

Panama Agricultural Coop., Marketing Project  
Contract Number 525-0222-C-00-5029-00  
Analyze Marketing Development Center  
Alternatives Consultancy  
Robert Flick, Consultant  
Agricultural Cooperative Development Int'l.  
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**ANALYSIS OF ALTERNATIVES FOR CEDEM  
(The Marketing Development Center)**

Consultant Report Prepared by:

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For  
The U. S. Agency for International Development  
Panama Mission

**Cooperative Marketing Project No. 525-0222**

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## ABBREVIATIONS/ACRONYMS

ANAGAN	- Asociación Nacional de Ganaderos
BDA	- Banco de Desarrollo Agropecuario
CADEC	- Centro de Administración y Desarrollo Cooperativo
CEDEM	- Centro para el Desarrollo del Mercadeo
COAGRO	- Federación de Cooperativas Agropecuarias de la Republica de Panama, R.L.
COAS	- Cooperativa Agropecuaria Santeña, R.L.
CONDEPRO	- Consejo Nacional de la Productividad
FEDPA	- Federación de Cooperativas de Ahorro y Crédito de Panama, R.L.
FENACOSPA	- Federación Nacional de Cooperativas Salineras de Panama, R.L.
GOP	- Government of Panama
IDB	- Inter-American Development Bank
IDIAF	- Instituto de Desarrollo e Investigación Agrícola de Panama
IPACCOOP	- Instituto Panameño Autónoma Cooperativo
IRR	- Internal rate of return
POP	- Point of purchase advertising materials
PROMECCOOP	- Cooperative Marketing Project administrative/technical offices
T/TA	- Training and/or technical assistance
UCAPE	- Cooperativa de Producción y Mercadeo UCAPE, R.L.
UNFAP	- Unión Nacional de Asociaciones de Productores Agropecuarios de Panama
USAID	- Panama Mission of the United States Agency for International Development



Agricultural Cooperative  
Development International

## I. EXECUTIVE SUMMARY

CEDEM was temporarily moved from COAGRO to IPACCOOP early last year. The purpose of this consultancy was to examine the alternatives for repositioning CEDEM, to define its role, service mix and potential clients.

It is recommended that CEDEM be organized as an "entidad auxiliar al cooperativismo" to provide marketing services for cooperatives, their federations, producer owned service oriented firms and producer associations. In addition to its existing activities, services would then focus on promoting new crops for specific markets and creating markets for existing and new crops. Agronomic technical assistance should be provided to facilitate this process. CEDEM would also provide quality assurance for buyers of cooperative products as well as coordinate container and vessel scheduling, GOP export paper work and would eventually begin acting as a broker/agent and/or exporter/importer.

A feasibility study should be prepared for CEDEM but only after a national level "intercooperativa" appoints a steering committee, which would then establish the basic parameters for the feasibility study and act as the organizing committee for CEDEM R.L.

To develop markets for cooperative member grown products, CEDEM would advertise and do promotional work for food manufacturing and distribution firms via mass media and at retail food distribution sites. Project grant funds could assist CEDEM build a track record helping food processors and manufacturers increase sales by improving the quality, appearance and acceptability of their products. The firms assisted would be tied to cooperative producers vis-a-vis supply contracts.

To help cooperatives overcome management problems parallel financing to contract management assistance and training services should be provided. This methodology would include, for example, up to 10 percent of the loan principal to be granted or lent (from zero to market rates of interest) to the borrowing cooperative, which would then be free to contract T/TA from the source of their choice (hopefully from CEDEM).

CEDEM employees should participate in the profits of the financed projects to help ensure intensive monitoring and that good loan requests are presented. CEDEM should be housed in rented or donated quarters but not in COAGRO nor IPACCOOP and once the feasibility study has been completed and adopted CEDEM should apply for "personeria juridica" and become operative before the next winter vegetable/fruit export window, which opens in late December.

## II. SCOPE OF WORK

The Scope of Work for this consultancy relates to the long-term strategy for CEDEM, which was originally designed to function in COAGRO but due to its financial and administrative difficulties it was moved to IPACCOOP approximately one year ago. The specific scope of work follows:

1. Review the Project Paper, Project Agreement and the project quarterly and annual reports, as well as the ACIDI short-term consultant reports relating to COAGRO and/or CEDEM.
2. Visit IPACCOOP, BDA, COAGRO and selected cooperatives to discuss COAGRO's ability to achieve project purposes as relate to CEDEM, and the long-term location of the center.
3. Prepare a draft report with recommendations to be discussed with IPACCOOP, COAGRO, the BDA and USAID before leaving Panama.
4. The consultancy is for 12 working days - two weeks.

## III. METHODOLOGY

The consultant arrived in Panama on 3/18 from Costa Rica. The following day interviews were conducted with Gary Bayer and Tomas Ugarte at USAID, Heriberto Rodriguez, Executive Director of PROMECOOP and with Eduardo Matheu, the ACIDI marketing advisor to CEDEM and his staff at the Center.

That afternoon, the consultant, Miguel Angel Rivarola, ACIDI chief of party, Eduardo Matheu and Mark Gaskell, Team Leader Rutgers University IDIAP Agricultural Technology Development Project, spent several hours brainstorming the subjects contained in the Scope of Work. The result of that session is presented as Attachment A. Two replies were received to attachment A, although 8 copies were distributed in USAID, CEDEM and PROMECOOP.

Following this session, the consultant reviewed several pieces of project written material, familiarized himself with the computer systems at CEDEM/PROMECOOP and reviewed the draft Q41 Compliance Report on the BDA's performance prepared earlier this year by Price Waterhouse under contract to USAID/Panama. On Saturday, 3/21, the consultant briefly attended the Annual General meeting of FEDPA.

Two field trips were made to consult with cooperatives which have participated in the project. On 3/22 the consultant, Miguel Angel Rivarola and Heriberto Rodriguez attended the annual general meeting of COAS in Las Tablas, Los Santos Province. The consultant remained in the Azuero peninsula through Monday night,

and visited five cooperatives the following day, i.e., UCAPE, FENCOSPA, COAS, El Progreso and La Unión in addition to attending an evening meeting of the board of directors of UCAPE. Attachment B is the trip report documenting these visits.

Tuesday - Saturday (3/24 - 28), visits were made to several organizations in Panama City and the consultant began drafting the final report. Aid Memoirs from the meetings are presented as Attachment E.

Following these five days in Panama City, another visit was made to Chitré to attend the annual general meeting of COAGRO held on 3/29. A major point of discussion during the COAGRO meeting related to COAGRO's future and the Marketing Center. The trip report regarding this visit is presented in Attachment D.

The last two and one half days in Panama were spent visiting additional agencies and revisiting several missed the first week due to scheduling conflicts, as well as preparing the draft final report, discussing the findings and recommendations with the three Panamanian agencies involved with the project and USAID.

In all the discussions, with cooperatives, GOP agencies and private organizations a brief explanation was given about the overall purposes of the Cooperative Marketing Project, functions of the CEDEM were mentioned as was the situation of COAGRO. The people and organizations interviewed were then asked for their ideas as to:

- a) services they thought the CEDEM might perform,
- b) for whom these services should be performed?
- c) how should CEDEM be structured?
- d) if a membership organization was recommended, who should be CEDEM's members?
- e) ~~to~~ which private agency or organization could CEDEM be attached?
- f) should CEDEM's radius of action be expanded to include cooperatives not affiliated to COAGRO and/or other private business?
- g) should CEDEM concentrate on perishables for export, all agricultural products, industrialization of agricultural products or any other specific segment?

With several organizations not directly involved with the marketing project a slightly different tact was taken, e.g., we explored ways TECHNOSERVE and the Project could collaborate and

whether or not CONDEPRO would be interested in "adopting" the marketing center if the parties involved would be willing to make this substantial change.

The results and recommendations of the above work are presented in section IV below.

#### IV. RESULTS/RECOMMENDATIONS

The reader interested in the detailed discussions and origins of the results and recommendations should first read the Aid Memoirs attached to this report.

A. Structure: Examining CEDEM and the suggested service mix outlined in Attachment A, there are a limited number of options available to the project. The center can either be private or belong to the GOP. It can function as a cooperative entity, some kind of hybrid (the law permitting) or be non-cooperative. It can be a service oriented or production oriented and finally, it can be user owned and controlled or investor driven.

From discussions during the interviews and meetings the options for the structuring of CEDEM appear to be:

- It is spun-off into an "auxiliar al cooperativismo" taking advantage of the facilities in the actual cooperative law.
- It remains where it is for the time being and later this year or early next (1988) is returned to COAGRO;
- The center is attached to UNPAF;

The Panamanian cooperative sector interviewed overwhelmingly selected the first alternative. The first alternative is the most viable and was supported by the principal actors in the project. This path should be adopted by the project as the future for CEDEM and efforts should be undertaken to organize CEDEM R.L. before the end of CY 1987.

B. Service Mix: From the preliminary discussions and reflecting common sense, it is recommended that the center focus on three or four marketing activities, in addition to those activities and services already being undertaken or planned for by the center, e.g., feasibility studies/loan applications to the BDA, supervision of the projects financed, and marketing information which would include the computerized information and electronic mail system currently under development. The service

mix for the center should be income generating or capable of becoming income generating after success has been achieved for the clients. The following new business lines would appear to be the kind of services that would fulfill the income generating criteria:

SERVICES	HOW PAID FOR & FOR WHOM SERVICE WOULD BE OFFERED
1. Promotion of new crops among producers, exploring markets for existing crops, some applied research on new crops.	1. Potential & actual stockholders. Fees
2. Advertising, promotion, nutrition education, etc. Encouraging people to eat more non-trationals. Promote specific products that are manufactured using member raw materials.	2. Stockholders and entrepreneurs using stockholder produced products. Fee basis and/or check-off
3. Quality control of non-traditional exports from Panama.	3. Producers, coops exporters, GQP Check off
4. Scheduling of containers & follow-up with shippers, agents, etc.	4. Stockholders or their members. Fees and/or Check-off
5. Government/export paperwork, licenses.	5. Stockholders Fees
6. Broker/Agent, exporter/importer	6. Stockholders Commissions

C. **Feasibility Study:** In order for the center to become an auxiliary cooperative entity with stockholders, clients and services a feasibility study should also be completed. However, before this can be completed the project should promote a national level "intercooperativa" to discuss the issues, analyze the alternatives, and appoint a steering committee of serious business oriented producers to guide the developmental work to follow.

From the "intercooperativa" a consensus would hopefully be reached which would outline the initial service mix, potential financing, membership, capitalization requirements and commitments which would permit the actual CEDEM employees to prepare the feasibility study. Among the "pautas" or bases for the feasibility study some of the following should be considered:

- COAGRO would invest the current interest spread of 2.5 percent in CEDEM as equity capital in the names of the individual borrowing cooperatives.
- The project would cover all operating expenses (rent, salaries and benefits, travel expenses, vehicle maintenance and operation, etc.) and the assets currently being used by CEDEM would be donated to CEDEM at the end of the project.
- Funds for starting-up pilot services such as advertising campaigns, developing FOP materials and/or promotional activities would be donated at first and then depending on the results, subsidized on a declining basis.
- Membership in CEDEM would be open to all cooperatives, federations, other auxiliary cooperative firms, producer associations, and medium/small producer owned firms located in the rural areas.
- Stockholders/members would pay an initial \$100 as membership fee and an additional \$100 for their first share of voting stock. Other than COAGRO's investment through the 2 1/2 percent interest contribution on the marketing loans, stockholders would be encouraged to buy additional shares but the major accumulation of stockholder equity would result from "profits" made during operations and capitalized.

D. Clients/Ownership: As insinuated above, the CEDEM should offer services to its stockholders but contemplate a liberal interpretation of this cooperative principal. By working with small food manufacturing and distribution entrepreneurs to design marketing and promotion programs and to improve the quality of the product should boost sales. At the same time CEDEM member cooperatives and/or CEDEM itself can supply the raw materials on a contract basis (persuading the cooperative to produce for this market created by CEDEM). By creating a market or expanding an existing market for cooperative member products the functions of the marketing center will be fulfilled.

Clients for marketing services, which should be interpreted broadly, would be anybody using and/or producing fresh or processed cooperative products - including cooperatives and associations on the production side and individual entrepreneurs as well as cooperatives and associations on the manufacturing and distribution side of the equation.

CEDEM's stockholders, on the other hand (members, using cooperative terminology), should be any cooperative, federation, producer association and/or other service oriented producer owned firm.

**E. Borrowing Cooperatives:** One of the principal functions of CEDEM is to prepare feasibility studies for cooperatives wishing to obtain marketing credit from the BDA. But most cooperatives require management development and training to help guarantee the success of these loans. The question is how to accomplish this within the short-run in a professional manner without providing extensive grant funding to the borrowing cooperatives?

The IDB's Small Projects Program offers loan financing for the principal project activity and an opportunity for borrowing organizations to request parallel grant funded financing for T/TA. The borrower follows IDB rules for contracting T/TA and is closely monitored by Sector Specialists.

However, given the potential return on investment of some projects, and recognizing the financial and institutional strength of some cooperatives as a result of the 041 project, it is not proposed that 100 percent of the parallel technical assistance be grant funded. An example will illustrate the concept:

- \$500,000      loan principal
- 15,000      parallel technical assistance of which  
                   \$5,000 is grant financed, \$5,000 is to  
                   be repaid at zero percent interest  
                   and \$5,000 is to be repaid at 7% interest  
                   after a grace period of three years, for  
                   example.

The amount of parallel technical assistance could vary but probably should have an upper limit, say 10% of the loan amount. Likewise, the percentage breakdown between grant, zero interest and 7% (or another agreed upon rate) interest would depend upon the overall return on investment of the project and the relative strength of the borrowing cooperative.

The borrowing cooperative would be encouraged to contract CADEC and/or CEDEM for the technical assistance, however, they probably should be free to contract with other organizations or individuals, providing the TA contract agreed to delegate supervisory authority to CEDEM and CEDEM had the right to veto the selection.

An additional provision should also be included in the loan agreement between the BDA and the borrowing cooperative that ensures the cooperative will develop a program to increase member capital (equity) by an amount equal to the amount of grant plus zero rate technical assistance during the period of the BDA loan or line of credit.

If the above procedures are adopted, management development assistance can be provided to help ensure good loan repayment while at the same time helping the cooperatives overcome one of their chief weaknesses.

F. Physical Location: The physical location of CEDEM is unimportant, given that it will be a private cooperative organization with its board of directors, manager, etc. Quarters should be well located, rented (or supplied by one of the stockholders or another interested party, like perhaps the Chamber of Commerce) but independent from Government, including IFACCOOP.

CEDEM needs to project itself as a private firm. Close physical association with a GOP dependency or with an entity intervened by the GOP (COAGRO) will not give the CEDEM an independent image. Close physical proximity to COAGRO may also project a negative or government connotation. This should be avoided.

Locating CEDEM in CONDEPRO might identify it too closely with USAID financing. The Chamber of Commerce might be better but the consultant has not visited this organization so is unable to recommend CEDEM be located there. Separate but decent rented quarters should be sought as soon as legally incorporated.

G. Direction: As soon as CEDEM is legally organized and the board elected, the ACDI Chief of Party and the marketing advisor should develop a job description and summary of qualifications for the manager position. The board, with assistance from the expatriate advisors, should recruit a general manager who, together with the CEDEM team should prepare:

- A business plan for the remainder of 1987;
- Budgets;
- Accounting system;
- Reporting system;
- Training plan for CEDEM staff and manager.

H. Incentives: Given that CEDEM may become a private business, there should be incentives built into its operating procedures. An alternative would be to have CEDEM participate in the profits of the projects they design and present to the bank. For example: if the coffee mill financed produces "x" profit, CEDEM could receive 1% per year for employee bonuses. This incentive system would help ensure that the CEDEM technicians submit studies that will be profitable for the cooperatives and then carefully supervise and monitor them ... their yearly bonuses would depend on it!

V. ATTACHMENTS

- A. Memo to Anybody in USAID/Panama Interestec  
in the Cooperative Marketing Project

Panama City, Panama  
March 20, 1987

TO : Anybody in USAID/Panama Interested in the  
Cooperative Marketing Project

FROM : Robert Flick - ACDI Short Term Consultant

SUBJECT : Ideas for the Marketing Development Center

The attached notes were produced during a brainstorming session at the Marketing Development Center on 3/19. We would like your opinion on the material contained in the attached.

Don't worry about signing the memo - its an informal exercise.

The more USAID/Panama people providing me with feed-back the better, I believe.

Please return your copy to Tomas Ugarte by 3/23 COB in the Agricultural Office. Thank you. Your collaboration is appreciated.

On Thursday, March 19th, Robert Flick, ACIDI consultant, Eduardo Matheu, ACIDI resident marketing advisor, Miguel Angel Rivarola, ACIDI chief of party and Mark Gaskell, production specialist from Rutgers University spent several hours brainstorming with regard to the following:

- \* What might be a recommended STRUCTURE for the Marketing Center which is now attached to IPACCOOP but which was originally designed to be part of COAGRO.
- \* What might be the service mix the Marketing Center would offer and to whom.
- \* Additional organizations/people who should be interviewed regarding the above.

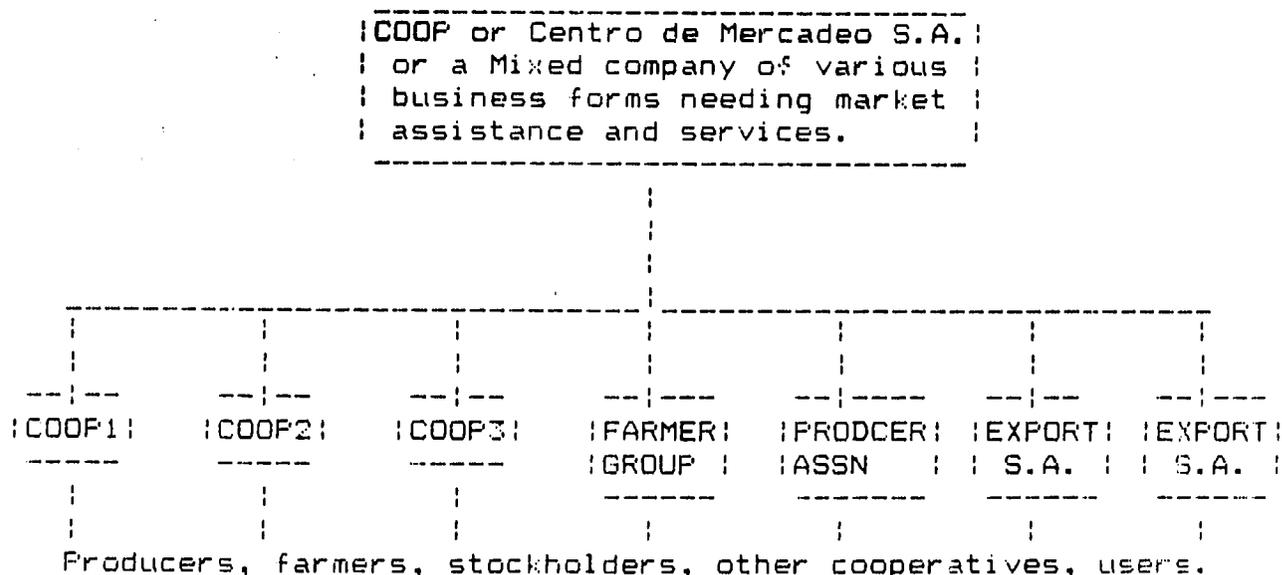
The results of this session are presented below. We would like your reaction to this ASAP, additional ideas, suggestions as well as your ideas as to organizations/people Flick should interview.

#### A) STRUCTURE

The assumption here is that the Center will function as a separate entity. This may or may not be realistic. No consideration has been given to the cooperative law. The structure presented below may or may not be legal in Panama.

An additional assumption is that the Center may wish to provide services to other groups, companies, farmers, etc., that are not necessarily associated with COAGRO. This may not be a realistic assumption either!!

#### STRUCTURE



The company or cooperative would provide "marketing services" to all comers/stockholders... The stockholders/members could be cooperatives, farmer producers' associations, individual entrepreneurs, non-cooperative companies, etc., all of which would need the services of the Center, be willing to invest and participate as members/stockholders/users.

It was thought this might be necessary to increase the number of clients/owners/users to generate sufficient volumes of business to enable the Center to be self supporting.

Your Comments on the above, please:

**NO COMMENTS WERE RECEIVED ON THIS ASPECT OF THE QUESTIONNAIRE**

**B) SERVICE MIX**

Discussion regarded the kinds of services needed in Panama by producers, coops, exporters of non-traditional and traditional agricultural products, marketeers dealing only in the local market, etc.

The list was divided into two, i.e., a) those services that might require substantial capital investment, and b) those services not requiring substantial capital investment. The lists follow:

SERVICES NOT REQUIRING EXTENSIVE CAPITAL INVESTMENTS	HOW PAID FOR & FOR WHOM SERVICE WOULD BE OFFERED
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1. Quality control of ALL exports of ag. products from Panama, including traditionals, non-traditionals, etc. A la Chilena quality control group. A seal of guaranteed Panama quality.	1. Producers, coops exporters, GOP  Check off
2. Information on prices, opportunities, innovations, grades, standards, U.S. requirements, prospective clients, etc.	2. Stockholders or their members. User fees.
3. Scheduling of containers & follow-up with shippers, agents, etc.	3. Stockholders or their members. Fees and/or Check-off.
4. Government/export paperwork, licenses.	4. Fees.
5. Procurement &/or buying service for members/stockholders not having offices in Panama City nor contacts in U.S.	5. Members. Commissions.

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- |   |  |
|---|--|
| 6. Translation services. Spanish/English/<br>Spanish.   | 6. Members/stock-<br>holders. Fees.  |
| 7. Broker/Agent, exporter for the account<br>of exporting companies in Panama. Not<br>taking title to merchandise, operating<br>on consignment.                                       | 7. Members & non-<br>members,<br>financed by<br>commissions.   |
| 8. Promotion of new crops among producers,<br>exploring markets for existing crops,<br>some applied research on new crops.  | 8. Members. Not<br>charged for on a<br>direct fee<br>basis.  |
| 9. Training in quality control, grades &<br>standards, U.S. quarantine require-<br>ments, packing & stacking techniques,<br>post-harvest physiology of perishables,<br>etc.           | 9. Anybody. On fee<br>basis.   |
| 10. Investment promotion. Looking for<br>joint venture partners for coops.  | 10. Anybody. Fees if<br>venture is made.   |
| 11. Construction facilitator for projects<br>with loans from BDA for marketing<br>infrastructure.   | 11. Members. Fees.   |
| 12. Marketing technical assistance and<br>market development services. Find<br>markets for coop/member products.  | 12. Members. Fees.   |
| 13. Logistic support in Panama City for<br>provision of office space, secretary<br>service, telex, fax, telephone,<br>computer, etc.  | 13. Members. Direct<br>cost basis for<br>some services.  |
| 14. Accounting services for export of<br>perishables, # of cartons, trailers,<br>payments, etc.   | 14. Members. Fees.   |
| 15. Feasibility studies, pre-feasibility<br>studies, budgets, cash flow, financial<br>analysis for borrowers, etc.  | 15. Members. Fees<br>if loan is<br>successful.   |
| 16. Advertising, promotion, nutrition<br>education, etc. Encouraging people<br>to eat more non-trationals and/or<br>promoting Panamanian products in U.S.<br>and/or European markets. | 16. For members'<br>products but<br>aimed at the<br>general public.<br>On fee basis or<br>check-off. |
| 17. Crop monitoring for pests, diseases.  | 17. Members. Fees.   |

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- |  |                             |
|--|-----------------------------|
| 18. Facilitate obtention of credit on behalf of members for marketing infrastructure, etc.       | 18. Members. % of interest. |
| 19. Monitoring of loans, performance of cooperatives, ensure marketing plans are being followed. | 19. Members. No charge      |

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SERVICES REQUIRING EXTENSIVE CAPITAL INVESTMENTS	HOW PAID FOR & FOR WHOM SERVICE WOULD BE OFFERED
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- |  |                         |
|--|-------------------------|
| 1. Refrigerated transport, storage in Panama city.   | 1. Members. Fees.       |
| 2. Development of packaging technology and improvements in boxes, cartons, etc.  | 2. Anybody. Fees.       |
| 3. Marketing supply procurement - boxes, wax, specialized chemicals/fertilizers, other items to stock & sell to members. | 3. Members. Commissions |
| 4. Testing - soil tensing, chemical residues, leaf analysis, etc.  | 4. Anybody. Fees.       |
| 5. Manufacturing - wire-bound crates, cardboard boxes, pallets, canned goods, frozen vegs; etc.                          | 5. Anybody. Mark-up.    |
| 6. Production, packing and marketing of non-trationals.  | 6. Self.                |

Comments on above:

**THE FOLLOWING COMMENTS WERE RECEIVED IN THE TWO FORMS RETURNED RESPONDENT A:**

- 1) Develop secondary use of product that dosen't meet quality control standards, e.g. puree, industrial use, feeds, etc.
- 2) Diversification of the industry - fresh pac, frozen, whole, cut, wholesale, retail packages, etc.
- 3) Check amounts and quality of imported foods and see if local production could compete.

**RESPONDENT B:**

- 1) Increasing the clients that the center can service while generating sufficient business volume for the center's self sufficiency would also result in:
  - 1.1) The center becoming a clearing house of centralized marketing information for Panama's agricultural sector.
  - 1.2) Users of the center would need less investment of time and money in order to enter export activities or improve national activities in marketing.
  - 1.3) The center would serve as a filter preventing duplication of efforts on the part of the users, saving time, energy and money better used in producing and selling.
  - 1.4) The users would have a meeting place where efforts could be pooled to establish new companies or joint ventures, the center serving as a catalyst for these activities.
- 2) Individuals in the marketing area in Panama and outside have mentioned the hope of the center evolving in this direction.
  - 2.1) Presently the center is the only institution moving to be a marketing house within the private sector dealing in agriculture.
- 3) The center can serve as a catalyst in developing agro-industry in Panama.
- 4) The above services and activities project the center towards the future and would accelerate the center's self sufficiency.

**END OF RESPONSES TO QUESTIONNAIRE**

**C) ORGANIZATIONS TO VISIT/INTERVIEW FOR IDEAS.**

The following organizations in the country (outside Panama City) have been identified as possible sources of ideas as to what can be done with CADEM and how it might be structured.

- \* UCAPE, Chitre
- \* COAS, Las Tablas
- \* Cooperativa Hortícola de Mercadeo, Boquete

**acdi**

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- \* Fruitexpo, Chitre
- \* UNFAP - Rodrigo Marciaq (grupo politico)
- \* Assoc. Productores de Cafe, Boquete
- \* Assoc. de Productores de Arroz, Chiriqui

The following organizations have been identified as possible sources of ideas and opinions regarding the CADEM (Marketing Center) in Panama City.

- \* CONDEPRO, Juan Antonio Varela
- \* TECHNOSERVE
- \* FEDFA
- \* COAGRO
- \* Centro de Distribucion de la Coop. de Mercadeo de Boquete, Sr. Aleman
- \* FRUITEXPO & AGRO-EXPORT
- \* Camera de Comercio, Agricultura y Industria
- \* American-Panamanian Chamber of Commerce
- \* El Centro Nacional de Inversiones (GOP)
- \* Assoc. Nacional de Ganaderos (ANAGAN)
- \* Assoc. Nacional de Avicultores (ANAVIP)
- \* Supermercados El Rey, Sr. Tagaropulous
- \* Super GAGO, Sr. Lazarc Gago
- \* Casa de la Carne
- \* Instituto Promotora de Comercio al Exterior

Suggestions, comments, ideas:

IT WAS SUGGESTED BY ONE RESPONDENT THAT THE CONSULTANT SEE TOMAS UGARTE FOR SUGGESTIONS

\*\*\*\*\*

- B. Memo to Heriberto Rodriguez - Plan de Trabajo  
Consultoria with Itinerary

Panamá, Panamá  
20 de marzo de 1987

FARA : Heriberto Rodriguez - Director Administrativo  
FROMECOOP

DE : Robert Flick - Consultor ACDI

ASUNTO : Plan de Trabajo Consultoria

Los términos de referencia (scope of work) de mi consultoria son:

- 1) Revisar la documentación del proyecto referente a COAGRO y el Centro de Mercadeo. Incluya: Project Paper, Project Agreement, informes trimestrales y anuales y informes de los consultores de corto tiempo que trabajaron en COAGRO/CADEM.
- 2) Visitar IPACCOOP, BDA, COAGRO y algunas cooperativas para discutir la habilidad de COAGRO de lograr los objetivos del proyecto y la ubicación definitiva del CEDEM.
- 3) Recomendar posibles acciones relacionado con la habilidad de COAGRO lograr los objetivos del proyecto (CEDEM).
- 4) Preparar un informe del trabajo con las recomendaciones, etc.

Para hacer mi trabajo pienso viajar al campo de acuerdo al itinerario adjunto y entrevistar el máximo número de personas posibles quienes tienen conocimientos del CEDEM, del proyecto y/o estan comercializando proyectos agropecuarios.

Luego, pienso visitar personas y organizaciones en Panamá para obtener opiniones sobre CEDEM y los problemas enfrentados en el mercadeo de productos agropecuarios para tratar de obtener algunas ideas sobre posibles nuevos servicios que posiblemente puede/debe ofrecer CEDEM. Una lista preliminar de contactos en Panama esta en el memo que escribí a los funcionarios de USAID, la cual tiene copia Ud.

Cualquier observación a lo de arriba sería bien venida.

Gracias.

## ITINERARIO ROBERT FLICK

- 21/3 Reunión FEDPA
- 22/3 Salida Panamá/COAS - 0600 hrs
- 24/3 Regresar a Panamá - Chitreana de Aviación - 0700 hrs  
Panamá City 0800 hrs
- 25 - 28/3 Panamá - visitar organizaciones en la ciudad
- 28/3 A Chitré 1500 hrs - reunión directorio COAGRO
- 29/3 Asamblea COAGRO, R.L.
- 30 - 31/3 Terminar borrador del informe final, reuniones con  
COAGRO, BDA, PROMECOOP y USAID para resumir trabajo y  
recomendaciones.
- 1/4 Última reunión y salida p/EEUU 1235 hrs.

C. Trip Report - Chitre, Los Santos

## ACDI INFORME DE VIAJE

PARA : Miguel Angel Rivarola, ACDI/Panama;  
Heriberto Rodriguez, PROMECOOP/IPACCOOP

ASUNTO : Informe de Viaje a Chitre

DE : Robert Flick, Consultor ACDI

FECHA : 24 de marzo de 1987

LUGARES VISITADO : Cooperativas: UCAFE, COAS, El Progreso,  
FENCOSPA, La Unión Agrícola

FECHAS DE VISITA : 22 - 23 de marzo de 1987

PROPOSITOS : 1. Asistir a la Asamblea Anual de COAS,  
R.L.

2. Visitar COAS, UCAFE y otras cooperativas  
para oír ideas, opiniones y obtener  
sugerencias para el futuro de CEDEM.

3. Conocer FENCOSPA, sus aspiraciones y las  
posibilidades de adelantar un proyecto  
de cria de camarones con la federación.

### RESUMEN/RESULTADOS :

1. Asamblea General Anual de COAS: Asistí a la asamblea general de COAS, R.L., la cual se llevó a cabo normalmente en los salones del Club de Leones en Las Tablas.

Tuve la oportunidad de conversar con el Sr. Eugenio Bustamante, actual presidente de la cooperativa Sal Sarigua y Tesorero de la Federación de Cooperativas de Sal (FENCOSPA). También conocí a varias otras personas del movimiento cooperativo agropecuario, incluyendo funcionarios y dirigentes, entre otros: José Gutierrez, Director Ejecutivo a.i., de IPACCOOP, Euclides Delgado presidente de UCAFE, Hilario Castillo gerente de UCAFE, Emilio Vergara gerente de COAS, Diomedes Cordova, nuevo director de COAS, y otras.

2. CEDEM: En las cooperativas visitadas, es decir COAS, El Progreso, La Unión y UCAFE expliqué la razón por la cual les visitaba. Solicité ideas para CEDEM. Las dos areas de conversación centrayon en cuales servicios debería ofrecer CEDEM y como debiera estructurarse.

El topico de mas interés fué COAGRO y su futuro. Sin embargo, creo que logré convencer lo siguiente, por ejemplo:

- a) Les hablé de que existe un Centro de Mercadeo que se llama CEDEM y que su futuro dependía de la decisión y dinámica del movimiento cooperativo agropecuario.
- b) Que este Centro estaba en COAGRO, pero, que por razones de la situación de COAGRO se había pasado al IFACCOOP temporalmente.
- c) Que CEDEM no debería seguir por mucho tiempo en el IFACCOOP y que la USAID pensaba que el centro debería tratar de mantenerse en el sector privado.
- d) Que después de hacer unos cuantos estudios de factibilidad y atender los 6 - 8 cooperativas que podrían estar sujetas de crédito de mercadeo, deberíamos pensar en cuales otras funciones podría hacer el centro y si era necesario expandir el radio de acción del Centro hacia cooperativas no afiliadas a COAGRO y/o hacia otras empresas en el sector agropecuario.
- e) Que muy posiblemente iba a ser necesario expandir el radio de acción del Centro puramente del punto de vista de la generación de recursos financieros para poder sostenerlo, ya que ninguna organización privada debería costar mas que genera.

La lista de ideas para posibles intervenciones del Centro que resultó de nuestra tormenta de ideas la semana pasada en CEDEM les pareció viable. Las ideas que mas simpatía tuvieron fueron (la "N" quiere decir nueva idea):

- la coordinación del uso de los contenedores, trámites en el gobierno para facilitar la exportación;
- (N) - gestionar los papeles del CAT (Certificado de Abono Tributario);
- (N) - encontrar usos para el melón y la sandía que no sirve para exportación, incluyendo industrialización, etc.;
- investigaciones para nuevos cultivos y asistencia técnica para éstas variedades y productos;
- control de calidad de productos no-tradicionales exportados y cobrar una suma pequeña por cada caja;

*W*

- servicio de traducción/intreprete entre inglés y español y vice versa para conexiones con los brokers, reglamentos de los EEUU, etc.;
- promoción de proyectos de agro-industria usando productos primarios de los productores, diseños, estudios de factibilidad, etc.(encontrar usos industriales para sus productos y sub-productos);
- (N) - planificar la siembra de melones y sandias;
- transporte refrigerado y una bodega en Panama para almacenar en frio los productos perecederos como tiene la Cooperativa Hortícola de Mercado;
- (N) - que UNPAF sea el hogar para CEDEM y que esto podría dar legitimidad a UNPAF y darle algunos servicios claves para el arranque de la unión;
- que el gobierno haga "borrón y cuenta nueva" en COAGRO y que el Centro de Mercadeo regresa a la federación;

El 24 de marzo, habrá una "intercooperativo" en Chitre para discutir el futuro de COAGRO y para analizar un poco mas sobre el Centro de Mercadeo. Espero recibir información sobre ideas adicionales y otras sugerencias como resultado de ésta reunión.

Sin lugar a dudas la situación de COAGRO está arrojando sombra sobre el futuro del CEDEM y muy posiblemente insisten en el concepto de "borron y cuenta nueva", ya que dieron unos cuantos ejemplos de otros fracasos en el sector oficial y privado, las cuales fueron tratados de ésta manera por el gobierno.

El problema de COAGRO, de no solucionarse, puede evitar que los cooperativistas piensen objetivamente sobre las funciones y ubicación definitivo del centro.

No hubo acuerdo sobre la sugerencia de poner al Centro en CONDEPRO. Decían que CONDEPRO agrupaba todo tipo de firma, organización, etc., con intereses contrarios al sector agropecuario. Pensaban que si podrían organizar UNPAF, esta organización, una vez obtenida su personería jurídica, podría ser miembro de CONDEPRO para representar a los productores y posiblemente hasta las cooperativas agropecuarios.

Otra tema de mucha discusión en COAS fueron los silos del IMA. La cooperativa piensa que deberían haber pasado a manos de COAS y posiblemente a otras cooperativas para el almacenamiento de granos. Sin embargo, mencionaron que la comercialización de granos no era muy rentable y había que pensar en la industrialización para agregar valor y poder vender un producto elaborado. Desde un punto de vista global, al elaborar un proyecto de indus-

trialización de maíz y sorgo aprovechando la materia prima en Azuero y el deseo de privatizar a los silos sería una posibilidad que podría explorar CEDEM.

Otra cosa que me sorprendió es la estructura de UCAFE y la complementariedad de sus servicios con los de las cooperativas que tuvieron la iniciativa en organizarla. UCAFE es, según me dijeron, una cooperative cuyos socios son personas naturales socios de una de los siguientes cooperativas: COAS, La Unión Progresista, El Progreso de Agua Buena y La Unión Agrícola.

En la cooperativa El Progreso, me manifestaron que han habido various nuevos socios solamente porque querían ser socios de UCAFE y comercializar melones. También me manifestaron que financiaban insumos y fertilizantes solamente a agricultores que habían ingresado a UCAFE y tenían cupo de melones.

Asistí a una reunión del Consejo de Administración de UCAFE. Tuve oportunidad de hablar con las 10 personas que asistieron y explicar la razón de mi visita. Algunas de las ideas presentadas arriba fueron sugeridas durante ésta reunión. También vale notar que algunos de los directores de UCAFE son personas relacionadas con el gobierno y los gerentes de las cuatro cooperativas que organizaron la Unión tienen mucho influencia en su dirección y administración. Hize la sugerencia al gerente de que en lo posible el directorio debería constituirse con productores serios que dependen de la agricultura para ganar su vida.

Hay un problema serio de super producción de sandia. Esto se debe a los bajos precios en los EEUU y la inabilidad de la cooperativa a cubrir sus costos de manejo y exportación con los precios existentes. UCAFE había recibido muchas sandias, las cuales estaba devolviendo a los productores ya que no podían venderlas en ninguna parte. Según Hilario, los precios de mayorista en Panama apenas cubrían los costos de transporte y venta en Panama sin mencionar costos de producción del productor.

Otro factor interesante es la nueva manera en que vienen trabajando con el Banco (BDA) y COAGRO. Según me informaron durante las visitas, a La Unión y El Progreso, el BDA aprueba un crédito de producción a un productor "X". Le dan un vale para insumos, el cual él puede entregar a una cooperativa afiliada a COAGRO y recibir insumos y fertilizantes. La cooperativa usa éste vale para pagar a COAGRO. COAGRO, a la vez, entrega el vale al BDA para rebajar parte de la deuda que éste tiene con el Banco. Las dos cooperativas manifestaron que debido a ésta procedimiento sus ventas de insumos habían aumentado por lo menos entre 10 - 20% en el último año y habían ganado unos cuantos nuevos socios a la vez.

El gerente regional de ventas de COAGRO, el cual encontramos en El Progreso, aparentemente forma parte de los cuadros directivos de UCAFE, y es productor de melones también, mencionó que sus

ventas a cooperativas socias a COAGRO han aumentado debido a ésta procedimiento. Es una muestra de un plan que esta funcionando para sanear a las cooperativas y a su federación y merece felicitación.

3) FENCOSPA: La federación Nacional de Cooperativas Salineras de Panama, R.L. está compuesta por tres cooperativas, es decir: Santeña, Reyes de Pino y Sarigua. Hay otra cooperativa salinera en Agua Dulce que no es miembro de la federación. La federación tiene aproximadamente 174 socios, mientras la cooperativa en Agua Dulce tiene 115, aparentamente.

La federación esta autorizada comercializar la sal y desde noviembre del año pasado funciona en esta tarea. Tienen ambiciosos planes para dos proyectos basicos:

- a) Industrialización de la sal, es decir, hacer mejoras en la tecnología del proceso de obtener sal y en la purificación de la misma;
- b) Industrialización para obtener sub-productos, como por ejemplo: cloro, carbonato de sodio, bicarbonato de sodio, hipoclorito de sodio y blanqueador.

Alegaban los señores de la federación que actualmente estos sub-productos son importados al país y mediante un proceso industrial y mejoras en la tecnología de cristalización de la sal, podrían ahorrar cantidades substanciales de divisas. La sal sería un sub-producto, entonces.

Otro proyecto con mucho mérito que posiblemente podría ejecutarse con los salineros es la cria de camarones en estanques. Me manifestaron que algunos productores de sal ya estaban criando camarones y seguramente podrían hacerlo mas intensivo y obtener un producto de exportación.

Vale la pena mencionar que los salineros son todos, aparentemente, **pequeños productores** ya que para explotar sal y ser miembro de la federación debían tener entre 100 y 300 destajos por socio (un destajo mide aproximadamente 20 metros cuadrados) - entre 2,000 a 6,000 metros cuadrados por socio.

La federación no esta afiliada a COAGRO y no es una cooperativa agropecuaria. Sin embargo tienen tres posibilidades para proyectos: mejoras en la producción de sal, industrialización de la sal y cria de camarones. Me parece que vale la pena investigar más a fondo sobre la federación y sus cooperativas para determinar si trabajar con ellos tiene mérito o no. Un proyecto ahorra divisas y el otro puede producir muchas divisas si pueden exportar camarones congelados!

Adjunto unas estadísticas que me proporcionaron sobre los sub-productos de la industrialización de la sal.

UNIV. DE DELEWARE  
UNIV. NACIONAL

Los Santos, 8 de octubre de 1986

INFORME - REUNION CON EL TECNICO - DOCTOR ROBUSTIANO ALVAREZ.

ASUNTO : ESTUDIO DE LA DEMANDA DE LOS SUB-PRODUCTOS DE LA SAL Y CONTACTOS FINANCIEROS PARA EL FINANCIAMIENTO DEL POSIBLE PROYECTO.

IMPORTACION DE SUB-PRODUCTOS DE LA SAL - AÑOS 1984.

DETALLE	AÑOS 1984		VALOR 25%		
	PESO	EN KILOS	Dólares	Dólares	Dólares
	Bruto	Neto	C.I.F.	Netos Kilos	C.I.F.
Clorox y sus componentes	953.007	793.066	434.394	198.267	108.598
Carbonato de Sodio	1.947.469	1.810/569	348.125	485.142	87.031
hidroxido de Sodio	2.707.492	2.095.766	429.741	523.942	107.435
carbonato	163.056	159.434	52.232	39.858	13.058
perborito de Sodio	3.916.279	3.733.156	2.574.123	935.789	643.531
Productos Blanqueadores	5.176.440	4.853.350	10.393.486	1.213.338	2.598.372
TOTALES:				3.396.336	3.558.025

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IMPORTACION DE SUB-PRODUCTOS DE LA SAL, PRIMER SEMESTRE DE

1 9 8 5

D E T A L L E	PESO ( KILOS )		1 9 8 5		
	Bruto	Neto	VALOR C.I.F.	25% Peso Neto	25% Valor C.I.F.
Clorox y sus componentes	621,907	556,806	297,157	139,202	74,289
Carbonato de sodio	1,753,318	1,288,000	300,658	437,000	75,164
Hidroxido de sodio	1,539,680	1,518,505	396,410	379,628	99,102
Bicarbonato	1,788	1,558	10,392	389.50	2,598
Hipoclorito de sodio	2,577,955	257,257	1,522,804	64,314	380,701
Productos Blanqueos	4,409,050	4,128,451	5,629,613	1,043,363	1,407,403
<b>TOTAL:</b>				<b>2,063.896.5</b>	<b>2,039.257</b>

IMPORTACION DE LOS SUB-PRODUCTOS DE LA SAL EN LA REPUBLICA DE PANAMA 1984 - 1985, SEGUN PESO NETO (EN LIBRAS) y VALOR C.I.F. (EN BALBOAS)

D E T A L L E	1 9 8 4		
	PESO EN (Libras)	VALOR C.I.F.	PRECIO Unitario
Clorox y sus complementos	1,148.393	434,394	0.25
Carbonato de sodio	4,278.178	348.125	0.08
Hidroxido de sodio *	4,620.326	429.241	0.09
Bicarbonato	351.488	52.232	0.15
Hipoclorito de sodio	8,252.162	2,574.123	0.31
Productos Blanqueadores	10,699.695	10,393.486	0.10

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**OTROS PASOS REALIZADOS:**

Se prevee un crédito bancario de dos millones de dólares, con una tasa de interés de 4 1/2 % más el aval de un banco Nacional que cobraría un interés de 3%.

Igualmente se visitó el Organismo de Asesoría y f*in*anciamiento a la Pequeña Empresa, para ver la posibilidad de que nos brinde asesoría administrativa, esta pendiente de respuesta.

Por último, lograr averiguar que el crédito que el Banco Nacional, Administra (otorgado por la República de Argentina) puede ser de abceso.

**Recibo por:**

Almuerzo, jueves, viernes y sábado y domingo.

Cena , jueves, viernes y sábado.

Pasaje de Regreso de Panamá a los Santos y movilización en Panamá.

B/. 50.00

D. Trip Report - COAGRO Annual Meeting

## ACDI INFORME DE VIAJE

FARA : Miguel Angel Rivarola, ACDI/Panama;  
Heriberto Rodríguez, PROMECOOP/IPACCOOP

ASUNTO : Informe de Viaje para asistir a la Asamblea  
Anual de COAGRO en Chitré

DE : Robert Flick, Consultor ACDI

FECHA : 29 de marzo de 1987

LUGARES VISITADO : Chitré - Asamblea Anual de COAGRO

FECHAS DE VISITA : 29 de marzo de 1987

PROPOSITOS : Asistir a la Asamblea Anual de COAGRO,  
R.L.

### RESUMEN/RESULTADOS :

La asamblea anual se realizó Chitré el domingo 29 de marzo de 1987 con toda normalidad y fué honrada con la asistencia del Vice Ministro de Agricultura, Lic. Luis Olmedo Castillo, el Gerente General del BDA, Lic. Darinel Espino Z., el Director Ejecutivo Encargado del IPACCOOP, Prof. José Del C. Gutierrez, el representante de USAID/Panama Ing. Tomás Ugarte y autoridades locales. Asistieron delegaciones de aproximadamente 20 cooperativas. Además del suscrito, del ACDI asistieron el Ing. Noel Delgado, Lic. Generoso Nicolas e Ing. Eduardo Matheu. Del IPACCOOP estuvieron, además del Director Ejecutivo Encargado mencionado arriba, el Lic. Heriberto Rodríguez, varios auditores y otros funcionarios.

Copia de la Memoria Anual fué enviado a USAID y PROMECOOP y contiene los estados financieros debidamente auditados, el informe de los Consejos de Administración y Vigilancia y gráficas ilustrando la evolución de la empresa durante 1986.

Entre los discursos pronunciados, el del Lic. Espino, del BDA fué uno de los mas destacados. Copia de su discurso se anexa.

Mis impresiones las presento a continuación:

1) Hubo mas asistencia, creo, de personas ajenas a COAGRO y las cooperativas que del sector;

2) La administración judicial esta realmente tratando de "limpiar", rectificar y poner orden en COAGRO pero esta enfrentando muchas dificultades, por ejemplo:

- Sustracción de documentos;
- Falta de constancia de muchas transacciones;
- Malos hábitos y poca ética de trabajo en el sector cooperativo;
- Debilidades administrativas y financieras en las cooperativas que impiden aumentar ventas de COAGRO en el sector cooperativo;
- Financiamiento para el sector agropecuario esta restringido a todo nivel,

3) Falta de viabilidad para el pequeño productor que generalmente opera ineficientemente con altos costos de producción. Cuando el productor no gana en sus operaciones es mal cliente y mal prestatario, lo cual se refleja en sus operaciones con su cooperativa y el banco.

4) La mentalidad cooperativa no esta desarrollada y los socios en muchos casos actuan como individuos ajenos a la cooperativa, anteponen el interés individual y dejan de patrocinar a la cooperativa, especialmente cuando a corto plazo ven ventajas de precios. Los socios no tienen la idea de enfrentar los riesgos del mercado entre ellos para evitar que la cooperativa pueda endudarse al actuar como un intermediario más que especula en el mercado.

5) Las debilidades gerencia-administrativas en las empresas, las cuales dificultan la expansión y dinamismo en las cooperativas.

Durante la reunión tuve la oportunidad de conversar con muchas personas sobre la misión de la consultoria. La gran mayoría de ellas estaban de acuerdo que:

- CEDEM debe quedar en el sector cooperativo,
- CEDEM debería independizarse del gobierno,
- CEDEM debería organizarse independemente o regresar a COAGRO cuando sea oportuno,
- Se debe "abrir" el radio de servicios de CEDEM para poder atender entidades cooperativas no afiliadas a COAGRO y posiblemente hasta otras formas de organizaciones compuestas por medianos y pequeños agricultores.

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E. Aid Memoirs from Meetings in Panama

- TECHNOSERVE
- CONDEPRO
- FEDPA
- FRUTEXPO
- COAGRO
- CEDEM Personnel
- Consejo Nacional de Inversiones
- ANAGAN
- Hortícola de Mercadeo Distribution  
Center in Panama
- BDA

AID MEMOIR

SUBJECT : Meeting with TECHNOSERVE  
DATE : March 24, 1987  
BY : Bob Flick - ACDI/Consultant

Miguel Angel Rivarola, Heriberto Rodriguez and I visited with Arnulfo Quiros F., Projects Manager of TECHNOSERVE/Panama. The purpose of the meeting was two fold:

- 1) To discuss TECHNOSERVE's involvement with cooperatives in Panama and promote more coordination and mutual assistance between the Marketing Project and TECHNOSERVE;
- 2) To discuss the Marketing Center, potential service mix, membership, structure, etc.

The TECHNOSERVE/Panama Director was out of the country at the time of our visit so we met with Quiros instead. Quiros promised to call us as soon as Mario Ganusa returned to continue our discussions.

TECHNOSERVE has found the major weakness in the rural cooperative sector is in the administrative and financial areas, something ACDI found several years ago when beginning the design work on the Project Paper. Quiros feels that unless major improvements are made in this aspect of most cooperatives' operations little benefit will be derived from attempting to provide marketing credit and assistance.

TECHNOSERVE is apparently working with four cooperatives including: Natá (delivers to Nestle), Esperanza de los Campesinos (coffee), Montijo (fishing) and Juan XXIII (multi-service). They are finishing a large study (178 pages and the printer was still working) on La Esperanza de los Campesinos cooperative. Quiros mentioned that Juan XXIII made a profit in 1986, the first time in several years, and that TECHNOSERVE would not be intensively assisting them in the future.

In our discussions, Quiros felt credit could hurt cooperatives whose management was marginally successful unless substantial training and technical assistance were provided. He was aware that the Marketing Project was not considered a cooperative or institutional strengthening project and thought TECHNOSERVE could provide that missing element, if provided with funding. Quiros also mentioned TECHNOSERVE had a very good relationship with the BDA and had worked out an arrangement

through which the BDA was providing some funding to them to provide advisory services to some borrowers. The cooperatives also pay something for the assistance. When we asked for additional details on this arrangement Quiros suggested we deal with Ganusa when he returns to Panama.

Quiros thought the action radius of CEDEM should be expanded and the center allowed to serve all cooperatives and other producer owned associations, firms, etc., whether or not affiliated to COAGRO. With regard to the potential list of services, he felt most of them sounded OK. He also was in agreement that there should be more coordination between their activities and the Marketing Project and that perhaps some more formal arrangement could be developed. Quiros had no ideas on the structure, or whether or not the center should stay where it is or organize itself into a new organization.

Later, reflecting with Miguel Angel and Heriberto Rodriguez, it was felt that by bring another party into the already complicated mix of actors, committees and layers of bureaucracy could only complicate matters. Rodriguez and Rivarola felt strongly that if TECHNOSERVE was going to participate at all they would have to submit to the discipline of the project and work under its leadership, something which they hadn't been too willing to do in the past.

Three areas of tension in past relationships with TECHNOSERVE were mentioned and we speculated that their involvement with the BDA might cause a fourth:

- 1) The diagnostic study of COAGRO's members was bid. COLAC and TECHNOSERVE submitted proposals and COLAC was selected over TECHNOSERVE.
- 2) There were differences between the technology recommended for a coffee dryer for La Esperanza de los Campesinos. The cooperative accepted CEDEM's recommendations and the dryer was built accordingly.
- 3) CEDEM was not in agreement with the methodology of the feasibility study prepared by TECHNOSERVE for the dryer. CEDEM's model was based on an analysis of costs while TECHNOSERVE's model was based on the savings with the new dryer vs the previous air drying technology. When clarification was requested TECHNOSERVE was unwilling to provide the bases on which some of their costs were estimated.

- 4) TECHNOSERVE has developed a relationship with the BDA's general manager and they are receiving funds to advise some borrowing cooperatives. This tangential involvement could undercut the project's ability to effectively work with BDA credits, may have already affected the ACDI advisor's ability to perform at the bank, could cause confusion in the cooperatives when conflicting advice is given, and eventually could lead to additional tension between IFACCOOP and the BDA.

We agreed to try to meet with TECHNOSERVE after the director returns.

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AID MEMOIR

SUBJECT : Meeting with Juan Antonio Varela, Chairman of  
CONDEPRO

DATE : March 24, 1987

BY : Bob Flick - ACDI/Consultant

Miguel Angel Rivarola and I met with Juan Antonio Varela to learn about CONDEPRO and to inform him about the marketing project, CEDEM, etc. and hear his opinions.

He informed us that CONDEPRO had signed (or would sign within a day or two) a contract with ROCAF to act as coordinator for the regional non-traditional export promotion project sponsored by ROCAF and implemented by Chemonics.

We outlined the Cooperative Marketing Project, the dilemma with CEDEM and asked for ideas. Varela's first suggestion, of course, was for CEDEM to pass over to CONDEPRO since they would be working with Chemonics and the two projects could be coordinated better if they were under one roof. He felt by having CEDEM under CONDEPRO it would give legitimacy to the council and provide an avenue to offer services to agricultural producers.

He mentioned that UNFAP (Unión Nacional de Productores Agrícolas de Panama) was a member of CONDEPRO but that as far as he knew they didn't have personería jurídica. Varela also mentioned that several other producer associations were members of CONDEPRO and the cooperatives had been invited to participate. He seemed sure several cooperatives, including COAGRO and UCAFE, would join the council.

Varela had no real ideas as to possible services CEDEM could offer but the several I identified as potential he thought made sense.

Reflecting on CONDEPRO and the lack of an agricultural producers association similar to the Farm Bureau we felt CEDEM would be lost if attached to CONDEPRO. But if CONDEPRO actively assisted in the formation of UNFAP, then CEDEM might be attached to UNFAP and serve to get that organization started as well as be in a position to provide assistance to all producers without regard to their membership in a cooperative or another form of producer association.

The following reflections were raised in various discussions with Miguel Angel Rivarola, Eduardo Matheu and several of the Panamanians at IPACCOOP, CEDEM and CADEC during various informal sessions over the hours and days following the CONDEPRO meeting.

- CONDEPRO has recently signed a contract with ROCAP/Chemonics to fulfill the role as coordinator for the regional non-traditional export promotion project. Originally, we were told, UNFAP was supposed to carry-out that function, however, because UNFAP was not granted personeria juridica by the GOF the regional non-traditional export promotion project will be coordinated by CONDEPRO.

- CONDEPRO is an organization focused on improving the productivity of the private sector through specific actions in the industrial, agricultural, service, and financial sectors. It has been encouraged to promote the Chemonics-led regional project and has actually spent time and effort in the rural areas of the country promoting this project. This is its only agricultural program, apparently.

- The ACDI team has encouraged cooperatives to join CONDEPRO so as to be able to take advantage of the ROCAP funded technical assistance and training for producers of non-traditional agricultural products, such as UCAFE without having to use scarce project resources. More coordination of this nature is envisioned for cooperative projects involving non-traditional agricultural items as the ROCAP project is implemented.

- Given the conditions, incentives, etc. apparently contained in Law # 2 of March 20, 1986 as recommended by the International Monetary Fund (IMF), and the traditional weakness of the Panamanian agricultural sector, a spokes organization, such as UNFAP, is urgently needed to speak-out and seek to address issues of importance to agricultural producers. This is healthy and is consistent with a private enterprise oriented, democratic, capitalistic system. However, if the group deviates from agricultural related issues its credibility as a serious, issues oriented producer spokes group may easily be destroyed. However, by providing assistance and training to UNFAP through USAID the group could be started in the right direction, given a legitimate mission and bring the many problems of the farming section to the forefront for discussion and resolution.

- In the U.S. and other Latin countries similar associations exist, for example: the Centros Agrícolas/Cámaras de Agricultura in Ecuador, the Organización Nacional Agraria (ONA) in Peru and the many commodity and valley associations within its structure, the commodity associations and cámaras in Bolivia and the American Farm Bureau Federation (AFBF), National Farmers Union (NFU) and the National Farmers Organization (NFO) in the United States. Similar organizations exist in other Central American and developed countries. Many are members of the International Federation of Agricultural Producers (IFAP) headquartered in Paris, as is the AFBF and the National Council of Farmer Cooperatives (NCFC).

- Various USAID missions have been providing assistance to farmer associations for some time. Bolivia has recently bid a large Private Agricultural Organizations project in which they envision working with over 30 commodity and producer groups and eventually to form a national group to cohesively and rationally represent the agricultural producers and provide them with services. In Peru the USAID mission has been assisting the Organización Nacional Agraria (ONA) and selected associations with T/TA and some funding using small grants, purchase order funded T/TA (ACDI has provided some of this), etc. The USAID mission in Ecuador has also provided funding to the Asociación de Productores de Ciclo Corto (AFROCICO) and the Camara de Agricultura de la Primera Zona (Quito) and a service cooperative they have spun off.

- USAID assistance to such a group is consistent with promoting agricultural development and by providing assistance and helping UNFAP become issue oriented, professionally managed and supported by the producers and their organizations, including large & small farmers, cooperatives, producer owned agribusiness, etc. the Mission could make a significant LONG-TERM contribution to Panamanian agriculture.

- Although studies tend to clutter library shelves, it would be appropriate, we believe, for the mission to support a study to scope-out the potential role of UNFAP, provide them with some guidance relating to organization, services they might offer, methods of financing, etc., and specifically recommend whether or not there is a role for UNFAP in any of the USAID funded agricultural projects currently being implemented in the mission.



AID MEMOIR

SUBJECT : Meeting with FEDPA regarding CEDEM and the Marketing Project & informal encounter with Tomas Ugarte

DATE : March 25, 1987

BY : Bob Flick - ACDI/Consultant

Miguel Angel Rivarola, Heriberto Rodriguez and I met with Ernesto Vaughan R., General Manager FEDPA and Jose A. Castillo, recently elected Chairman of the Board of Directors (Consejo de Administración) to discuss CEDEM and the marketing project.

Vaughan suggested the way to go was to create an auxiliary organization (organización auxiliar al cooperativismo) outside of COAGRO to which COAGRO, FEDPA, FENCOSPA, cooperatives and other non-profit associations could belong. He said FEDPA believes it would be better to do this for the following reasons:

- 1) The capital of the main organization could be protected from loss if the subsidiary organization goes under since only the original investment of the federation would be lost. The reverse could also hold for CEDEM if COAGRO goes under and COAGRO's investment in CEDEM is registered as the cooperatives' investment and so recorded on CEDEM's books;
- 2) The primary purpose of the investing organizations would not be altered and they could get-on with their services and not have to divert time and effort to start a new service or department;
- 3) All kinds of cooperative organizations could belong. Services would not have to be limited to one sector, agriculture or savings and loans or consumer, for example.

Vaughan drew a parallel between CEDEM and the U.S. Farm Credit System, which was formed with government seed capital but which gradually bought back the government investment through a 10% capitalization add-on to each loan. He saw government seed capital being the subsidies provided the first four years (100% year I - III, 50% year IV and zero year V) which could be "redeemed" as CEDEM capitalizes earnings in sums equal to the subsidies.

Vaughan also believes the GOP will never permit CEDEM to be taken out of the cooperative sector, that the service mix described sounded reasonable, that CEDEM could offer services to

organizations controlled by the producers but that the center should not go out of its way to offer services to normal limited liability companies or sole proprietorships, unless the owners were medium or small producers. He also thought that several credit unions might be interested in obtaining services from the center and agreed that the salt cooperatives should be able to participate in the project.

Vaughan also verbalized two interesting concepts. The first was that by creating CEDEM as a cooperative institution, parallel but separate from COAGRO, the movement could be building the new federation if GOP support was ever withdrawn from COAGRO before it was ready to operate on its own once again. Secondly, Vaughan mentioned that if all cooperative sectors were brought into CEDEM, it could also be the basis for building the confederation.

Following the meeting in FEDPA I went to USAID and met with Tomas Ugarte. In the meeting with Ugarte, FEDPA's ideas were discussed and additional discussions with Tomas centered on several other ideas and concepts regarding T/TA and the loan funds as presented below.

It had been suggested in earlier meetings between the ACDI in-country team that perhaps each loan could consist of two components:

- 1) Loan capital for the project at the going rate;
- 2) A small amount, say 5 - 10 % of the principal, for technical assistance and training on a grant basis during year I, at zero interest year II and at 7% in the following years until the loan is paid off.

For example, if the cooperative borrows \$500,000 for a project it could also be granted (or borrow) automatically up to 10% for technical assistance which it could contract from CEDEM or from the source of its choice providing the T/TA was coordinated and supervised by PROMECOOP (CADEC and/or CEDEM). CEDEM would help the cooperative prepare the feasibility studies and then be hired to provide technical assistance or training. Alternatively, other private consultants and/or firms and CEDEM/CADEC could compete to provide the T/TA as agreed to in the loan agreement and projected in the project. It would be important, however, for all T/TA to be coordinated by the project so the parameters of the feasibility studies could be followed, the loan repaid, etc.

\$50,000 for T/TA could be structured as follows:

- \$20,000 grant for T/TA;
- \$20,000 at 0% interest but repayable over the life of the loan in equal monthly installments after a grace period of "x" months;
- \$10,000 at 7% interest repayable over 10 years after a grace period of "x" years.

The sources of the funds used for T/TA will have to be identified and an amendment of the project agreement may be required to free them up from other sources. One source might be a sort of endowment established by the funds generated through the sugar quota off-set that could be managed by the BDA or even IPACCOOP as a technical assistance fund. Projections would need to be made but by judiciously managing the endowment, recovering some funds at zero percent and others at seven or more percent interest it probably could be made to at least break even.

In addition to the above, possibility, I suggested we might want to have CEDEM participate in the profits of the projects they design and present to the bank. For example: if the coffee mill financed produces "x" profit, CEDEM could receive 1% per year for providing T/TA and supervision. This incentive system would help ensure that the CEDEM technicians submit studies that will be profitable for the cooperatives and then carefully supervise and monitor them ... their yearly bonuses would depend on it! The disincentive in this procedure would be no bonus at the end of the year. An IPACCOOP audit might be the impartial judge to determine the amount of the profits.

Currently COAGRO and the borrowing cooperatives are each supposed to receive 2.5 percent of the interest for capitalization. If the funds to be received by COAGRO are invested in CEDEM as COAGRO's equity (but recorded in the name of COAGRO's member cooperatives to avoid loss in the event COAGRO is declared bankrupt) in the center, this could also provide the capital base for CEDEM. It would have to be supplemented by other investments from the cooperatives and/or other federations.

We felt we were on the right track with CEDEM, that the FEDFA meeting had been productive and that if some of the above ideas could be built into the CEDEM structure it might work.

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AID MEMOIR

SUBJECT : Meeting with Ariel Barnett Herrera, FRUTEXPO  
DATE : March 25, 1987  
BY : Bob Flick - ACIDI/Consultant

Miguel Angel and I met with Ariel Barnett Herrera from FRUTEXPO to discuss our project, CEDEM and UCAPE. FRUTEXPO operates two packing plants and has been exporting melons for one, maybe two years. They are looked on as competitors by UCAPE.

Barnett stated that Panama had competitive advantage with about 14 products, including melons, watermelons, pineapple, yucca, peppers, etc. He claimed they would begin exporting pineapple and yucca (fresh) in April and of course they had been exporting melons regularly since the season began.

When queried regarding problems, he cited:

- coordination with UCAPE;
- containers and red-tape to export;
- problems in the U.S.
- getting good varieties that do well in Panama.

He was critical of the attitude displayed by UCAPE and the great degree of mistrust demonstrated in their dealings with the cooperative. He gave examples of problems with cartons, use of cold storage facilities and the idea that everybody was out to screw the cooperative.

In discussing the services that CEDEM might possibly offer he thought most of the items on the list were needed but stated that their group would be manufacturing boxes in Panama next season and that they were capable of providing communication, translating, quality control, document service, etc. to their local growers and packing sheds. Their operation is directly under their control and they do not have to struggle with creating/strengthening small farmer groups, dealing with farmer directors, etc. Barnett was optimistic next year would be better than this year.

FRUTEXPO will probably join CONDEPRO and Barnett produced a blank application form to demonstrate they were essentially "on-board" with CONDEPRO. Barnett was unaware, however, about the

regional non-traditional export promotion project being implemented by Chemonics, although he was planning to attend a breakfast next week.

Barnett thought CEDEM could work under CONDEPRO and that services should be provided to all kinds of firms, cooperatives, etc., that were willing to participate. However, he thought firms like FRUTEXPO wouldn't need many of CEDEM's services, most likely. Barnett admitted that a non-traditional exporters association would make sense, especially to deal with shipping lines, container companies, the GOP and others with which producers and exporters of non-traditionals interface with, however, he felt there were already too many actors at this time and that perhaps CEDEM would be better under CONDEPRO initially.

Barnett seemed to recognize the need of assuring good quality of Panamanian products through a producer financed inspection/quality control system and thought this role would be a natural for the association, not CEDEM. He also felt CEDEM should concentrate on non-traditionals.

A subsequent meeting was arranged between Rivarola, Matheu and Barnett to discuss additional details of the project and to attempt to foster more coordination, exchange of information and ideas.

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AID MEMOIR

SUBJECT : Meetings with Juan Jose Franco, COAGRO  
DATE : March 26 and 31, 1987  
BY : Robert Flick - ACDI/Consultant

Heriberto Rodriguez and I met with Ing. Juan Jose Franco, Administrador Judicial, COAGRO to discuss CEDEM, its location, future, possible services, etc. on 3/26. On 3/31 Miguel Angel Rivarola and I met with Franco to present the recommendations.

At the first meeting Franco was adamant that CEDEM must return to COAGRO late this year or early next year. He stated that the whole project was designed around three institutions, i.e., COAGRO and the cooperatives, BDA and IPACCOOP, and that by removing CEDEM from COAGRO permanently would essentially withdraw COAGRO from the project and would violate the basic structure of the project.

Franco thought that a resolution probably would be passed at the Annual General Meeting to be held on 3/29 in Chitre insisting that CEDEM be returned to COAGRO late this year.

Franco also was adamant that CEDEM could not be taken out of the cooperative sector and that if it was organized in such a way that non-cooperatives were brought into CEDEM as "owners", CEDEM would take the path of least resistance and work more with these organizations than with cooperatives. Franco stated the non-cooperative sector is more advanced and better able to take advantage of CEDEM's services than the cooperatives.

Franco agreed that the services listed as potential areas of activities for CEDEM all sounded good and necessary for the cooperatives. He raised the issue of potential competition between COAGRO and Horticola de Mercadeo if COAGRO actually got into the business of marketing crops for the cooperatives not associated with the Boquete group - a good point. He also mentioned that the buying/manufacture of boxes, specialized packing supplies, etc., was COAGRO's role. Franco seemed willing to open the scope of CEDEM's services to other cooperatives not affiliated to COAGRO or from other sectors. He also seemed amenable to having some kind of "associate" member status for organizations controlled by producers, such as ANAGAN, or other producer associations as these are organized.

Franco mentioned that the evolution of CEDEM was envisioned to include services to other sectors at the time the project was planned several years ago and that the initial thoughts were to concentrate efforts in the beginning in the agricultural

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cooperative sector and later - perhaps in year four or five - begin to attend other non-cooperative sectors. He repeated several times his view that if CEDEM was allowed to serve anybody from the beginning it would naturally take the path of least effort and be steered toward the commercial sector. He also emphasized that the non-cooperative private sector has developed its own marketing infrastructure, citing Nestle, Estrella Azul, Grupo Melo, etc. They have the resources, the know-how and the ability to develop their own marketing center and would not need any services from CEDEM anyway.

Franco thought that by adding a production specialist to the technical assistance team we could help cooperative members improve their production technology to make them more competitive in both the local market and in the international market place.

I raised the issue of COAGRO's finances and that by limiting the radius of action of CEDEM to agricultural cooperatives affiliated to COAGRO CEDEM would never be viable and would drain valuable resources from COAGRO. I also raised the possibility of organizing a separate entity "auxiliar al cooperativismo" to which COAGRO, FEDPA, cooperatives, etc., could become members. He didn't oppose this, provided CEDEM was still located in COAGRO.

Franco provided us with copies of COAGRO's 1986 Annual Report and claimed much progress had been made in 1986. He was up-beat saying that they hoped to turn a profit by the end of 1987 and be on the path of financial health. I suggested he prepare reports, graphics, charts, etc., demonstrating, with numbers, progress made in the year of GOP administration and that he should schedule a presentation at AID to illustrate their progress and plans for the future. My initial impression is that COAGRO is on the path to better health and that most of the internal bad habits were being corrected. Whether or not Franco and his team will be able to succeed will depend on the patronage and investment from the cooperatives and the willingness of the GOP to hold off the wolves while things are set straight.

I am optimistic. I think the cooperators may have learned a good lesson and that if COAGRO can be run right for a couple of years and be a real economic service to its cooperative members it will succeed. I also think we should help where possible; being supportive, offering training opportunities, TA, etc., on an as needed and as requested basis. My impression is that Franco is serious, capable and is on the right track. We should support him to the best of our abilities but let them do the job, themselves.

We agreed to meet on Tuesday 3/31 at 8:00 to continue discussions on CEDEM.

In the wrap-up meeting on 3/31 I presented the recommendations contained in the final report. Although Franco presented his points of view regarding the specific recommendations vigorously he seem in agreement to most or at least indicated the ideas had merit and he would consider them on that basis.

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AID MEMOIR

SUBJECT : Meeting with Pedro Batista/Eduardo Matheu  
DATE : March 26, 1987  
BY : Bob Flick - ACCI/Consultant

On several occasions the future of CEDEM was discussed and their ideas were solicited. Eduardo participated in the brainstorming sessions.

Pedro was concerned about how CEDEM would exercise control over the cooperatives as relates to their marketing credits and the follow-up after credit was granted. He used the example of Blanca Flor, which agreed to market coffee on a consignment basis in the feasibility study but then accepted the advice of a regional director of the BDA to buy the coffee from the members. The cooperative will loose probably \$125,000 more or less in the sharp fall of coffee prices several months ago.

If CEDEM was so busy doing all the things on the list with the few people currently on staff it would be impossible to adequately supervise the credits. Pedro felt that without proper supervision, on-the-job training, constant monitoring, etc., the cooperatives could loose significantly in marketing.

We discussed the ideas in reference to the possibility of sharing in a percent of the profits of the projects being financed as a way to ensure good studies, good projects and hard work. While Pedro thought the idea was interesting he mentioned it might be difficult to determine just what the profits were, especially if the cooperative's accounting system did not separate profits corresponding to specific areas of economic activity.

Pedro also mentioned that sometimes one department will subsidize another but that the overall cooperative might not be profitable and then how would the amounts be allocated to CEDEM. Pedro also mentioned that the interest rates in the project were high and if we add another cost factor into the mix of project costs the cooperatives would resist. He reminded us that the IDB has it's small project fund, that the Inter-American Foundation gives away money and that the BDA has lines of credit at interest rates lower than the AID/FROMECCOOP rates.

By charging for T/TA (cost of feasibility studies, etc.), getting a cut of the profits and having high interest rates will drive away the cooperative borrowers. Pedro thought that by offering other services needed by the cooperatives, most of which were mentioned in the preliminary list, CEDEM could be financed.

capitalized, etc. He also believed that CEDEM should actually market products and become a business. He liked the idea of controlling quality of export fruit but thought it would be difficult to get the authorization and/or legislation needed to undertake this service.

Pedro also thought that by operating as a commission agent to facilitate the marketing of coffee CEDEM could also earn significant income. He claimed the coffee cooperatives pay agents 1.5% of the sale price for facilitating the marketing of coffee and felt CEDEM could perform equally or better than the agents currently used by the cooperatives.

We discussed the feasibility study that would be required for CEDEM and I told Pedro that within the next month or so the technicians at the center would have to prepare such a study. He felt the most important part of the study would be determining the parameters, structure, assumptions, etc.

In general Pedro was enthusiastic with the prospect of developing CEDEM as a private business and felt it would work.

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AIDE MEMOIR

SUBJECT : Meeting with Julio Sosa, Consejo Nacional de Inversiones

DATE : March 26, 1987

BY : Bob Flick

Miguel Angel Rivarola and I met with Julio Sosa, Executive Director of the National Investment Council (Consejo Nacional de Inversiones) to discuss several issues:

1. Marketing constraints being faced by Panamanian farmers.
2. Ideas he might have for services the CEDEM might offer to farmers, cooperatives and/or other types of firms and his suggestions regarding the structure of the CEDEM.

Sosa urged us to focus the CEDEM toward non-traditional products that could be produced for export. He thought that there should be technical assistance for the producers to enable them to compete abroad since the quality of Panamanian products in their local condition cannot compete in international markets.

Sosa emphasized that the GOP is very interested in promoting the export of non-traditionals and in developing varieties, products, etc. which can be profitably grown/produced by small and medium size farmers. He thought the center should focus on several specific products and undertake the work to develop these items, like melons, asparagus, for example. By limiting the center's work to several products and doing the agronomic work, the extension and farmer development, and moving the product to market an impact could be made. If CEDEM tries to cover the waterfront, its efforts will be diluted and little will be accomplished, Sosa thought. He also felt modular technical and cost packages should be developed for specific items being promoted.

Sosa emphasized new products, new markets and new lines of business should be CEDEM's focus. He also thought the list of potential services developed in the brainstorming session at CEDEM seemed like services CEDEM should offer and are needed in order to promote the export of non-traditionals. He agreed that if CEDEM could act as a quality control and logistics coordinator/commission agent these two services alone would be extremely valuable to all Panamanian producers. He thought CEDEM should work with medium and small producers whether or not they are affiliated with cooperatives and that CEDEM's expenses could probably be covered from the quality control work.

AID MEMOIR

SUBJECT : Meeting with Gofredo Grimaldo V., Executive  
Secretary of the National Cattlemen's Association  
(ANAGAN)

DATE : March 27, 1987

BY : Bob Flick - ACDI/Consultant

Miguel Angel Rivarola, Heriberto Rodriguez and I met with Gofredo Grimaldo to discuss CEDEM, our project, and try to gather additional ideas for the marketing center.

ANAGAN is an association for representational purposes, non-profit, non-stock composed of approximately 4,500 dairy and beef producers. They are apparently financed by a tax on each animal slaughtered in Panama. They have nine (9) chapters, each headed by a president, which together form the council of presidents, their governing body.

According to Grimaldo, the beef situation in Panama was better controlled and the people were better served when the Instituto Ganadero was operating. However, the institute was disbanded as a result of the 1972 "revolution."

There are several dairy cooperative members of ANAGAN and Grimaldo is very interested in supporting the development of the dairy sector. I suggested they contact Land O'Lakes and gave those present a brief run-down on the international dairy development efforts of LOL. Using LOL resources as a source of T/TA plus project loan resources to develop the cooperative dairy sector could be an interesting challenge for our project.

Rivarola explained that CEDEM had completed the feasibility study for a dairy cooperative in Chorrera. Grimaldo phoned the cooperative to ask them to arrange a meeting with CEDEM. Another loan request had apparently been submitted by the cooperative to the Inter-American Development Bank (IDB) and Miguel/Eduardo will be following-up with the IDB to learn what the status of this request is.

Grimaldo informed us that the cattlemen owned two slaughter houses which were underutilized but controlled carefully by the Ministry of Health inspectors. Apparently the municipal slaughter houses were not well inspected and are operating at 150% capacity as a result. The association has been trying to have this issue put on the agenda for serious discussions with the GOP without much success. He claimed the GOP inspectors are not doing the job in the municipal plants because of politics.

Grimaldo thought the marketing center's potential service list was reasonable and that most of the services mentioned are currently not being provided by anybody. He thought the dairy sector would probably be the sector which could use the services of CEDEM the most.

As far as the organization of CEDEM itself, Grimaldo didn't have any real contributions except to confirm that an association could not issue stock or get involved in business transactions to earn profits.

AID MEMOIR

SUBJECT : Meeting with Ascanio Alemán, Manager of Perishable  
Distribution Center - Coop. Hortícola de  
Mercadeo/Panama

DATE : March 30, 1987

BY : Bob Flick - ACDI/Consultant

Eduardo Matheu, Miguel Angel Rivarola, Heriberto Rodriguez and I met with Ascanio Alemán, the manager of the perishable distribution center owned by the Cooperativa Hortícola de Mercadeo in Panama to discuss the Marketing Center and learn of any ideas he might be able to contribute.

Alemán provided a brief description of the services performed by the center and mentioned they were negotiating for a new building in the former Canal Zone. They are also planning to continue to offer chopped lettuce, carrots and red beets to McDonalds and GAGO supermarkets and are planning to upgrade their equipment to offer a better product.

Alemán thought more effort had to be put into improving the quality of all perishables by starting in the field. Through improvements in growing, harvesting, FIELD PACKING, transporting, storing and displaying in the supermarket less product would be wasted and a better product would be presented to the consumers. He felt more had to be done to promote the consumption of perishables, including promotion via mass media, in the supermarkets and with supermarket personnel so their products are nicely displayed and remain fresh for the customers.

Alemán also thought the Marketing Development Center should actually export and import food products. He suggested that when the right moment arrives the Center should be able to import as well as export. He cited an example with onions, e.g., his cooperative has imported onions from Costa Rica and Guatemala and probably made considerable profits. He thought the Center could handle the exports of melons and other perishables and this would save the cooperatives from having to develop all the contacts and learn the export business over and over.

Alemán also mentioned that the Marketing Center could help the small entrepreneur who is currently handling and processing agricultural commodities and gave an example of the small processor of chile sauce which could avail himself of marketing services provided by the center, such as: advice on designing

the label, selecting the bottle, the proper machinery, "doing the marketing research and designing a marketing strategy. He suggested there would be plenty of these small entrepreneurs who could avail themselves of these kinds of services and through this activity additional markets would be created for perishable products. By providing these kinds of services, the Center could develop markets for products it would supply to these entrepreneurs from the cooperatives.

Alemán cautioned the group, however, that we should remember that the Center has limited personnel and resources and they should be selectively focused on activities that can make an impact so their efforts are not diluted and dispersed. He suggested establishing priorities and focusing a bit more on these tasks and providing "ayuda operativa" to the cooperatives. When we queried him more on his statement that the Center should provide "ayuda operativa" he mentioned:

- \* help the coop decide whether or not to accept the offer of the ex-Canal Zone facilities and assist in the selection of machinery, etc.;
- \* help develop advertising and campaigns to promote the consumption of selected items;
- \* market cooperative products by helping entrepreneurs develop viable products that have demand and then supply these markets created by the Center;
- \* work with cooperatives to implement a field packing procedure;
- \* look for new markets for the cooperatives/producers;
- \* develop a market for the perishables not qualifying for export, including perhaps ripening rooms, a distribution network and maybe even processing.

I asked Heriberto if advertising and promotional work could be contracted for using funds of the project? He was unsure. Ascenio mentioned that the producers would have to pay for this, however, he admitted they did not see the benefit in supporting this kind of activity yet and would probably be unwilling to pay until it was clearly demonstrated that advertising was cost effective in terms of increased sales.

If advertising and promotional work could be included as activities to be undertaken by CEDEM with project funds to start, then cooperatives and/or producers might become more interested.

Reflecting on what was said after our meeting, it might be worthwhile to attempt to promote the market for a speciality crop like asparagus or celery as demonstration projects. Asparagus

and celery have only been available locally on a limited basis, apparently, and are high value nutritious crops that could be promoted by CEDEM as a pilot effort. The cooperative Hortícola de Mercadeo could distribute the product locally and CEDEM could undertake the advertising campaign - for a percentage of the profits, perhaps or on some kind of partial fee or discounted cost basis. This first effort could initiate this kind of activity in CEDEM.

Another new activity might be to select a product, an entrepreneur and follow the scheme presented by Alemán above.