It was in September 1982 that AID authorized grant funding for the "Rural Small Enterprise and Cooperative Development Project" which will expire at the end of September 1985 unless extended.

In its 10 years of operations in El Salvador, Technoserve has worked on a considerable number and variety of development projects, mostly related to agriculture and aimed at creating employment and helping improve the productivity and, thus, the living standards of the poorer strata of society.

Technoserve carries out its development efforts with cooperatives, and other types of enterprise as well, in two ways: from the "bottom up" and from the "top down". It does the former by working directly with low-income people at the community level and the latter by dealing with more broadly based entities, both public and private, in an effort to influence institutional policy and capability in a manner favorable to grassroots development projects.

Another aspect of Technoserve's methodology is its belief that sound business operations of an enterprise, cooperative or otherwise, can and should be accompanied by social benefits for individuals and their communities. The two are not mutually exclusive nor must the first be achieved before the second can be realized.

With the advent of the agricultural reform movement in 1980-81 a number of agricultural cooperatives were formed by government fiat. A national organization called FESACORA-Federacion Salvadorena de Cooperativas de la Reforma Agraria was chartered in 1982. There are now more than 200 primary-level cooperatives affiliated with FESACORA.

In its development work in El Salvador, Technoserve has been working with FESACORA in an institution-building program providing technical assistance, management training, etc. to its personnel. The purpose is to strengthen its capabilities and improve its cooperational efficiency to better provide guidance and service to its 200-plus affiliated cooperatives.

In another aspect of its work under the present AID grant, Technoserve works directly with certain primary-level cooperatives, providing them with technical assistance of various kinds.

Finally, another area of Technoserve's enterprise development programs in El Salvador since 1975 had to do with providing technical assistance to a number of other cooperatives which existant before the agrarian reform movement and not members of FESACORA.

To summarize, Techoserve has been, or is now, engaged in three related development areas:

- (1) working from the "top-down" with broadly based organizations or institutions including, but not limited to, FESACORA;
- (2) working directly from the "bottom up" with some primary level cooperatives affiliated with FESACORA to improve their productivity and efficiency of operations; and
- (3) working with a number of other cooperatives which are not products of the agrarian reform movement or members of FESACORA.

Technoserve's Targets and Achievements Under Present OPG

The Study Team reviewed the Technoserve OPG, as amended, enumerating all targets and activities TNS undertook to accomplish from September 25, 1982 to September 30, 1985. These are listed in Table 1 on the following page.

Table 1

**Targets and Achievements of Technoserve
 Under Present OPG**

| | <u>Projected 10/82-9/85</u> | <u>Realized By 3/85</u> | <u>Estimated By 9/85</u> | <u>Estimates % of Original Project Goal (by 9/85)</u> |
|--|---------------------------------|-----------------------------|------------------------------|---|
| Enterprise Indicators | | | | |
| Project Requests Investigated | 37 | 48 | 50 | 133% |
| Project Agreements | 36 | 39 | 42 | 116% |
| Project Activities Analyzed | 36 | 54 | 60 | 167% |
| Project Plans | 36 | 44 | 48 | 133% |
| Plans & Projects Implemented | 36 | 32 | 38 | 105% |
| Institutional Indicators | | | | |
| Training Programs | 9 | 32 | 34 | 377% |
| Activities with Governmental Institutions | 12 | 33 | 36 | 112% |
| Activities with Private Institutions | 12 | 33 | 25 | 208% |

In all but one instance, projected targets were exceeded by the end of March 1985. By the end of September 1985 all targets will have been exceeded, some very substantially, as shown in the final column of Table 1.

Problems Encountered by Technoserve

Needless to say, during its years of operations in El Salvador Technoserve has encountered a number of problems and learned several lessons in carrying out its cooperative development work. The Study Team interviewed TNS management and field personnel to learn the nature of these problems and lessons.

Here is a listing of the more serious problems individual technical advisers are faced with in their day-to-day field work:

- * An almost complete lack of understanding among co-op members as to what a cooperative is or how a business enterprise functions.
- * Frequent turnover among members of cooperatives' boards of directors making continuing training programs difficult to carry out.
- * The extremely low educational level of cooperative members and the high rate of illiteracy among them.
- * The difficulty of members to adapt to and become part of a business organization; to abandon their traditional serf/life role, accept new responsibilities and obligations and understand their new rights and opportunities.
- * The political instability prevalent in the country which adversely affects all productive enterprise, particularly cooperatives, as evidenced by the discouragement and frustration of members.
- * The personal insecurity of TNS advisers in carrying out their work in zones of political conflict.
- * A shortage of vehicles restricts the mobility of TNS field personnel and hampers progress of cooperative development activities.
- * Complete lack of production credit for some cooperatives, inadequate financing for others or financing available only at inopportune times or under onerous conditions.
- * Changes in the political makeup of organizations directing the agrarian reform process with a consequent lack of continuity in official cooperative development policy.

- * The government's excessive valuation of land ceded to some cooperatives burdens them with huge debts and an annual debt service which threatens their solvency.
- * Cooperative members' distrust of strangers and their reluctance to employ them as managers or accountants of their cooperatives.
- * Lack of coordination among official institutions connected with the agrarian reform process.
- * Uncertainty concerning medium and long-term cooperative activity planning because of the unpredictable future of Technoserve's program in El Salvador.
- * Lack of equipment and audio-visual aids for use in cooperative member education programs.
- * Difficulty in finding, among cooperative members or in the communities, persons with even minimal skills in accounting and management. Their abilities and skills could be further developed through on-the-job training if they could be identified.
- * A tendency for cooperative members to see only short-term results and benefits; remaining oblivious to those of the medium or long-term.
- * The need for TNS personnel to spend more time with cooperatives and carry out the "participatory method" of member education thoroughly. This is a most effective process, but a slow one.

These, then, are the principal problems the TNS technical advisers have encountered in their field work during the past several years. At the same time, Technoserve as an institution has faced another set of problems during the course of its cooperative development activity in El Salvador. Here are the major ones:

- * Ignorance on the part of some institutions of the work Technoserve is doing in El Salvador.
- * The considerable organizational changes TNS has had to make in order to adapt itself to the phenomenon of the agrarian reform movement.
- * The need to design and implement training programs for TNS advisers in areas related to the development of agrarian reform cooperatives.

* Lack of support by the government of El Salvador for the work TNS is doing. Some government officials do not understand the achievements and benefits of the TNS program and lack the capacity to evaluate its activities properly.

* Actions by government agencies which are contrary to the overall logic of developing cooperative business enterprise.

* Lack of integrated and coordinated government policies conducive to the promotion of cooperative enterprise and to the agrarian reform process and institutions related to it.

* Geographical restrictions within which TNS can carry on its work because of the political violence.

* Financial resource limitations of the program and the difficulty of financing it via collections from cooperatives.

Results of Technoserve's Direct Assistance to Individual Cooperatives

Since initiation of the present OPG on September 25, 1982, a total of 18 Phase I cooperatives have received, or are now receiving, technical assistance from Technoserve. Aid to eight of these Phase I cooperatives and one Phase III cooperative currently receive support from TNS. Here is a brief summary of the latest information available concerning each of the eight Phase I cooperatives which have received technical assistance from TNS in the past:

Tangolona

This cooperative, with approximately 200 farmer-members, is engaged in seven different activities including production of henequin, cotton, corn, sugar cane, cattle-raising, etc. Technoserve agreed to provide technical assistance to this co-op in one of these areas only, the production and marketing of henequin. Prior to TNS support, the annual loss on the henequin operation for the year ending December 31, 1981 was \$87,000. One year later, this was reduced to \$1,000. Due to political conflict in this region, no information on this cooperative has been available since December 1982.

El Tercio

This dairy cattle cooperative is large, with 600 members at last report. Before Technoserve began providing assistance, the operating results of this cooperative were not favorable:

March 1980 to April 1981, a loss of \$776,688.

May 1981 to April 1982, a loss of \$278,346.

May to December 1982, a loss of \$79,848.

Technoserve began working with this cooperative in late 1982. Operations for the period January 1 to December 31, 1983 showed a net gain of \$122,018. No information on this cooperative has been available since December 1983.

Mayacuaquin

According to the latest information available, this cooperative has 173 farmer-members and is engaged in cattle raising and henequin production. From April 1980 through March 1981, before Technoserve began assistance, the operating loss on its henequin activities was \$122,672. For the period January 1 - August 31,

1983, the henequin operation showed a net profit of \$90,000. No information has been available on this cooperative since August 1983.

Obrajuelo

Principal activities of the 122 members of this cooperative are the production of henequin and cotton. Technoserve began working with this organization in February 1981 and for the 1981 fiscal year it had a net operating gain of \$58,240, and its net worth was \$274,523. For 1982 there was a slight decrease in operating gain, accompanied by a slight increase in net worth. For 1983, net gain was \$50,640. No data has been available on this cooperative since the end of 1983.

Tamera

Dairy cattle operations are the principal activity of this cooperative which, at last report, had approximately 100 farmer-members. TNS provided technical assistance from November 1980 until the end of 1983.

From March 1980 to March 1981, the cooperative showed an operating loss of \$21,386. For the period January 1 - December 31, 1982, after assistance began, the cooperative showed a net operating gain of \$72,295.

TNS prepared a detailed work plan for 1983 but because of the troubled situation in this part of the country it was unable to follow through its work with. No information on operations have been available for the past two years.

Los Lagartos

Technoserve's period of assistance to this cooperative was quite recent and brief. A diagnosis was made of the cooperative's coffee processing and organizational structure and a business plan for the 1984-85 coffee year was prepared. The assistance contract was completed in March 1985.

San Rafael la Parada

This cooperative requested help in analyzing an agricultural machinery and cattle milking project which proved too capital intensive for it to undertake at that time. Assistance ended December 31, 1983.

San Arturo

This cooperative requested assistance in implementing a cattle project which Technoserve's study showed to be not feasible. The cooperative then requested a study for cassava production

and processing, which proved to be too capital intensive to undertake at the time. The contract terminated on September 30, 1983.

In addition to the eight Phase I cooperatives which received technical assistance from TNS, three other cooperatives, originating under Phase III of the agrarian reform program also entered into contracts with Technoserve. Two contracts, with La Florida and 22 de Abril GRUCOMES, have been completed and one, with El Castano, is currently active.

Within the past three or four weeks (late June or early July), Technoserve signed new contracts with three Phase I cooperatives: San Jose Miramar, Amate de Campo, and Tonola. They are so recent that the Study Team cannot report on activities or results.

In addition to the active contract with Phase III cooperative El Castano, TNS also works with seven other cooperatives which are under Phase I. Pertinent statistics for these cooperatives are shown in Table 2.

Note that this table shows the status of these eight cooperatives at two points in time: December 31, 1983, or shortly after Technoserve began working with them and December 31, 1984, at which time they had been receiving technical assistance from Technoserve for a year or more. The differences in operating results for each of these eight cooperatives due to Technoserve's assistance, are shown in the table.

Below is a brief summary of changes in total assets, net worth, gross revenue and net income between December 31, 1983 and December 31, 1984.

* Total assets of the group grew by 31%, from \$5,056,805 to \$6,627,394.

* Combined net worth for the eight cooperatives was a minus \$166,315 at the end of 1983. One year later this negative figure had been converted to a positive sum of \$111,563 - an improvement of 167%.

* Gross revenue for the group grew during this period from \$2,864,375 to \$3,796,748, an increase of 33%.

* Total net income for all climbed from \$64,822 to \$437,529, a more than five-fold increase.

Table 3 gives some operating ratios for these cooperatives' returns on assets and net worth and debt/equity ratios. These show a wide range of variation and in some cases the ratios for

Table 2
Operating Results of Eight Cooperatives Receiving Technical Assistance Directly from Technoserve
 (\$1.00 US = 2.5 Colones)

| Name & type of Cooperative | Number of Members | | | Number of Employees | | | Hectares | | Total Assets (\$) | | | Net Worth (\$) | | | Gross Revenue (\$) | | | Net Income (\$) | | |
|-------------------------------------|--------------------------|------------|------------|---------------------|-------------|-------------|-------------|-------------|-------------------|------------------|-------------|------------------|----------------|--------------|--------------------|------------------|-------------|-----------------|----------------|--------------|
| | '83 | '84 | Diff. | '83 | '84 | Diff. | '83 | '84 | 1983 | 1984 | Diff. | 1983 | 1984 | Diff. | 1983 | 1984 | Diff. | 1983 | 1984 | Diff. |
| | El Castaño (agro-indus.) | 144 | 91 | -37% | 44 | 51 | +16% | - | - | 50,445 | 126,458 | +150% | 16,044 | 20,445 | +27% | 16,402 | 28,652 | +75% | (4,674) | (3,359) |
| Las Lajas (coffee & cattle) | 208 | 231 | +11% | 750 | 780 | +4% | 529 | 529 | 2,620,781 | 2,957,130 | +13% | 76,735 | 61,414 | -20% | 1,444,325 | 1,998,961 | +38% | 103,674 | 260,142 | +151% |
| La Chapina (Agr. & dairy cattle) | 55 | 62 | +13% | 40 | 78 | +95% | 552 | 552 | 234,148 | 269,633 | +15% | (1,972) | 15,275 | +875% | 181,572 | 258,300 | +42% | 2,104 | 16,335 | +676% |
| Plan de Amayo (Agr. & dairy cattle) | 90 | 93 | +3% | 102 | 79 | -23% | 575 | 575 | 330,758 | 383,430 | +16% | 14,052 | 47,808 | +240% | 172,937 | 322,896 | +87% | (6,124) | 29,696 | +585% |
| Santa Clara (Agr. & dairy cattle) | 37 | 37 | - | 73 | 123 | +68% | 369 | 369 | 1,123,668 | 1,337,372 | +19% | (109,138) | 3,505 | +103% | 298,944 | 321,039 | +7% | (66,164) | 5,144 | +108% |
| Las Victorias (Agriculture) | 87 | 87 | - | 170 | 186 | +9% | 666 | 666 | 855,550 | 833,467 | -3% | (348,174) | (381,608) | -10% | 162,006 | 251,788 | +55% | (67,796) | (44,524) | +34% |
| El Patuano (Dairy cattle) | 34 | 30 | -12% | 12 | 30 | +150% | 144 | 144 | 156,170 | 188,429 | +21% | (36,654) | (24,292) | +34% | 82,862 | 131,334 | +58% | 17,527 | 11,966 | -32% |
| Las Cruces* (Coffee processing) | 63 | 63 | - | 118 | 120 | +2% | 119 | 119 | 685,285 | 531,475 | -22% | 222,792 | 369,016 | +66% | 505,327 | 483,778 | -4% | 76,927 | 155,411 | +102% |
| Totals | 718 | 694 | -3% | 1309 | 1417 | +11% | 3954 | 3954 | 5,056,805 | 6,627,394 | +31% | (166,315) | 111,563 | +167% | 2,864,375 | 3,796,748 | +33% | 64,822 | 437,529 | +575% |
| Averages | 90 | 87 | -3% | 163 | 181 | +11% | 565 | 565 | 632,100 | 828,424 | +31% | (20,785) | 13,945 | +167% | 358,047 | 474,594 | +33% | 8,103 | 54,691 | +575% |

* These two cooperatives are not affiliated with FESACORA; the others are.

a given cooperative appear inconsistent with one another. The only way to explain these inconsistencies would be to do a detailed financial analysis of each cooperative, a task impossible within the time allowed and well beyond the Scope of Work.

Table 3

Operating Ratios of Eight Cooperatives Now

Receiving Technical Assistance Directly from Technoserve

| <u>Name of Co-op</u> | <u>Return on Assets</u> | <u>Return on Net Worth</u> | <u>Debt/Equity Ratio</u> |
|----------------------|-------------------------|----------------------------|--------------------------|
| El Castano | 2.7% | 16% | 5:1 |
| Las Lajas | 8.7% | 424% | 47:1 |
| La Chapina | 6.0% | 107% | 17:1 |
| Plan de Amayo | 7.7% | 62% | 7:1 |
| Santa Clara | .3% | 147% | 380:1 |
| Las Victorias | None | None | None |
| El Tatuano | 6.0% | None | None |
| Las Cruces | 29.0% | 42% | .44:1 |

In two instances, Las Victorias and El Tatuano, the debt/equity ratio cannot be calculated, for there is no equity. In five of the remaining six cases, the debt/equity ratios according to normal business standards, are abysmal, and range from 5:1 to 380:1. The only cooperative with a debt/equity ratio that might be regarded as acceptable is Las Cruces.

A word concerning these highly adverse ratios is in order:

These cooperatives were established on land expropriated from the former owners but the cooperatives were obligated to reimburse the government for the land they received. Thus, they began operations burdened with a large, long-term debt.

In addition, those persons thrust into positions of managing and operating these newly created cooperatives had little or no experience or knowledge of management techniques, accounting practices, marketing methods, etc. as might be expected, the cooperatives began losing money immediately.

Then, to make matters worse, world market prices of key export crops coffee and sugar fell to their lowest levels in years causing further loss to cooperatives dealing in those commodities.

Given this combination of adverse circumstances, it does not seem appropriate at this time to measure the performance of these cooperatives against normally accepted business standards. This should be done at a future date but is premature now.

Table 4 gives the present status of all technical assistance contracts TNS entered into with individual cooperatives during the period of the present OPG, a total of 21 in all. Eighteen originated under Phase I of the agrarian reform movement and three under Phase III. As of July 25, 1985, TNS had on-going technical assistance contracts with 11 cooperatives. Assistance provided to the other 10 during this OPG has been completed and a summary of the results is on pages 7-9.

Table 4
Status of Technical Assistance Contracts Between Technoserve and
21 Cooperatives

| Name of Co-op | Type | | In Process 10/1/82 | Completed | Active July'85 | No. of Members |
|-----------------|---------|-----------|-----------------------|-----------|-------------------|-------------------|
| | Phase I | Phase III | | | | |
| Tangolona | X | | X | X | | 190 |
| Tazera | X | | X | X | | 95 |
| Mayucaquia | X | | X | X | | 173 |
| Otrajuelo | X | | X | X | | 122 |
| El Tercio | X | | X | X | | 600 |
| Las Lajas | X | | X | | X | 210 |
| San Arturo | X | | | X | | 217 |
| La Chapina | X | | | | X | 62 |
| El Cantano | | X | | | X | 91 |
| Plan de Amayo | X | | | | X | 91 |
| La Florida | | X | | X | | 37 |
| 22 de Abril | | X | | X | | 15 |
| S. Rafael | X | | | X | | 70 |
| Las Victorias | X | | | | X | 82 |
| Santa Clara | X | | | | X | 32 |
| El Tatunno | X | | | | X | 30 |
| Los Lagartos | X | | | X | | 547 |
| Las Cruces | X | | | | X | 60 |
| S. Jose Miramar | X | | | | X | 67 |
| Anate de Campo | X | | | | X | 88 |
| Tonolá | X | | | | X | 138 |
| Totals: | 18 | 3 | 6 | 10 | 11 | 3,017 |

Below are sample analyses of production and yields for various crops the cooperatives grow:

PRODUCTION ANALYSIS OF SOME TNS/ELSALVADOR PROJECTS:

| | <u>Data at TNS Arrival</u> | <u>Current Data</u> | <u>Variation</u> |
|-------------------------|--------------------------------|---------------------|------------------|
| LAS LAJAS: | | | |
| COFFEE | | | |
| 1. Area Worked | 682.0 Mz* | 682.0 Mz | |
| 2. Volume of Production | 14,309.5 QQ/Oro* | 12,576.5 QQ/Oro | (1,733.0) |
| 3. Yield (QQ Oro/Mz) | 20.98 | 18.44 | (3.54) |
| SUGAR CANE | | | |
| 1. Area Worked | 4.0 Mz | 18.0 Mz | 14.0 |
| 2. Volume of Production | Production Year | 360.0 TN* | 360.0 TN |
| 3. Yield (TN/Mz.) | -- | 90.0 | |
| CARDAMOM | | | |
| 1. Area Worked | 6.0 Mz. | 6.0 Mz. | -- |
| 2. Volume of Production | -- | 16.0 QQ | 16.00 |
| 3. Yield (QQ / Mz) | | 2.66 | 2.66 |

*Mz - (Manzana) a unit of land equal to 7,036 square meters

*QQ - (Quintales) unit of volume equal to 1001 lbs.

*Oro - Dried Beans

*TN - a ton (2000 lbs.)

*C - Colones

PINEAPPLE

| | | | |
|-------------------------|----------|------|------|
| 1. Area Worked | -- | 13.5 | 13.5 |
| 2. Volume of Production | No Yield | | |
| 3. Yield | -- | -- | |

FRUITS AND CITRUS

| | | |
|-------------------------|----------|----------|
| 1. Area Worked | 10.5 Mz. | 10.5 Mz. |
| 2. Volume of Production | No Yield | |

a) The production results of this crop are the product of agricultural practices developed two or three years previously.

| | <u>Data at TNS</u> <u>Arrival</u> | <u>Current Data</u> | <u>Variation</u> |
|--|--------------------------------------|---------------------|------------------|
|--|--------------------------------------|---------------------|------------------|

LAS VICTORIAS.

SUGAR CANE

| | | | |
|-------------------------|-------------|-------------|----------|
| 1. Area Worked | 57 Mz. | 130 Mz. | 77 Mz. |
| 2. Volume of Production | 2,912.52 TN | 7,811.63 TN | 4,921.11 |
| 3. Yield | 50.8 95 | 60.25 | 5.3 |

COFFEE

| | | | |
|-------------------------|------------|------------|------|
| 1. Area Worked | 42 Mz. | 42 Mz. | |
| 2. Volume of Production | 678 00/Oro | 752 00/Oro | 74 |
| 3. Yield | 16.14 | 17.9 | 1.76 |

CITRUS FRUITS

| | | | |
|---------------------|------------|-----------|-----------|
| 1. Area Worked | 27 Mz. | 27 Mz. | |
| 2. Production Value | C 21,053.9 | C 49,104. | C 28,051. |

3. 15 Month Period

| | <u>Data at TNS Arrival</u> | <u>Current Data</u> | <u>Variation</u> |
|--|--------------------------------|---------------------|------------------|
| LAS VICTORIAS: | | | |
| SUGAR CANE | | | |
| 1. Area Worked | 138 Mz. | 218.25 Mz | 80.25 |
| 2. Volume of Production | 10,211.33 TN | 16,202.05 TN | 5,990.72 |
| 3. Yield (TN/Mz) | 73.9 | 74.2 | 0.3 |
| RICE | | | |
| 1. Area Worked | 21 Mz | 26 Mz | 5.0 |
| 2. Volume of Production | 1,508.64 QQ | 1,321.48 QQ | (187.16) |
| 3. Yield | 71.84 | 50.82 | (21.02) |
| DAIRY CATTLE | | | |
| 1. Pasture Area | 60 Mz | 60 Mz | |
| 2. Volume of Production (Bottles of Milk/Day) | 160. Rot. | 400. Rot. | 240 |
| 3. Yield (Bottles/Day/mz) | 2.66 | 6.66 | 4.0 |

Lessons Learned by Technoserve

During the course of operations under this OPG, Technoserve coped with many problems and learned a number of lessons. Key lessons learned were:

- o The importance of active participation by cooperative members in identifying and analyzing their own problems, assigning priorities to them and then working out action-plans to solve them.

- o To effectively assist cooperatives, TNS must work in an integrated and comprehensive manner, encompassing all

principal cooperative activities.

o When diagnosing a cooperative's problems and planning solutions, TNS must consider the social as well as the economic effects.

o The advantages of publicizing the work of TNS in El Salvador; making its achievements known and disseminating the lessons learned in its operations and in its methods of implementing socio-economic development.

o The urgent need for organizations and institutions connected with the agrarian reform process to coordinate and redefine their policies and procedures, both internally and in respect to one another.

o The key to success in the agrarian reform effort lies in training and education programs specifically directed at and designed for the Salvadoran campesino.

o The internal training programs for TNS specialists who advise and assist cooperatives is an important and continuing activity requiring special attention, ensuring they are better able to transfer their knowledge to the cooperative members with whom they work.

o TNS programs and activities require continuing evaluation to insure that the work being done is effectively directed toward achievement of the organization's stated objectives.

o TNS work must always identify with the needs of the cooperatives, their members and their success as business enterprises.

o The need to promote within cooperatives the importance of maintaining a system of continuing member-education, so they can better deal with difficult situations, such as frequent changes of board members or malfeasance in office by key employees, as they arise.

Cooperative "Self-Management"

In addition to reporting on the operating results of those cooperatives which have received, or are now receiving, technical assistance directly from TNS, the Study Team is asked to "attempt to determine the extent to which these cooperatives have become self-managing." This is more easily said than done and before responding to this point some background information is in order:

For years and decades the campesinos who now are the members of these Phase I agrarian reform cooperatives were no more than serfs, working this land at the pleasure and direction of a patron. They had no voice in the conditions of their employment; no freedom to make their own work decisions and no control whatsoever over their own lives, and destinies. The same was true of their forbears for centuries past. The last concerted protest against these conditions in the early 1930s was met with violent suppression and the massacre of some 30,000 campesinos and their families.

To convert a deeply ingrained serf-like mentality to one of self determination and personal freedom; to replace subservience with assertiveness and dependence with responsibility; to feel like a member-owner of an agricultural enterprise rather than an exploited laborer, to accomplish all this is not easily done.

Cooperatives are one of the most difficult types of enterprise to organize, particularly in developing countries with traditional land tenure, social and cultural patterns and systems. This is because cooperative success depends on a true understanding of the meaning of "cooperation"; an understanding of the responsibility of the individual member to the cooperative, his rights and obligations as a member, the need to make decisions and participate in the democratic process a cooperative enterprise entails. Over the years, members of the Study Team have encountered exactly these same problems in a number of different settings in Guatemala, Honduras, Peru, Northeast Brazil, Liberia, Uganda, etc.

Technoserve is well aware of these difficulties and handicaps and its training programs are designed to address them. Rather than restricting its training efforts to a few key personnel within the cooperative i.e. manager, accountant, etc., TNS works with the entire group, including members. The purpose is to indoctrinate the members in the principles and spirit of cooperation, to teach them their responsibilities as members and involve them in analyzing and solving their own problems.

Technoserve's programs of member-education are highly participatory in nature which is much more effective than having an expert lecture to the group and tell them what to do. The Study Team had the opportunity to attend such a training session and was most favorably impressed by the manner in which it was conducted and the response and participation of the cooperative members. The Study Team also examined the teaching materials TNS uses in member-education and found them to be well designed and on a level the campesinos can relate to and understand.

It is not possible for the Team to give a quantitative response to this question: "To what extent have these cooperatives become self-managing?" This is not possible for three reasons:

(1) No base-line data was available, i.e. no exact measure of the degree of self-management at the time Technoserve began assisting them. (2) A number of cooperatives were located in very troubled areas of the country and it was not possible to visit them. TNS has not been able to obtain information on their operations for the past couple of years. (3) Also, to determine the degree of self-management would require observation of day-to-day operations of each cooperative over a period of time and study time constraints did not permit this.

The Study Team can report that Technoserve is well aware of the need to help build these cooperatives into self-managing, self-sufficient enterprises. Its training efforts are directed toward this end and the Study Team believes that progress toward this goal is being realized.

FESACORA'S Activites

The Study Team asked members of FESACORA'S central management team how they divided their time between major service activities. Their reply is shown in Table 5 below:

Table 5
 Activities of FESACORA'S Central Management Team

| <u>Type of Activity</u> | <u>Description</u> | <u>Percentage of Time Spent on Each Activity</u> |
|---------------------------------|---|--|
| Training | Courses, talks, orientacion sessions on a wide variety of subjects | 20% |
| Legal | Work on labor disputes, contracts, legal interpretations and opinions, notary services, etc. (lawyers' work) | 2% |
| Intermediation | A general category of FESACORA work in "running errands", handling paperwork, developing credit requests, delivering complaints, advising on procurement, making marketing contracts, negotiating fertilizer prices, etc. | 40% |
| Direct assistance to affiliates | Agricultural advice, farm management, preparation of farm plans, budgets, credit applications, assistance in co-op operations e.g. accounting, decision-making, on-the-job and on-the-spot training | 18% |
| Organization | Organization of cooperatives, CODIZOs and FESACORA itself, education, promotion, public relations, lobbying, leadership development | 20% |
| | | <u>100%</u> |

From this breakdown it appears that FESACORA'S central management team is directing approximately 80% of their time, energy and resources to responding to the needs and requests of the cooperative affiliates. Only 20% of their effort might be described as "self-serving"; strengthening their own structure, consolidating support, developing awareness, projecting an image and defending themselves from predators.

As recently as two years ago this ratio was reversed; FESACORA then spent 80% of its efforts on organization, building recognition, etc. and only 20% in responding to the needs of its affiliates.

There still are a few elements in FESACORA who perceive its mission in terms of struggle. But most, almost all, now speak in terms of service. The battle for agrarian reform has largely been won and now FESACORA's task is to make it work and insure that real benefits accrue to the intended beneficiaries, the cooperative members. This is the prevalent theme within FESACORA and Technoserve has played a major role in developing it.

It has been only within the past month or two, June and July, that FESACORA completed the staffing of its four regional offices and supplied them with the necessary office equipment and transport. Nevertheless, before these branch offices were established FESACORA was able to provide a substantial number and variety of services to its affiliated cooperatives as shown in Table 6 on the following page.

As the four regional offices of FESACORA now move into full operational status, service-delivery to member cooperatives no doubt will expand and improve.

Profile of FESACORA's Affiliated Cooperatives

Following interviews with FESACORA management personnel, the Study Team visited nine cooperatives affiliated with FESACORA. These cooperatives have been receiving services from FESACORA but never have received any direct assistance from Technoserve. In-depth interviews were conducted with key personnel of these associations--managers, accountants, presidents and board members.*

The main purpose of these interviews was to learn:

1. What services these cooperatives have been receiving from FESACORA;
2. whether these are the services they want and need;
3. the degree of satisfaction or dissatisfaction with the quality of these services; and
4. what additional services they would like FESACORA to provide.

*To obtain comparable data from each of the cooperatives visited, the Study Team conducted the interviews following a standard questionnaire form prepared in advance. See Appendix 3.

Table 6
Services Provided by FESACORA to Its Affiliated
Cooperatives, by Region, October 1984 - June 1985

| <u>Type of Service</u> | <u>Western Region</u> | <u>Central Region</u> | <u>Paracentral Region</u> | <u>Eastern Region</u> | <u>Total No. of Cooperatives</u> |
|---|-----------------------|-----------------------|---------------------------|-----------------------|----------------------------------|
| Technical Assistance (Production) | 43 | 41 | 25 | 33 | 142 |
| Credit Assistance | 54 | 34 | 39 | 43 | 170 |
| Marketing | 54 | 51 | 35 | 23 | 163 |
| Management & member Training Courses | 4 | 9 | 10 | 8 | 31 |
| Informal Meetings | 5 | 6 | 2 | 2 | 15 |
| Reactivation of Zonal Councils of Cooperative Directors | 2 | 1 | 1 | 4 | 8 |
| Interviewing & Hiring Cooperative Managers | 15 | 12 | 16 | 16 | 59 |
| Interviewing & Hiring Cooperative Accountants | 15 | 10 | 13 | 13 | 51 |
| Legal Advice and Assistance | <u>25</u> | <u>41</u> | <u>12</u> | <u>7</u> | <u>85</u> |
| Totals | 217 | 205 | 153 | 149 | 724 |

During these interviews it also was possible to learn about the standard of living of cooperative members and whether or not it has changed since the advent of the Phase I agrarian reform cooperatives.

In selecting the nine cooperatives to visit, an attempt was made to obtain a representative sample of the 200-plus cooperatives affiliated with FESACORA, thus, the nine varied considerably in membership and area size. Also, their principle activities differ; some work largely with cotton and others with coffee, beef or dairy cattle. Their operating results for the past two years range from excellent to poor. Here is a brief profile of these nine cooperatives.*

The smallest of them has 46 members and 487 manzanas of land. The largest has 4,801 manzanas and 311 members. Average membership is 149 and average land area held is 1,392 manzanas.

Four of the nine showed very good operating results for each of the last two years. Three enjoyed substantial net gains in one of the past two years and a substantial loss in the other. The principal reason for this sudden change was a considerable drop in the world market price of the commodities they produced, coffee and cotton. Two showed very large losses the past two years due mainly to bad management and member apathy.

Seven of the nine paid their entrance fee to FESACORA (C300) and keep up payment of their monthly "dues" or quotas. The two cooperatives with very poor operations have paid their FESACORA entrance fee but are months or years behind in paying their monthly quotas.

All nine receive a variety of services from FESACORA including technical assistance in agronomy, animal husbandry and artificial insemination; legal aid, help with credit applications, intermediation on behalf of co-ops with other entities, help in marketing produce, obtaining fertilizer at a low price, management and leadership training, member education in cooperative principles and general advice and counsel in business operations.

Presidents and/or managers of seven of the nine report that they are satisfied with the quality and quantity of services FESACORA provides. Three of these seven not only are satisfied but speak enthusiastically of the support FESACORA has given them. One cooperative regards FESACORA's service as only

* Details of each cooperative's operations are present in Appendix A.

mediocre and another complains that although the quality of service is satisfactory, FESACORA is too slow in responding to requests for assistance.

Four of the cooperatives indicated they would like FESACORA to provide other services it does not now offer including provision of a full line of agricultural inputs at wholesale prices; establishing a FESACORA "bank" or similar facility to provide production credit on favorable terms and offering more assistance in finding favorable markets.

Admittedly, this sample of nine cooperatives is too small to draw statistically valid conclusions about the 225-plus cooperative affiliates of FESACORA but time constraints did not permit the Study Team to gather data on a larger sample.

Even so, the Study Team feels this modest survey indicates that, by and large, FESACORA does provide the type of services its affiliates need and want and the general level of satisfaction with these services is high.

Social Benefits Accruing to Cooperative Members

Concerning the status of individual campesino-members of the FESACORA cooperatives, the Study Team found evidence that, in the great majority of cases, their standard of living has improved substantially compared with when they worked the land for a patron.

In two cooperatives, those with very poor operations, the members' standard of living has declined or, at best, not improved since the old days. But the lives of members of the other seven cooperatives have improved noticeably, not only in increased cash income but in a variety of other ways both social and economic in nature.

These are difficult to quantify yet of considerable importance: better housing, medical clinics and services, schools built by members, some of which offer classes from first through ninth grade, scholarships for some students to attend high school, consumer shops providing basic items to members at low prices, adult literacy classes, etc. All of these benefits were minimal or non-existent in the days of the patrons.

In one case, campesinos formerly were not permitted to do any subsistence farming, and had to buy their food. Now the cooperative has allotted small plots to each member for this purpose. In another instance, the patron required campesinos to pay rent to live on the estate, now the cooperative provides members with rent-free housing. Details of benefits realized by cooper members are given in Appendix A.

FESACORA's Organizational Structure

With the assistance of Sr. Vicente Crespín of Technoserve, FESACORA drew up a new organizational manual which was approved by the federation's board of directors in May 1985. Its purpose is to define clearly the functions and responsibilities of each position within the organization and to delineate the line of authority in the decision-making process.

Ultimate authority lies with the general assembly, composed of representatives from each of the federation's affiliated cooperatives. Its powers include the election (and removal) of members of the board of directors. The board consists of a president, vice-president, secretary, treasurer and five others, all of whom are elected for a two-year term and may be re-elected for only one additional term. The board is responsible to their general assembly and hires the management personnel who carry out day-to-day operations of the federation. A "junta de vigilancia" or vigilante committee, oversees all activities of the federation and reports directly to the general assembly though it has no authority over management personnel.

The manual sets forth detailed job descriptions for every position within the organization from general manager to office boy and includes qualifications for each post. (Examples: an office boy must have completed the "tercer ciclo de educacion" or up through the 9th grade, a secretary must have the "Bachiller Comercial" or "Secretaria" degree and at least three years' experience, an agronomist must have a bachelor's degree and at least three years' experience, an agronomist should have a bachelor's degree in agriculture, at least three years experience and a thorough knowledge of cooperatives.)

The Study Team feels this organization manual is well-conceived, will insure the staffing of FESACORA with qualified personnel and will help improve the overall efficiency of the federation so it can better serve the needs of its member-cooperatives.

Strengths and Weaknesses of FESACORA

On June 20-21, 1985, officials and key employees of FESACORA met with TNS representatives to evaluate FESACORA's accomplishments during the period October 1984 to June 1, 1985 and to compare these with the goals it had set for itself.

USAID/El Salvador already has received this FESACORA self-evaluation so there is no need for the Study Team to report its contents in detail. Nevertheless, a few comments concerning it are in order. The Study Team examined it carefully and found it well written, giving a detailed account of FESACORA's activities. Its principal shortcoming is it is almost entirely quantitative in nature i.e. how many training courses FESACORA personnel conducted for its affiliated cooperatives; how many affiliates were assisted with their credit applications; how many received legal assistance; how many newsletters were published, etc.

The evaluation offers little in the way of qualitative analysis of FESACORA's efforts: how effective were the training courses offered? How many credit applications were successful? etc. Of course, it is more difficult to carry out a qualitative analysis than a quantitative one. The former requires careful value judgments, the latter does not. One is subjective, the other objective.

With this in mind and taking into account the relatively brief period the Study Team had for observation, here are some impressions concerning FESACORA's effectiveness:

- o Its relative strengths appear to be in the fields of intermediation, organization, and legal assistance and it promises soon to be quite effective in providing technical agricultural assistance.
- o Weakest areas at present are in farm management, planning and projections, finance, accounting and auditing. These standard business skills are needed both in FESACORA and its affiliated cooperatives.
- o A disproportionate number of FESACORA's board members and its Vigilante Committee are also employees of the federation with three working the central office and seven in regional offices. These men, by and large, are good leaders, promoters and defenders of their organization. However, as a group they do not seem to possess the skills or aptitudes which are needed now to

achieve sound growth and economic viability.

- o FESACORA personnel are young, enthusiastic and--amateurish. They do not seem to realize their own limitations and feel they can take on any and all problems. With time and experience they will, no doubt, learn what they are good at and what they are not. In the meantime, and for some years to come, they will require guidance and advice on the functions they should delegate or subcontract to others.

Delays late last year in obtaining vehicles, recruiting staff and setting up regional offices worked against prompt and efficient provision of assistance to affiliated cooperatives. Since then these problems have been resolved and service delivery improved.

Financial Status of FESACORA

It is impossible to apply standard economic criteria in evaluating FESACORA, now and for some time to come, for these reasons:

1. This federation has developed an insignificant income stream through operations and services to affiliates. A system of monthly quota assessments of C30 on affiliated cooperatives did not work out effectively and, according to the bylaws, was to be in effect only until the end of the first year of operations. Other income-producing activities developed by the federation to date are legal fees and charges for preparing documents and office forms. During the first five months of 1985 these activities produced only about C7,000.
2. Aware that member-capitalization is an objective of the current work plan encouraged by TNS, the federation initiated a campaign to raise paid-in capital during the first trimester of 1985. A total of 33 cooperatives have paid C13,370 to date, three-fourths of this amount during July alone. This is an encouraging sign and establishes a healthy precedent. Yet the amount of capital raised in this manner is so small as to be almost symbolic in comparison to capital needs if enterprises such as processing, marketing, financing and supplying member cooperatives with inputs are to be undertaken. These capital intensive operations are being considered by FESACORA for the near future.

3. Another type of criteria which might be applied in evaluating FESACORA is that of the relative efficiency of its service delivery compared to:
(a) cooperatives working alone or independently and
(b) other intermediary or second-level institutions. The Study Team was not able to measure this efficiency nor compare it with alternatives. FESACORA, however, does appear to be a low-overhead operation with an energetic staff dedicated to providing such direct services as training, intermediating with government on behalf of affiliates, negotiating on inputs and legal representation as well as the more nebulous function of maintaining esprit de corps, identity and solidarity in the Phase I cooperative movement.

Standard and strict economic criteria should be applied to FESACORA operations when, and if, it undertakes investments and operates enterprises as a wholesaler for its affiliates. As alternatives and opportunities are evaluated and implemented, criteria such as return on investment, competitiveness or comparative advantage and contributions to overhead and net worth should be applied.

In conversations with FESACORA management, the Study Team detected that the challenge of economic viability and urgency in developing income-producing activities are real concerns within the institution.

When asked by what criteria new activities would be evaluated, the manager of FESACORA responded in an articulate and orderly manner. Giving as examples and in order of importance he cited these criteria:

- o Economic viability and profitability, i.e. coffee processing.
- o Felt needs and demands from affiliates; fertilizer procurement, financial intermediation.
- o Deficiencies and problems observed in the affiliates: accounting services, production technology dissemination and management programs (PAU).
- o Social and political impact: consumer and supply stores.

The Study Team mentions this to point out what appears to be a similarity in points of view of the Team and FESACORA management as well as an illustration of the process of institutional maturation which is taking place in FESACORA.

AID vis-a-vis FESACORA and Technoserve

The impressions of the Study Team on the question of administrative and financial arrangements most appropriate between AID Mission and FESACORA may be summarized in the adage, "If it ain't broke, don't fix it!"

After discussions with officials of TNS and FESACORA and observations of the operations of these two offices and the relationship between them, the Study Team believes that the present arrangement of TNS serving as an intermediary between AID and FESACORA is both satisfactory and efficient. Factors contributing to this are:

- o TNS has identified and assigned highly competent and dedicated staff to the task of assisting FESACORA in both the technical and administrative work under the OPG. It would be difficult for FESACORA to attract, supervise and support an equivalent staff at this time.
- o Technoserve's capability in technical and administrative functions, plus its wide experience with respect to Phase I cooperatives, provides a support resource which could not be duplicated, at a reasonable cost, in FESACORA. The present arrangement provides real economies of scale.
- o The structured and orderly management systems which characterize TNS operations in the country have contributed to highly satisfactory working relationships between TNS and the AID Mission in the institution-building of FESACORA and other projects as well. To duplicate this capability and discipline within FESACORA would be difficult and time consuming and would burden Mission staff unduly during a learning period in the Federation.
- o From what the Study Team was able to detect, working relations between TNS and FESACORA are good. There is mutual respect and differences have been smoothly resolved. Perhaps most importantly, TNS has recognized that the Federation must develop its own personality, public image and identity with its affiliates and so, wisely, Technoserve maintains a fairly low profile.

In summary, if there are any convincing arguments for changing the present OPG arrangement, the present relationships between AID, TNS, and FESACORA, the Study Team did not discover them.

Support of FESACORA by Its Cooperative Affiliates

As for monetary support of FESACORA by its affiliates, the financial indicators of paid-in capital and regular quota payments are not impressive. Of the 200-plus cooperative affiliates of FESACORA, only 33 had paid in an average of just \$405 as of mid-July 1985 and only two cooperatives made more than one contribution. The tendency to date, is a sharp increase in payments but it remains to be seen if this ascending curve will continue.

The Study Team suspects that the capitalization campaign may be perceived by some cooperatives as a substitute for the previous quota system, "affiliation fee" rather than nest-egg capital. Another factor which may restrain voluntary capital payments is the fact that competing federations have not instituted a capitalization scheme and they have criticized FESACORA for soliciting capital contributions from its member-cooperatives.

Study Team predictions are that FESACORA will not make much headway in accumulating capital under the present system of voluntary contributions for non-specific purposes or simply as a matter of "principle". Cooperative experience shows that proof of loyalty and financial support is best manifested by the response of members to specific projects or services for which an equity contribution is required.

The advent of four regional cooperative federations which commenced publicity and promotional campaigns for membership late in 1984 has had some effect on FESACORA's membership. These regional federations are rivals of FESACORA and compete with it for affiliates. Thus, membership in FESACORA during recent months has fluctuated somewhat with some of its members leaving it to join a regional federation then later leaving the regional to return to FESACORA. At the end of July, FESACORA records showed that nine cooperative affiliates which had defected to the regional federations had returned to FESACORA. As of July 26, 1985, FESACORA affiliates totaled 227.

Although the records are not precise, there appears to be a steady increase in demands by affiliates for FESACORA's services. Currently, the federation is considering hiring a second attorney. Requests for assistance in processing credit applications also, are more frequent.

FESACORA gained considerable stature and enhanced its reputation with affiliates by negotiating lower fertilizer prices for the 1985 planting season. Although its success in this undertaking may be due more to political influence than to skill in wholesaling or economies of scale, the 15% "discount" negotiated by FESACORA certainly had a favorable impact upon its affiliates.

Loyalty and identification are probably best measured by the response of affiliates to the competition, and to counter-campaigns or threats to solidarity presented by the four regional federations. FESACORA received numerous messages of support and was successful in organizing an impressive show of solidarity and political strength in its March 1985 general membership meeting. Representatives of 183 affiliated cooperatives were present. President Duarte attended the meeting and spoke to an audience estimated at 5,000 persons.

Looking to the future, FESACORA management and technicians predict that with the establishment and full staffing of its four regional offices, communications and service delivery capability will be greatly improved. This should contribute to institutional identity, more dialogue and greater affinity between the federation and base institutions. Reports frequently mention that a three-month delay in late 1984 in placing staff, obtaining vehicles and establishing permanent offices in the four regions hampered the work of creating an identity and building solidarity in FESACORA at a critical time.

Nevertheless, in the visits made to a sample of cooperatives affiliated with FESACORA, the Study Team found substantial evidence of support for this federation and appreciation for the services it provides. Seventy-seven percent of the cooperatives visited reported they were quite satisfied with the nature and quality of FESACORA assistance. The same 77% are fully paid-up members of FESACORA. Details of the Study Team's interviews with these FESACORA cooperatives are given in Appendix A.

The Study Team observed that, if anything, FESACORA may be suffering the consequences of excessive participation by its affiliate groups in the decision-making process. This federation, by its nature and origins, is highly democratic and sensitive to participation by base group leadership. At times, such as the recent process of approving the new organization plan, it was difficult to establish norms and precedents limiting the participation of leaders in a more ad hoc style of decision-making. The high degree of participation appears to be both a strength and a weakness of FESACORA.

Regional Cooperative Federations and Their Affiliates

The last item in the Scope of Work for this evaluation report calls for an examination of four regional cooperative federations, FECORASAL, FECORACEN, FECORAO, and FECORAPECN, and their affiliated primary-level cooperatives. The purposes of this examination were to determine (1) why some cooperatives choose to affiliate with these regional federations instead of FESACORA; (2) what services these federations provide for their member-cooperatives; (3) the degree of member support and loyalty the federations enjoy; and (4) the overall performance and effectiveness of these federations.

To answer these questions, the Study Team engaged the services of Mr. Jeffrey Nash of Servicios Technicos who, in turn, recruited personnel to carry out field interviews with regional federation affiliated coops and, if possible, with federation officials as well. Seven of the nine interviewers chosen by PERA (OSPA's Agrarian Reform Evaluation. Project Office) and most had participated in previous PERA-directed surveys. Thus, they had experience in this area and were familiar with agrarian reform topics and agriculture. This was important, for given the time constraints neither field testing of the questionnaires nor supervision was feasible.

Two questionnaire forms, one for individual cooperatives and the other for the regional federations,* were prepared in advance with the help of Technoserve and informally reviewed by AID. As is the practice, the interviewers were given letters of introduction by ISTA which were signed by ISTA's general manager, since ISTA's president had just resigned and the vice-president headed FESACORA.

The four regional federations were formally organized between December 1984 and February 1985, with a total of 80 member-cooperatives listed in the minutes of these general assemblies. Comparing these lists with those of ISTA and MAG's Departamento de Asociaciones Agropecuarias (the registry office for agricultural cooperatives) 52 were found to be from the "reform sector" as defined by AID, that is, organized on the properties affected by Land Reform Decree 153-4. Since this survey is complementary to the Technoserve-FESACORA evaluation, only those cooperatives that were potential FESACORA members were sampled. These were separated in each region into two groups: those that had been registered as FESACORA members (Group A), and those that never were registered with FESACORA (group B). They then were randomly assigned rankings by group and by region.

*See Appendix C and Appendix D.

Of the 20 targeted cooperatives originally chosen, 18 were interviewed, ten were from Group A (former FESACORA members) and eight from Group B (never FESACORA members). These interviews represent 35% of the 52 cooperatives which are eligible to join FESACORA, or 34% of all cooperatives in Group A and 35% of Group B. The interviewing teams visited all four of the regional federation offices but were allowed to formally interview only one federation.

With respect to the primary-level cooperatives interviewed, responses did not differ substantially between members of the two groups, however, several anomalies were noted: The cooperatives stated flatly that they did not belong to any regional federation, one said it belonged only to FESACORA, and another said it belonged to no federation at all, regional or national.

One cooperative reported not having belonged to FESACORA when in fact it had. Three said they had been FESACORA members, when actually they never had been registered as FESACORA affiliates. Assuming responses were made in good faith, then one-third of the cooperatives surveyed were confused about prior or present affiliation which indicates there may be some informality regarding the concept of affiliation. Another observation: there was a regional federation representative present at only five of the 18 interviews which tends to lend additional credibility to the survey. Here is a tabulation of responses to questions listed on the questionnaire form reproduced in Appendix C:

Question
Number

Response

- | | |
|---|--|
| 3 | Primary reasons for affiliation with a regional federation: Five cooperatives reported that FESACORA had violated its by-laws, refused reorganization, committed irregularities or could not offer services to all agrarian reform cooperatives. |
| | Four cooperatives stated that they felt the regional federation would help them obtain loans, would itself lend money to needy cooperatives or would form a cooperative bank. |
| | Nine co-ops felt the new regional federations would offer other services and defend cooperative interests. |
| 5 | Sixteen cooperatives stated that the decision to join the regional federation was made by the co-op's general assembly. |

6-8 Six co-ops said they had not previously belonged to any other federation or similar organization (but one of these really had belonged to FESACORA). Eleven said they had a previous affiliation and seven said they had belonged to FESACORA (three really did not) and four said they had been affiliated with UCS. Of these eleven, the four in UCS remain affiliated with UCS but are not active, whereas the other seven supposedly resigned from FESACORA.

9-10 Fourteen of 16 cooperatives indicated that no organizing committee as such helped promote and found the regional federation to which they belong. There seemed to be two patterns for soliciting affiliation: One was a meeting of area cooperative representatives to discuss the issue of a regional federation and the other was for co-op representatives to visit the cooperative during a general assembly to propose both resignation from FESACORA and affiliation with a regional federation.

In some cases, a decision was made at that time but more frequently co-op members discussed this in several meetings before arriving at a decision. In several instances they believed their participation was needed only to find out about the new regional federation, rather than to actually join it.

The duration of this stage of promotion and preparation of documents was about one month or less in the case of 11 of the cooperatives and in the case of four, less than one week. Five others reported that this period of promotion and document preparation took up to three months and one had no recollection of the time involved.

These relatively short time-frames and the fact that no cooperative mentioned the participation of its administrative council or the use of mimeographed documents combining resignation and affiliation, often without even a mention of the new regional federation's name or designation of representatives to it, all of this strongly suggests that the procedures followed did not conform to cooperative by-laws. In other circumstances, the ISTA co-manager and social promoter would be charged with ensuring the observance of these procedures. Another point is that in no case does a letter from ISTA appear in the official registry files certifying the existence and

veracity of these proceedings, all of which had been considered a requisite for acceptance of the documentation by MAG's registry office.*

- 11-12 All of the cooperatives have named regional federation delegates, most of whom attend all the regional federation meetings, usually weekly. Complaints were common, however, that many of these representatives did not report back to their cooperatives. If these representatives also held a regional federation office, they frequently stayed at the regional federation all week long.
- 13 Of the cooperatives interviewed, only three recognized an obligation to contribute to the regional federation for its operating expenses and of these three only two had actually made monthly payments of \$10. Several cooperatives mentioned that one reason for joining a regional federation was that the co-op would not have to pay fees, at least not until some time in the future, in contrast to FESACORA which charges an initial entrance fee and also requests monthly contributions.
- 15 Services which member-cooperatives reported receiving from their regional federation: Seven reported nothing, no services of any kind. Six said they had received some member education and literacy training. Four reported they had participated in "general information" meetings with representatives of the regional; three said they had received help in obtaining a loan and four received assistance in marketing and accounting.
- 16 Short-term expectations of what the regional federations might provide in terms of services and activities: Six cooperatives expect nothing; six hope for technical assistance; four expect training and literacy; three, help with loans; and four, help in marketing, accounting and acquiring ag-inputs and machinery.

*An examination of official documents on file at the Departamento de Asociaciones Agropecuarias of the Ministerio de Agricultura reveals that a number of the actas of cooperatives purporting to show affiliation with the regional federations, particularly with FECORASAL and FECORAO, are of very dubious authenticity. It is most likely that their validity as legal evidence of such affiliation could be successfully challenged if anyone chose to do so.

17-18 These questions are aimed at determining the degree of confidence and satisfaction the cooperatives felt in respect to the regional federations: Ten cooperatives thought that the regional federation they belonged to could provide the services which the cooperative had mentioned in the previous question. Five cooperatives responded negatively, they felt the regional could not deliver these services.

Eleven cooperatives reported on the quality of the services they already had received from their regional federation: Six said these were adequate or better; five said they were poor and five others did not respond to this question.

19 When asked what services a regional federation should provide, the cooperatives responded in this way: Twelve of them said the regional should provide help in obtaining loans and/or for a cooperative bank; seven expect help in marketing, especially with IRA in the sale of basic foodstuffs; five mentioned technical assistance and five others training and literacy.

20-22 Almost all co-ops felt the need for both regional and national cooperative federations. The primary reason for a regional federation, they feel, is to facilitate solving local problems locally, given better communication and contact between the parties concerned. The major reason for a national level organization, a confederation is to lend more force to co-op requests and issues.

23 When asked if the cooperative was aware of FESACORA, one-half said yes and the other half no. It is interesting to note that more cooperatives which never belonged to FESACORA indicated they knew about it than those which had been members. (Perhaps the ex-FESACORA members simply did not want to acknowledge the existence of FESACORA.)

Only in the case of the western regional federation did all cooperatives surveyed answer affirmatively and this was the only reason they mentioned for starting a regional federation. Comments about FESACORA included these: it is not well organized; it only makes promises; it is inoperative; it consists only of highly paid technicians and it attends to the needs of only a few cooperatives rather than the whole agrarian reform sector.

24-25 All of the offices or institutions listed in this question were identified by at least some cooperatives

as offering technical assistance. Nearly all had received some assistance from CENCAP, CENTA and ISTA and one-half had received help from BFA. Five cooperatives mentioned UCS and four recognized TNS.

- 26 A large majority of the cooperatives (13 out of 18) have an accountant, a co-manager and a social promote, but only six have a manager. The responses to this question indicated that Group A cooperatives usually had the first three positions filled but only two had a manager. Group B cooperatives had a more even mix but fewer positions filled.

FECORASAL

The reception of the interviewers by regional federation representatives was largely negative, and only one granted an interview. The western regional federation, FECORASAL, flatly refused to talk with the team giving as the reason "the present ISTA leadership (after the president had resigned) is against agrarian reform". The ISTA adviser to the regional federation was present and influential in this short meeting, however, no attempt was made by this federation to contact its members and dissuade them from talking with the team.

The survey team noted that this regional was renting a large two-story building, had sufficient office furniture and equipment and had one or two full-time secretaries. Several government vehicles were usually at the office and may or may not have been for the federation's use.

Finally, contrary to normal practice, the official minutes of the meeting held to found the regional federation mentioned neither the value of the social capital shares nor the amount collected as initial capital payments. Usually this is a prerequisite to voting power within an assembly. The by-laws state that a cooperative should pay \$20 per month but none are presently doing so.

Review of the documentation presented to MAG showed these to be standard for all cooperatives, in many cases mimeographed with the appropriate spaces left blank. Since the cooperatives should submit transcripts of the minutes (Supposedly copied from a bound volume of the minutes of general assemblies), the use of prepared forms which are only filled in by the cooperative raises suspicions about their authenticity. The same could be said about the forms used to resign from FESACORA: standardized fill-in-the-blanks forms, several from cooperatives that never were affiliated with FESACORA and all with the indication that copies were made for the AID Director and the U.S. Labor Attache.

Similar observations might be made for the documentation in each of the federations: nearly, if not totally, identical among co-ops in a federation, although the forms changed slightly between organizations. It should be noted that there was no certification of veracity by ISTA included in any of the document folders held by MAG. This is a normal procedure followed whenever transcripts of minutes are sent to MAG's registry office. This situation would seem to be a "red flag", since AID was told by this office that such certification would be required in the case of cooperative affiliation with a federation.

FECORACEN

This central regional federation reacted even more strongly to a request for an interview and stated the reasons why: (1) to provide information they need previous authorization from the "Instituto Interamericano" (which may be a reference to AIFLD); (2) elected officials from all four regional federations must be present to provide information according to some agreement they supposedly have and (3) they do not want to be "instruments of political tactics". As a control on the survey team, they were asked to sign the questionnaire, which was done by an unseen person not present at the meeting and whose signature did not correspond to the name of any cooperative representative.

Furthermore, this regional federation sent people to contact its member cooperatives to deter them from granting interviews but fortunately the interviews had been completed before this contact was made.

The survey team noted that this regional federation has adequate and permanent office space with furniture and equipment, three secretaries and the use of two government vehicles. This federation charged its cooperatives a monthly fee of \$10 and declared \$160 as paid-in capital at the time of its funding.

FECORAPCEN

This paracentral federation did allow an interview to be conducted. Major points mentioned include these:

- (1) They are planning to charge monthly fees based on 22 centavos per member of each cooperative although this does not seem to be widely known as yet.
- (2) They said they had an organizing committee formed by representatives of eight cooperatives and promotional

activities consisted of six meetings with cooperatives over a period of 15 days and were aided by ISTA (supposedly for orientation).

- (3) There is a large house for permanent use with furniture and office equipment and two secretaries but apparently no vehicles.
- (4) A member-cooperative is required to pay an entrance fee of \$50 to belong to the federation and at the time of founding \$950 had been paid into the capital fund.

FECORAO

The survey team for this eastern regional federation managed a short, informal interview with federation representatives because two ISTA advisers present did not allow the questionnaire to be used. A polite letter of explanation was given the team later.

According to the conversation, this regional federation had an organizing committee with representatives of several cooperatives and the ISTA advisers. Cooperatives having a general assembly were visited by this group (not identified as such by the cooperative) and agreed to send representatives to a general meeting to discuss a regional federation. This turned out to be the meeting to found the regional federation.

It is uncertain whether cooperatives specifically approved their affiliation since no cooperative minutes were submitted to MAG as documentation for legal recognition which is the usual practice. Instead, mimeographed statements declaring that minutes of a general assembly which voted to resign from FESACORA and join the regional and which were signed by cooperatives were submitted. Other information obtained by the survey team includes the following points:

- (1) Regional federation meetings are held weekly.
- (2) Cooperative representatives do not return to inform their co-ops of proceedings and, therefore, the cooperatives have stopped paying their salaries. The team assumes that ISTA, or someone, is now paying these people.
- (3) There have been no meetings with member cooperatives as yet, only with cooperative representatives in the regional federation office.

- (4) Virtually no activities have taken place and nothing specific has been planned for the near future according to the seven cooperative representatives present at this interview.
- (5) The regional federation rented a two-story building, installed furniture and office equipment, hired a secretary and an accountant but has no vehicle.
- (6) The value of a share of capital is \$100 and \$675 had been collected by the time of founding.

CONCLUSIONS AND RECOMMENDATIONS

Clearly, FESACORA is going through a timely and healthy transition from an organization principally concerned with the defense and representation of member cooperatives and keeping intact the agrarian reform, to a more supportive and service-oriented posture.

FESACORA now provides its affiliates with services they need and want in procurement, credit, marketing and relations with government. Future assistance to the federation should not only encourage this trend but should assist it in moving into a third phase of development and institutional maturity: performing a wholesale function in ag-inputs, credit and agricultural commodities all of which would be income-producing activities for the federation.

Although several preliminary project possibilities have been developed to date (e.g., coffee processing, feed milling, ag-input and machinery procurement, etc.), priority attention should be given to this area of large-scale wholesale operations as a condition of future assistance to FESACORA. Also, Technoserve should be assigned the responsibility of taking the lead in implementing this activity as part of its job description in any future OPG.

A rather obvious corollary to this is the matter of financing new ventures for the federation. If possible sources of financing from both debt and equity sources cannot be identified early it makes little sense to work up profiles, feasibility studies and federation enthusiasm for such projects.

In line with this recommendation of emphasis or priority, consideration should be given to the possibility of re-structuring FESACORA into two major departments, each headed by its own assistant manager. All activities related to promotion, general education, intermediation or representation to government, lobbying on cooperative issues, etc. should be located in one department. Specialized staff with expertise in such matters should be situated in both the central and regional offices of FESACORA. This would be the obvious department in which to place the majority of FESACORA's director-employees, if the federation continues to follow this practice of providing employment for its directors.

The second department would be responsible for the direct wholesale operations for affiliates as well as the processing activities, marketing of commodities, operating plants, supply stores and other income-producing activities. Each of these two departments should prepare and operate under separate and distinct budgets especially during the period of external assistance of subsidy.

From tabulated results of the survey as well as subjective reflection, the Study Team concludes that the four newly-founded regional cooperative federations do not merit major attention by AID at this time. Certainly, at this juncture, the agrarian reform sector does not need additional competing forces vying for position, loyalty and representational strength and creating divisiveness among the base organizations. It would seem that the inspiration for forming these regional federations arose not from disappointments or disaffection with FESACORA's objectives and programs but rather from jealousy and personal and political differences.

It is true that there are some differences related to certain policies such as capitalization quotas and professional management. Although feeble in both regards, these nevertheless represent tendencies considered by dissident groups to be negative.

A most interesting development in this regard will be the degree to which the newly functioning regional offices of FESACORA are able to respond to and support affiliated cooperatives in an effective and timely fashion without having to refer constantly to "headquarters" for advice and instruction. If these regional offices do well in their planned role, it would seem even more logical for AID to continue supporting this regional focus of FESACORA rather than several separate and divergent regional entities.

The argument for regional federations as more effective vehicles for representation of Phase III cooperatives may have some merit. However, there is no legal impediment to FESACORA affiliating and serving these groups as well. In fact, two Phase III cooperatives already are members of FESACORA.

The Study Team predicts that, in the long run, those integrating institutions with the greatest service capacity are the ones most likely to survive and develop sincere loyalty among member cooperatives and their campesino members.

FESACORA, admittedly with coaching and advice, appears to be the organization most oriented in this direction at present. AID should cultivate and continue this orientation with its assistance rather than sponsor competing organizations which, to date, have not shown a strong service orientation.

As mentioned previously, the Study Team recommends no substantial change in the institutional relationship by which TNS fills the role of intermediary and monitor of the assistance AID provides to FESACORA. One aspect of this arrangement, however, was not analyzed by the Team and might affect future decisions in this regard. That is the matter of cost or charges

made by TNS for fulfilling the function of intermediary and administrator of AID resources.

While FESACORA is concerned mainly with promotion, public and governmental relations and training and intermediation, it does not appear logical to apply economic-business criteria in evaluating or measuring the work of the federation. The only aspect of operations which might be considered is the relative cost-effectiveness of the activities carried out by FESACORA as compared to similar programs, public or private, going on elsewhere in the country. To say the least, this would be a difficult undertaking and not likely to yield precise results.

The Study Team is of the opinion that economic-business criteria can be applied to the federation's operations only when income-producing enterprises are developed and under way. These operations should be evaluated separately, using different accounting procedures and controls for each, and should include application of overhead and other standard cost accounting practices.

During the course of this evaluation, the Study Team has reflected on the logical, orderly and thorough methodology developed and used by TNS in its approach to diagnostic and feasibility studies and planning prior to actual project implementation. The Team applauds this approach which surely represents one of the major strengths of Technoserve's work and distinguishes it from other organizations and programs working in similar pursuits in El Salvador.

At the same time, however, this methodology implies a relatively high cost both in terms of direct, applicable costs in the formal accounting sense and in opportunity costs. These represent foregone opportunities or alternatives which by their very nature require a more spontaneous, improvised, ad hoc style of intervention. This more "flexible" approach is needed to deal with certain unexpected or critical problems, as well as to take advantage of unusual opportunities which inevitably occur in any agriculturally-related enterprise.

Agricultural and institutional development, particularly in El Salvador at the present time, is less than an exact science. The human factor plus the unpredictability of events are a part of the reality, part of the context in which the work is being carried out. Such a situation frequently requires adaptation, improvisation, modification of plans and on-the-spot response by personnel of development organizations such as Technoserve. This requires initiative, intuition, a quick reaction time and creativity in staff and operating policies - something akin to artistic instincts, leavened with a sound appreciation of technology, logic and discipline.

Given the high level of technical skills and abundant experience of Technoserve in its field of specialization, the Study Team suggests that it might be worth establishing within Technoserve a capability to detect and respond to unique or unusual problems, situations or opportunities in agrarian cooperatives. In colloquial terms, what is suggested is a kind of "SWAT" team of experienced, mobile technicians backed up, of course, by TNS specialists as needed or appropriate.

The responsibility of this special group would be to detect and respond to situations in which there is neither time nor justification for the usual TNS procedure of formal project development/approval/implementation.

The Study Team recognizes that this approach should not come to overshadow the well proven methodology of TNS in its Salvadoran programs. In many respects, the concept is similar to the short-term technical assistance ("SATCOR") provision, drafted and incorporated into the TNS operations in El Salvador in 1983. Still a minor component of TNS operations in the country, the major difference between this and the approach suggested here is that SATCOR is mainly a responsive mechanism, whereas the SWAT group would be more venturesome and aggressive in seeking out opportunities for its special style of intervention.

If such a capability were to be developed in TNS operations in El Salvador, possibly on a trial basis at the outset, there would be merit in considering the activity as a support or reinforcing resource for the regional office teams of FESACORA just now getting their work programs developed and establishing a favorable reputation with cooperatives in their respective regions.

Cooperativa El Eden - Department of Sonsonate

Dairy cattle, beef cattle, sugarcane and okra are the principal activities of this cooperative. Membership totals 129 and there are seven paid employees including a manager and an accountant; there is no cogestor.* The cooperative has 922 manzanas of land allotted to it, however, the value placed on this land by the government is considerably higher than its true value. Thus, the cooperative is burdened with an onerous long-term debt which it regards as its major problem and has been unable to convince government authorities that the land is substantially over-valued.

Since it became affiliated with FESACORA, this cooperative has received these services from the federation: legal assistance, intermediation in various undertakings and technical assistance on its cattle operations. It is satisfied with these FESACORA services, yet at present it would appreciate more advice and counsel on general operations. El Eden has paid its entrance fee to FESACORA and is keeping up its monthly quota payments. In addition to the FESACORA services mentioned, the co-op members have received training in cooperative principles.

Fiscal year for this cooperative runs from April 1 to March 31. The results of operations for the 1983-84 fiscal year were:

| | |
|----------------|----------------|
| Total income: | \$553,440 |
| Total expense: | <u>330,866</u> |
| Net gain: | 2,574 |

Operations picked up considerably for the latest fiscal year, 1984-85, as shown here:

| | |
|----------------|------------------|
| Total income: | \$2,478,295 |
| Total expense: | <u>2,261,668</u> |
| Net gain: | 216,627 |

Members are paid for their work every 15 days, \$105, for a total annual income of \$2,552. Via a payroll deduction system, five colones are taken from each member's pay every 15 days and credited to him in the form of share capital in the cooperative. Thus, \$15,480 goes into member share capital each year and this has been going on now for three years. Total member share

* A guarantor, usually an entity rather than an individual, which backs loans taken out by a cooperative

capital now is approaching \$30,000.

The cooperative sells milk to five different buyers and sells its okra to Quality Foods Company for the export market. The sugarcane is sold to a nearby refinery.

In addition to the extra-large land debt the co-op is burdened with, its other problems are these: need for a member medical clinic, potable water, better housing and electricity for members' homes. Nonetheless, the president and vice president of this cooperative estimate that members' incomes and standard of living have increased by approximately 20%, compared to the days when they worked this land for a patron.

Cooperativa Aguja - Department of Sonsonate

This cooperative is engaged in the production of cotton and sugarcane and has 700 head of beef cattle. The 62 members have a total of 798.5 manzanas. Of these, 345 mz are devoted to cotton, 48 mz to sugarcane, and the remainder serves as pasture for the cattle. The only permanent employee is an accountant. There is no salaried manager and no cogestor.* However, during the cotton harvest season the cooperative employs up to 500 temporary workers for a period of about three months.

Formerly, until about a year ago, this co-op sold its cattle to a Salvadoran company which, in turn, slaughtered and dressed the beef for export to the U.S. But then, herbicides or pesticides used to spray cotton fields were washed by rainfall into the water the cattle drank, rendering the beef unacceptable by U.S. standards and the cooperative lost its export market, at least for the present. It sells its cotton to the Cooperative Algodonera.

The fiscal year runs from April 1 to March 31. For the 1983-84 fiscal year the results were these:

| | |
|----------------|------------------|
| Total income: | \$1,791,092 |
| Total expense: | <u>1,366,439</u> |
| Net gain: | 424,663 |

But for the latest fiscal year, 1984-85, the results were quite different:

| | |
|----------------|------------------|
| Total income: | \$1,338,239 |
| Total expense: | <u>1,460,137</u> |
| Net loss: | 121,898 |

The principal reason for this loss was a substantial drop in the price of cotton.

This cooperative has been affiliated with FESACORA since 1981. It joined because it felt it would need the help and services it hoped FESACORA could provide. Thus far it has received legal services from FESACORA and some technical assistance in agronomy. Also, members have received a course in cooperative principles offered by FESACORA personnel. The co-op is satisfied with the quality of the services it has received but it would like to have additional technical assistance in cotton cultivation and in its cattle operations. The co-op has not paid its entrance fee to FESACORA nor is it making monthly dues payments. Share capital of members in their cooperative is very minimal, not more than \$2,500.

Nevertheless, it appears that the standard of living, the real income, of members has increased substantially compared to when they worked for their patron. They are now paid \$101.16 every two weeks and receive a Christmas bonus of \$200. Also, each member has his own plot on which to grow food for his family, something not permitted by the patron. Members are now in the process of constructing a school for their children and for evening literacy classes for themselves. Principal problem of this co-op is lack of production credit. Also needed are pumps for two deep wells which are useless without them, an irrigation system, better housing, a medical clinic and mail and telephone service.

Cooperativa Kilo Cinco - Department of Sonsonate

Principal activity of this cooperative is dairy cattle but it also grows corn, sugarcane, pineapple, sorghum and sesame seed on its 834 manzanas of land. Its main source of income is the sale of milk to milk processors including the multinational company Foremost.

There are two paid employees, a manager and an accountant as well as a cogestor who works in the area of "social promotion".

The 109 members are paid \$130 each every two weeks. They have share capital in the cooperative but not very much, about \$1,600. Average yearly income of members is \$3,400. They are much better off now than before the advent of the cooperative with year-round employment, better housing, medical services and potable water.

This cooperative has paid its entrance fee to FESACORA and is keeping up with its monthly quota payments. It is quite satisfied with the services it has been receiving, particularly the assistance in obtaining medical services and potable water for members. Also, FESACORA has provided the cooperative with legal and general advice and arranged for members to receive a CENCAP course in cooperative principles.

The cooperative's fiscal year is the same as the calendar year. For 1983 the results were:

| | |
|----------------|------------------|
| Total income: | \$1,401,141 |
| Total expense: | <u>1,482,453</u> |
| Net loss: | 81,312 |

Results improved in 1984:

| | |
|----------------|------------------|
| Total income: | \$1,545,847 |
| Total expense: | <u>1,419,447</u> |
| Net gain: | 126,400 |

Main problem facing this cooperative now is how to increase its cattles' level of milk production; there also is a need to improve the herd with new blood.

Cooperativa San to Tomas - Department of La Paz

This is a very poor cooperative in most every way. It is deeply in debt, 1.5 million colones, due to an accumulation of production credit (loans past due) over the past several years. The entire debt is overdue and the co-op is paying 16% interest on this sum, or \$240,000 per year. It is not able to make any payments on the principle.

The 235 members are also poor in many ways. First and foremost, they do not have any idea of what a cooperative is and therefore, no spirit or feeling of cooperation. They regard themselves as daily wage-laborers rather than as member/owners of their own large agricultural enterprise. They see little

difference between their present situation and when they worked this land for a patron.

They are paid \$112 every 14 days but work full-time for only eight months of the year. The remaining four months provide only part-time work so on average they work, and are paid for, perhaps nine months of the year. Their housing is generally miserable and they lack potable water and medical services. There is a cooperative school for their children but it offers classes only through the third grade resulting in a high rate of illiteracy among members.

Principal activities of the cooperative are the growing of cotton (367mz), sugarcane (38mz), maize (230mz), sorghum (19.5mz) and the raising of cattle (554mz in pasture). This accounts for 1,292,5mz of the cooperative's total land area of 1,711mz. The remainder is forest or uncultivated.

The cooperative has paid its entrance fee to FESACORA but is two years behind in paying its monthly quotas. FESACORA has given the cooperative some help in marketing its produce and also some assistance in administrative matters and mediation with other agencies. The cooperative regards FESACORA's services as more or less satisfactory, just so-so.

It was not possible to obtain specific financial data on the cooperative's operations but it is known that it has experienced a succession of annual operating losses. Primary reasons for this cooperative's bad situation are poor management and member apathy.

Cooperativa Nauhalapa - Department of La Paz

This cooperative, founded March 6, 1980, has 642 manzanas of land, 72 members and two employees, a manager and an accountant. The manager has been on the job for only three months; before that the co-op had no manager but a cogestor managed things.

Main activities were growing cotton and raising beef cattle but now the only activity is cattle for the co-op was unable to obtain any production credit to plant cotton this year and last.

The fiscal year runs from April 1 to March 31, and for the 1984-85 year the operating loss was \$65,020. The 1983-84 year showed a loss also although it is not clear what it was because the books were badly kept.

Services received from FESACORA to date are: technical assistance in artificial insemination and a brief training course for members in co-op principles. This assistance was welcome and satisfactory but the cooperative would like more. In particular, officials would like FESACORA to establish its own bank or similar entity to provide production credit directly to its affiliates. Also, it would be appreciated if FESACORA would supply agricultural inputs. This cooperative has paid its initial membership fee to FESACORA but has not been able to keep up payment of its monthly quotas simply because it is in such poor financial condition. It is broke.

Members have a total of \$2,015 in share capital in their cooperative, an average of only \$28 each. They are paid \$91 for their work every two weeks but last year most of the members worked only two weeks during the entire year. Fortunately, each has his own small plot on which to grow food for his family. These members were better off in the old days. Their standard of living has declined since the advent of the agrarian reform program and formation of the cooperative.

The cooperative sells its cotton (when it has any) to the Cooperativa Algodonera which buys cotton from producers in the area. Cattle are sold on the local market. The main problem facing this cooperative is lack of finance production credit.

If this were solved it would help solve a host of other problems such as: co-op members are very poor and have miserable housing, little education (illiteracy rate is 70%), no school nearby for their children, no medical facilities, no potable water, no electricity and 70% of the children suffer from malnutrition.

Many serious problems and no solutions in sight.

Cooperativa Santa Clara II - Department of La Paz

This cooperative has 4,801 manzanas of land, of which 1,411 are in pasture for 3,500 head of cattle (dairy and beef) and 1,799 are under cultivation as follows: cotton, 1,578mz; sugarcane, 136mz; maize, 30mz; cocoa, 4mz; coconut, 25mz; and platano, 6mz.

Operating results appear to be quite satisfactory. For the last fiscal year which ended March 31, 1985, results were:

| | |
|----------------|------------------|
| Total income: | \$10,091,866 |
| Total expense: | <u>9,430,994</u> |
| Net gain: | 660,872 |

For the 1983-84 fiscal year:

| | |
|----------------|------------------|
| Total income: | \$ 9,949,257 |
| Total expense: | <u>8,379,604</u> |
| Net gain: | 1,569,653 |

The cooperative paid its entrance fee to FESACORA and keeps up with its monthly quota payments. The services it has received from FESACORA include member-education, management training, leadership training, technical assistance in artificial insemination, conservation of pasture land and animal husbandry. The cooperative's president is generally satisfied with these services but says that FESACORA is very slow in responding to service requests. In addition to the services it has received, the co-op would like FESACORA's help in acquiring agricultural inputs at lower cost and in obtaining better prices for the cooperative's produce.

Members are paid \$112 every fourteen days. They work full-time for 10 months of the year and only part-time for the remaining two months. Via a system of payroll deduction of five colones every two weeks, members have accumulated \$74,229 of share capital in their cooperative. As a group, the 311 members are better off now than when they worked this estate for a patron. The cooperative's president estimates that their incomes and general standard of living have increased by approximately 20%.

Main problems of this cooperative are the need for better markets and prices for its produce. It sells the equivalent of 4,500 bottles of milk per day to a dairy. Formerly it received 85 centavos for each bottle but since July 1, 1985, the buyer has reduced this to 75 centavos, which is not enough to give the cooperative an acceptable margin. For this reason, the cooperative would like to set up its own dairy plant to process and bottle milk and not be dependent on their buyers. It presently is engaged in a feasibility study for this project and is receiving the help of FESACORA in doing so. Another major problem is the present low price of cotton and the high cost of transport to deliver sugarcane to a refinery located a considerable distance away.

Members have constructed a fine school for their children offering classes from the first through the ninth grade. Members are now in the process of constructing a medical clinic and they also plan to construct 120 homes for members and their families.

Cooperativa Pasa Tiempo - Department of La Libertad

Principle activities of this cooperative are production of coffee, beef and dairy cattle, sugarcane and concentrated feed for livestock. It has 662 manzanas of land and 166 members. The salaried manager is also a member. There is no cogestor. Fiscal year is the same as the calendar year. Operating results for 1984 were these:

| | |
|----------------|------------------|
| Total income: | \$2,611,263 |
| Total expense: | <u>2,663,330</u> |
| Net loss: | 52,067 |

For 1983:

| | |
|----------------|------------------|
| Total income: | \$1,086,366 |
| Total expense: | <u>1,330,145</u> |
| Net loss: | 253,779 |

This large loss for 1983 was due largely to a sizeable drop in the price of coffee; also, the cooperative received its production credit too late in the agricultural year. This co-op has paid its entrance fee to FESACORA and keeps up with its monthly quota payments.

President of the cooperative feels that FESACORA is the only cooperative federation worth mentioning and he is very pleased with the services it has been providing. These include technical assistance in agronomy, intermediation on behalf of the co-op in a number of matters and educational courses for members on co-op principles. One additional service he would like to see the provision of fertilizers and other ag-inputs at lower prices.

Members are paid for their work every 14 days, a sum of \$102, and they work all year. They are much better off in many ways than before the advent of this cooperative. When they worked for a patron only 40% of the workers were permitted to live on the premises and they had to pay a monthly rent of \$60 for this privilege. Other workers had to live elsewhere and pay rent to other landowners. Now, 95% of the members have their homes on

land owned by the cooperative and pay no rent. Also, they are given a plot of land of their own to grow food for their families, a practice not previously permitted.

The co-op has a school for members' children, 1st thru 9th grades. In the evenings, co-op members attend classes, learning to read and write. Twenty-eight of them, formerly illiterate, are now in 3rd grade. The co-op also offers classes in sewing for the women, teaching them to make dresses, shirts, etc., so they can earn more income. None of these benefits existed before.

Members have \$16,300 in share capital in the cooperative. Also, they have used some of their earnings to purchase an additional 18mz of land in order to expand production. The co-op has its own coffee beneficio and sells its coffee to INCAFE to exports. A main problem at present is the depressed world market for this commodity. Another problem is the long delay in disposing of its coffee to INCAFE and in receiving payment. Meanwhile it has to pay 13% interest on its production credit loan and if the loan becomes overdue there is an extra 2% charge.

Cooperativa Agua Fria - Department of La Libertad

This is a large and very successful cooperative. It has 214 members and 1,667 manzanas of land. Its 20 employees include a salaried manager, an accountant, several bookkeepers, secretaries, etc. Also, there is a cogestor.

Almost all of the land is planted to coffee which the cooperative sells to a beneficio. The co-op has a large beneficio on its premises, but did not have title to it until recently. Now, with help from FESACORA it is acquiring legal title, making necessary repairs to the machinery and by October or November of this year expects to be processing its own coffee in its own beneficio instead of selling it to another.

Operating results for the recent fiscal year were most successful, a net operating gain of \$2,500,000. There was a gain the previous year as well, though not as large for total production was considerably less. Nevertheless, even in that year members received a bonus of \$500 each and in the most recent fiscal year the bonus per member was \$1,000. In addition to these bonuses, members are paid \$123.98 every 14 days year around. They also enjoy many social benefits they did not have earlier when working under a patron: the cooperative operates a school for members' children and

furnishes the children with all their school supplies at no charge. Also, there are scholarships available for older children to attend secondary school; there is a medical clinic which a doctor visits every two weeks, or more often if necessary, and a consumer store for the members' convenience. In real terms, members are at least twice as well off as they were before the advent of this cooperative. Member share capital in the cooperative totals \$50,000.

The co-op presently is engaged in cocoa production to a minor extent and maintains five apiaries for honey which members can buy at a low price in their consumer store. The surplus is sold in local markets and brings in extra income for the cooperative.

The co-op has paid its entrance fee to FESACORA and maintains its monthly payments. It has received a variety of services including legal assistance, intermediation, lower-cost fertilizer, training courses for members and employees and help in obtaining spare parts for their tractors (seven) at reasonable cost. The cooperative is very satisfied with the services FESACORA provides.

This cooperative is faced with no problems at the present time, major or minor.

Cooperativa Hacienda Nueva - Department of La Libertad

This cooperative has 46 members and five employees, including a salaried manager and there also is a cogestor. Most of its 487 manzanas of land is under cultivation as follows: 254mz in coffee, 23.5 in maize, 5mz in platano, and 115mz in sugar cane.

The fiscal year runs from April 1st to March 31st, and results for the 1984-84 year were as follows:

| | |
|----------------|----------------|
| Total income: | \$995,425 |
| Total expense: | <u>605,641</u> |
| Net gain: | 389,784 |

But for the previous year, 1983-84, the results were quite different:

| | |
|----------------|----------------|
| Total income: | \$521,004 |
| Total expense: | <u>730,739</u> |
| Net loss: | 209,735 |

The reason for this loss was a precipitous drop in the price of coffee.

From FESACORA this cooperative has received technical assistance in agricultural production intermediation, help in processing credit applications, and training courses for members and management. Also, FESACORA has arranged for training courses by CENCAP. Co-op members are satisfied with the services they have received from FESACORA and seek no more at this time. The co-op has paid its entrance fee to FESACORA and keeps up its monthly quota payments.

Members are paid for their work every 14 days, a sum of \$90.80, and they work about 90% of the year. Member share capital in the cooperative totals \$3,600.

This cooperative was organized in 1980, and for the first two years of operation things went badly and the real income and standard of living of the members declined; they were, as a group, worse off than when working under their former patron. Operations have improved since then and now most members are better off than in the old days. Some though, are not as well off; they were "privileged" workers under the old system and received higher income and more benefits than the rank and file workers. But now all worker-members are treated equally, there are no privileged ones.

The cooperative sells its maize to several buyers, intermediaries, and sells its coffee to a beneficio nearby.

Main problem, or task, facing the cooperative at present is the refinancing of a production credit debt of \$365,000 which it incurred in earlier days when things were going badly. FESACORA is assisting the cooperative to arrange this refinancing.

Questionnaire form used in interview with cooperatives
affiliated with FESACORA.

COOPERATIVE SURVEY

1. Cooperative name: _____
2. Location: _____
3. No. of members: _____
4. Cooperative's main activities: _____

5. TOTAL SALES during the last fiscal year (give dates)
_____ a _____ : C _____
Total expenses during the same year: C _____
Operational profits or losses: C _____
Total sales for the previous: C _____
Total expenses for that same year: C _____
Operational profits or losses: C _____
6. Total production and income last fiscal year: C _____

Total production and income the year before: C _____

7. Why is your cooperative a member of FESACORA?

8. What services does your cooperative receive from FESACORA?

- a. Are you satisfied with the quantity and quality of the
services:

if no, why? _____
9. What other services would you like FESACORA to offer?

10. Did your cooperative pay a quota to join FESACORA? _____
If not, why not? _____
11. Are you paying the monthly membership dues regularly? _____
If no, why not? _____
12. Has your cooperative received any kind of training or education in cooperative principals, laws, rights, member's duties and benefits? Please explain: _____

13. What is the average per annum salary of the members of your cooperative? C _____
14. Has this personal income risen or dropped since the formation of the cooperative? _____
15. How are the cooperative members paid for their work? _____

16. Do cooperative members hold equity in your organization?
Yes: _____ No: _____ What is the total? _____
17. Where and how is the produce of this cooperative marketed? _____

18. What are the major problems of this cooperative? _____

19. Any other topic you would like to talk about? _____

94

Questionnaire form used in interviews with cooperatives affiliated with a regional federation.

INTERVIEW WITH COOPERATIVE REPRESENTATIVE

Cooperative's Name: _____
Location: _____

Date of Interview: _____
Place of Interview: _____
Interviewer: _____

Names and Titles of People Interviewed: _____

Seal of the Cooperative or Signature of a Representative: _____

1. When did the present Board of Directors take office? _____

2. Is your cooperative a member of any federation or cooperative organization? No _____
Yes _____

Which Ones:

- _____ FECORASAL
- _____ FECORACEN
- _____ FECORAPCEN
- _____ FECORAO
- _____ FESACORA
- _____ Other: _____
- _____ It is not affiliated
- _____ Do not know

3. Why did your cooperative become affiliated with a federation? _____

4. How long has your cooperative been affiliated with this federation? _____

5. Who decided to affiliate your cooperative with the federation?
(there can be more than one answer)

| | | |
|-------|--------------------|------------------------|
| _____ | Board of Directors | Approximate Date _____ |
| _____ | General Assembly | Approximate Date _____ |
| _____ | President | Approximate Date _____ |
| _____ | General Manager | Approximate Date _____ |
| _____ | Cogestor | Approximate Date _____ |
| _____ | Social Worker | Approximate Date _____ |
| _____ | do not know | Approximate Date _____ |

6. Was your cooperative affiliated with other federations or cooperative organizations before?

_____ No
_____ Yes Which ones? _____

7. What is the present relationship of your cooperative to the federation or the cooperative organization with which it was previously affiliated?

_____ It is still affiliated and active
_____ It is still affiliated but inactive
_____ in process of cancelling membership
_____ with the first
_____ no longer a member of the first
_____ do not know

8. If your cooperative cancelled its membership with the former federation or cooperative organization or is in process of cancelling the membership, who made this decision? (there can be more than one answer)

_____ Board of Directors
_____ General Assembly
_____ President
_____ General Manager
_____ Cogestor
_____ Social Worker
_____ do not know

Approximate date of the final decision _____

9. Has the cooperative designated any member to participate in the activities of the federation to which it is currently affiliated?

_____ No
_____ Yes

10. How often does the cooperative representative attend federation activities?

- _____ Attends all meetings
- _____ Attends only when the federation calls
- _____ Attends sometimes
- _____ How many time has he/she attended? _____
- _____ Never attended
- _____ Other (explain)

11. Does your cooperative contribute financially to the operations of the federation?

- _____ No
- _____ Yes How often? _____

12. How often does the federation hold meetings such as working meetings, informational meetings, assemblies for representatives, etc.

- _____ Weekly
- _____ Biweekly
- _____ Monthly
- _____ Quarterly
- _____ Occasionally
- _____ There have not been any such activities
- _____ Do not know
- _____ Other (explain)

13. Has the federation held, in your cooperative, activities such as: training programs, technical, legal, or credit procedures assistance sessions, etc?

14. What activities does the federation hope to hold in your cooperative during the next year?

15. Do you think that it is possible for the federation to hold those activities?

- _____ No
- _____ Yes
- _____ Only some
- _____ Indicate _____

16. In your opinion, how well were federation activities (including training and technical assistance programs, legal and credit procedures help) performed in your coop?

_____ Very Well
_____ Well
_____ Fair
_____ Badly
_____ Do not know

17. In your opinion, which are the most important activities the federation should offer to your cooperative?

18. Do you think it is advantageous to form regional federation of cooperatives?

_____ No
_____ Yes

Why? _____

19. Do you think it is advantageous to have a national federation of cooperatives?

_____ No
_____ Yes

Why? _____

20. Do you think it is advantageous to the cooperative system to have regional federations and a national federation also?

_____ No
_____ Yes

Why? _____

21. Do you know anything about the federation FESACORA? _____ No
_____ Yes

What is your opinion of FESACORA as a national federation?

22. Which of the following offices or institutions do you think offer technical assistance?

- | | |
|-----------------------|-------------------------------|
| _____ CENTA | _____ DGG/CEGA |
| _____ BFA | _____ ISTA |
| _____ ISIC | _____ FINATA |
| _____ CANCAP | _____ Cooperative Federations |
| _____ UCS | _____ ACOPAI |
| _____ Technoserve | _____ COPAL |
| _____ INAZUCAR | _____ INCAFE |
| _____ Other Banks | _____ Private businesses that |
| _____ Ag. Assoc. Dpt. | sell ag. products and |

23. From which institutions or offices has your cooperative received technical assistance?

- | | |
|-----------------------|-------------------------------|
| _____ CENTA | _____ DGG/CEGA |
| _____ BFA | _____ ISTA |
| _____ ISIC | _____ FINATA |
| _____ CANCAP | _____ Cooperative Federations |
| _____ UCS | _____ ACOPAI |
| _____ Technoserve | _____ COPAL |
| _____ INAZUCAR | _____ INCAFE |
| _____ Other Banks | _____ Private businesses that |
| _____ Ag. Assoc. Dpt. | sell ag. products and |
| | machinery |

24. Does your cooperative currently have the following positions filled?

- | | No | Yes | |
|-------|-------|-------|--|
| _____ | _____ | _____ | General Manager |
| _____ | _____ | _____ | Accountant |
| _____ | _____ | _____ | Cogestor |
| _____ | _____ | _____ | Social Worker (promotes the cooperative) |

Questionnaire form used in interviews with regional cooperative federations.

INTERVIEW WITH REGIONAL FEDERATION REPRESENTATIVE

Federation name:
Place of interview:
Date of interview:

Name of interviewer: _____

Name of Interviewee: _____

Title: _____

Federation's seal or signature of representative:

1. What motivated cooperatives in this area to organize themselves into a federation? _____

2. What legal procedures must a cooperative follow to become a member of the federation? _____

3. Must new members pay dues to join the federation? Yes _____
No _____
Don't know _____

4. How often does a member cooperative need to pay dues? _____

5. Are any of the new federation members still affiliated with other cooperative organizations?

_____ Yes
_____ No To which organizations? _____

6. What is the approximate date the federations was organized?

7. Was the Organizing Committee of the federation already formed and functioning as such? _____ Yes
_____ No

How many cooperatives participated on this committee? _____

8. Approximately, how long did the initial promotion activities last to form the federation?

| | | | |
|-----------|-------|--------------|-------|
| One week | _____ | Two months | _____ |
| 15 days | _____ | Three months | _____ |
| One month | _____ | Do not know | _____ |

9. Approximately, how many promotional activities--informational meetings, visits to cooperatives, working sessions, took place to the form the federation?

| | |
|-------------------|-------|
| Less than 5 | _____ |
| Between 6 and 10 | _____ |
| Between 11 and 20 | _____ |
| More than 20 | _____ |
| Don't know | _____ |

10. How many cooperatives signed the original constitution of the federation? _____

11. When was the federation formed? _____

12. Did the Organizing Committee receive any type of technical assistance during the initial stages? _____ No
_____ Yes

What kind of assistance?

13. Which of the following organizations offered technical assistance to the Organizing Committee during the initial stages?

CENCAF _____
CENTA _____
ESTA _____
FINATA _____
ACOPAC _____
UCB _____

Dpto Asoc. Agropec. _____
INSA70COOP _____
ANIS _____
FEDECOPADES _____
Other organizations? _____
Which ones? _____

El Salvador
Evaluation Report - IQC 17
APPENDIX D

14. Presently, how many cooperatives are actually affiliated with the federation? _____ Which ones are they? Could you give their names and locations?

| Cooperative Name | Town | Municipality |
|------------------|-------|--------------|
| 1 | _____ | _____ |
| 2 | _____ | _____ |
| 3 | _____ | _____ |
| 4 | _____ | _____ |
| 5 | _____ | _____ |
| 6 | _____ | _____ |
| 7 | _____ | _____ |
| 8 | _____ | _____ |
| 9 | _____ | _____ |
| 10 | _____ | _____ |
| 11 | _____ | _____ |
| 12 | _____ | _____ |
| 13 | _____ | _____ |
| 14 | _____ | _____ |
| 15 | _____ | _____ |
| 16 | _____ | _____ |
| 17 | _____ | _____ |
| 18 | _____ | _____ |
| 19 | _____ | _____ |
| 20 | _____ | _____ |

15. How often does the Administration Committee meet? _____

16. How often does the federation Board of Directors call the member cooperatives for a general assembly? _____

17. What are the most important activities or services the federation offers to its affiliates now? _____

18. What additional services does the federation plan to offer its affiliates next year? _____

19. Does the federation plan to offer any of the following services next year: a. technical assistance?
b. meeting facilities?
c. means of transportation?
d. training?

20. In what way is the federation organized, specific structure and people with specific responsibilities, to provide its affiliates with the services it offers? _____

21. Does the federation have any employees with set salaries?

----- No How many in administration? _____
----- Yes How many technicians? _____

22. Does the federation have any means of transportation of its own to take its services to all its members? _____ No
_____ Yes

23. Does the federation have an office or any type of physical structure to operate and/or to hold meetings?

----- No Permanent _____
----- Yes Non-permanent _____

24. Please add additional observations: _____

LIST OF COOPERATIVES INTERVIEWED
 WHICH ARE AFFILIATED WITH REGIONAL FEDERATIONS

FECORASAL

| | | |
|-----------------------|---|-----------|
| Santa Adela* | Ayuta, Santa Ana | Santa Ana |
| San Diego* | Las Piedras, Metapan | Santa Ana |
| Paraje Galan* | San Vicente, Candelaria de la Frontera | Santa Ana |
| San Antonio Zacamil** | Zacmil, Candelaria de la F. | Santa Ana |
| Hacienda Las Tablas** | La Magdalena, Chalchuapa | Santa Ana |

FECORACEN

| | | |
|---------------------|-----------------------------|-------------|
| Santa Lucia Orcoyo* | Santa Lucia, La Libertad | La Libertad |
| Los Naranjos** | Escalon, Villanueva | La Libertad |
| Acahuaspan** | El Palmar, Tamanique | La Libertad |
| La Libertad*** | El Palmar, Tamanique | La Libertad |

FECORAPCEN

| | | |
|---------------------|------------------------------------|--------------|
| Nueva Santa Teresa* | El Playdon, Tecoluca | San Vincente |
| Santa Rita* | Las Guarumas, Santiago Nonualco | La Paz |
| El Recuerdo* | Las Tablas, Zacatecoluca | La Paz |
| Riveras del Mar** | Las Isletas, San Pedro Masahuat | La Paz |
| Santa Caterina** | Cuyultitan, Rosario de La Paz | La Paz |

FECORAO

| | | |
|---------------------------------------|----------------------------------|------------|
| Union del Socorro* | El Socorro, Yayantique | La Union |
| Fe Cristiana de San Antonio Silva* | San Antonio Silva, San Miguel | San Miguel |
| La Maranonera* | Tierra Blanca, Chirilagua | San Miguel |
| Obrajuelo** | Jalacatal, Quelepa | San Miguel |
| La Divina Providencia | El Progreso, San Miguel | San Miguel |

- * Ex-FESACORA member cooperative
- ** Other agrarian reform cooperative formed under Decrees 153-54
- *** Non-reform sector cooperative, not considered in tabulation