64928 PD-ABA-490

AID 1025-1 (7-71) (FACE SHEET)

# NONCAPITAL PROJECT PAPER (PROP)



## I. PROJECT IDENTIFICATION

1. PROJECT TITLE
LATIN AMERICAN AGRICULTURAL MANAGEMENT
(Grant to InterAmerican Institute for Agricultural Sciences)

APPENDIX ATTACHED: [X] YES [ ] NO

2. PROJECT NO. (M.O. 1095.2) 598-15-190-547

3. RECIPIENT (specify)
[ ] COUNTRY
[X] REGIONAL LA [ ] INTERREGIONAL

4. LIFE OF PROJECT
BEGINS FY 71
ENDS FY 75

5. SUBMISSION
[ ] ORIGINAL DATE
[X] REV. NO. 1 2/8/73 DATE
CONTR./PASA NO.

## II. FUNDING ($000) AND MAN MONTHS (MM) REQUIREMENTS

| A. FUNDING BY FISCAL YEAR | B. TOTAL $ | C. PERSONNEL (1) $ | C. PERSONNEL (2) MM | D. PARTICIPANTS (1) $ | D. PARTICIPANTS (2) MM | E. COMMODITIES $ | F. OTHER COSTS $ | G. PASA/CONTR. (1) $ | G. PASA/CONTR. (2) MM | H. LOCAL EXCHANGE CURRENCY RATE: $ US ___ (U.S. OWNED) (1) U.S. GRANT LOAN | (2) COOP COUNTRY (A) JOINT | (2) COOP COUNTRY (B) BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. PRIOR THRU ACTUAL FY | 180 | 125 | 82 | | | 15 | 40.0 | | | | | |
| 2. OPRN FY 73 | 150 | 116 | 70 | | | 7.5 | 26.5 | | | | | |
| 3. BUDGET FY 74 | 165 | 110 | 60 | | | 7.5 | 47.5 | | | | | |
| 4. BUDGET +1 FY | 125 | 100 | 48 | | | 7.5 | 17.5 | | | | | |
| 5. BUDGET +2 FY | | | | | | | | | | | | |
| 6. BUDGET +3 FY | | | | | | | | | | | | |
| 7. ALL SUBQ. FY | | | | | | | | | | | | |
| 8. GRAND TOTAL | | | | | | | | | | | | |

9. OTHER DONOR CONTRIBUTIONS

| (A) NAME OF DONOR | (B) KIND OF GOODS/SERVICES | (C) AMOUNT |
|---|---|---|
| IICA | 1. Share of budget FY 74 & FY 75 | FY 74 = $15,000<br>FY 75 = $55,000 |

## III. ORIGINATING OFFICE CLEARANCE

| | | |
|---|---|---|
| 1. DRAFTER David L. Peacock, LA/DR/RD DLP | TITLE Agricultural Economist | DATE 2/8/73 |
| 2. CLEARANCE OFFICER Carl F. van Haeften, LA/DR/RD CFvH | TITLE Chief, Rural Development Div. | DATE 2/8/73 |

## IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

2. CLEARANCES

| BUR/OFF. | SIGNATURE | DATE | BUR/OFF. | SIGNATURE | DATE |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |

3. APPROVAL AAs OR OFFICE DIRECTORS
SIGNATURE DATE
TITLE

4. APPROVAL A/AID (See M.O. 1025.1 VI C)
SIGNATURE DATE
ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

I. Statement of the Problem:

> IICA considers that management is a key element for the success of Rural Development Programs. Good results in Rural Development Programs are hard to obtain, to a large extent, we think, because of poor management.
> (Dr. José Emilio G. Araujo, Director General of IICA, October 23, 1972)

Progress in solving Latin America's agricultural problems during the past decade has been slower than desired. In addition to the fact that agricultural production has barely kept pace with population expansion throughout most of the region, it has become of major concern to the Agency that small farmers have not enjoyed an equitable share of whatever economic progress did occur in the rural sector. To address the situation, the Latin American Bureau is presently pursuing comprehensive sectoral analyses, more systematic planning of rural development programs, and greater concentration upon assisting small farm operators to participate more fully in the economic life of their country. The emerging rural development programs have been supported by major AID sector loans ($112 million in loans to Colombia, Costa Rica, and Guatemala since 1970) as well as considerably increased allocations from domestic resources. These new programs have necessitated the organization of numerous public and private institutions in support of large scale rural change activities. All phases of these efforts require systematic planning, programming, and management of the proposed activities in order to insure coordination and timely and efficient implementation.

Present evidence from Guatemala and Costa Rica indicates that public sector institutions have considerable difficulties in adjusting to the management stresses posed by reoriented and expanded Rural Development Programs. The following examples of management-related

problems identified in Costa Rica can serve as an indication of the difficulties faced in implementing complex sectoral programs:

1. Lack of adequate coordination of credit and extension services to assure that small farmers make the best use of credit.

2. Lack of an adequate system of supervision, reporting and evaluation within the extension system.

3. Lack of a clear and common understanding of the objectives of the Rural Development Program with respect to small farmers throughout the institutional system responsible for implementation.

4. Lack of training in communication and working with groups of farmers--although upper level administration has endorsed this technique as the preferred approach to extending agricultural information.

5. Shortfalls in finances and materials needed to complete ongoing projects.

Further, it is clear that reorganization of the agricultural public sector, as was undertaken in both Costa Rica and Guatemala, is not sufficient to assure effective implementation of rural development efforts. Consequently, there is a need to focus directly on improving the functioning of the institutional systems which provide small farm operators with essential services--technological assistance, credit, farm inputs, marketing services, and other needed support--in order to accomplish the objectives of Rural Development Programs. Just as there are considerable efficiencies to be expected from improved analysis and planning, improved management can also be expected to yield more efficient use of scarce developmental resources. It is all too evident that despite current advances in sector analysis and planning, the effectiveness of programs designed to aid small farmers can be severely circumscribed by the managerial limitations of agricultural institutions.

To strengthen the management capability of the public and private sector institutions responsible for implementing rural development efforts in Latin America, a source of expertise needed to be identified or created which would have the capability to guide national institutions and their administrators (at various levels) toward improved managerial practices. Ideally, this source of expertise would have knowledge of both the economic and technical realities of rural development and the aspects of management which contribute to effective program implementation. No Latin American institution could be identified which had already developed the sufficient competence to have a substantial impact upon improving the management of rural development programs. Further, a 1971 review of the capabilities of U.S. universities by the Technical Assistance Bureau (TA/DA) revealed that, while there were individuals and groups working on aspects of rural program management, there was no group within a particular institution with an established combination of skills, methodology and field experience with which to attack the problem. Since it appeared necessary to create the competence required, the Latin American bureau focused its efforts upon developing a center of expertise within a Latin American institution which could be expected to become a respected and viable source of continuing technical assistance in this area. TAB, in turn, funded a contract with M.S.U. to develop methodology and support capability, but has recently decided to phase out that contract and turn to lower cost inputs by various U.S. professionals and institutions in a more selective and tailored interregional field support role.

Given the two problems identified: (1) the apparent stress that new rural development programs place upon the managerial capability of public and private sector institutions, and (2) the lack of an experienced source of technical assistance in the area of management of such programs; AID initiated a grant (June 29, 1971) to the InterAmerican Institute for Agricultural Sciences (IICA) for the purpose of building their capacity to "provide technical assistance and support to Latin American national, public and private organizations in order that they may increase the rural impact of their agricultural programs through use of effective management tools."

II. Description of the Project:

> Goal: To increase the effectiveness of efforts to improve the income and productivity of small farmers through strengthening the management of activities in the public and private sector related to the agricultural development programs of Latin American countries.

To contribute to this goal IICA will develop relationships with national public and private institutions through which they will assist these institutions in analyzing and correcting their management problems. Due to the prominence of public sector institution involvement in rural development programs, the primary emphasis for some time into the future will undoubtedly be upon the public agricultural sector.

IICA is rapidly shifting its emphasis from an earlier commitment to biological research and graduate education in tropical agriculture to a new mission--assisting its member countries to plan and carry out rural development programs by strengthening the networks of public and private organizations which provide services to small farmers. To accomplish this new mission IICA has placed a representative in each

participating country and is building its assistance program upon the individual country needs as interpreted by these representatives. The country representatives, in turn, draw upon a technical staff located in one of three zonal offices (Southern Zone, Andean Zone, and Northern Zone--Central America) and upon IICA Headquarters in San Jose, Costa Rica, for the technical assistance resources. Member country contributors, according to the same system as applied by the OAS, provide for basic financial resources for IICA's programs. IICA, supported from its own funds, has created a management specialist position in each of the zonal offices. The AID grant, in turn, has supported the development of a core agricultural management team located at the IICA Headquarters, which is the focal point for generating the knowledge and insights necessary to obtain a unique competence in this area. This core team is responsible for a series of concentrated research and advisory efforts through which IICA will develop its (1) methodologies for detecting priority management problems, (2) approaches to assisting national institutions to solve these problems, and (3) case study materials for the training of managers at various administrative levels. Dr. Araujo, Director-General of IICA, has described the role of the AID grant and the core group it supports in the following way:

> IICA has made some efforts in the area of management but felt the need of a program which could strengthen our capabilities, hence the Management Program for Rural Development which started over a year ago with financial assistance from AID.

------We consider that the Management Program's number one and immediate goal is to prepare IICA's personnel. This preparation will have an immediate multiplying effect in the training of national personnel and in the improvement of the Rural Development Programs.

The IICA strategy is to transfer the expertise and experience developed by this core team to national institutions through its network of zone management specialists and country representatives. Each of the zone specialists will spend three months working with the core team during the initial project in Costa Rica. When the core team's efforts begin encompassing additional countries (Guatemala, Bolivia, and Paraguay in CY 1973), the zone management specialists will collaborate in these projects. National representatives will receive training from the core team so that they are knowledgeable about the IICA methodologies and experience, and can incorporate management into their country-specific programs. The IICA management staff will seek to multiply their efforts further through the involvement of individuals within national institutions in formal and informal training in order to introduce them to the methods IICA has been developing for identifying and correcting management problems. As these individuals increase their capacities, the IICA specialists will be able to assume an advisory role in assisting member countries to conduct their own management analyses and introduce appropriate managerial remedies. At the same time IICA will continue to develop improved diagnostic approaches and managerial techniques which are adapted to the specific conditions of Latin American agricultural

institutions. With the experience gained in the next three years, the technical assistance efforts will become the responsibility of an expanded number of management specialists located in the zonal offices (6 to 7 as opposed to the present three), while a reduced core team (2 to 3 as opposed to the present five members) will assume responsibility for (1) coordination of IICA's hemispheric efforts, (2) analyzing and monitoring the results of various in-country management improvement programs in order to draw valid generalizations, and (3) continued research to improve IICA's general level of expertise in this specialized area.

> Measurement of Goal Achievement: The measurement of goal achievement will be the extent to which improved management of activities in the agricultural sector result in improved rural services which assist small farmers to increase their productivity and income.

Although the effects of improved management are somewhat difficult to isolate from other factors affecting the success of rural development programs (accurate analysis, sound planning, appropriate policies), the approach IICA has adopted provides a degree of measurement of the success of their program. To date the IICA core team has focused upon rural development programs with clearly identifiable objectives in terms of services to be delivered at the farm level. As an important part of their management analysis of the Costa Rican Rural Development Program, the core team has measured the delivery of services through the institutional system according to the following criteria:

1. Effectiveness of the services--did the farmer know about the services, did he accept and utilize them?
2. Availability of the services
   a.) Existence and in sufficient quantity
   b.) Ease of obtaining the services
   c.) Geographic accessibility of services
3. Timeliness of the services
4. Coordination of various services
5. Adequacy -- are services delivered adequate to meet the farmer's needs.

IICA utilizes this evaluation as one of the base points from which it assists national institutions to discover managerial deficiencies in their rural development programs. If the resultant remedies of management problems at various administrative levels improve the delivery of essential services, this indicator of improved managerial effectiveness can be utilized as one measure of goal achievement. IICA plans to encourage the introduction of an ongoing evaluation of the delivery of services within the member country's own institutional systems as a continuous feedback of information on the effectiveness of their management of rural development programs.

Important Assumptions Related to the Goal:
1. Management of the agricultural public (and private) sector is a key variable for national agricultural development.
2. IICA's efforts in agricultural management will be well received by member nations.

Both the IICA management project and ATAC's evaluation of the Costa Rican Agricultural Sector Program have indicated that the expanded and re-oriented rural development program has put considerable pressure on

the managerial capacity of the involved institutions and that improved management will contribute to increased program effectiveness. Similar managerial deficiencies have been detected in the implementation of Guatemala's Rural Development Program. These represent early indications that assistance in area of agricultural management may indeed make a critical contribution to the effectiveness of rural development programs.

The efforts of IICA's core management team in Costa Rica has engendered the interest and participation of high-level officials in the agricultural public sector. These officials have participated in reviewing the management problems identified by IICA, including a one week field visit to examine the effect of these problems at the farm level. The Consejo Agropecuario Nacional (CAN), charged with the coordination of the Sector Program (supported by an AID loan) is scheduled to review the remedial actions suggested by IICA's core team at its February meeting. IICA will then provide assistance to the GOCR institutions in implementing needed managerial reforms. Major assistance programs are planned for Guatemala, Bolivia, and Paraguay in CY 1973. IICA has concurrently received requests from Panama to assist in reorganizing its public agricultural sector to facilitate improved management of its rural development efforts and from Nicaragua to assist in preparing its institutional system to administer a rural development program which will be proposed to AID for loan financing. This information should be considered as evidence of the receptivity to date of member countries toward IICA's management program.

> Purpose: The purpose of the project is to build the capacity of a Latin American Regional Institution -- IICA -- to provide technical assistance and support to Latin American national, public and private organizations in order that they may increase the rural impact of their agricultural programs through use of effective management tools. This activity will emphasize the improvement of the quality of Latin American rural agricultural program management, especially those programs directed at improving the well-being of small farmers.

The approach to building IICA's capacity to assist member nations in improving their managerial effectiveness has been to focus the full-time energies of a group of professionals -- with experience in various phases of agricultural development and management -- upon the clearly delineated area of the management of rural development programs. To develop their knowledge and experience, this group is concentrating its efforts on examining the actual problems of implementing on-going rural development programs, accepting the overall plan (and analysis upon which it was based) and program objectives as given. The Costa Rican Rural Development Program was chosen as the initial IICA project. Here the core management team is developing (1) methodologies for determining the priority constraints and problems limiting the management effectiveness of rural development programs, (2) approaches to assisting national institutions to develop and implement required managerial reforms, and (3) case materials which will become the basis for future management training activities. These early developments will be further refined as the Management Program expands its attention to assisting additional countries during the remainder of the project. With growing experience the IICA management team will be able to considerably reduce the time required to identify important management problems and introduce needed managerial reforms in different situations.

Certain unique features were incorporated into the early conceptualization of the project which have had particular influence upon the type of managerial expertise being developed by IICA. First, the expertise will be in terms of the managerial problems peculiar to rural sector where the timing of activities is to a large extent imposed by climatological conditions. Secondly, the unit of analysis encompasses all institutions which comprise the "system" through which the goods and services essential to meeting rural development objectives are provided. This is in opposition to a single institution as the object of analysis, where improved performance without concomitant changes elsewhere in the "system" might have only a limited impact on increasing overall effectiveness in obtaining the desired objectives. Next, a major emphasis of the Management Program is to examine the delivery of intended services at the farm level and trace upward through the "system" to determine managerial dysfunctions in providing these services. Finally, no pre-determined managerial techniques (such as PERT and Program Budgeting) were to be associated with the project, instead the core team is to determine applicable practices from research and analysis of the country's actual management problems and needs.

In addition to the practical experience to be derived from the activities of core team and the associated management specialists from the zonal offices, IICA will have access to consultants who can contribute toward building their capacity in this area. The grant itself incorporates funding for consultants, and TA/DA has provided short-term assistance from the sources of expertise it has identified.

Assumptions Related to Project Purpose:

1. That IICA will continue its positive policy toward management as an important part of its overall technical advisory efforts.
2. That IICA's budget can be expanded or re-oriented and adjusted to meet the needs of the management activities.
3. That Latin American decision-makers will continue to regard management as a critical constraint and request the services of the IICA team.

In the context of IICA's new orientation toward assisting member nations to strengthen their agricultural institutions by providing technical support to rural action programs, it is reasonable to assume that the positive stance of the Institute's leadership toward the Management program will continue. IICA has already taken steps to introduce the experience of the Agricultural Management Program to the personnel of its zone and country offices. Further, IICA will begin assuming a portion of financial support of the core team in the fourth and fifth year of the project as had been proposed by AID and agreed to by the Institute. The assumption of a part of the costs during the course of the project is an indication of IICA's interest to continuation of major efforts in the agricultural management area.

There appears to be a growing awareness among Latin American decision-makers of the need to improve management in the agriculture sector. Since several countries -- Guatemala, El Salvador, Nicaragua, Costa Rica, Colombia, and Panama -- have requested IICA assistance in various aspects of agricultural management in the past, it is reasonable that they will want to take advantage of the services provided by the developing agricultural management program. Indeed, if the receptivity expressed thus far is an indication, IICA will need to program its activities very carefully in order to meet future requests.

Output: The outputs of the project are as follows:

1. Methodologies for identifying priority management problems.

2. Approaches to solving management problems in collaboration with national institutions.

3. Methods of formal and informal training of agricultural administrators in the area of management.

4. Development of an experienced group of IICA management specialists.

5. Development of a group of individuals within national institutions trained in identifying and correcting managerial problems in the rural sector.

6. Case studies generated from analysis of managerial problems in at least four countries which will serve as materials for training agricultural managers.

Output Indicators: The output indicators of the project are as follows:

1. Methodologies for identifying problems --

   a) Written documentation of methodologies
   b) Written documentation of significant problems identified

2. Approaches to solving problems *--

   a) USAID and national verification that remedies to management problems had been applied.
   b) Data provided by IICA or individual on improvement of delivery of agricultural services.
   c) List of countries requesting IICA management assistance.

3. Methods of formal and informal training:

   a) Written outlines and case studies for management training courses.

* Documentation of actual management improvements expected from Costa Rica in 1973, Guatemala 1974.

b) Three national and two multi-national courses conducted.
c) Documentation of national participation and informal training from IICA bi-monthly reports.

4. Experienced IICA management specialists:

a) Seven to eight IICA professionals who had participated in at least two major management evaluation and assistance activities.
b) Evaluation by professionals outside of IICA (see attached letter from Essman)

5. Nationals trained:

a) IICA and USAID identification of individuals within various institutions who have collaborated with IICA in problem identification and/or correction. (Expected minimum of 10 per country)
b) IICA identification of participants in management training courses from bi-monthly reports. (Expected minimum of 15 participants per course.)

6. Case Studies:

a) Publication of four case studies
b) Review and comments by professionals outside of IICA.

The IICA core management team has concentrated its efforts in the first part of the project on developing research methodologies for detecting major management problems and exploring approaches for involving Costa Rican agricultural administrators in both the problem identification and problem solution processes. Elements of the research methodology, as it is presently emerging, will be tested and refined as the Management Program provides assistance to additional countries in the next three years. Likewise, IICA's experience in additional countries will serve to further develop and modify their approach to securing the interest and participation of national personnel.

The research methodology employed in Costa Rica approaches the problems of management from two complementary and mutually supporting directions, (1) from the national level and (2) from the farm level upward toward the national level. The national level investigation has involved three steps:

(1) Determination of what should be achieved in management of the Rural Development Program in order to reach the objectives stated (termed the management "norms" by the the IICA team).

(2) Identification and analysis of the actual process of translating the Rural Development Program into action, including the formulation of specific activities and their execution by the institutions charged with specific responsibilities within the Program.

(3) Comparison of the management "norms" with actual execution to determine the managerial causes of suboptimal implementation of the Program.

Again, the national level evaluation encompasses the institutional "system" related to the implementation of the Program, rather than studying the administrative functioning of an individual institution. IICA is also examining the usefulness of "Institution Building" variables and theory as a means of evaluating the execution of rural development programs. To date, the "Institution Building" concepts have received little application in practice and have then only been applied to individual institutions as opposed to institutional "systems." IICA exploration of this approach has been assisted by an "Institution Development" specialist provided by TAB.

The more innovational approach from the field level upward has involved an attempt to study rural management beginning from the level

of the ultimate beneficiaries of the Program, the small farm operator, in order to detect those deficiencies within the institutional "system" which limit the program's impact. The following phases were involved in this approach:

> Phase I: Study was conducted of the quantity and quality of services which reach the farmer. In Costa Rica the services examined were: information, credit, provision of inputs, training and technical assistance, mechanization, marketing, and farmer organization. A sample survey of the delivery of these services was conducted in several project areas. This data is intended to become the first entry of a time series through which the Costa Rican government can continuously update its evaluation of managerial effectiveness. The survey identified the services actually arriving at the farm level and evaluated them according to specific criteria:
>
> a) Effectiveness of the services - was the farmer knowledgeable about the services, did he accept and utilize these services?
>
> b) Availability of the services - existence in sufficient quantity, easily obtained, accessible sources
>
> c) Timeliness of the services
>
> d) Coordination of the services
>
> e) Adequateness of the services - did they meet the farmers specific needs?
>
> The emerging data were analyzed in order to determine the most important constraints to meeting Program objectives.
>
> Phase II: With the deficiencies in delivering services to the farm level as a basis, an analysis of the management mechanism involved in providing these services was initiated in order to identify key managerial problems. Much of this effort centered about regional and local organizations to detect causalities of managerial ineffectiveness at these levels.

IICA proposes to test these analytical approaches in additional countries to determine their degree of appropriateness for a broad range

of rural development activities and institutional frameworks. To a great extent the generalizations about priority managerial problems drawn from the Costa Rica experience should apply in other countries, thus allowing IICA management specialists to focus attention on key management issues and suggest remedies within a reduced time frame. IICA plans to examine their analytical techniques in conjunction with assistance to countries divided into three categories according to their activities in the rural sector; (1) those with specific rural development programs (i.e. Costa Rica, Guatemala, Paraguay), (2) those without specific rural development programs (Bolivia), and (3) those in the preparation stage of rural development programs (Nicaragua).

Likewise, IICA will be refining and modifying its approach to involving personnel from national institutions in the process of identification and solution of managerial problems. In Costa Rica the IICA team has developed institutional relationships with the Consejo Agropacourio Nacional (CAN) with which it has coordinated its efforts. Once the management problems have been identified and documented with background data, IICA (through CAN) transmitted their findings to public sector officials in the form of seminars. These same officials, along with a representative from A.I.D., spent a week with IICA team members at the site of one of the Rural Development Program's regional projects in order to confirm and evaluate the problems identified. Recommendations for managerial reforms are now being developed by IICA for presentation at the February CAN meeting. The core management team will continue its

involvement in Costa Rica by assisting local administrators to implement needed managerial improvements. With the confidence developed by IICA in its analytical methodology and approach to involving national institutions from their Costa Rican experience, the core management team will seek elsewhere to involve local officals earlier and more completely in the analytical and recommendation phases of its efforts. This national participation will contribute toward the development of an indigenous capacity for continuing managerial improvement, which will be supplemented and reinforced by forthcoming training courses. The training courses themselves, to a large extent, will be based upon case studies generated from a faithful recording and analysis of the experiences in the countries assisted.

Assumptions Related to Outputs:

1. That methodologies developed and experience gained in one country will have some degree of universal applicability to other countries in the hemisphere.
2. That both formal and informal training will result in positive attitudes and action toward improved management of rural sector activities.
3. That case studies will prove to be useful tools in training rural managers and stimulating interest in needed managerial changes in the agricultural sector.

The above assumptions relate to the advisability of pursuing the project outputs. In order to build a regional capacity in agricultural management, the methodologies developed for one country and the experience gained must be assumed to be in some degree transferrable across national borders. At the same time the training experiences, both formal and informal, must be assumed to contribute to the capability of both IICA and national personnel to remedy real managerial problems or the training

objective remains incomplete. Finally, the value of publishing case studies rests with its usefulness as a tool for training agricultural managers who can have a positive impact upon the effectiveness of rural management.

Inputs:

1. Actual Budget FY 1971 - FY 1972 and Estimated Program Budget for FY 1973 - FY 1975. (CORE MANAGEMENT TEAM)

| Item | FY 1971 | FY 1972 | FY 1973 | FY 1974 | FY 1975 |
|---|---|---|---|---|---|
| Personnel a/ | $ 67,175 | 74,440 | 116,615 | 125,000 | 130,000 |
| Consultants | 14,000 | 7,090 | 14,000 | 15,000 | 10,000 |
| Training | 6,500 | 4,845 | 8,000 | 10,000 | 10,000 |
| Commodities | 6,625 | 6,600 | 7,500 | 7,500 | 7,500 |
| Travel and Transportation | 12,200 | 10,575 | 16,000 | 15,000 | 15,000 |
| Other Costs | 3,500 | 4,560 | 6,220 | 7,500 | 7,500 |
| TOTAL BUDGET | $ 110,000 | 108,110 | 168,335 c/ | 180,000 | 180,000 |
| A.I.D. GRANT | 110,000 (7/1/71-6/30/72) | 69,620 (7/1/72-3/31/73) | 150,335 (4/1/73-3/31/74) | 165,000 | 125,000 |
| Actual Expenditure | $ 67,595 | 94,025 b/ | -- | -- | -- |

TOTAL A.I.D. INPUT TO 3/31/73 = $161,620

LIFE OF PROJECT TO 3/31/76 = 620,000

a/ Includes all costs associated with personnel -- salaries, fringe benefits, allowances, etc.
b/ Estimated
c/ IICA proposed FY 1973 budget.

2. TECHNICAL MANPOWER INPUTS - Actual FY 1971 and 72 and Estimated for FY 1973 - 74.

| | FY 1971 | FY 1972 | FY 1973 | FY 1974 | FY 1975 |
|---|---|---|---|---|---|
| | | | Man/Months | | |
| Core Team | 28 | 54 | 70 | 72 | 72 |
| Zone Specialists | -- | 24 | 36 | 36 | 36 |
| TOTAL | 28 | 78 | 106 | 108 | 108 |
| SUPPORTED BY A.I.D. GRANT | 28 | 54 | 70 | 60 | 48 |

ANNEX II IICA PLANNED ACTIVITIES - FY 1973 PROGRAM (Adapted from IICA Workplan)

| Country | Apr May Jun | Jul Aug Sep | Oct Nov Dec | Jan Feb Mar |
|---|---|---|---|---|
| Costa Rica | - IMPLEMENTATION OF REMEDIES - - -

Center for International Studies
Cornell University, Social Sciences Building, Ithaca, New York 14850 Telephone: 607/256-6340

Office of the Director

16 January 1973

Mr. Jack Koteen
Office of Development Administration
Bureau for Technical Assistance
Agency for International
Development
Washington, DC 20523

Dear Jack:

Here is a brief statement of my observations on IICA's current efforts to develop new approaches to the management of rural development activities in Latin America. I was excited by what I saw in IICA headquarters and I am convinced that the project ought to be supported at least until the staff has had a chance to improve and test the methodologies they are now developing.

Sincerely yours,

Milton J. Esman

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SUMMARY OBSERVATIONS ON CONSULTING VISIT TO INTERAMERICAN INSTITUTE FOR AGRICULTURAL SCIENCES (IICA)

San Jose, Costa Rica
January 2-11, 1973

1. The IICA is an unusual international organization. In comparison of most IOs its resources are modest and thus the scale of its operations is limited, but its staff is highly qualified professionally and shares a common set of purposes. Thus, internal communication is relatively simple and efficient and the organization can be effectively guided by its leadership. This leadership is in the process of reorienting the institution from its well-established commitment to biological research and graduate education in tropical agriculture to a new mission--assisting its member countries to plan and carry out rural development programs by strengthening the networks of public and private organizations which provide services to small farmers. This far-reaching reorientation in doctrine, program priorities, and organizational structure is well underway and is being pursued vigorously.

2. This reorientation to rural development addresses one of the most compelling yet intractable problems of modernization--the productivity, welfare, quality of life and political effectiveness of small scale, marginal farmers and farm laborers,

most of whom must, perforce, remain on the land for the indefinite future in the absence of alternative economic opportunities. In facing this challenge, the leaders of IICA are aware that they are entering a field which is poorly structured intellectually, nearly void of tested operational methodologies, and which may involve such politically controversial structural changes as land reform and farmer organization. Yet, because of the importance they attach to this set of problems, they are prepared to risk the future of IICA on their ability to influence the policies and programs of member governments in these directions. Because of an emerging consensus in Latin America about the importance of facing up to the problems of rural poverty, even more conservative governments appear to be willing to allow IICA to develop expertise in this area and to provide appropriate assistance to their expanding networks of institutions. As a result, these governments have concurred in the shift in IICA's priorities; IICA now has permanent representatives in all the less developed member countries.

3. In preparing for this new role, the leadership of IICA have choosen to concentrate initially on increasing the institutional capacity of member countries to deliver services to small farmers. They are attempting to design and test methods of identifying the precise needs of marginal cultivators, assessing

the current performance of public and private institutions, and adapting these networks to respond in a coordinated way to these needs. Among other approaches, they are attempting to apply and test institution building concepts and methods--which are well known in AID--to rural development and to operationalize these approaches in their technical assistance. I am aware of no efforts in similar detail by serious and qualified practitioners to develop and test methodologies for managing integrated rural development activities. An AID grant is facilitating this activity, but I am convinced that IICA is sufficiently committed to this approach that they would carry on even without assistance from AID.

4. It is much too early to estimate IICA's success in promoting rural development through emphasis on the institutional capabilities of its member government or of its specific efforts to experiment and test alternative strategies of intervention. Yet the importance of the problem, the excellent qualifications of its staff members, the unquestionable commitment of its leadership, and the acceptability of IICA to Latin American governments provide a favorable combination of circumstance for constructive experimentation which is unusual in international technical assistance experience. Though there have been some delays and false starts in this management project, I am impressed

with the dedication and competence of the personnel working on this project and the interest IICA's top management has demonstrated. Important work is now underway applying and testing new procedures in connection with Costa Rica's national program for small farmers under an AID sector loan. These tests will be extended in the near future in Panama, Guatemala, and other countries. AID's current project which helps IICA develop and operationalize new, systematic approaches to the management of rural development programs is a low-cost, low-risk investment which could produce far-reaching benefits. AID support provides those who are working on the program both with positive encouragement and with access to assistance from U.S. sources which would otherwise be more difficult for IICA to tap. I believe this is a promising activity that deserves continuing support.

| SUMMARY | OBJECTIVELY VERIFIABLE INDICATORS | IMPORTANT ASSUMPTIONS |
|---|---|---|
| A. 1 Goal: To increase the effectiveness of efforts to improve income and productivity of small farmers through strengthening the management of activities in the public and private sector related to agricultural development programs. | A. 2 Measurement of Goal Achievement: Extent to which improved management of activities in the agricultural sector result in improved rural services which assist small farmers to increase their productivity and income. | A. 3<br>1.) Management of the agricultural public and private sectors is a key variable for agricultural development.<br>2.) IICA's efforts in agricultural management will be well received by member nations. |
| B. 1 Purpose: To build the capacity of IICA to provide technical assistance and support to Latin American national public and private organizations in order to increase the rural impact of agricultural programs through more effective management. | B. 2 End of Project Status<br>1. IICA will have personnel prepared for giving technical assistance in management to all Latin American countries requesting it.<br>2. IICA will incorporate the project into its program and assume the total cost of its continuation. | B. 3<br>1. IICA continues its positive policy toward management as part of its T.A. efforts.<br>2. IICA budget can be expanded or adjusted to meet the financial needs of the continuing project.<br>3. L.A. decision-makers continue to regard management as a critical constraint and request IICA's assistance. |
| C. 1 Outputs<br>1. Methodologies for identifying rural mgt. problems.<br>2. Approaches to solving problems with L.A. institutions.<br>3. Methods of formal and informal training.<br>4. Experienced IICA management specialists.<br>5. Trained individuals within national institutions.<br>6. Case studies. | C. 2 Output Indicators<br>1. Written documentation of (a) methodologies and (b) problems identified.<br>2. a) Remedies to mgt. problems implemented. (b) Data on improved delivery of rural services. (c) Demand for IICA services.<br>3. a) Written outlines and case studies for training courses (b) Courses conducted. (c) National personnel participating in mgt. projects.<br>4. a) 7-8 IICA Team members with experience in 2 country projects. b) Evaluation of outside professionals.<br>5. Identification of (a) individuals collaborating in projects and (b) participants.<br>6. a) Publication and (b) professional review of case studies. | C. 3<br>1. Methodologies and experience are transferrable to additional countries.<br>2. Formal and informal training will result in positive attitudes and action toward improved management.<br>3. Case studies will prove useful tools to train managers and stimulate interest in managerial change. |
| D. 1 Inputs | D 2 Budget/Schedule ($000) | MANPOWER INPUTS (M/M) |

| | FY 1971 | FY 1972 | FY 1973 | FY 1974 | FY 1975 |
|---|---|---|---|---|---|
| 1. Personnel (IICA) | 67.2 | 74.4 | 116.6 | 125.0 | 130.0 |
| 2. Consultants | 14.0 | 7.1 | 14.0 | 15.0 | 10.0 |
| 3. Training programs | 6.6 | 4.8 | 8.0 | 10.0 | 10.0 |
| 4. Commodities | 6.5 | 6.6 | 7.5 | 7.5 | 7.5 |
| 5. Other Costs | 15.7 | 15.1 | 22.2 | 22.5 | 22.5 |
| Total..... | 110.0 | 108.0 | 168.3 | 180.0 | 180.0 |
| AID GRANT ..... | 110.0 | 69.6 | 150.3 | 165.0 | 125.0 |

| | FY71 | FY72 | FY73 | FY74 | FY75 |
|---|---|---|---|---|---|
| Core Team | 28 | 54 | 70 | 72 | 72 |
| Zone Specialists- | | 24 | 36 | 36 | 36 |
| TOTAL | 28 | 78 | 106 | 108 | 108 |
| AID Supported | 28 | 54 | 70 | 60 | 48 |