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COMMUNICATION FOR TECHNOLOGY TRANSFER IN AGRICULTURE PROJECT
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Private Agricultural Producers Organization Project
(Project Number 511-0589)

USAID/Bolivia
Evaluation

by

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April 1990

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Academy for Educational Development

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Executive Summary

The Private Agricultural Producers Organization (PAO) Project was designed to reactivate the private agricultural sector in Bolivia after state controls on production and price were removed. Specifically, the project aims to strengthen and expand the capacity of PAOs to provide private-sector services to their members. The services needed by producers when the project began covered the entire range of agricultural support activities: seed and inputs, technical assistance, credit, agricultural machinery, storage, transport, and marketing. PAO provision of these services was intended to increase production and income and enable exportation. The project proposed to develop these services by providing technical assistance, equipment, training, and financial loans.

This evaluation reviews the PAO Project's accomplishments in view of the changing political and macro-economic conditions in Bolivia over the past five years. The evaluation is based on field visits to eight PAOs that have participated in the project, a review of relevant project documentation, and interviews with project personnel in USAID/Bolivia, the consulting firm implementing the project, and PAO officials and farmer members. The results of this evaluation are intended to guide the design of a project extension that will enable activities for an additional two years.

Findings and Conclusions

The evaluation team finds that an overly broad definition of PAOs in project design created confusion and difficulty initially. Subsequent decisions to limit project activities to one commodity with each producer association, more strictly defined, is now leading to an inversion of project aims in that the means (establishment of service firms) are replacing the ends (strengthened producer associations). The tension here is whether the project is a simple economic development activity, where establishing service firms is a legitimate end, or whether it also has political and social aims, which entail strengthening a hierarchy of agricultural associations that at once benefit producers and complement the changed political conditions in present-day Bolivia.

The concept of PAO was construed very broadly to include

> . . . *any producer association, cooperative, union, or other group [including regional agricultural chambers] which is established by farmers or ranchers to provide services to members in support of production and marketing of agricultural commodities* (p.12).

This definition lumped together two very different types of organization -- regional agricultural chambers, and producer associations, which include cooperatives, unions, federations, and the like. Each level of organization is distinct and performs specific functions. Regional chambers are effectively lobbying groups that, in collaboration with their constituent member associations, can perform planning and informational activities. Producer associations, by contrast, do lobby, but they also, and more directly, provide services of to benefit members.

The lack of differentiation between levels of organization and their appropriate roles has affected project implementation. In two years of work, the project has yet to successfully

implement a service enterprise with a regional agricultural chamber. Although this may yet be accomplished, the usual experience has been the presentation of a series of proposals, some of which are accepted, but all of which are effectively abandoned after a time.

The problem has been that the types of assistance lent to the chambers have not been wholly appropriate because chambers are not -- and should not be made to become -- production associations. Chambers can provide managerial assistance to their constituent associations. Chambers can define regional agricultural plans to identify strategic subsectors for development. Chambers can lobby government for changes in policy and for improved access to credit. And, chambers can effectively conduct public information campaigns. These are the areas at which technical assistance should be directed.

By contrast, producer associations -- cooperatives, unions, federations -- are formed by farmers and ranchers to defend their interests and to provide services. Indeed, a producer association is credible to farmers only when it provides critical services. Technical assistance, input supply, credit, storage, and marketing are all services that producer associations can provide, and by doing so solidify their memberships. For this reason, the project has had much greater success in establishing service agencies within producer associations. The FEGABENI slaughterhouse, the ANAPO seed plant and grain silos, and the ASOBOFLOR flower export enterprise have all shown initial promise. The major concern, given the project implementation strategy, is that the subsidiary enterprise can -- unless appropriate action is taken in each case -- overtake the parent producer's association, which is the project's client agency.

Recommendations

The following recommendations are premised on the notion that strengthening the hierarchy of PAOs in Bolivia at this time requires a development program tailored to the needs and functions of each level of organization. The evaluation team also strongly recommends that the consulting firm implementing this project internally institute the management planning system that it has developed and use this system to implement its decentralized management approach.

> **Recommendation 1.** Direct project assistance to regional agricultural chambers to those matters that are appropriate for a chamber; specifically, management and financial accounting and regional agricultural planning.

This recommendation recognizes the legitimate role of a regional agricultural chamber: to help its member associations in management and planning. Adopting the planning recommendation would also have the practical effect of providing a rational grounds for selecting projects, thereby eliminating the constant series of new proposals typically put forward by the chambers.

> **Recommendation 2.** Respect the official lines of communication in the hierarchy of associations in all instances.

This recommendation is a corollary of the first. Agricultural organizations constitute a

hierarchy, however embryonic. To validate and strengthen it, all communication must be passed from an association through its chamber to the USAID-contracted firm, which then consults with the Technical Committee that supervises the project. Using official lines of communication is particularly necessary where project implementation is decentralized.

> **Recommendation 3.** The criteria for selecting which PAOs will participate in the program must emphasize the importance of the region and the economic value of the commodity.

The PAO Project undertook a lengthy selection process that ultimately did not ensure greater probability of success. Feasible alternative criteria for future initiatives would emphasize geographic area and commodity. The first factor could focus activities in regions where the project aims to strengthen regional chambers and their constituent associations. The second factor would focus attention on commodities that promise significant potential for growth, export, or both.

> **Recommendation 4.** Conduct systemic financial and economic analyses of each undertaking to ascertain its overall feasibility.

Project feasibility studies have assessed the viability of enterprises as if they were separate and independent undertakings. However, the debts of the parent producer association or of individual producers must considered in the cash-flow analyses, where debts have previously been incurred to mount the enterprise. Otherwise, the analysis can give a misleading view of the actual situation in that the expected results -- that the service enterprise will provide benefits to producers and income to the parent association -- are overly optimistic.

> **Recommendation 5.** Organizational development in management and financial accounting, amd in group formation of local assemblies is a priority activity.

The logic of the PAO Project holds that producer associations will establish marketing agencies to benefit members and earn income for the association. The urgency of establishing these marketing agencies has resulted in a relative de-emphasis of developing the associations' managerial capabilities. Unless more assistance in organizational and managerial matters is provided immediately to the PAOs, some PAOs may be displaced by their own service agencies, a result that would invert project aims. To avert this possibility, producer associations at the local and regional levels must be provided significant assistance.

> **Recommendation 6.** Technology transfer is a major concern of all producer associations and must also be given priority in project activites.

Improving yields and production, especially for export, will require effective agricultural extension for producers. Producer associations can provide such assistance for particular commodities as services to their members. These services, which can be financed from marketing fees, would add greatly to member confidence in their associations. The need now is to try different designs for the private-sector delivery of agricultural extension.

Recommendation 7. Institute environmental concerns in the PAO Project, as called for in the project paper.

To date, environmental activities of the PAO Project have been limited at best. There are serious environmental issues involved in the project. Cattle raising in the tropics can cause deforestation. Agricultural production for export often entails using chemicals, which raises serious issues of worker health and safety. Flower export can require the collection of exotic plants from wilderness areas. These and other concerns can be incorporated into the technical assistance provided to farmers. They can also be addressed in regional environmental programs.

Recommendation 8. Institute internally in PAO Project management the plan devised by the consultant firm, and complete the decentralized administration of the project.

The contracted project management firm instituted a program of workplans with budgets in mid-1989. These workplans have not been formally reviewed and accepted, nor have they been revised in periodic staff meetings. Unless and until this approach is fully adopted, and the field offices have their own approved budgets, the decentralization of project activities, which allows closer supervision of institutional building activities, cannot be fully implemented. The point is important also because the organizational development activities with the regional chambers and producer associations imply just such an approach.

Lessons Learned

Agricultural development projects normally take more time than the usual project horizon. Thus it is not surprising that the present project is only now beginning to show promise. This seemingly long developmental period is understandable given the overly broad definition of PAO. Project experience teaches that each level of organization requires specific forms of assistance, which are complementary and mutually reinforcing. Regional agricultural chambers benefit most from assistance in organizational development and regional planning. Producer associations benefit more from service-oriented activities, and management systems to provide technical assistance in production, inputs, and marketing. Indeed, the *raison d'etre* of producer associations is to provide services to their members. Great care must be taken, however, that the enterprise activities do not overtake the organizational development of the parent producer association.

The notion of farmer-financed agricultural services -- that is, private sector rather than public sector -- does not have widespread acceptance. Nonetheless, farmers are willing to pay -- and in Bolivia under the PAO project have paid -- for such services when they are of direct benefit. The most effective model in Bolivia is that of a private-sector assessment collector, i.e., a processor or marketing agency that, when it buys produce, deducts a small percentage for the producers' association, the regional agricultural chamber, and the regional agricultural research institute. The examples of the wheat, barley, and flower growers and cattle producers, all demonstrate the viability of this model.

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Acronyms

ACAF	Asociación CAO-ASPAR-FENCA [CAO, Santa Cruz]
ACAP	Almacén Central Agrícola y Pecuaria [CAO, Santa Cruz]
ADEPLE	Asociación Departamental de Productores de Leche [Santa Cruz, Tarija]
ANAPO	Asociación de Productores de Oleaginosas y Trigo [Santa Cruz]
ASOBOFLOR	Asociación Boliviana de Floricultores [Cochabamba]
ASOHFRUT	Asociación de Horticultores y Fruticultores [Santa Cruz, Tarija]
ASOVIT	Asociación de Viticultores [Tarija]
ASPAR	Asociación de Productores Arroceros [Rice producers' association not affiliated with CAO, Santa Cruz]
BECASA	Benificadora de Carne, S.A. [FEGABENI, Beni]
BIG-BENI	Banco Industrial y Ganadero del Beni
CACH	Cámara Agropecuaria de Chuquisaca [Sucre]
CAO	Cámara Agropecuaria del Oriente [Santa Cruz]
CAP	Cámara Agropecuaria de Potosí [Potosí]
CAT	Cámara Agropecuaria de Tarija [Tarija]
CIAT	Centro de Investigación Agrícola Tropical [Bolivia, Santa Cruz]
CIS-Punata	Cooperativa Integral de Punata
COMEX ANAPO LTDA	Complejo Exportador ANAPO LTDA [Santa Cruz]
CORDECO	Corporación de Desarrollo de Cochabamba
ECC	Empresa Cruceña de Comunicaciones [CAO, Santa Cruz]
FAO	Food and Agriculture Organization, UN
FEGATAR	Federación de Ganaderos de Tarija

FENCA	Federación Nacional de Cooperativas Arroceras [Rice producers' association affiliated with CAO, Santa Cruz]
FEXPO	Feria de exposición [CAO, Santa Cruz]
FOCAS	Formación de capital en areas secundarias (USAID Private Sector Development Office project)
FEGABENI	Federación de Ganaderos del Beni y Pando [Beni]
FONGABENI	Fondo Ganadero del Beni y Pando [Beni]
FRIGASA	Frigorífico "Trinidad," S.A. [Beni]
GGI	Grupo Ganadero Industrial
INCAE	Instituto Centro Americano de Administración de Empresas
JICA	Japanese Development Agency
PAO	Private agricultural organization
PAO	Private Agricultural Organization Project (USAID Agriculture and Rural Development Office project)
PUNATA	Cooperativa Integral de Servicios Cochabamba, Ltda. [Cochabamba] (See CIS-Punata)
RONCO	Ronco Consulting Corporation
SERVIFLOR	Servicios a la Floricultura [ASOBOFLOR, Cochabamba]
UNDP	United Nations Development Program
USAID	United States Agency for International Development

Evaluation
Private Agricultural Producers Organization Project
(Project Number 511-0589)

I. Overview

A. Introduction

The Private Agricultural Organizations (PAO) Project was authorized in September 1986 for four years and with a budget of $11.5 million. The purpose of the project is to strengthen and expand the capacity of PAOs to provide services to their members, and thus to increase agricultural production and incomes and to promote Bolivian agricultural exports. To this end, the project establishes marketing enterprises either as service departments within PAOs or as distinct enterprises in which the PAO is a majority shareholder. Organizationally, the marketing department or enterprise purchases produce in bulk for sale elsewhere. Meanwhile, the producer association provides growers with inputs, credit, and technical assistance.

Project implementation began in May 1987, when the contract was signed with the consulting firm, Ronco, Inc., and the technical assistance team arrived in country. The second half of 1987 was devoted to a reviewing PAOs in Bolivia and selecting the first 10 organizations that would receive assistance under the project. (The selection deliberately included at least one organization in each department, except Oruro, to facilitate the eventual establishment of a national agricultural chamber, which is a subsidiary aim of the project.) By early 1988, diagnostic studies had been completed for each of these organizations. The studies assessed the strengths and weaknesses of and defined a development strategy for each organization.

With a change in the chief-of-party in mid-1988, the project's focus tightened. The project tentatively decided to work mostly with producer associations, rather than including regional agricultural chambers, and to focus only on one commodity within each organization. About the same time, it was decided to work only with the original 10 groups, and not to expand the project to serve an additional 25 organizations, as was foreseen in the project design. These decisions were taken to limit project activities and facilitate implementation.

To date, after two years of activity, the project has worked with ten organizations, eight of which still participate in the program: FEGABENI (Federación Ganaderos del Beni y Pando), ANAPO (Asociación de Productores de Oleaginosas y Trigo), ASOBOFLOR (Asociación Boliviana de Floricultores, Cochabamba), CIS-Punata (Cooperativa Integral de Servicios, Cochabamba), CAP (Cámara Agropecuaria de Potosí), CACH (Cámara Agropecuaria de Chuquisaca), CAT (Cámara Agropecuaria de Tarija), and CIS-Gran Chaco (Cooperativa Integral de Servicios Gran Chaco. Two organizations were dropped: CAO (Cámara Agropecuaria del Oriente), and AIGACAA (Asociación Integral de Ganaderos de Camelidos de los Altos Andes).

The project has provided technical assistance, training, credit, and organizational support to these PAOs. Assistance has had greater effect with producer associations (FEGABENI, ANAPO, ASOBOFLOR, and, to a more limited extent, CIS-Punata) than with the regional agricultural chambers (CAO, CAP, CACH, CAT).

The three producer associations have mounted marketing agencies that have the potential to benefit producers. The two producer cooperatives will soon initiate similar activities. Meanwhile, however, the regional chambers have been stymied for several reasons, not the least of which is a lack of clear definition in the project of the distinct roles of regional agricultural chambers and private agricultural organizations.

Overall, the organizations have gained in institutional development, as staff have visited export markets and undergone training in management and financial systems. Several have established marketing agencies. Yet, benefits to producers are still scant. The eventual goal of creating a national agricultural chamber remains distant. And, other, subsidiary project aims are being met only incompletely.

Several factors account for the mixed success of the project to date. Agricultural development projects require a longer time-line than other projects because production techniques cannot be changed overnight. No less importantly, the project was designed during dramatic political and macro-economic change. What was pertinent in the mid-1980s may not be applicable today. This problem has only been compounded by a project implementation mechanism that grants the consulting firm a great deal of latitude without ensuring a clear vision of what is to be achieved and how. Indeed, some elements of the implementation strategy are causing distortions that effectively reverse project priorities.

This evaluation therefore assesses project aims and strategies in view of present circumstances. This section discusses the evolution in project perspective and outlines the evaluation methodology. Section II presents project activities. Section III takes up the various questions posed in the evaluation scope of work. Finally, Section IV presents the evaluation recommendations to enhance project implementation and guide design of the project extension.

B. Evolution of Project Aims and Strategies

The PAO Project set out to work with various types of farmer organizations. In each instance, the project implementation strategy was essentially the same: to establish a marketing service that would help farmers produce and market their produce. By providing these services, the PAO would be able to charge fees that would support both the enterprise and the organization itself. This section critically examines this design and how it has evolved.

1. Concept of Agricultural Producer Organizations

The project paper defines agricultural producer organizations very broadly, as

> *Any producer association, cooperative, union, or other group which is established by farmers or ranchers to provide services to members in support of the production and marketing of agricultural commodities (p.12).*

Moreover, the project paper puts heavy emphasis on the regional agricultural chambers, particularly the Eastern Agricultural Chamber (CAO) in Santa Cruz. CAO was established to lobby the government on behalf of its member associations. Later, the chamber began to work with the member associations "to obtain inputs for farmer members and to negotiate sales arrangements" (p.11) to market their produce. At least implicitly, the project paper takes the CAO as a model for replication in other departments of Bolivia.

The broad definition of PAO glosses over significant differences in types of organization and thus in the strategies for working with each. Ideally, the regional agricultural chamber is a federation of local subsectoral or commodity associations. The major role of a chamber is to lobby for policies and agricultural credit on behalf of -- and in collaboration with -- its constituent member associations. A chamber can perform important services in regional planning, helping associations to identify key subsectors in agriculture, and in defining development plans. It can also provide directly to its member associations certain services such as technical assistance in management and finance. Finally, a chamber can perform an informational role by collecting production and price data, publishing bulletins, or creating media programs.

By contrast, producer associations have a much larger role in providing services to members. Associations can and do lobby government, both independently and, when the issue affects several subsectors, in collaboration with regional chambers. But, in this view, the fundamental role of a producers' association is to assist members in agricultural and pastoral activities. Associations can provide technical assistance in production, inputs, credit, and marketing. All these services directly benefit their members. And, given the failure of public-sector agencies to assist in production, subsectoral associations **must** play a larger role in providing needed services to members.

2. Project Implementation Strategy

The PAO Project selected ten organizations to participate in the project. The initial development strategy involved essentially the same approach for all organizations. That is, the project would provide long-term technical assistance in organizational development directly to the PAO. At the same time, the project would help the PAO develop a marketing enterprise. Where necessary, the project would arrange for loans to mount the enterprise. Further, the project would provide training and technical assistance to the enterprise until it was operating viably. The project's premise was that because the enterprise was providing direct services to PAO members, charges for those services would support both the enterprise and, in part, the parent organization.

This strategy overlooks two important conditions. First, the project was working with very different types of organizations -- regional chambers and agricultural producer associations. Each type of organization has a distinct role. Chambers are essentially political lobbying groups; producer associations are more oriented toward providing technical services.

Unsurprisingly, the regional chambers have proven difficult to assist. The project has yet to successfully mount a marketing enterprise with any of them. The problem has several elements. Chambers are federations of producer associations, and chamber officials are responsible equally to all member associations. Thus, without regional planning in agriculture to identify strategic subsectors for development, chambers are unable or unwilling to channel resources to a single subsector. Assistance in their view must be given equally to all subsectoral organizations that are members of the chamber. Therefore, chambers are apt to present a series of proposals, each for a different subsector. Without strategic planning, there are few grounds for deciding among the options. Yet, from a project perspective, personnel and resources are too limited to be able to undertake everything at once. The practical result is that too much time is spent trying to decide what to do, and too little time doing it.

Second, the system of subsectoral associations allied within a regional chamber, which is such a critical element in democratic polity and liberal economics, depends fundamentally upon the strength of the regional productive base. Where the regional economy is diverse and strong, as in Santa Cruz, producer associations are active and the regional chamber is strong. Where the regional agricultural economy is more generalized or traditional, as in Potosí, producer associations are weak and the regional chamber much less effective. In fact, in Potosí, the chamber is composed of associations that as yet have no legal identify. In other words, the strength of the chambers depends upon the number and viability of their member producer associations, which themselves vary significantly in each region of the country.

These two conditions call for a tailored implementation strategy -- one that recognizes the roles of each type of organization and the differences in the extent of institutional development in each region. Assistance can be provided to chambers in those areas that help the chamber assist its member associations: management and financial training, strategic planning, environmental education.

Assistance to producer associations can strengthen these same areas. This assistance would first implement accounting systems, personnel and contract policy, inventory controls, and long-range financial planning. Once such organizational systems are in place, the project can help the association set up a marketing enterprise to benefit members. (Importantly, this organizational development approach also strengthens the chambers. For, as member associations become stronger, so too do the chambers.)

3. Financing the PAO Hierarchy

There are several options for financing the PAO hierarchy for providing services to members. In one approach, producers pay for services rendered. That is, they are billed each time an agronomist or veterinarian comes to their farm. Alternatively, costs can be recovered by processing or marketing agencies that, when they buy produce, retain a percentage of the proceeds for distribution to the farmer associations.

In Bolivia, the system of *agentes de retencion* appears to be the more workable. When producers must sell to a processor or marketer, there is opportunity to capture a small share of the value. These funds are then distributed to the association, the regional chamber, and the regional agricultural research institute. Both processers (e.g., breweries, flour mills, slaughterhouses, dairies) and marketing agencies established by producer groups (e.g., flower export services) can carry out this function. And, as the ANAPO example demonstrates (Annex 1.), this approach can work even where several processors compete for supplies, if the association collaborates closely with the processors.

The alternative, payment for services rendered, has failed to raise sufficient resources. On the one hand, most of these services are historically the domain of public-sector agencies, which, at best, have discharged their duties incompletely. Producers are not accustomed to paying for these services; indeed, they are not accustomed to receiving them.

On the other hand, the associations have been poor providers of services, partly because their role was more political than production oriented. With small -- sometimes entirely voluntary staffs -- the associations aimed to pressure government for policies favorable to their members. They were too small to provide production services. But, because they failed to fulfill this role, most members usually failed to fulfill their obligations to pay monthly dues. (Many producers joined associations only when credit was available.) Therefore, small and weak organizations remained small and weak.

4. Focus of the Project Today

To redress this situation, the PAO Project aims to establish marketing agencies that provide services to members and a financial base for the organizations. The project establishes marketing agencies for key subsectors to reactivate commercial agriculture and create a hierarchy of producer groups that serve their members in matters of production, as well as of politics. By strengthening key sub-sectoral associations, the project will also have, in the medium term, the important effect of strengthening the regional agricultural chambers. In short, the project has both economic and political or social ends.

C. Evaluation Methodology

This evaluation was originally designed as a case study of two PAOs, one of which was considered a success and the other of which was considered a failure. It was subsequently decided to review all of the PAOs with which the project was working. The case study method was retained as the approach for this evaluation.

The team, a development anthropologist and a business management specialist, visited seven of the eight PAOs participating in the program (FEGABENI, ANAPO, CIS Punata, ASOBOFLOR, CACH, CAT, AND CAP). For reasons of time, it was impossible to visit CIS-Gran Chaco, whose project is only now getting underway. The team did visit CAO, the regional agricultural chamber in Santa Cruz, which no longer participates in the program.

The field study consisted of a review of all pertinent project documentation, interviews with most PAO officials, and conversations with various members, either in the PAO offices or in their homes and fields.

The PAO interviews treated the constitutional organization of the PAO, its membership, their participation, and financial support. Each interview then dealt with organizational concerns, i.e., the internal structure of the organization, its staffing, income, and operating expenses. The third part of the interview covered project experiences, the type and amount of assistance provided under the PAO Project, its efficacy, and future plans. Although each interview shared this general structure, the conversations were deliberately open-ended, so that a wide range of topics pertinent to each organization could be discussed. Interviews were conducted with the president or general manager of the association, often in collaboration with other officials of the organization.

Interviews with producers of each organization dealt mostly with their production costs, the difficulties they confront, and the services provided by their association. The persons interviewed were selected by the association officials to represent as many different types of producer as possible. These interviews provided mostly illustrative material to complement the more formal assessment of the association and its operation.

In addition, various project personnel were interviewed to learn their perspective on the course of each PAO project. This included personnel from the consulting firm at its La Paz headquarters and in its Santa Cruz and Tarija offices. Finally, the responsible USAID officers provided important guidance in interpreting project directions.

II. Project Activities

The PAO Project has provided long- and short-term technical assistance, training, equipment, and loans to participating organizations. Project assistance, by category of activity, is described in Tables 1-4 and following.

Table 1. Long-term technical assistance provided by the PAO Project.

Organization	Personnel Provided
ANAPO	1 wheat agronomist, 1 economist (part-time)
ASOBOFLOR	1 general director, 1 secretary, 2 rose technicians to SERVIFLOR: 1 director, 1 rose agronomist (on loan from CIS-Punata)
FEGABENI	1 slaughterhouse manager, 1 public relations and marketing specialist (to FRIGASA)
CIS-Punata	1 warehouse manager, 1 rose agronomist (on loan to SERVIFLOR)
CACH	2 organizational development specialists to assist producer associations
CAO	1 deputy manager (6 mos.)
CAP	None
CAT	1 manager

Table 2. Short-term technical assistance (studies) provided by the PAO Project.

Organization	Service Provided
ANAPO	Various: seed processing plant rehabilitation; wheat development plan
ASOBOFLOR	Various: flower production
FEGABENI	Various: meat deboning; rendering plant feasibility study; tannery feasibility study (all for FRIGASA)
CIS-Punata	Various: cheese processing; dried flower production
CACH	Various: pig slaughterhouse; radio program; alternative crops study; training center feasibility study
CAO	Various: information center
CAP	Various: potatoes
CAT	Various: garlic

Table 3. Training provided by the PAO Project.

Organization	Training Provided			
	Computers	Management	Production	Observation Visits
ANAPO	X	X	X	
ASOBOFLOR	X	X	X (flowers)	X
FEGABENI	X	X		
CIS-Punata	X	X	X (irrigation)	X
CACH	X	X		X
CAO	No	No		X
CAP		X	X (potatoes)	
CAT	X	X	X (garlic)	X

Table 4. Loans provided by the PAO Project.

Organization	Loans Provided
ANAPO	$100,000 to rehabilitate the seed processing plant and to install one silo complex
ASOBOFLOR	$260,000 to mount a flower export service
FEGABENI	$485,000 to rehabilitate a slaughterhouse
CIS-Punata	None
CACH	None
CAO	None
CAP	None
CAT	None

In addition, all organizations have received or will receive, as donations, a telephone system, photocopier, and a computer. Several have been donated office furniture. In the instances of ASOBOFLOR and FEGABENI, the producer association has ceded this equipment to its marketing enterprise (SERVIFLOR and FRIGASA, respectively).

In summary, all participating organizations have received assistance in training, studies, and equipment. To date, only producer associations have benefitted from long-term technical assistance in production and loans to mount marketing enterprises. Significantly, most project resources have been channeled to only two organizations, FEGABENI, which has received the largest amount of assistance, and ASOBOFLOR.

III. Project Accomplishments

This section answers each of the queries about progress to date that was specified in the evaluation scope of work (Annex 9).

> **Query 1.** Increased production and income from project-assisted PAO members farms and ranches.

To date, PAO has begun four marketing enterprises: the FRIGASA slaughterhouse with FEGABENI, grain silos with ANAPO, flower classification and packing for export with ASOBOFLOR, and garlic export with CAT. Two other initiatives may soon begin. CIS-Punata will participate in the flower enterprise, and may mount a small cheese factory. And, CACH is sponsoring a pig meat marketing operation, which is under study. The CAP program is undefined, so the chamber has no project underway. And, CAO was removed from the program.

To date, production and income increases are quite limited. Of course, the project has been working only a short time. The marketing agencies founded under the project all are less than a year old. Consequently, there has not been time for significant increases in production and income. The probability that these improvements will occur appears at this time to vary in every case.

The FEGABENI slaughterhouse has increased neither production nor income. In fact, unless a technical assistance program is mounted, the slaughterhouse could lead to a decline in production under current practices. Ranchers presently send as many cows as bulls to slaughter. A significant percentage of the cows sent to slaughter are pregnant. Under this marketing strategy, increased slaughtering because of better market access could decimate the herds in the Cercado zone surrounding the capital of Trinidad within a very few years, for the already low rates of herd increase will fall further. Further, income will increase only if ranchers can send more animals to slaughter, for the slaughterhouse pays cattlemen at the same rate as artesanal slaughterhouses. This, however, might only exacerbate current trends in herd depletion.

The ANAPO grain silos have increased farmer incomes slightly. Farmers can now send their production to the silos in their region, rather than to the central depot in Santa Cruz, thus effecting a US $25 savings per ton in transport. The proposed wheat program promises to raise production significantly, with the commitant effect of greater income. Two factors will be important here. First, as the ANAPO officers themselves point out, the association must implement a cost-effective technology transfer or agricultural extension system to reach their diverse membership. Second, the association must effect purchases itself. At the

present time, ANAPO rents silo space to millers because the association lacks the funds to act as an independent buyer. Producers will receive more of the return when COMEX-ANAPO, the quasi-independent marketing association, can make purchases on its own account.

ASOBOFLOR flower export has also had a limited income effect to date. The one rose grower who followed the agronomist's technical recommendations was able to market 70 percent of his production in the first shipment. This represented a significant increase in return, for a single stem will bring $0.85 on the international wholesale market (of which the producer gets $0.70 from SERVIFLOR), compared to as little as BS 4-5 per dozen on the domestic market. Because of this initial success, other growers in the region are implementing the rose agronomist's technical recommendations. Thus the quality of production will surely improve soon. The quantity of roses produced will likely also increase, although the large investment required (about US $100,000 per hectare) means the process will be slow. Moreover, ASOBOFLOR is considering other flowers -- carnations and chrysanthemums, and straw flowers -- to increase volumes. If SERVIFLOR matures into a viable marketing agency, both production and income will increase significantly.

The CAT garlic export program is a failure. In one attempt to export to Brazil, much of the shipment rotted in the railway cars. Subsequently, through the direct intervention of the consulting firm, the Chamber obtained an contract to export four metric tons of garlic to Chile, but was unable to fulfill the contract. Moreover, the Chamber has been unable to provide technical assistance to growers, for which reason the contracting firm has undertaken this activity directly, even purchasing garlic and selecting seed for the upcoming season. Although there are hopes that the Chilean firm will invest in the region and provide technical assistance, there is little possibility that the firm can put staff in place in time for the current planting season, which begins in mid-April. In short, the garlic export program has been a tremendous disappointment and will have little chance of succeeding until a technical assistance program is functioning.

In sum, producer benefits have been scant to date. There are good possibilities that several of the projects will be more remunerative in the future. To ensure that outcome, technical problems being encountered by the three functioning marketing services must be resolved immediately. And, soon, strong technical assistance in production must be provided by the producers' associations.

> **Query 2.** Define public institutions', private firms' and PAO's most appropriate roles for the providing agricultural development services and encourage them to assume these roles (to facilitate contributions by each which will be more efficient, less conflictive, and more complete in covering producer needs).

Project experience has clearly taught that the original concept of PAOs was defined too broadly, for it included both regional agricultural chambers and producer associations. Each type of organization is distinct, and performs separate, complementary functions.

While producer associations have a political role, they are much more involved in providing services to members. Producer associations can provide a range of services -- technical assistance, inputs, credit, agricultural machinery, and storage and marketing services. The last -- marketing services -- is often key for commercial agriculture, for the ability to sell more at constant prices typically spurs production.

Export sales, however, often pose more exacting requirements for produce quality. Thus, improved marketing implies greater and better production, which requires technical assistance, inputs, and credit. Under the PAO Project, marketing has been handled as a separate enterprise, affiliated to the association through share-holding arrangements. This approach appears appropriate because successful marketing requires specialized knowledge and full-time attention. There is, however, no reason that technical assistance, input supply, agricultural machinery or other needs must be provided by the marketing association. These could just as readily, and perhaps more appropriately, be provided by the producer association, in collaboration with private firms.

Regional agricultural chambers are essentially political groups established to defend the interests of the agricultural subsectors. Chambers can also perform a regional agricultural planning function by collecting agricultural production and price statistics and analyzing them to identify subsectors for strategic intervention. (This service would also support the lobbying role, in that it enables the Chamber to make quantitative statements of conditions.) Chambers also have an information role. For example, they can disseminate price bulletins and conduct local environmental education programs.

The relationship between this system of producer organizations and private firms is clear. An association or chamber can negotiate with firms for more favorable prices on inputs and machinery and with banks for credit. Collective action of this type is more effective than the dealings of individual farmers. In other instances, a private firm might take over the marketing services for the association. This type of arrangement, however, would require clear contractual agreements to ensure that producers were not placed at the mercy of the marketing agency.

The relationship of PAOs and the public sector is also clear. Producer associations can take advantage of public institutions which can play an important role in agriculture. Agricultural extension services, research institutes, the veterinary service, the quarantine service, and others can provide services of great value to producers. In other words, there is no inherent tension or contradiction between PAOs and public-sector institutions. They can, and they should, collaborate to provide farmers and ranchers all needed services.

Query 3. Contract with local consulting/technical assistance firms to help resolve PAO organizational and member problems and stimulate the growth of these firms' capabilities to provide needed assistance to improve private consulting firm/PAO interaction for long run, post-project benefits.

The aim of contracting national consulting firms to develop long-term relationships is not, and cannot be, a major aim of this project. PAOs require only sporadic assistance, be it a financial audit, management assistance, or an economic feasibility study. They can already access these consulting firms as needed.

Further, financial concerns make it difficult to hire national consulting firms through this project. Were the USA-based consulting firm to subcontract to local firms, the project would be paying double overheads, which is wholly unacceptable to USAID. For this reason, the USA-based consulting firm has most often contracted individuals, some of whom are employees of local firms.

The PAO Project has provided a significant amount of technical assistance, over 2,000 person-days in 1989 alone (Table 5). Almost all this assistance was contracted locally (1005 person days; 46% of all technical assistance) or in the region (999 person days; 46%). Only a small proportion (188 person days or 9%) of consultant time was contracted from developed countries.

Table 5 also documents the unequal allocation of technical assistance to the different types of organizations and to particular organizations within each type. Overall, producer organizations have received much more attention than either regional agricultural chambers or producer cooperatives: 1334.5 person days (61%, not counting AIGACAA which has left the program) versus 248.1 person days (11%) and 71.5 person days (3%), respectively.

Moreover, there are significant differences within each group. Among producer associations, 75 percent of all assistance has gone to FEGABENI, mostly for the FRIGASA slaughterhouse. ANAPO and ASOBOFLOR **together** have received only one-third of the technical assistance that has gone to FEGABENI. Similarly, among the regional chambers, almost all assistance to date has been provided to CAO. (This figure includes six months of long-term technical assistance.)

Although not limited to national firms, the use of joint ventures with established enterprises promises sustained economic relationships. For example, GGI, a Costa Rican meat packing company, has become a stockholder in FRIGASA. GGI is providing technical assistance to FRIGASA. This assistance can be expected to continue in the future because the firm has a financial stake in the enterprise. Through joint ventures, collaboration that would otherwise be difficult to achieve may be possible after the project ends.

Table 5. Person days of Technical Assistance Provided to PAOs, by Country of Origin of Consultants, 1989*.

	Country of Origin of Consultants			
	Bolivia	Other Latin Country	U.S.A.	Total
ANAPO	282	--	2.5	284.5 (13.0%)
ASOBOFLOR	32	70	--	102.0 (5.0%)
FEGABENI	175	773	--	948.0 (43.0%)
CIS-PUNATA	--	--	49	49.0 (2.0%)
CIS-YACUIBA	--	--	22.5	22.5 (1.0%)
CAO	132	82.6	--	214.6 (10.0%)
CAT	10	16.5	--	26.5 (1.0%)
CACH	7	--	--	7.0 (0.3%)
CAP	--	--	--	0.0 (0.0%)
AIGACAA	40.8	26	--	66.8 (3.0%)
General	326.5	31	114	471.6 (21.0%)
Subtotals	1005.3 (46.0%)	999 (46.0%)	188 (9.0%)	2192.4

* Information was taken from the contractor's quarterly reports for 1989. These figures include some long-term (six months or more) technical assistance, who have operational roles within the organizations.

At the same time, it is important to counsel caution in forging joint or collaborative ventures. Outside companies will not enter an area unless they perceive it to be in their interest to do so. This concern is particularly pertinent in the CAT garlic program in Tarija, which is largely premised on the hope that outside firms will undertake supervision of production and subsequent sale and exportation. There is little assurance this will occur. If a firm does agree to collaborate, there is the risk that the firm will renege. The ASOBOFLOR experience with the Miami-based flower import firm, DITEX, is a painful example: the importer accepted the flowers, but went bankrupt and failed to pay producers. Given such concerns, the probable success of a joint venture must always be weighed against the possible liability of the project in the event the relationship fails.

Query 4. Improve the capacity of the PAOs to lobby on their own behalf.

If there is one activity that the regional agricultural chambers can do effectively, it is to lobby the government on behalf of producers. Various producer associations are also adept in this arena.

The examples of successful lobbying are numerous. In the early 1980s, all chambers and many associations were involved in intricate negotiations with the government over the price for their commodities. Since prices were liberalized, the chambers and associations have turned their attention to other matters.

FEGABENI, for example, worked to change the original rural land tax, which did not take into account the extensive production techniques characteristic of Beni. The Federation also lobbied successfully to have the hide tax transferred from the local municipalities to the organization. In Santa Cruz, CAO and ANAPO lobbied to have the legislature pass a contraband bill. (The legislation still requires effective enforcement.) Also, ANAPO lobbied the Bolivian Agricultural Bank for a special loan to help ease the debt burden incurred by its Mennonite members. The examples could be multiplied, but the point is clear: both chambers and associations are effective lobbyists already.

The PAO Project can play an important indirect role in increasing the capacity of PAOs to lobby on their on behalf. Specifically, the project can help chambers in regional planning, which involves collecting statistical information that can also be used to document political arguments.

Even more, the project can strengthen the chambers and their associations as a system. A chamber is only as strong as its constituent associations. At present, there is only one strong chamber, CAO-Santa Cruz, which includes several strong associations. All the other chambers are much weaker. By strengthening a few strategic associations within one or more chambers, the project will not only be developing associations, it will also be developing the chambers as a group. In other words, the project can assist both levels of organizations in their lobbying role by specifically assisting the producer organizations.

Query 5. Increase communication and information exchange between and among the PAOs and the rest of the agricultural sector.

The project has undertaken four activities that facilitate communication and information exchange among PAOs.

1. In the first years of the project, two coordination meetings were held for all participating PAOs. No meetings have been held since because of various confusions at the outset. Such meetings could be reconvened now that the project focus is clearer.

2. The project has fostered an exchange of personnel on a limited basis. For example, officials from CIS-Gran Chaco will visit CIS-Punata, which is widely recognized as one of the best managed cooperatives.

3. The project has sponsored several management seminars to which officials of all participating PAOs have been invited. These training sessions provide an important opportunity for information exchange, particularly because the case study method used forces participants to think in terms of their own organizations and to share experiences.

4. The project publishes an informational newsletter which mostly carries stories about the project and its activities and is distributed to all PAOs and some other organizations.

These activities do forge individual relationships among members of different PAOs. To take advantage of these relationships, the project could arrange for skilled personnel in successful PAOs to provide technical assistance to other participating organizations. In particular, the management of ANAPO, which is a very strong organization, is interested and willing to lend assistance to other PAOs in constitutional organization, management, and marketing. Although these officials have twice been requested to provide such assistance to other organizations, the visits have not come about. The advantages of such inter-organizational assistance within the project framework are important: the organizations face many of the same difficulties, the personnel are acquainted with each other, and the solutions proposed may be more readily adopted and implemented. For these reasons, the project should facilitate consultancies by staff in successful PAOs, so that all may gain from the common experiences.

Inter-site visits are another mechanism that would increase communication among organizations. The project now plans one such visit for officials of CIS-Gran Chaco to CIS-Punata to learn how to manage a cooperative successfully. Inter-site visits for officials of producer organizations would be similarly useful. For example, ASOBOFLOR officials, who are now considering how to structure and finance their organization, could gain immensely from a field visit with ANAPO officials, who have already dealt successfully with these questions.

Finally, it would be worthwhile to convene a meeting of all PAOs before the end of the project to reflect on common experiences. Topics that might be taken up at this meeting include: the need for strategic regional planning in agriculture, means of carrying out economic feasibility studies outside the PAO Project, strategies for strengthening producer associations, and the role of marketing and service agencies and their relationship to the associations. Conclusions from such a working conference could be used to help guide the implementation of the extension of the project

> **Query 6.** Increase the integration between campesino and non-campesino groups through association for their common economic good (to improve the production and marketing of specific crops through economies of scale and coordinated efforts).

At the highest level, integrating campesino and non-campesino groups may not yet be possible. Many campesino cooperatives are allied to the regional Campesino Federations. These organizations, which are highly political, view the regional agricultural chambers as antagonists. The relationship between the two organizations has been difficult in every region visited by the team.

Also, the possibilities for integrating campesino and non-campesino groups are somewhat limited. The PAO Project is premised on increasing production for sale, that is, on commercial agriculture. Subsistence producers, who today depend greatly upon non-farm income, fall almost entirely outside the purview of this project.

The project is nevertheless fostering such integration in one instance, the incorporation of CIS-Punata into SERVIFLOR. CIS-Punata has several members who grow flowers for the local market. These producers mostly sell roses, chrysanthemums, carnations, and daisies. Four members already have small areas under cover and could grow flowers for export. A few other producers do not have greenhouses, but are technically very knowledgeable in flower production.

The project has helped Punata participate in SERVIFLOR through a share-purchasing arrangement. Specifically, some of the services provided by the project to CIS-Punata are in turn delegated by Punata to SERVIFLOR. The rose agronomist, for example, is technically on the Punata payroll (reimbursed by the PAO Project) although in fact he works for SERVIFLOR and mostly with the ASOBOFLOR members. Through such in-kind contributions, CIS-Punata will hold a 22 percent stake in SERVIFLOR. (Additionally, Punata growers are theoretically eligible to buy individual shares in SERVIFLOR. However, their limited resources mean that these growers are able to buy only a few shares each month. Most new shares in SERVIFLOR will be bought by ASOBOFLOR members, who have much greater financial resources.)

The strategy for CIS-Punata has several elements.

1. The SERVIFLOR rose agronomist is training two nationals in rose production. These technicians will be able to work with the Punata producers to improve the quality of the roses and to schedule the programming of cuttings for export.

2. The technicians can assist other growers with other flowers grown in the region, namely, carnations and chrysanthemums. Including these flowers would increase the volumes available to SERVIFLOR, thus effecting efficiencies of scale in transport.

3. The technicians can help growers produce straw flowers. Adding this product would not only help increase volume, but its relative non-perishability means that shipments of fresh flowers could be completed with volumes of dried straw flowers.

Whether the CIS-Punata/SERVIFLOR model has widespread applicability remains to be seen. But in this instance, the project has devised a strategy that takes advantage of the

knowledge and interest of campesino producers at the same time that it incorporates a realistic view of their financial resources. The project played an important role in forging this alliance, and has been tremendously supportive of the campesino cooperative. It now remains to implement the strategy, so that the smaller growers in the Cochabamba area, who are already innovative, risk-taking producers, also benefit from the new export marketing agency.

> **Query 7.** Stimulate private agricultural firms, such as input suppliers and marketing organizations, to improve and increase services to the PAOs.

Private sector firms, including banks, avoid agriculture because of its history of poor repayment. The Banco Industrial Ganadero del Beni (BIG-BENI) lends funds only the largest ranchers, even though BIG-BENI was founded by ranchers for ranchers. The flower growers in Cochabamba still have large outstanding debts from the activities of earlier projects. In fact, producers' existing debt loads -- or in their terms unavailability of credit -- are an outstanding problem throughout much of Bolivia.

In this situation, the project can best stimulate input suppliers and marketing organizations to improve services to producers by first ensuring that the PAOs are on a secure financial basis and then helping the organizations negotiate with suppliers for inputs and machinery.

As has been mentioned, the project might work in the near term to interest outside firms in joint ventures, that is, to invest in a region. This alternative promises the advantage that the firm might provide private-sector technical assistance to growers to ensure the quality of produce received. The potential future problem in this type of arrangement would be, however, that the marketing firm could gain a stranglehold on the market that would allow it to depress farmgate prices.

> **Query 8.** Increase the awareness and use of sound environmental practices.

The project paper contains an explicit environmental education component (p. 25-27). The design specifically calls for a Bolivian environmental organization to carry out a study to identify environmental considerations in particular agricultural development activities (e.g., high rainfall with steep slopes, soil erosion by wind after overgrazing). The study was to

> . . . *give insight into the environmental practicality of probable services being discussed with the producer organizations* (p. 26) and would recommend appropriate practices for each area. Then, *environmental and land-use education [could] be provided on a regional basis to producer organizations selected for Project assistance.*

A second small grant would then be awarded for audio-visual materials development, educational materials hand-out preparation, and logistics and personnel expenses. A third component required that

> . . . *environmental influences on productivity be examined as part of the preparation of the ODS [organizational development strategy] for each PAO.*

None of these requirements have been met. The organizational development strategies, or diagnostic studies, do not contain a section that considers the environmental implications of the proposed activities. The independent agricultural study has not been commissioned. And, as a result, no educational materials have been developed.

As the project design team recognized, agricultural development does have serious environmental implications. Cattle-raising in tropical areas commonly results in deforestation. Flower export can encourage uncontrolled collection of exotic plants in wilderness areas. And, agricultural production for export often requires chemicals, which raises both environmental and human concerns.

For example, the evaluation team found various deficiencies when it visited the rose greenhouses in the Cochabamba area. In one instance, workers were spraying plants with what can only be described as a cocktail of chemicals. In almost every instance, the workers were improperly protected, even though they were spraying indoors. They wore no masks, gloves, protective clothing, or boots. The possibilities of toxification were, therefore, quite high.

These concerns can be dealt with in two ways. First, environmental education as originally conceived in the project paper could be carried out under the supervision of the project's Information Specialist. He, in collaboration with a Bolivian environmental organization, could develop the materials required and distribute them through the project structure. Developing environmental education materials would reinforce project activities with the regional agricultural chambers, for these materials are intended to be regional in scope and the chambers have a legitimate role in information dissemination.

Second, environmental education should be a specific component of the technical assistance lent to producers. For workers in the rose industry, for example, project agronomists should as insistent about types of chemicals, levels of application, methods of application, and using protective gear, as they are about proper preparation of plant beds, pruning, and fumigation. In this view, environmental education is a necessary component of technical assistance for production.

> **Query 9.** Are project-assisted PAO memberships fully supporting the provision of PAO services through fee payments or production check-offs?

This question addresses the financing of private-sector technical and marketing services.

Project experience teaches that there are two levels of PAOs participating in the program -- regional agricultural chambers and producer associations. The regional chambers are to provide services to their member associations (not to individuals). These services include lobbying, planning, managerial and financial technical assistance, and information. The cost of these services is appropriately born by the producer associations.

Producer associations, by contrast, can provide services to individual members. These services can be of indirect benefit, such as lobbying activities, or of direct benefit, such as the providing inputs, credit, machinery, technical assistance, and marketing services.

Production check-offs collected by processor firms or marketing agencies have so far been the only viable financing scheme; fee payments have not yet been implemented in any project, and are unlikely to be useful. In the check-off scheme, produce is sold to a processor or marketer, who deducts a small fee for services from the producer's payment. This fee is shared among the producers association, the regional chamber, and the regional agricultural research institute.

Although crops with a very generalized production and distribution pattern may not be amenable to this scheme, the approach has proven workable with a several very different crops -- cattle and pigs (and other animals that are slaughtered in a modern plant), roses, wheat, garlic, and barley. In effect, the necessity is that the commodity undergo some processing before it is brought to market. Whenever such a marketing bottleneck occurs or can be created, the processing firm will be able to levy the small service fee for participating associations and organizations.

This system builds responsibility and accountability directly into the scheme. The associations are immediately responsible to their members, who are acutely aware that their fees are financing the association. The chamber is responsible to the associations. And the regional research institute will undertake the work (varietal selection, resistance testing, etc) that the producers deem most valuable. Moreover, the financial accounting is relatively straightforward.

At present, only ANAPO has implemented a system like this. The millers deduct a one percent of the value of the produce for distribution to ANAPO (70% of the collections), CAO (15%), and CIAT/Bolivia (15%). The other two PAOs which have marketing services, FEGABENI and ASOBOFLOR, could operate similarly. And, the model would be equally applicable if and when marketing enterprises are established with other PAOs. Implementing this approach with each organization would help ensure that PAO memberships fully support the provision of services in the future.

Query 10. A regular publication of an agricultural organization newsletter.

Since its beginning, the project has published an agricultural organization newsletter, which largely reports project activities.

The newsletter could be expanded to contain more articles of technical interest to PAOs and their members. Factual articles could cover the entire range of PAO activities: administrative systems, personnel matters, contractual concerns; negotiations with banks and private-sector input and machinery suppliers; experiences with private-sector marketing agencies; approaches to the self-financing of programs; the structuring of technology transfer systems; etc. Ultimately, a newsletter aimed at disseminating information about how PAOs operate and grow could be taken over by the regional chambers or, when established, the national agricultural chamber.

> **Query 11.** Plans formulated and initial implementation actions taken to establish a national agricultural chamber and/or agricultural advisory service to continue to facilitate the growth and improvement of non-subsidized, service-oriented producer groups after project close-out.

The question of establishing a national agricultural chamber is very nettlesome. The strongest regional chamber, CAO-Santa Cruz, is opposed to the idea, on the grounds that it does not need a parent organization to present its case to government. Other regional chambers are less resistant. But they are also weaker than the CAO, with the result that forming a national chamber is presently on hold.

The long-range answer to this question lies in the strengthening the regional chambers through developing viable producer associations. As long as there is only one viable regional chamber, there is little need for a national chamber. When several chambers are equally forceful representatives for their regions, it should be possible to constitute a national association of chambers. As the CAO example demonstrates, the development of regional chambers depends upon the diversity and strength of their constituent member associations.

A nearer term solution to this question may lie in forming an advisory council under the Minister of Agriculture and Campesino Affairs. Such a council is required according to the recent reorganization of the Ministry. Creating this council, however, is not strictly within the purview of the present project.

IV. Recommendations

The above review of project activities and progress leads to the recommending actions that would facilitate achievement of project goals. This section presents these recommendations, with detailed discussion of the reasons for each suggestion.

> **Recommendation 1.** Assistance to the regional agricultural chambers should emphasize organizational development in management, finances, and regional planning. In the future, the project may also help chambers fulfill their responsibilities of disseminating information, such as price surveys, production statistics, and environmental educational materials.

Regional agricultural chambers perform important functions in lobbying government, providing services to member organizations, planning, and disseminating information.

As has been discussed, the regional chambers already carry out their lobbying function effectively. The need, therefore, is for assistance in the other areas. This assistance should be sequenced as follows: organizational development, strategic agricultural planning, and information dissemination. (Importantly, this view holds that regional chambers do not provide services directly to individual producers, and that they are not production or technical service enterprises. These matters are better handled by the producer associations.)

The first order of business is to assist regional chambers in personnel management and financial administration. With the exception of CAO, the regional chambers that participate in the PAO Project are very small. Their membership typically includes producer associations and individual producers. Often, the chamber counts no more than one or two full-time salaried staff. The management and financial systems in these organizations are weak, and there is little forward planning. Project assistance in these areas will not only help each chamber function more efficiently and enable them to provide similar assistance to their constituent associations.

Second, regional agricultural planning would both help the chambers carry out their political lobbying role and eliminate a serious complication in project implementation. The common complaint in the PAO Project against working with the regional chambers is that the chambers cannot define a coherent development program. This occurs because each chamber is composed of several subsectoral associations, each of which expects project assistance. Typically, the chambers receive pressure from their members for assistance, with the result that the chambers present a series of proposals and projects covering a wide, and sometimes bizarre, range of activities. Regional agricultural planning would help determine which proposals are strategic entry points for reactivating agricultural production in the region. Such planning would necessarily entail the compilation of available statistics, which would also be useful in presenting arguments for changes in policy.

Third, when the organization is functioning and once it has a plan, the project could assist in information dissemination. Producers might be most interested in price surveys or production information. Project design mandates that environmental education also be included (Recommendation 7).

By contrast, the attempt to establish a marketing service enterprise within a regional chamber is to be avoided. This work is the proper role of a commodity association; it only misdirects the attention of the chamber and overtaxes its staff. In the worst instance, the chamber is unable or unwilling to manage the enterprise, forcing the consulting company that is implementing the contract to undertake the activity directly. This situation has occurred in Tarija, where the long-term technical assistance team of the consulting company is working with CAT on garlic export but in fact is itself buying supplies of garlic and selecting the heads for seed. These activities are the responsibility of the producers' association. At most, the chamber can assist the association, but the chamber should not be doing this itself. Under no circumstances should the contractor undertake these activities. Such direct intervention contravenes the intent of the project for institution building.

Recommendation 2. The hierarchy of PAOs requires that project implementation go through the regional chambers to work with the producer associations.

Precisely because this project aims to strengthen a hierarchy of agricultural producer organizations that can assist producers and represent their interests, it is imperative that project implementation respect the organizational structure being created. For example, all requests for assistance from an association must be passed through the respective regional chamber. This procedure may appear overly bureaucratic, but it is important to insist upon formal procedures, especially when management is decentralized.

Recommendation 3. The selection criteria for deciding which producer organizations participate in the project must emphasize strategic regions and subsectors, that is, commodities that are commercial and promise strong growth.

The project paper outlines what has proven to be a time-consuming preselection and selection process. The intent of the process was first to winnow out non-viable organizations and then to select the most promising groups. The problem was that all agricultural groups were included at the outset, so that the preliminary assessment of viability was a major task. Moreover, there are few, if any, predictive criteria for future success. In this situation, an alternative approach would identify key regions and, within each region, strategic commodities. Project activities would then focus on these commodity associations.

The project paper specifies the following criteria to qualify organizations for participation in the PAO program:

- *service to farmer/members as a primary activity;*
- *Personería Jurídica, or other legal status;*
- *an office, either owned or rented;*
- *a policy of having open membership to all producers of the same crop (within the same region, if appropriate) regardless of acreage, or production; and*
- *at least one staff member, paid out of the PAO's own resources (p. 18).*

These criteria were imposed to limit the number of eligible organizations and also to ensure that the organizations selected already had a minimum viability.

In the second round, each group was rated on a number of economic, social, and organizational matters. Production criteria included: income potential, market availability, labor intensivity, and economic importance of the crop. Social criteria covered: type of beneficiary, membership policy, group cohesion, and extent of member participation. Organizational criteria considered: number and quality of services provided to members; leadership, financial resources, and planning capabilities; and quality of the administrative system, extent of paid staff, and financial autonomy. Each of these factors was given a numerical weight, and organizations were selected on based on their overall score.

This highly formal, systematic approach did not ensure a higher probable level of success for several reasons. Most often, one criterion or another was waived because, in a particular instance, some extraneous factor is considered paramount. One such factor seemingly was participation in a prior USAID project. For example, one producers' association that had participated in an earlier project did not have a single paid staff member until the present project financed several positions. This organization effectively has a closed membership policy, having had essentially the same small membership since its establishment. Moreover, to cover its operating costs, this organization is now considering increasing its monthly membership dues from US $10 to $50, which would exclude all small individual producers. Problems such as these arise precisely because the original criteria were not adhered to.

Although the criteria are reasonable, a different selection tactic would be recommendable in the future. Specifically, regional agricultural planning, recommended above, could identify strategic subsectors where assistance promises significant return. Any organizational problems could then be dealt with within the context of the project (Recommendation 5). In other words, rather than winnowing out organizations, the project should first target commodities, and then assist those commodity organizations. At the least, this approach would conduce toward a more coherent regional development plan for agricultural organizations.

> **Recommendation 4.** The diagnostic study carried out to assess the needs of producers' associations must take a systemic approach that considers the financial responsibilities and obligations of all the organizations involved in the undertaking.

The logic of the PAO Project holds that producer associations provide services that directly benefit producers and help finance the parent association. The vehicle for providing these services has been independent marketing enterprises connected to the producer association through a stock-holding arrangement. The notion is that the enterprise, which is under the tutelage of the association, will directly benefit the members and at the same time provide a financial basis for the association, which will receive dividends as a stockholder.

The economic analysis of these undertakings has been performed under the PAO Project as if all enterprises were separate and new undertakings. This approach is valid where the new enterprise is indeed new. In several instances, however, the association is attempting to remount an earlier, failed undertaking. The producers or their associations typically have debts from previous endeavors. To analyze the economic viability of a new enterprise without considering the related debt can result in a dangerously optimistic assessment of the feasibility of the operation.

FEGABENI is the most salient example. The Federation incurred a debt of $2.5 million to build a slaughterhouse. The PAO Project has undertaken the rehabilitation of this enterprise, with the aim of hygienically producing quality cuts of packaged meat for sale in urban markets. The analysis of this undertaking considered only the costs of rehabilitating the plant. Thus, assuming that FRIGASA does start shipping packaged cuts of meat, the analysis determines that the enterprise will be profitable in its second year of operation.

Unfortunately, FEGABENI is carrying a large debt load from its previous investment in the slaughterhouse. When the repayment schedule of that debt is considered, FEGABENI cannot under the best of circumstances expect to receive any funds for operation until the fifth year of FRIGASA's operation. In fact, the benefit horizon is much longer because FEGABENI must reschedule its repayments if it is to have any possibility of meeting its obligations. (Under the present schedule, FEGABENI will go $750,000 into debt in the next three years to service the old slaughterhouse debt even if FRIGASA works as planned.) In other words, FEGABENI will not receive any direct financial benefit from the slaughterhouse operation at any time during the life of the PAO Project. This outcome is elided in project documentation because the analyses have all been performed as if FRIGASA were an independent enterprise largely free from debt.

Flower growers in Cochabamba are in a similar situation. All the growers have large personal loans incurred in an earlier project that attempted to establish rose growing in the valley. The endeavor has been troubled for some time and the growers have been unable to make payments on their loans. In consequence, they do not have the liquidity necessary to improve their present holdings, yet alone expand production. And, they are at risk that the banks could foreclose on their properties for non-payment. The financial paralysis among the rose growers, it hardly needs noting, has direct impact upon the rose export enterprise, which depends wholly upon these growers for flowers.

Systemic financial analysis would identify these interconnections and enable dispassionate consideration of the viability of the overall operation. Even where a decision is taken to assist an organization despite a negative cash-flow, the analysis would prove useful in designing appropriate and timely measures to redress the situation. Corporate planning requires this approach. Conversely, failing to carry out such an analysis only puts the project at risk of unnecessary surprises, which require immediate, ad hoc remedial actions.

> **Recommendation 5.** Organizational development is the priority activity for client producer associations.

The PAO Project aims to help producer associations provide services to members by creating independent marketing agencies. It is thus natural that significant assistance would be provided to the marketing agency. Nonetheless, technical assistance in organizational development must be provided at the outset to the producer association. The logic here is that the producer association must have appropriate management and financial tools to supervise the enterprise. When the urgency of mounting the service enterprise takes priority over the necessity of organizational development of the parent producers' association, the association may be overtaken by the enterprise.

The situation with the flower growers association in Cochabamba is the clearest example of this reversal of project priorities. ASOBOFLOR, the growers association, and SERVIFLOR, the export enterprise, legally have very different roles. ASOBOFLOR is a union of growers established to defend and advance their interests. SERVIFLOR is a marketing agency established to ship flowers from Cochabamba to the export market.

ASOBOFLOR's role, however, has yet to be clearly defined. The ASOBOFLOR manager believes his priority task is to increase the association's membership and to provide the members with technical assistance. The SERVIFLOR manager, by contrast, maintains that her organization must retain direct control over technical assistance, input supply, and credit in order to maintain quality of the flowers received. In this view, ASOBOFLOR would become a lobbying group only, without any role in production. The president of SERVIFLOR (who is also president of ASOBOFLOR) confirmed this interpretation, stating that in time ASOBOFLOR would be limited to lobbying, as SERVIFLOR would serve all other producer needs. In other words, ASOBOFLOR could wither once SERVIFLOR is flourishing.

These conflicting views inject unnecessary confusion into the project purpose. The PAO Project clearly aims to facilitate organizational development of private agricultural organizations and increase their ability to provide member services. The needs of the client association cannot be subordinated to the needs of the auxiliary enterprise that is being established to assist the association.

In the case of ASOBOFLOR/SERVIFLOR it was necessary to mount an export agency in very short order. In fact, SERVIFLOR effected its first export shipment within six months of its establishment. The exigencies of the situation may have forced SERVIFLOR to undertake all member services. But that situation no longer obtains. ASOBOFLOR can now take up its proper role in providing technical assistance to producers. Indeed, the project is now financing the training by the SERVIFLOR rose agronomist of two nationals who will work for ASOBOFLOR. That the SERVIFLOR manager refuses to recognize this legitimate separation of functions is nearly inexplicable given that both the managers of ASOBOFLOR and SERVIFLOR, and the rose agronomist, were all posted and are paid by the project.

The fundamental problem here concerns the notion of what the PAO Project seeks to accomplish. In one view, the project is an economic undertaking that seeks to establish marketing agencies that will overcome constraints producers face in selling their produce. In the other view, the project is a political and social undertaking that aims to foster a structure of democratic farmer organizations that complements the new political order in Bolivia. In this view, establishing marketing agencies is simply a means, a tool, to strengthen the client organizations by providing services that also help finance the organizations.

If the latter definition of purpose is indeed the aim of the PAO Project, then priority must be given to the client organizations. This means first and foremost that technical assistance be provided in organizational development -- management, financial accounting, inventory controls, etc. With this assistance, producer organizations will be able to manage their subsidiary enterprises better. They will also be able to assist their local producer groups to

develop. This is extremely important because many producer associations are composed of local groups that are very weak. The need, therefore, is to strengthen local groups in order to develop the commodity associations, whose development in turn will strengthen the regional agricultural chambers.

In terms of project activities to date, the question is more one of sequencing assistance. The project has provided important assistance to participating organizations, including:

- short-term technical assistance to carry out needed studies;
- long-term technical assistance in management (placing one or two advisors in each organization);
- equipment, such as telephone systems, computers and even funds for the purchase of offices; and
- management training seminars and observation visits abroad.

These activities are pertinent and extremely useful. The concern here is that the assistance provided to the auxiliary marketing services has not only dwarfed that provided to the client association, the assistance has gone first and foremost to the auxiliary service agency. Unless and until technical assistance is provided directly to the client associations, these will run the risk of being surpassed, if not absorbed, by their subsidiary enterprises.

> **Recommendation 6.** The design of technology transfer systems is a major concern of all producer associations, and must be given priority in project activities.

A major concern of the PAOs is their capacity for technology transfer. No organization has a clear vision of what needs to be done and how to do it.

Technology transfer is the linchpin of the PAO program. Increases and improvements in production, especially for export, require an effective technical extension system, which is allied with input supply and, where necessary, production credit. It is the position of this evaluation that these services are most effectively provided by producer associations, rather than by their marketing services.

The technology transfer system being employed in the Cochabamba area with flower growers is viable when there are few producers is small. Here, the technician assists the eight flower growers throughout the production cycle, with an eye clearly on the ultimate aim, producing export-quality flowers. The problems to be overcome are multifarious: poor soil preparation, improper plant spacing, inadequate irrigation systems, uncontrolled pruning, disease, etc. The technician takes care to insist only upon those actions that can be successfully carried out at this time. (It is not economically worthwhile to replant established roses to prepare the soil or correct spacing.) The producer must then carry out those instructions, obtaining any needed inputs from the export service itself. In this system, everything is focused on export production, and the export marketing service effectively

controls the process, from production through input supply to loan recovery. These services could, however, be provided just as effectively by the producers' association.

Private-sector technology transfer systems for scattered small producers have yet to be implemented. CIS-Punata, which has long experience in farmer assistance, plans to establish a training center for farmer leaders who will then be able to assist their fellow villagers. ANAPO, which is otherwise exemplary in the conduct of its affairs, is only now attempting to define the needs of its members, which include cooperatives of Okinawans, Mennonite communities, and farms managed by nationals.

Elsewhere, there are no technology transfer programs. FEGABENI, for example, is wholly focused on the FRIGASA slaughterhouse, although ranchers need low cost innovations in herd management. (The present practice of sending pregnant cows to slaughter will deplete herds -- and hence supply -- within a few years, thus affecting the slaughterhouse operation.) And, the programs managed by the regional agricultural chambers in Potosí, Chuquisaca, and Tarija, all fail to reach producers effectively.

The notion of producer-financed technology transfer systems is not widely accepted in Bolivia, or elsewhere. However, the approach can be implemented where, as has been mentioned, a marketing service buys the produce for processing or export and deducts from the purchase price a small percentage to finance research initiatives, association activities, and the regional chamber. Notably, this approach has been implemented in several instances in Bolivia, and it warrants extension as a model approach in other project initiatives.

> **Recommendation 7.** The environmental concerns raised in the project paper must be addressed.

As was discussed in Section III, Query 8, the PAO Project has not addressed the environmental concerns raised in the original design.

These concerns can be met in two ways. First, the technology transfer system must explicitly incorporate environmental considerations. For example, the extensionists must insist equally on appropriate and safe practices. The most immediate example at present is the health and safety of workers in the rose industry, who spray plants indoors without using protective garments. Other concerns will arise as the project expands its range of activities. These concerns should be identified in the diagnostic study and incorporated integrally into the extension system.

Second, the project could mount an environmental education program. The approach espoused in the project paper -- regional studies to identify problems, additional contracts to design education materials, etc. -- is unnecessarily elaborate. The problems are known. And, the consulting firm implementing the project already has on its staff an experienced communication specialist. Thus, the environmental education program could be mounted by this specialist, in consultation and collaboration with the regional agricultural chambers. Importantly, developing environmental education materials would reinforce project activities with the regional agricultural chambers, for these materials are intended to be regional in scope and the chambers have a legitimate role in information dissemination.

> **Recommendation 8.** The technical assistance team implementing this project must operationalize its decentralized management system through using workplans and budgets with periodic reviews in scheduled staff meetings.

A curious circumstance operates within the project at this time. The project aims to institute rational planning and management in the client associations. Yet the approach has yet to be fully implemented in the internal management of the project.

A system of workplans with budgets was devised by a management consultant in mid-1989. Consulting firm staff were required to draw up individual workplans, with budgets. These workplans have not been formally accepted, nor have they been revised.

Project management must formally institute this planning system. Each professional should draw up a six-month workplan, with budget. These workplans would define all activities each professional intends to undertake during the period. Moreover, each activity should be budgeted, so that overall program resources can be allocated. These plans, with budgets, would then be reviewed in a general staff meeting for consistency of the overall program.

This review would, for example, provide opportunity to harmonize the plans of the training specialist with those of the individual PAO project officer responsible for all activities with that association. Once the individual plans have been reviewed and approved, staff would effectively have program and budget authority for those activities. This aspect of the workplan review is perhaps most important for the field offices, which do not yet have formally approved program budgets. Finally, because workplans can go out-of-date relatively quickly, a system of quarterly staff meetings for all headquarters and field staff should be instituted to review and update the workplans.

V. Conclusion

Adopting these recommendations would create a systematic process for selecting organizations and defining activities with each association. The fundamental point is that developing marketing enterprises for providing services to producers depends upon careful forward planning. To inculcate this lesson, the project must itself carry out such planning, in close collaboration with the organizations.

At the same time, it must be emphasized, the planning studies are only a means to an end -- the strengthening of producer associations and their regional agricultural chambers. For, the basic aim of the PAO Project is, and remains, the revivification of commercial agriculture. For, an active and dynamic agricultural sector is and will be important in the new political life that is Bolivia.

Annex 1

Case Study

Asociación de Productores Oleaginosas y Trigo (ANAPO)

I. Introduction

The Asociación de Productores Oleaginosas y Trigo (ANAPO) provides an instructive model of how to structure and operate a private agricultural organization for the benefit of its members. ANAPO is financed entirely by fees paid by members for marketing services. These funds are used to develop auxiliary enterprises that operate at near cost for the further benefit of members. ANAPO thus provides a direct contrast to most other Private Agricultural Organizations (PAO) in the PAO Project, for it does not seek to establish a remunerative enterprise for its own financial benefit. As a result, ANAPO is directly responsible to its members, and works diligently for the betterment of their well-being. Although the ANAPO model may not be replicable everywhere in Bolivia, the approach pioneered by this PAO warrants close study, for it provides important lessons that could be extended elsewhere.

II. History

As its acronym would imply, ANAPO was founded as a national agency to bring together producers in Tarija and Santa Cruz. Today, ANAPO serves only the wheat and oil-seed growers of the Department of Santa Cruz.

A. Membership

Membership in ANAPO is open to all individual growers, cooperatives, and private enterprises upon submission of an application. (In theory, there is an initial membership fee, but this charge is presently being waived.)

Membership is growing rapidly. Three years ago, ANAPO had 1,800 members; today there are 3,000 members.

Membership is ethnically distinct, and changing. In 1987, 80 percent of members were Mennonite farmers, 10 percent were Japanese (i.e., Okinawan), and 10 percent were nationals. Today, this composition has changed dramatically: only 50 percent are Mennonites, 10 percent are still Japanese, and 40 percent are nationals.

Each ethnic group has a distinct form of internal organization and hence a different relationship with ANAPO. Mennonite farmers are organized into colonies headed by religious leaders, and generally refuse to participate in other organizations. The Japanese are organized into large cooperatives. Nationals, by contrast, may be individuals or enterprises. (Within this group are old landed families, as well as migrants from the altiplano.) A small group of Hindu farmers also belong to ANAPO.

This ethnic diversity and distinct manners of affiliation mean that ANAPO must implement different approaches for outreach (See Section II-B, Member Services), and a distinct voting pattern to make policy decisions (see Section II-D, Functional Operation).

B. Functions

ANAPO is in the process of elaborating its functions and member services. Even so, the association provides many services to members, including credit and input supplies, lobbying, marketing assistance, and technical assistance. The important point here is that, rather than providing each service itself, ANAPO provides many of these service in collaboration with other agencies in the region, such as Cámara Agropecuaria del Oriente [Santa Cruz] (CAO), Centro de Investigación Agrícola Tropical [Bolivia, Santa Cruz] (CIAT/Bolivia), and the university. These services are discussed separately below, along with the modality ANAPO uses in each instance.

1. Credit and Input Supply

ANAPO relies upon the CAO-operated Almacén Central Agrícola y Pecuaria (ACAP) for input supplies and credit. Members can obtain inputs there on credit and repay at the end of the season. (Seventy percent of ACAP's sales are on credit.)

The Japanese cooperatives, CAICO and CAICY, provide these services directly to their members.

Alternatively, members can purchase inputs directly from private agricultural supply houses, but the terms of the transactions are generally not as favorable to producers as those available from ACAP or the cooperatives.

Credit for oil-seed production, by contrast, is provided by the European buyer, which last year forwarded US $800,000 to ANAPO for production credit and purchases. The association operates this service at near cost, passing on most of the benefits to the producers. The ANAPO repayment rate is 97 percent. Last year, for example, all but US $40,000 of US $1,300,000 in loans was repaid, and a single producer accounted for more than half (US $23,000) of the losses. ANAPO covers losses out of operating profits; it does not have a reserve fund to cover losses.

2. Political Lobbying

ANAPO can and does lobby the government on matters of concern to its membership. When the matter is specific to wheat or oil-seed producers, the association undertakes the lobbying itself. When the matter is also germane to other producers, the association allies with CAO in presenting its concern to the government. Recently for example, the two organizations succeeded in passing a decree banning contraband agricultural imports into the department. These imports were significantly depressing prices for wheat and flour, among other commodities. Unfortunately, the decree has yet to have any appreciable effect, for enforcement in the region is wanting.

ANAPO has also pressed its issues in the economic arena. In 1986, when the processing mills refused to handle produce from association members because, in the view of the processors, the association was becoming too independent, ANAPO sought and successfully found an export market, which broke the monopsony of the regional processors. Subsequently, ANAPO founded a council comprised of producers and processors that today deals collaboratively with mutual problems.

3. Productive Enterprises

ANAPO operates several services or productive enterprises for members. Importantly, the association develops these enterprises and then spins them off as independent enterprises. Moreover, the enterprises are managed at near-cost, so the benefit of the service is reaped directly by producers.

ANAPO's major enterprises are a seed plant, storage silos, and an export company. The seed plant receives, cleans, grades, bags, and stores seed for the upcoming season. Shortfalls in seed production are covered by imports by the association. Recently, ANAPO has taken over two silo sites and, with PAO assistance, built a third. These facilities enable producers to deliver their crop directly to the association in their own area, rather than hauling it to Santa Cruz, resulting in a direct savings in transport of about US $5/mt. Finally, ANAPO has established an export company, COMEX ANAPO Ltda, to handle crop shipments to other countries.

4. Services to Members

ANAPO provides a wide range of other services to its members, including credit, technical assistance, training courses, and other miscellaneous but important activities.

The ANAPO credit program is tied directly to its technical assistance. That is, a farmer can receive a production credit, but the loan is paid out in stages during the production cycle and only on the recommendation of ANAPO field technicians. The association has five full-time agronomists on staff to carry out this work. In addition, the association hires another 15 newly qualified agronomists from the University to assist in this work during the harvest.

Besides crop oversight, the field agronomists are charged with helping farmers when production problems occur. If the agronomist is unfamiliar with the difficulty, he will call upon a CIAT/Bolivia specialist, usually the plant pathologist, to accompany him to the affected area. In this way, pest problems are dealt with expediently during the production cycle.

In collaboration with CIAT, ANAPO annually sponsors some ten varietal trials on farmers fields, and holds at least two field days for producers, usually in June.

ANAPO also sponsors technical lectures by specialists in such areas as wheat production and pest problems. To date, most of these lectures have been in Santa Cruz. But the association has held some sessions in the outlying areas, and will begin to provide

translation services for the older Japanese and Mennonite farmers who do not speak fluent Spanish.

In addition, the association publishes a monthly technical bulletin that is mailed to all members. This bulletin provides general organizational news and technical and market information.

On occasion, ANAPO provides special services to members, particularly the Mennonites. The association arranged special loans to these members in the mid-1980s to help the producers repay expensive loans to intermediaries that were taken out during the hyper-inflationary period. Some Mennonites had borrowed privately at 5 percent or more interest per month during those difficult years. Unsurprisingly, they were finding it very difficult to repay the loans. Therefore the association petitioned the government for assistance and obtained special credit from the Central Bank to refinance the loans.

The association also lobbied strenuously with the national government to retain the exemption from military service for able-bodied youth. This exemption had been granted the Mennonites in the 1960s, but was reconsidered when the new government took power in 1985. And, the association helped protect the Mennonites when rowdies attacked their communities. First, the association offered to install radio communications. When the religious leaders rejected this possibility, the association hired guards (who at the request of the colony leaders were posted outside the colony area) to protect them.

In brief, ANAPO officials discharge their duties toward each group of producers diligently, even when, as with the Mennonites, the contribution is seldom acknowledged.

C. Institutional Base

ANAPO's institutional base is distinctive, even as it shares some features with other PAOs. The organization of ANAPO's governing body provides a clear example of how to organize a highly differentiated membership. The staff, while small, is skilled and highly motivated. The physical infrastructure is adequate. Finally, the association's financing system is unique among the PAOs -- ANAPO is financed by marketing fees collected by processors and exporters. Another special feature of the organization is the operation of the governing body.

1. Governing Body

At the decisional level, the membership body that guides ANAPO is the Assembly. All members can attend the Assembly. But, because the association is composed of individual producers, cooperatives, and private enterprises, voting is weighted by production marketed through the association. The role of the Assembly is to ratify the annual report of activities, approve the next year's budget, and elect the Directorate.

The Directorate oversees the association's general administration and policy. It is composed of eight members elected at large, without explicit attention to sector (individual producer, cooperative, private enterprise). (Two auxiliary board members are elected to serve in the

instance that a board member dies or resigns.) Directorate members are elected for two-year terms, with half the board being elected each year.

An idiosyncracy of the ANAPO Assembly and Directorate is that a majority of the members, the Mennonites, refuse on principle to participate in these activities. The Mennonites largely restrict their contact to the marketing services of the association.

2. Staff

The staff of ANAPO and its associated enterprises is small, but skilled and dedicated. The General Director manages the daily operation of the association, at the leisure of the Directorate. He is assisted by a part-time legal advisor and a full-time economic advisor, provided under the PAO Project to direct the wheat development program. Two secretaries and a messenger are attached to the General Director's office.

The association headquarters has two departments, an administrative unit and a technical department. The administrative unit has one accountant and an industrial engineer in charge of fee collection. The technical department comprises four agronomists, two for wheat, one for oil seed, and one for agricultural machinery. ANAPO plans to add three more agronomists for wheat development, under its projected wheat plan.

The seed plant is managed by two engineers, the head and his assistant, and employs a watchman. During the buying season, the plant hires 15 seasonal workers to process the seed.

Finally, each of the silo complexes has a chief, an analyst to control quality, and a watchman.

In summary, ANAPO headquarters is staffed with ten persons, the seed plant by three full-time and 15 seasonal staff, and each of the silos by three staff.

3. Physical Infrastructure

ANAPO rents its headquarters at present, but plans to buy land and construct its own building. The office is adequately furnished, and has a computer, telephone system, and photocopier. ANAPO also has four vehicles, three of which are reserved for field work and the fourth is shared between the field and headquarters staff.

ANAPO owns the refurbished seed-processing plant. (PAO provided a US $100,000 loan to rehabilitate and expand the plant.) A computer with software to control inventories was also installed at the plant.

4. Financing

ANAPO's financing system is unique among the PAOs working in the project. The association collects one per cent of the value of all produce marketed from processors and exporters. (The industrial engineer in the accounting unit is responsible for collecting this

fee from processors.) These funds are shared among ANAPO (70%), CAO (15%), and CIAT/Bolivia (15%).

ANAPO's financing system depends upon a network of collection agents, specifically the processors and exporters. (There are three flour mills in Santa Cruz, and four oil-seed processing plants.)

ANAPO's annual receipts in this system total some US $200,000, which pays for headquarters operating costs and technical assistance. The other ANAPO operations -- the seed plant and COMEX ANAPO -- are managed on a cost basis plus a small margin.

The system depends upon the direct payment by producers to ANAPO for marketing services. Producers are well aware that they finance the association, and the association, for its part, is directly responsible to its members. As a result, ANAPO runs its subsidiary enterprise directly to benefit its members. It does not seek to earn a profit from these initiatives in order to cover its own operating expenses.

D. Functional Organization and Operation

ANAPO owns the seed plant and has a 50 percent share in COMEX ANAPO. The seed plant and the export firm are run as completely separate enterprises, each with its own staff, independent from that of ANAPO, and its own accounting system. Moreover, ANAPO seeks to reduce its shares in COMEX ANAPO to avoid possible conflict of interest problems in the future.

The principle ANAPO follows is to establish an operation and then to quickly transform it into a independent undertaking. Needless to say, the corporate and personal ties between the different undertakings are strong.

III. Problems Identified in the Diagnostic Study

A diagnostic case study was conducted at the beginning of the PAO Project to identify concerns in the sector, in the institution, and in the services provided.

A. Sectoral Level

Processor monopsonies characterized the wheat and oil seed markets in the region until ANAPO successfully initiated export shipments. In fact, in response to this ANAPO initiative, the processors were withholding their payments to the association at the time of the diagnostic study. This problem has been resolved.

Bank insistence on urban property as collateral effectively eliminates many small producers -- including the Mennonites -- from credit. (Banks will, however, lend to Japanese producers, through their cooperative.) To resolve this problem, ANAPO undertook the collection of loan repayments from small producers, thus relieving the banks of some of their transaction costs.

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The diagnostic notes that technical assistance in production is weak throughout the department. This results in poor land management, such as lack of crop rotation and shortened fallow periods.

B. Institutional Level

At the institutional level, the study notes that the effective reach of the association does not extend to the most distant growers and that the Mennonites do not participate in the association Directorate. This posed a serious problem at the time of the study, for the processors refused to collect and forward to ANAPO the required marketing fee. Given the principled non-participation of the Mennonites, who were then the majority of growers, ANAPO risked losing its financial basis. To assist, the Japanese and national growers voluntarily sold half of their production directly to ANAPO, so that the association could weather the crisis with the processors.

The study notes that the initiation of new productive enterprises is a new action for ANAPO which, though not in itself a problem, would require close attention.

At the administrative and financial level, the study noted the incipient use of computer facilities and the deficiencies in statistical information systems. In financial matters, the study noted the (temporary) difficulties in collecting the marketing fee from processors, the vulnerability of the association to fluctuations in international prices, and the lack of long-term financial planning.

C. Services Provided

The study considered several areas of services provided to members -- marketing, input supply, technical assistance, training, credit, etc. The major concerns lay with the inexperience of ANAPO executives and staff with the intricacies of international export. The essential concern was that marketing in this arena is complex undertaking wherein it is difficult to gain and very easy to lose the confidence of international buyers.

The study noted certain technical problems at the seed plant, such as manual unloading of trucks, which tends to degrade the seed. More importantly, the study underscored the insufficiency of technical assistance. At the time, the association employed only two agronomists, who were mostly engaged in evaluating planting and harvest for the credit program. Moreover, there was no training program for producers. In the credit program, the study noted the paucity of information about producers, and the fact that the association assumed all the risk of the loans. The association at the time also wanted to provide other more visible services to its members to gain their confidence and cooperation, particularly among the Mennonites.

IV. Development Strategy

The PAO development strategy was defined within the context of ANAPO's objectives for the medium term.

ANAPO aimed at that time to increase the area planted to wheat and oil-seed; consolidate the operation of the seed plant and export firm; improve marketing, technical assistance, and statistical information; and provide additional services, especially to the Mennonite community.

In this context, the diagnostic study proposed actions in the areas of exportation and technical assistance. To increase ANAPO's capacity to supply needed services, the project proposed to:

- provide technical assistance,
- provide training at various levels, and
- facilitate contacts and observation visits.

To assist the export operation, the project would provide:

- training for ANAPO executives in international commerce, with an emphasis on negotiations, futures markets, insurance, and export finance;
- technical assistance and observation trips to study alternative routes for exportation;
- technical assistance in managing reception warehouses; and
- observation trips for ANAPO executives to investigate the marketing chain.

For technical assistance in agricultural production, the project would support:

- technical assistance in the design, management, and financing of field extension programs;
- specialized, short-term training for personnel in the technical department; and
- purchase of vehicles for the field staff.

In addition, the project would help elaborate a wheat program and provide technical assistance in wheat production and for the studies necessary to develop that program.

Certain secondary activities for the project were also foreseen in the diagnostic study, including the following:

- financing complementary investments in the seed plant;
- training in computerized accounting, financial analysis, inventory control, and production statistics;

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- high-level training in financial management, with an emphasis on long-range planning;
- developing an audio-visual unit for extension activities; and possibly,
- studies for designing a social security or medical program that would be helpful to the Mennonites;
- assessing technology transfer programs for the different constituent groups in the association; and
- helping design alternative fee collection systems, for the instance that processors or exporters would refuse further collaboration.

In summary, the development plan for ANAPO identified specific critical areas that would contribute directly to increasing the association's ability to provide services to members.

V. Technical Assistance

The technical assistance, training, and equipment provided to ANAPO have all been targeted at precise needs for strengthening the association's operation. The important point here is that ANAPO is a strong organization with a clear sense of its needs. The project has, therefore, be able to provide assistance that complements and strengthens the organization.

A. Technical Assistance Provided to Date

PAO has conducted several studies for ANAPO. PAO carried out the diagnostic study, which identified several deficiencies, including the very weak extension system in the region and within ANAPO. Subsequently, the project financed studies of the seed-processing plant, which required rehabilitation and expansion to be economically viable. The project also studied the silo operation and, most recently, helped develop a five-year development plan for wheat.

Based on these feasibility studies, the project provided a US $100,000 loan for rehabilitating the seed plant, which increased its processing capacity from 3.2 to 6 mt/hour and expanded its storage capacity from 600 to 1,000 mt. As a result, the plant's per unit operating costs decreased significantly, to the benefit of growers. The project also financed the construction of storage silos at San Juan de Chiquitos. Because the association does not have sufficient operating capital to purchase produce directly, it rents space in the silos to processors and exporters. In this instance, producers benefitted by being able to deliver their harvest locally, at a cost savings in transport of some US $25/ton. The project also supplied ANAPO with office equipment (computer, photocopier) and two vehicles.

The project sponsored ANAPO upper-level management at two training courses run by the Instituto Centro Americano de Economía (Costa Rica Business School) (INCAE), one in Miami, Florida, and one in Trinidad, Beni. In addition, the project provided ANAPO staff

with in-service training in compute ed accounting and inventory control. Importantly, the project helped ANAPO managem explore the possibility of export markets in 1988 by underwriting an observation trip. I ne 1990, the project will finance another observation trip, this time for ten producers ncluding at least three Mennonites) to Brazil and Paraguay.

Importantly, the project is providing two long-term advisors to help develop and implement the wheat plan. The director of the wheat project, an agronomist, is on a one-year contract, with the possibility of a six month extension, paid by the USAID-contracted consulting firm, which reimburses ANAPO for his salary and benefits. In addition, the project is financing an economist at half-time to advise the wheat project manager. (These individuals provide monthly and quarterly reports to the consulting firm in La Paz.) At the end of the present contracts, ANAPO is expected to hire these individuals.

B. Technical Assistance Projected for 1990 and Beyond

Presently, ANAPO's major need is to develop a technology transfer system for wheat, including further investigation on varieties and resistance; testing cultural and technological techniques in wheat production; and developing farm accounting procedures for producers.

The association hopes to develop a series of courses on wheat production tailored for each class of growers. For example, the association wants to bring in Paraguayan Mennonites to help the Bolivian community in wheat production. Similarly, the association will work closely with the Japanese Development Agency (JICA) in producing wheat on the Okinawan cooperatives.

A great deal more attention must be paid to the manner in which the association can effectively reach its diverse membership.

VI. Assessing the Problems Encountered to Date

The relationship between ANAPO and PAO has been exemplary from the outset. The association is very clear in its needs and its requests. Therefore, it has reviewed, accepted, and implemented the recommendations of the various consultants supplied by the project, which has resulted in a harmonious and productive working relationship between the two groups.

ANAPO represents a viable model for PAOs in Bolivia. Hierarchically, ANAPO collaborates closely with the regional agricultural chamber on matters of mutual interest, even as it will act independently when the concern affects only its membership. (Put another way, the regional agricultural chamber in Santa Cruz is strong precisely because its member associations are strong.)

Constitutionally, the association has successfully incorporated all producers, despite tremendous diversity in the forms of farmer organization. ANAPO has succeeded in this by maintaining a truly open membership policy. At the same time, votes in its Assembly are

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weighted according the proportion of produce marketed through the association. This approach should have application in other areas where producers are differently organized.

ANAPO is well managed. Management does both financial and programmatic planning. It has, for example, identified specific short- and medium-term problems and constraints, and seeks to resolve those issues as expediently as possible. Further, management has defined long-term issues, such as the wheat development plan and the need for improved technical assistance.

Financially, ANAPO has devised the most successful model for self-financing, the use of "agentes de retention" to collect small fees for services rendered. In this way, ANAPO can cover its own operating expenses and finance additional services to members. The ANAPO strategy of providing the initial capital for these service enterprises and then largely withdrawing from participation when the new firm is established is, once again, innovative and laudable. The result is a producers' association allied with independent service agencies, each of which performs distinct and complementary roles.

In summary, ANAPO provides a useful model for organizing and operating PAOs in Bolivia. Everything ANAPO does may not have application everywhere in Bolivia. But certainly, its relationship to the regional chamber, its constitutional organization, its management planning activities, and its financial structure and development strategy for service enterprises would all have widespread application. Indeed, ANAPO management and staff could readily serve as consultants for other PAOs. Not only are these individuals intimately acquainted with the problems and special considerations that arise in Bolivia, many of them are personally known to officials in other PAOs. At a minimum, the project should sponsor a conference of participating PAOs before it ends, so that the different associations can exchange experiences and approaches directly.

Annex 2

Case Study

Federación de Ganaderos del Beni y Pando (FEGABENI)

I. Introduction

The Federación de Ganaderos del Beni y Pando (FEGABENI) is a special and complex private agricultural organization (PAO). The Federation began as a small association of ranchers who were determined to resolve a suite of problems that plagued their sector. It grew quickly and, given the near total dominance of ranching in the region, soon came to act effectively as the regional chamber, albeit a chamber focused on a single commodity. (Indeed, FEGABENI is today financed almost entirely from government receipts.)

The Federation undertakes many important initiatives: it lobbies the national government for resources, it undertakes productive enterprises, and it provides services to its member associations. In a very real sense, FEGABENI's development plans constitute the regional development program. Thus, to understand FEGABENI's present situation requires examination of the changing mix of activities over time and, unhappily, of its legacy of failed productive enterprises. Further, to understand the contribution of the PAO Project to FEGABENI requires an assessment of the relationship between the productive enterprise being supported (Frigorífico de Carne, S.A., known as FRIGASA) and the Federation.

To anticipate the conclusions from this case study, a case such as that of FEGABENI requires more than a simple cost-benefit analysis of the particular enterprise (in this case, FRIGASA). It requires a systemic analysis of the financial relationships of the enterprise, the producers' associations, and the subsidiary marketing agency because the Federation has debts which were incurred to establish the slaughterhouse. Unless those debts are considered in the cash-flow analysis, the estimate of when the enterprise can actually contribute to the financial support of the Federation or association will be overly optimistic. And, in the worst case, project assistance may not achieve its stated aim of strengthening producer associations.

II. History of FEGABENI in Developing Livestock Production

A. Membership

Discussions among some of the larger and more active ranchers in the capital district of Trinidad, Beni (El Cercado Province), in 1967 led to the founding of FEGABENI the following year. The initial core group soon realized that its case could be presented more forcefully if most ranchers in the two departments were formally associated within a federation. By the late 1970s, 24 associations had been formed in the department under the aegis of FEGABENI. Today there are 29 associations, 28 in Beni and one in Pando. Almost all ranchers -- an estimated 3,600 of some 3,800 ranchers in the two departments -- are affiliated with the Federation through these associations.

B. Roles

From its founding, FEGABENI has had a large and ambitious role in the ranching community. The Federation undertook several major initiatives in its first years -- founding a bank, establishing a marketing organization, and developing productive enterprises. In addition, it was very much involved in political lobbying. In the last four years, the Federation has begun providing direct services to its members.

FEGABENI's particular mix of activities has varied over time in response to changing political and economic factors at the national level and to its own experiences locally. It is well to review the Federation's experience in each of these areas, for this sets the background for understanding its present initiatives.

1. Credit

The original impetus for FEGABENI grew from the desire among ranchers for a bank to serve their credit needs. The Second Ordinary Congress of the Federation, in July 1969, passed just such a resolution, which was speedily confirmed by the National Assembly, in September 1969. The Banco Industrial y Ganadero del Beni (BIG-BENI) was capitalized locally shortly thereafter, with FEGABENI as a major stockholder. However, many association members quickly grew disgruntled when they found loans difficult to obtain.

Within a few years, FEGABENI was already divesting itself of its shares. BIG-BENI soon became a private bank serving only the largest and most solvent farmers. Thus, at the 10th Congress in 1977, FEBABENI called for creating a Fondo Ganadero del Beni y Pando (FONGABENI), which was established in 1981 through a World Bank loan. The fund was mandated to lend to small (under 500 head) and medium (under 2,500 head) ranchers. FONGABENI is today effectively bankrupt.

2. Political Lobbying

FEGABENI has conducted political lobbying since it was founded. In 1969, the Federation obtained a decree banning the importation of beef, which was then affecting prices in the region. The 3rd Ordinary Congress, in July 1970, created the Beneficiadora de Carne, S.A., (BECASA) to facilitate meat shipments from Beni, which at the time was remote and isolated from the major markets.

Organizing air shipments of meat from the region required discussions with the government about prices. In 1972, the Federation obtained an increase in official prices after the Bolivian peso was devalued, in this instance only after difficult negotiations with the government. In 1975, the Federation was able to help reformulate an agrarian reform bill that would otherwise have adversely affected ranchers.

FEGABENI's lobbying role greatly expanded in the mid-1980s, as hyper-inflation completely distorted the national price structure. FEGABENI found itself in constant negotiations with the government over the farm price of beef, which in 1985 grew from BS 9000/kg to more than BS 1,000,000/kg in less than a year. The drastic overhaul of the political economy that

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year again impelled intensive lobbying, for the newly instituted rural tax structure failed to reflect the extensive nature of most pastoral production in the region. FEGABENI and its allies fought successfully for important revisions in the tax code. Indeed, today FEGABENI is responsible for collecting a major share of the taxes in the region, 75 percent of which are used to support agencies there, including the Federation.

Although lobbying is not today presented as a major activity of FEGABENI, the fact is that the Federation could -- and in many ways does -- play an extremely important role in effecting major changes for the improvement of livestock production.

The issues are well known to the Federation and its membership. The highway to Santa Cruz must be upgraded and paved, and rural roads (and riverine routes) developed. The Federation could pressure the national government into providing needed technical assistance, such as the national veterinary service, which still does not serve the region. The Federation could urge the national government to enforce existing legislation pertaining to slaughterhouse hygiene, particularly in demand centers for Beni beef. The Federation could request air time on government-owned and private, radio and television stations to develop its urban markets and assist rural producers. And, the Federation could enlist more government assistance in identifying potential external markets.

3. Productive Enterprises

BECASA's initial success in marketing meat on the altiplano soon led to grandiose plans for an integrated meat handling system in Beni, including a slaughterhouse, refrigeration unit, airplanes, and sales outlets. With a guarantee from FEGABENI, BECASA undertook a US $3.5 million loan to finance these activities. The slaughterhouse and refrigeration unit were built, and planes were bought. But, the enterprise was unable to make even its first payment, due to technical problems, poor management, procurement difficulties, and extraordinary discretionary expenses. BECASA was declared bankrupt in the late 1970s, leaving FEGABENI with some infrastructure and a huge debt.

Other enterprises undertaken about this same time met with similar fate. A barbed-wired factory, financed by the USAID FOCAS Project through FONGABENI, functioned for less than a year before going bankrupt. The building now stands unused, with two barbed-wire machines in place. A factory for veterinary medicines, financed under the same program, never advanced beyond construction of the building, which now lies vacant. It may be rehabilitated for office space. Finally, an animal health service has never advanced beyond the planning stage.

4. Services to Members

The history of failed enterprises, combined with the tremendous inflation that was clobbering rural producers, had by the late 1980s alienated most ranchers. FEGABENI was by 1986 a titular organization without a base. The Directorate elected that year clearly understood the situation and immediately initiated a program of services to regain the confidence of the ranching community.

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These services -- const ting meeting halls and providing radio communication, pharmaceuticals, small l ies, and a monthly ulletin -- represent an important new direction for the Federat The initiatives are concrete manifestation to ranchers that the Federation is workin ively to improve lives ck production in the region. In addition, the President and Gene Director of FEGABENI now make two trips each year to visit outlying associations to certain needs and interests.

The few ranchers this team had to opportunity to speak with indicated that their major needs were for technical assistance. Needs were expressed for improved range management, herd management, breeds, animal health, rural slaughterhouses, marketing systems, and transport.

FEGABENI could render important service to the ranchers of the region were it to undertake more activities in technology transfer. This is, however, an area where the Federation itself feels an important void. Moreover, the strategy for developing the livestock sector must be carefully adjusted. Ranchers have very little working capital, and will need to begin with low-cost improvements, such reducing the bull-to-cow ratio of their herds. Large, expensive improvements in breed or pasture are simply beyond the economic reach of most ranchers today.

III. Institutional Base

A. Governing Body

FEGABENI's institutional base is small but important. At the decisional level, the Federation is guided by its Congress, which comprises 3 representatives from each of the 29 affiliated associations. The Congress sets overall policy and program directions, and elects a 15-member Directorate to oversee the policy implementation. The Directorate in turn elects a President, who plays a large role in guiding the Federation (Figure 1). The President and Directorate deal with national and regional organizations, prepare the annual report, execute the directives of the Congress, oversee the fiscal integrity of the dependent enterprises, coordinate with the associations, and conduct overall management of the Federation. At present, the Directorate's major felt need is for an overall development plan for the livestock industry in the region, which would inform and guide the Federation's development program.

B. Staff

Until 1986, all staff of the Federation served on a voluntary basis and were only paid travel expenses. The Directorate elected that year determined to put the Federation on a more stable basis. Today, FEGABENI headquarters staff consists of a General Director, with office staff of two secretaries, and four units, an Administrative and Financial Unit (one bookkeeper, one assistant bookkeeper, and one messenger), a Technical Unit (one veterinarian), a Tax Unit (one economist and a part-time secretary), and an Economic Unit that is not yet functional.

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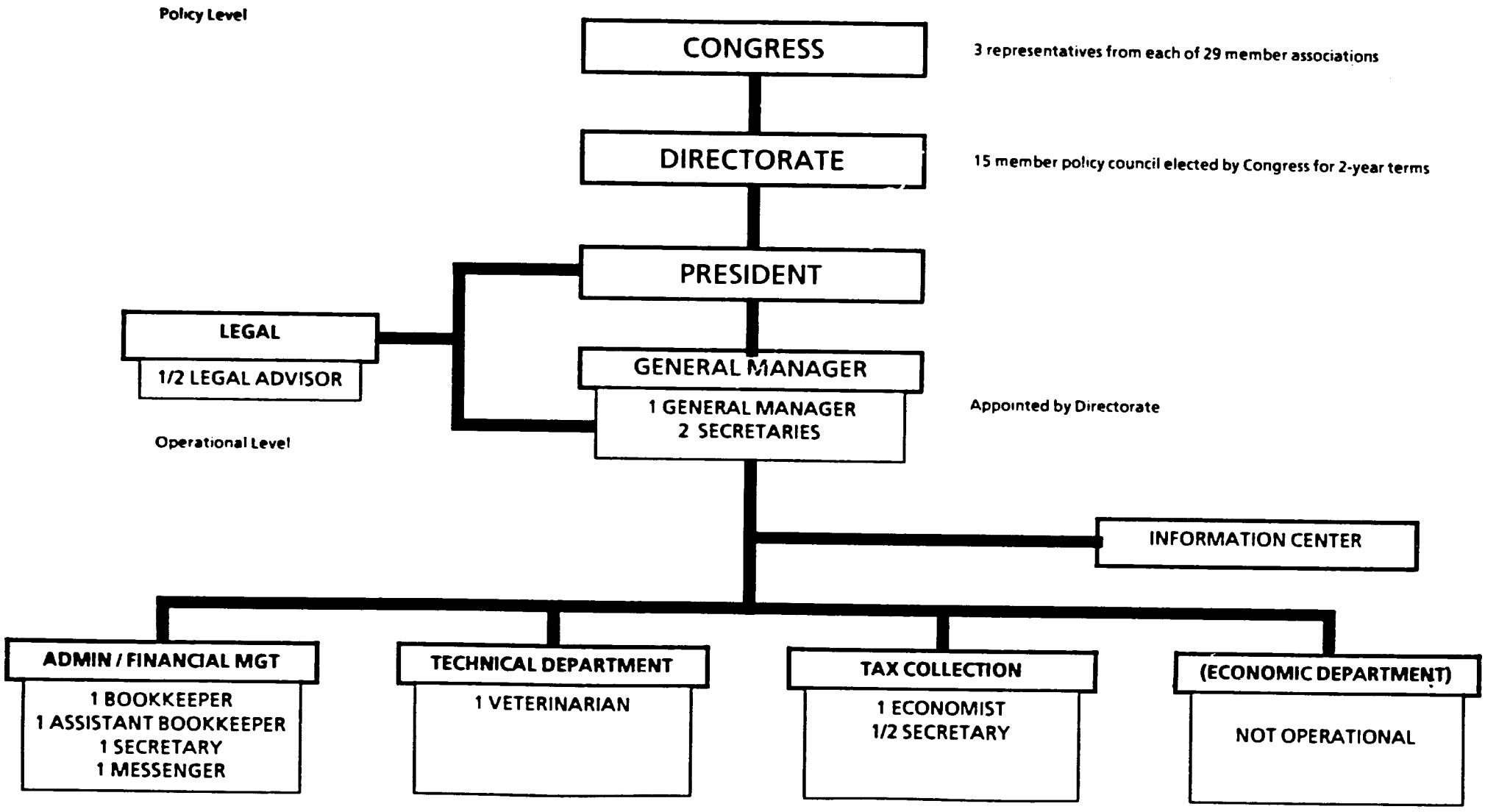
FIGURE 1.

ORGANOGRAM : FEGABENI



In addition, the Federation employs at headquarters a part-time legal advisor and maintains a small information unit. In La Paz, the organization employs a part-time public relations specialist, a secretary, and a messenger. The annual budget for personnel is about US $75-80,000.

C. Physical Infrastructure

The Federation's physical infrastructure is relatively scant. FEGABENI owns its headquarters building in Trinidad, an exposition grounds there, and an office in La Paz. It also has basic office equipment, typewriters, filing cabinets, a computer, and a radio system for communicating with outlying associations. The Federation does not, however, own vehicles, and much of the equipment that has been donated to it has been transferred to other, dependent enterprises. For example, FRIGASA received through FEGABENI a computer, a photocopier, a telephone system, and a pick-up.

D. Financing

FEGABENI's total annual operating budget, excluding debt from dependent enterprises, is an estimated US $120,000, with approximate expenditures as follows: US $75-80,000 in personnel salaries and benefits, US $15,000 for the annual congress, and US $30,000 for office expenses and travel.

FEGABENI's budget is entirely financed from the collection of government taxes by the Federation, which then retains a percentage of the receipts. This arrangement was only implemented last year. It is expected to be temporary, although the arrangement could be extended by the Government of Bolivia.

FEGABENI's debt burden for its dependent enterprises is onerous. The Federation is expected to repay almost US $500,000 in the next four years for FRIGASA. These repayments cannot be met from FRIGASA's current income. In fact, according to studies commissioned by the PAO Project, FEGABENI will incur almost US $750,000 in arrears in the next 3 years. (See Table 1.) Clearly, unless the present repayment schedule is renegotiated, FEGABENI could be bankrupted by the debt repayments it must make on loans taken out for the predecessor agency of FRIGASA.

E. Functional Organization and Operation

FEGABENI's functional organization is both straightforward and intricate (See Figure 2).

The President and Directorate, with the General Director, personally undertake the limited lobbying activities of the Federation. Although political lobbying is today considered a less important activity, there are several initiatives that the Federation could -- and in fact does -- undertake, including lobbying for: improved transportation infrastructure, most importantly paving the main highway to Santa Cruz, but also building feeder roads and

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Table 1. FEGABENI/FRIGASA cash flow, 1989-1994.[1]

	1989-1990	1990-1991	1991-1992	1991-1993	1993-1994
Income					
Income[2]	119,766	196,457	387,078	387,078	387,078
Outgo					
Operating[3] costs, marketing	104,105	104,105	104,105	104,105	104,105
Depreciation[4]	13,650	13,650	13,650	13,650	13,650
Taxes[5]	3,821	19,105	41,476	41,476	41,476
Loans, marketing	10,351	33,877	63,393	0	0
FRIGASA[6]	150,000	380,000	490,000	240,000	20,000
Subtotal	281,927	550,737	712,624	399,231	179,231
Grand Total	**<162,161>**	**<354,280>**	**<325,541>**	**<12,153>**	**207,847**

[1] All figures from: Estudio de Factibilidad Técnica y Financiera, Comercializadora de Productos Cárnicos, FRIGASA (Sept. 1989), Table 4.7 (p. 33) and 4.11 (p. 36) except as noted.

[2] Assumes 50% market share in La Paz and Cochabamba and 10% in Santa Cruz, among the 20% of the population that is middle-class (Tables 4.1 [p. 24] and 4.6 [p. 32]). This domestic consumption cap (150 head/day) represents about one-half the FRIGASA capacity for an 8-hour day.

[3] Does not include operational costs for FRIGASA, which are presumably included in (i.e. deducted from) the income estimate.

[4] Depreciation for marketing operation only; FRIGASA plant and equipment are not included here, for the same reason as #3, above.

[5] Marketing unit only, for the same reason as #3, above.

[6] Information on the repayment schedule of the FRIGASA loan was provided by FEGABENI officials. This repayment schedule almost must certainly must be renegotiated.

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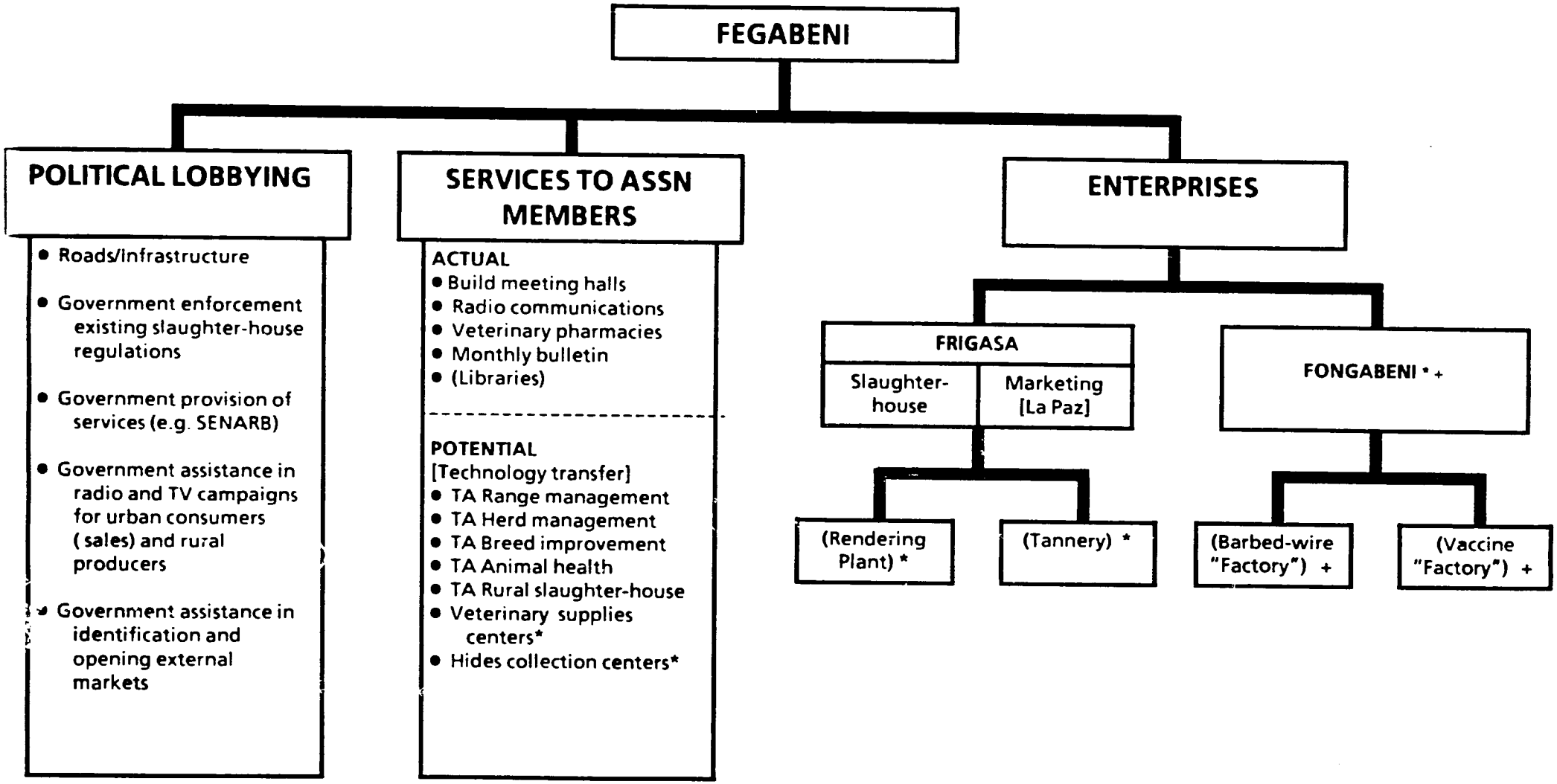
FIGURE 2.
FUNCTIONAL ORGANIZATION OF FEGABENI



1 Not today a major activity of federation
* Planned
\+ Defunct or bankrupt

improving the riverine network; enforced slaughterhouse regulations on the altiplano; bringing the national veterinary service into the department; facilitated access to external markets; and free air time on government radio stations for publicity campaigns in the cities for sales and in the region for technology transfer.

The General Director works with the one-person technical department to provide services to the associations. Together they oversee construction of association meeting halls, installation of radio equipment, and publication of the monthly bulletin. The technical department maintains contact with the associations and follows up on their requests.

The major need identified by Federation personnel is for a technology transfer system. Many of the necessary elements for providing technical services already exist. Information is available on range management, herd management, breed improvement, animal health, rural slaughter houses, and commercialization. Similarly, radio stations and the monthly bulletin provide mutually reinforcing outlets for disseminating this information. What appears to be lacking is experienced personnel to put these different elements together into a coherent system.

The organization and operation of the productive enterprises poses very different considerations. Operationally, each enterprise is an independent undertaking with its own mandate and staff. However, FEGABENI is the major shareholder in each enterprises, which places the subsidiary enterprises ultimately under the responsibility of the Federation and its Directorate. These intertwined relationships are manifested by interlocking boards of directors, with the head of FEGABENI sitting on the boards of FRIGASA and FONGABENI and the heads of those enterprises sitting on FEGABENI Directorate. As is discussed below, the interconnectedness of the Federation and its subsidiary enterprises is the major focus for the PAO Project as it attempts to assist FEGABENI.

IV. Problems Identified in the Diagnostic Study

The diagnostic study conducted at the beginning of the PAO Project identifies two sets of problems, a generic set of considerations for the livestock sector in Beni and a set of more institutional considerations that pertain more specifically to FEGABENI.

Four types of generic problems are considered, all of them technical problems. They are in production, marketing, credit, and public sector support. A suite of technical problems is discussed briefly, e.g., the extensive nature of livestock raising in the region, the lack of feeding and improved breeding programs, the causes of high animal mortality.

At least implicitly, the reasons for the technical problems are explained in the diagnostic study by a lack of credit: that ranchers are unable to meet the qualifying requirements for loans "affects the majority -- if not the totality -- of the medium and small ranchers, which implies that only the largest and richest ranchers have the possibility of improving the conditions of production on their ranches" (p. 30). A further contributing factor is attributed to the insufficiency of government support, most importantly, the lack of a regional or livestock development plan and the inability of agricultural sector institutions to deliver needed services in the region.

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Of the four areas of generic concern, the diagnostic focuses most on marketing, and notes a series of deficiencies in this domain.

1. There is no classification system of animals before slaughter, nor of cuts of meat after.

2. Slaughterhouses in the region lack even the most basic equipment, resulting in inferior and unhygienic conditions.

3. Air transport is limited, costly, and unhygienic; river traffic is at best sporadic.

4. There is no chain of refrigeration warehouses.

5. Despite a few isolated shipments of meat to neighboring countries, the export market potential is untapped.

At the institutional level of FEGABENI as an organization, the diagnostic raises four concerns.

1. FEGABENI has undertaken several entrepreneurial activities, although these endeavors are not specifically sanctioned by the Federation's charter and, "FEGABENI lacks a sufficiently clear empresorial policy to be able to provide efficient [management] services and so gain economic benefit" (p.32).

2. The Federation needs a financial plan, particularly now that it would act as a tax collector.

3. There were several administrative and organizational concerns. Specifically, the division of responsibilities between the President of the Directorate and of the General Director of the Federation were unclear. Consequently, the President might take actions more appropriate for the General Director, even though the President was unpaid. Further, the Director was elected annually, which undermined continuity in policy direction.

4. Relatedly, the Federation charter stipulates that each member association must be delimited by an administrative unit. However, the charter does not define a minimal administrative level, which allows associations to be defined by very unequal areas and populations.

V. Development Strategy

FEGABENI's development strategy four areas for assistance -- institutional concerns (essentially legal clarification of the Federation charter), administrative matters (organizational structure, personnel manual, contract policy, and salaries), financial planning (cost accounting, fiscal controls), and services (meat processing, meat export, veterinary supplies, credit, technical assistance, and information).

This presentation of the development strategy tends to disguise what has -- by intention or not -- become the development program for FEGABENI. Namely, almost all resources are being channelled into the FRIGASA slaughterhouse and refrigeration unit in the hope that rehabilitating that enterprise will provide enough profit to finance FEGABENI in the future. The following two sections review the assistance that has been provided to date and then the progress achieved and outstanding concerns.

VI. Technical Assistance to FEGABENI

FEGABENI has received more assistance than any other PAO Project. Forty percent of all PAO resources have been provided to FEGABENI. Most of these funds have been channeled to FRIGASA, which has received over 90 percent of all assistance directed toward FEGABENI.

Although it is somewhat inaccurate, a common perception among FEGABENI staff is that all assistance has been channeled to FRIGASA. Nevertheless, this perception accords well with the apparent development strategy for FEGABENI: namely, develop the productive enterprise, FRIGASA, so that in the future it can help finance Federation activities.

A. Technical Assistance to Date

An inordinate amount of technical assistance, studies, and equipment have been provided to FRIGASA through FEGABENI since the PAO Project began in 1987. Only limited assistance has been provided directly to FEGABENI. Table 2 illustrates the allocation of resources to the Federation and FRIGASA.

Table 2. Allocation of PAO Project resources to FEGABENI and FRIGASA.

FEGABENI

Studies: To date, the only specific study for FEGABENI has been the diagnostic. All other studies have been done for FEGABENI about FRIGASA.

Technical Assistance: No long-term technical assistance has been provided to FEGABENI.

Training: FEGABENI staff have participated in two management courses. Importantly, the PAO Project provided on-the-job training in the accounting office to help the staff manage the collection of the new hide tax that finances FEGABENI.

Equipment: All equipment donated to FEGABENI was transferred to FRIGASA, including: a telephone system, photocopier, computer, and a vehicle.

Loans: None.

Table 2 continues next page.

Table 2, continued.

FRIGASA

Studies: Various economic and technical studies have been undertaken to assess the viability of the refrigerated slaughterhouse. Similarly, packaging and marketing studies, which have cost some US $80,000, have been carried out. In addition, studies have been done on the possibility of a rendering plant, on leather curing, and on alternative products (e.g., fish and fish pelts).

Technical Assistance: Short-term technical assistance has been provided to train slaughterhouse workers in the techniques of deboning. Long-term technical assistance is provided through the manager of the slaughterhouse and the public relations specialist, based in La Paz, who is responsible for marketing.

Training: FRIGASA staff attended the management seminars. Additionally, workers were taught modern techniques in deboning meat.

Equipment: FRIGASA received the telephone system, computer, photocopier, and vehicle that were contributed through FEGABENI.

Loans: FRIGASA holds a US $486,000 loan for rehabilitating the slaughterhouse.

B. Technical Assistance Projected for 1989/90

The proportional allocation of resources to FEGABENI and its associated enterprises is not projected to change significantly in the current year. The 1990 workplan projects the following expenditures in the estimated total budget of US $783,700: FEGABENI US $24,800 (3%), FONGABENI US $47,700 (6%), and FRIGASA US $711,200 (91%). (This workplan includes expenditures that have already been made; the point here is the relative allocation of resources.)

Direct assistance to FEGABENI consists mostly of technical assistance in five areas, as follows:

1.	Administrative Organization		$ 2,700
		Subtotal	**$ 2,700**
2.	Financial Analysis for Institutional Strategy		
	T.A. on financial administration		$ 6,700
	Assessment of institutional finance		5,800
	T.A. on Investment strategy		5,800
		Subtotal	**$24,800**
3.	Tax Collection Office		
	T.A. on computerized statistical control system		$ 2,700
	Training of 10 tax collectors		1,700
		Subtotal	**$ 4,400**

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4.	Development of Livestock Supplies Network	
	Identification of supply centers	$ 4,700
	T.A. on administrative organization of Network	3,500
	Subtotal	**$ 8,200**
5.	Development of Hide Collection Network	
	Identification of supply centers	$ 4,700
	T.A. on administrative organization of Network	3,500
	Subtotal	**$ 8,200**
	TOTAL	**$24,800**

Several studies and training activities are planned in the coming year to revitalize FONGABENI. Specific activities include:

Institutional assessment of FONGABENI	$ 3,700
T.A. on computerized accounting	5,800
T.A. on financial evaluation of the fund	6,400
T.A. on legal aspects of banking	4,500
T.A. on portfolio management	4,500
Training in management of livestock funds	9,300
Training in evaluation of livestock funds	7,200
Training in financial management	5,300
Equipment: computer	1,000
TOTAL	**$ 47,700**

In addition, a sizeable share of the available funds will be allocated to FRIGASA to bring that operation on line. Anticipated expenditures are as follows:

Credit: Plant rehabilitation	$495,000
Credit: Rendering plant rehabilitation	136,200
Credit: Marketing	80,000
T.A. on operations	??
TOTAL	**$ 711,200**

Several aspects of this workplan warrant comment. Direct assistance to FEGABENI is urgently needed, but would appear to be being provided rather belatedly. The questions of administrative organization such as revising the personnel manual, contractual policy, and salary schedules must be a first order of business. That is, the organization must get its own house in order before it undertakes other initiatives.

For similar reasons, technical assistance on financial analysis for institutional strategic development is also a priority concern. Acceptable bookkeeping procedures are a *sine qua non* for any enterprise or organization. Moreover, in the present instance, where financing a productive enterprise (FRIGASA) is expected to underwrite the Federation's future growth, an assessment of the organization's finances properly constitutes part of the original diagnostic study. That is, the obligations incurred by the Federation to bring the enterprise

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on line and the realistic cash flow situation of the enterprise over time are fundamental considerations in assessing the undertaking. For, only if initiating the enterprise does not involve the Federation in unduly high financial obligations and only if the enterprise can reasonably be expected to return significant profits to the Federation in the future (after funds are reserved for entrepreneurial expansion), can the undertaking be accepted as financially viable.

Technical assistance in tax collection is also appropriate and timely. Although limited in time, this role promises to provide the Federation a stable financial base. FEGABENI could not itself have instituted this unit alone. Thus this assistance is crucial for the financial and administrative development of the organization.

Technical assistance on supplies distribution and hides collection is somewhat more questionable as the Federation still lacks an overall development plan. There is no doubt that these services are needed among the ranching community. But at the same time there is no assurance that these are the most needed services among that community. Unless and until an overall development program that prioritizes actions is drawn up, initiating new activities -- however needed -- may be ill advised.

Similar concerns apply to the technical assistance and training activities that are planned for FONGABENI. Credit has long been a concern in the ranching sector. FEGABENI was created in large part to address this concern. Nevertheless, the history of credit programs for small- and medium-sized ranchers has not been felitious. And, the current production and economic situation would not appear to be conducive to such a program at this time.

Livestock production in Beni remains extensive. There are no herd management programs, no pasture improvement programs, no animal health programs, no breed improvement programs, no feedlot fattening programs. As a result, animal mortality is high, offtake rates are low (approximately 13%), and animals are small (averaging 170 kg, slaughtered weight). Ranchers in this situation can ill afford the prevailing high effective interest rates. The nominal current interest rate is 18 percent, but because these loans are denominated in dollars, which are appreciating against the peso, the effective rate is almost 40 percent.

Clearly, ranchers, whose production horizon is three to four years -- in contrast to farmers whose horizon is a season of several months -- cannot afford such rates under any conditions. A credit program in this situation would likely amount to nothing more than a government reallocation of resources to the small- and medium-sized ranching sector. For, were repayment obligations to be enforced, the borrowers would likely lose their ranches.

In sum, rather than studying the possibilities of a new credit program, it would likely be more worthwhile to investigate no- or low-cost innovations in livestock production that would enable ranchers to reap greater benefit from their herds. Once that were underway, the ranchers would be better able to afford to borrow money for productive improvements.

Finally, there is concern that a phenomenal amount of available resources are being channeled into FRIGASA. There is no doubt that marketing constitutes a major -- and perhaps the major -- bottleneck in developing the Beni livestock industry. There is, however,

no assurance that hygienic slaughter with refrigerated transport to new markets, as this is being done by FRIGASA, will break that bottleneck.

On the one hand, this operation can serve only a limited number of producers, namely, those residing in the Cercado area. On the other hand, the operating and marketing costs of a modern slaughterhouse are so high that profit margins are slim. At present, it costs FRIGASA BS 2.20 per kilo to slaughter an animal and BS 0.9-1.0 or more to market the meat. With an urban retail price of BS 3.30/kg, FRIGASA can only make a profit from the sale of ancillary products, such as hides and lard.

The situation would improve if the slaughterhouse were to package and sell cuts of meat, rather than whole sides of beef, as was envisioned in the original feasibility studies. This innovation depends upon the promulgation of national standards for cuts of meat and upon enforcing existing slaughterhouse regulations. It also depends upon consumer acceptance that the high cost of these new procedures is justified by the higher quality of the product, which is more than just a matter of packaging. All that can be said at this time is that everyone remains optimistic that the FRIGASA operation will ultimately succeed, but that everyone has reservations about one or another aspect of the program.

VII. Assessment of Progress to Date, Problems Encountered, and Remedial Actions Being Taken or To Be Taken

The PAO Project, under the auspices of FEGABENI, has succeeded in rehabilitating and bringing on line a modern, hygienic slaughterhouse with refrigeration facilities (FRIGASA). There were in the endeavor various financial, procurement, and technical problems, in addition to the marketing concerns that have arisen. A review of these problems is instructive.

A. Financial Problems Encountered

FRIGASA had to procure equipment which was not planned in the original studies. In one instance, FRIGASA had to install a supplementary cooling system (Section VII.C), which is still not working even though repayments will soon begin. In another instance, FRIGASA had to purchase refrigerated trucks to initiate its own marketing system (Section VII.D). These additional costs have reduced the enterprise's operating capital.

The major consequence of limited working capital is a significant delay in payments to livestock producers. Whereas other slaughterhouses in the region, and in Santa Cruz, pay within 48 hours, FRIGASA now lags payments by 5 to 15 days. (The smaller number is from FRIGASA officials; the larger, that from area ranchers.) Even a five-day lag is sufficient to require ranchers to make two trips to the facility, one to deliver the animals and the second to receive payment. Given the difficulties of transport in the region, this lag could discourage some outlying producers from supplying animals to FRIGASA. This is an important consideration because ranchers are experimenting with FRIGASA as an outlet for their production, and difficulties encountered now could count heavily against the slaughterhouse.

(Parenthetically, it warrants mention that the original diagnostic did not investigate the manner in which existing slaughterhouses deal with ranchers. The study exposed the primitive conditions in those slaughterhouses, but it did not discuss how and when animals are weighed or payment periods. In fact, existing slaughterhouses weigh the animals with some of the offal and without carefully draining blood from the carcasses. FRIGASA, by contrast, eliminates both of these before weighing. There are some complaints among ranchers because FRIGASA's practices reduce weight but its prices are no higher than other slaughterhouses.)

B. Procurement Problems

Most equipment for the slaughterhouse was bought in without great difficulty, despite the isolation of Trinidad and Beni. However, the vacuum packing machine was brought overland from Brazil and suffered severe damage in transit. Although a technician from the seller firm came to repair the machine, it still works inadequately. As a result, FRIGASA cannot yet sell hygienically packaged meat, as was originally planned.

C. Technical Problems

A suite of technical problems continues to plague the slaughterhouse, most of which pertain to the refrigeration unit. The unit originally installed did not maintain a constant minimum temperature in the holding rooms and did not provide the low temperatures necessary for vacuum bagging. Therefore, a second system was installed. Unfortunately, it runs on ammonia, while the original system uses on freon. One can expect serious maintenance problems in the future because of the incompatibility of the two systems.

Moreover, the second system is still not functioning. FRIGASA, however, has but 90 days to pay for it. If the unit is not operating soon, FRIGASA will have to start paying for a system that it is not using. This situation is serious. First, it will unnecessarily increase production costs. Second, it limits the number of cattle that can be slaughtered in a day -- at present only 100 head are slaughtered (versus the 150 or more that could be slaughtered) so as not to overwork the cooling system. Third, meat can only be held for one day under the current inadequate cooling system. This puts severe pressure on the marketing system, which (Section VII.D) is encountering its own problems.

As was mentioned, the vacuum bagging machine does not work consistently well. This is a major concern, for FRIGASA bases its higher price on hygienically packaged meat. At present, FRIGASA can vacuum-bag meat only some of the time. Otherwise, it uses polyurethene, just like other slaughterhouses in the region. In other words, FRIGASA does not yet have the advantage it counts on for marketing its product.

D. Marketing Problems

The original feasibility study assumed after preliminary investigations that FRIGASA meats could be distributed through existing channels. This has not proved not to be true. One

distributor refused to work with FRIGASA and FEGABENI, another insisted on overly large margins, and a third was simply unequipped to undertake the operation. Therefore, FRIGASA now finds that it must market its own product.

FRIGASA was, naturally enough, unprepared to undertake this additional role on short notice. The enterprise has attempted to contract with truckers to haul the meat to markets in Santa Cruz and Cochabamba, but has had little success because there are few refrigerated trucks in the region. In consequence, FRIGASA has had to buy its own truck, and is now thinking of a chain of refrigerated warehouses (which would only increase marketing costs).

Similarly, FRIGASA's arrangements for transporting meat by air to La Paz are no better than those of any other supplier. That is, the sides of meat are loaded into the holds of the plane. (There are no rails on which to hang the beef) The benefits of hygienic slaughter and refrigeration can be lost in the process -- it takes 40 minutes to load the plane and another 30 minutes before the plane is at sufficient altitude for natural refrigeration. Moreover, plane transport can be undependable. Some days the planes may not arrive, or cannot leave. The alternative, overland transport to La Paz, is not feasible because it can take a week or more for the return trip.

Besides these logistics problems, there has been a major shift in marketing strategy since the original feasibility study. Originally, FRIGASA planned on marketing specialized cuts of meat for an upper-middle class market. The higher prices for premium cuts would justify the higher processing costs of slaughtering and refrigeration. The slaughtering plant, however, was not designed for cutting custom cuts of meat. Thus, this important innovation has yet to be implemented, with the result that FRIGASA can only sell meat at the prevailing median price.

E. Remedial Actions Being Taken

The present program anticipates correcting the technical problems at FRIGASA, initiating an aggressive marketing program, and providing technical assistance and training to FONGABENI. While much of this program is pertinent and needed, a reconsideration of assistance needed in the near term is warranted.

As planned, the technical problems at FRIGASA must be resolved as quickly as possibly, surely within the next three or four months. At the same time, it is imperative that the marketing program be initiated immediately.

The feasibility studies are all essentially desk studies that assume that a certain percentage of the privileged sectors will buy FRIGASA meat at premium prices. There have been no field marketing studies to confirm these assumptions. (Several are underway or planned.) This is a major concern, for marketing has always been a bottleneck for livestock production in Beni. Indeed, the few ranchers this team had opportunity to talk with all expressed doubts about FRIGASA's present market share and its potential. If the FEGABENI/FRIGASA program is to work, marketing must become an absolute and immediate priority.

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The program for FEGABENI support after the slaughterhouse is operating well raises some important questions. Essentially, the program aims to help develop the livestock credit fund, a veterinary supplies network, and a hides collection network. The program will also fund a regional livestock development plan for Beni.

The regional development plan is an absolute necessity, for FEGABENI cannot now prioritize its actions. That is a major concern. Since its founding, the Federation has supported the same activities, often with no benefit.

Credit programs are a striking example. No credit program in Beni has worked to date and, as has been discussed, none will work under present conditions. To assist the credit organization in the region, FONGABENI, to develop to where it can implement another donor's program is a disservice, for FEGABENI could be liable for a large share of any defaults. These funds could perhaps be better used in trying to extract greater benefit from the FRIGASA program. Here, the deciding criterion must be the profit gained from the resources invested. A rendering plant promises proportionately small return -- and almost looks like a case of throwing good money after bad. The tannery, by contrast, could provide greater return, and might also generate employment in the regional leather-working industry. (Environmental considerations would be important if this enterprise is developed.)

In summary, the future program of assistance to FEGABENI must look at the organization as part of a system. The analysis must look for points of intervention within that system that do not greatly increase the debt burden of the Federation <u>and</u> promise significant returns on investment. Only when the Federation is on a stable financial footing will the aims of the PAO Project have been achieved. And, only then, will the Federation be able to undertake the many projects of service to its members that it aspires to implement.

Annex 3

Case Study

Asociación Boliviana de Floricultores (ASOBOFLOR)

I. Introduction

The Asociación Boliviana de Floricultores (ASOBOFLOR) presents a very clear case where Private Agricultural Organization (PAO) Project intervention has facilitated the early growth of a producer association through establishing a marketing service. Launching the export service firm (SERVIFLOR) under ASOBOFLOR has had important early results. The major concerns at this time revolve around long-range institutional development and planning. The PAO contractor has not provided needed organizational assistance to ASOBOFLOR, which therefore has an ill-defined relationship with SERVIFLOR. In fact, the auxiliary or secondary agency, SERVIFLOR, may absorb the PAO Project client agency, ASOBOFLOR.

SERVIFLOR is, with the collaboration of the PAO contractor, embarking upon an ill-considered strategy of development -- creating flower reception stations in other departments of the country -- before the preliminary successes of SERVIFLOR have been consolidated in Cochabamba and without the requisite feasibility studies that would permit reasoned assessment of the probabilities of success of such an extension. This is a particularly important concern, for there are numerous small flower producers in Cochabamba, with whom the original diagnostic repeatedly emphasized the association should work but who are now being overlooked.

II. History

ASOBOFLOR was founded in 1983 by a small group of flower growers. The association has not grown appreciably in membership since then. The original 18 members have been joined by 6 other individuals with an economic interest in flower exports. Despite assistance provided by the PAO Project to strengthen the institution, the association can fairly be described as embryonic, with little staff and institutional base. In fact, providing long-term technical assistants (including a secretary) has enabled the transfer of full-time personnel from ASOBOFLOR to SERVIFLOR. There are today no full-time employees not paid by the PAO project, although there were when PAO activities were initiated. Today, ASOBOFLOR runs the risk of being absorbed by its subsidiary enterprise, SERVIFLOR. An overview of the membership, functions, and institutional base of the association supports this interpretation.

A. Membership

ASOBOFLOR was founded in 1983 by 18 flower growers. Membership has increased slightly, to 24, as a few business partners of the original growers have joined the association.

The membership is characterized by a few very active individuals whose dedication and work have brought the association back to life. Several large growers who have their own direct marketing channels to brokers in Miami (5 of the 15 producer members) belong to ASOBOFLOR but are passive members. They pay their monthly dues but do not participate in most meetings. These members use the services provided by SERVIFLOR.

Until 1987, membership was effectively limited by the requirement that applications be vetted by a Technical Committee, which in fact did not exist. That obstacle was overcome by having the Directorate pass on applications from potential members. The only requirements for admission are that the applicant be producing roses within six months of the application and that he or she pay an initial fee of US $100. All members are expected to pay a monthly fee of US $10 thereafter (See Section D, Financing).

Membership has remained low because rose growers have had several technical and marketing setbacks, because the organization has offered few services to members, and, for small producers, because the initiation fee and monthly dues are prohibitive. These factors constrain membership and limit the financial base for operating expenses (Section II.C.4).

B. Roles of the Organization

Since its creation, ASOBOFLOR has, fitfully, performed several functions for its members, including providing credit, lobbying, marketing, and technical assistance. The role of the organization seems to have changed with the needs of the times and the assistance proffered by donors. The problem today is that, with PAO's creation of SERVIFLOR, the role of neither organization is clearly defined, and ideas about which organization should perform what functions overlap and conflict. Therefore, this section will review the different roles performed by ASOBOFLOR over time. The final part of the section will discuss the varying views of the probable future roles for each organization, as they are now expressed.

1. Credit

Based on an FAO/UNDP study of floriculture in the Cochabamba Valley, USAID financed a credit project for growers through the regional development corporation, COREDECO. Unfortunately, economic and technical problems dealt a severe blow to this endeavor. Hyper-inflation made it difficult for producers even to survive. In addition, flower plants imported from Brazil arrived before the greenhouses, growers were unprepared, the plants were left outdoors for more than a year, and many of them died. (Even today, some of the plants have yet to be distributed and are kept in an outdoor plot.) Moreover, some of the plants were diseased, which added to the problems. All these factors left many small producers with a large debt and little production. This and similar experiences have left the flower-producers with a poor reputation for repayment among local bankers.

Today, many growers carry a heavy debt load even as the flower sector suffers a dearth of credit. Neither ASOBOFLOR nor SERVIFLOR can yet provide credit to their producers. The cooperative in Punata has supplied some credit to a few growers in its association, but this credit is limited and most growers are at their ceiling. The only source of credit is, therefore, the local banks, which are wary of the sector based on their earlier experiences.

2. Political Lobbying

A small organization such as ASOBOFLOR, which has few members and little economic clout, has little possibility of lobbying successfully for policies that would benefit the subsector. The only action the organization has undertaken has been to lobby for removing import taxes from necessary inputs such as rose bushes.
In future, the association intends to expand its lobbying activities for the indirect benefit of producers, including agenda items such as real estate taxes, input taxes, etc. However, the association's success will depend on the number of voters involved (never likely to be large), the economic importance of the industry, and its political pertinence in the international arena.

Some persons believe lobbying will be ASOBOFLOR's major activity. Whether this comes to be true depends upon the number and type of other services that the organization provides its members. This matter is discussed more fully in the final part of this section (Part 5).

3. Productive Enterprises

Marketing is the key activity in rose production, and rose growers have always been most interested in exporting their production. Grower's experience in marketing their flowers has long been unfortunate. Poor technical control during production has reduced the quality of the roses -- particularly the strength of the stems. Consequently, only a small percentage (20%) of the roses shipped are accepted by brokers. Moreover, the wholesale rose market is dominated by a few brokers who depend upon growers able to provide continuous supplies. Brokers will accept episodic shipments during peak sales periods, but their attention and good will is directed more toward their long-term clients. Acceptance rates can, therefore, be low, and repayment periods quite long.

In both 1988 and 1989, shipments of roses to Miami brought scant return. During this time, the association was borrowing its members' facilities to collect and prepare the shipments. In 1988, the shipment brought scant return because the roses were of poor quality due to technical difficulties in production, inadequate post-harvest controls, and the lack of a refrigeration network.

In 1989, the economic loss -- approximately US $70,000 -- was complete. In his instance, a consultant employed through the PAO Project independently negotiated a contract with the association to ship the flowers through his firm in Miami. The consultant's import firm, which was known to have financial difficulties, went bankrupt. With project assistance, the growers investigated the possibility of legal action against the importer/consultant, but the accounting firm engaged for this investigation was unable to obtain all of the necessary documents from the importer. The growers were unable to recover any benefit from their shipment.

The failure of this attempt impelled the creation of an independent export marketing service. A round table was held in September 1989 to consider the possibilities of establishing an export marketing service. A general manager and rose agronomist were

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hired to staff the new export service. Funds for the undertaking were approved by PL 480 in December, and ASOBOFLOR found and equipped a locale by mid-month. SERVIFLOR expedited its first shipment of flowers to Miami in January 1990, in time for the Valentine's Day market.

This shipment was a success. The farmers who followed the technical production recommendations of the rose agronomist sold 70 percent of their production in the international market; those who followed the recommendations less rigorously were able to sell smaller proportions of their production. The price at this peak selling period -- US $0.85 per stem to SERVIFLOR which kept 20 percent for its costs and paid the producers US $0.70 per stem -- has interested more producers in improving the technical production.

SERVIFLOR was organized in near record time, and, happily, had initial success. Nonetheless, the service faces several problems.

1. Not all members of ASOBOFLOR are interested in shipping through SERVIFLOR. In fact, the largest growers, who are passive members of ASOBOFLOR, continue to ship directly to their brokers in Miami. (SERVIFLOR is refusing to provide technical assistance to these growers in an attempt to pressure them into shipping through the service.)

2, SERVIFLOR must make continuous shipments to maintain both its presence in the international market and its grading and processing staff in the reception shed.

3. SERVIFLOR has a large (US $285,000) loan from PL 480 that must be paid.

These considerations all figure in the SERVIFLOR development strategy, which is at odds with the ASOBOFLOR program under the PAO Project. This matter is treated in detail in Section VI.

4. Services to Members

Until recently, ASOBOFLOR focused on marketing members' production and has provided few other services to its members. Thus, the main sources of information for growers were agents of equipment and input supply companies. ASOBOFLOR still provides few services to its members. But, with the creation of SERVIFLOR, growers who ship through that service now obtain important technical advice and inputs. In other words, SERVIFLOR is coming to provide the services that originally were intended to be provided by ASOBOFLOR. (The contradictions between the ASOBOFLOR and SERVIFLOR programs are discussed in Section VI.)

The technical production of roses has been deficient for several reasons. Rose production can require a significant investment. Greenhouses and plants for the minimum recommended rose enterprise of 5,000 m^2 cost approximately US $250,000-300,000. Consequently, many rose growers are not personally involved in production. Typically, both the workers and their supervisors are hired to carry out the production operations.

In this situation, initial preparations, set-up, and production operations may not be based on sound economic or technical advice. For example, some growers invested in unnecessarily expensive metal-frame greenhouses on the advice of an Argentine sales agent. Less expensive, plastic-covered, wood-framed sheds of local manufacture would have sufficed. In another instance, growers who purchased plants from a Brazilian nursery put three roses per row in the bed on the advice of the supplier. The recommended spacing for technical reasons is two plants per row. At two plants per row, the plants do not become entangled and are easier to tend and spray.

Other deficiencies in setting-up the operation occurred because little or no advice was available. Roses were planted in beds with inadequate soil preparation and the hard clay soil compacted, cutting off the circulation of air, water, and nutrients and thus shortening the productive life of the plants. Irrigation systems of all types were installed in different greenhouses, although the recommended system is a ground-level dispersion system. And, concrete walkways were laid between beds in other greenhouses.

Beyond these infrastructural problems were a series of technical production deficiencies. Greenhouse vents were often operated incorrectly, thus allowing wind-borne spores to invade the greenhouse. Plants were not pruned to force strong shoots or to allow programmed shipments of flowers. Plants were not or were improperly fertilized, etc.

These technical deficiencies caused the quality of roses produced to be very low, with a low acceptability in the international market.

SERVIFLOR is addressing these difficulties through close technical supervision allied with input supply. Some difficulties cannot be eliminated for economic reasons: it would cost more than it is worth to uproot the plants to prepare the soil or re-space bushes according to the present recommendation. In such cases, the SERVIFLOR technician recommends measures appropriate to each situation, such as preparing the soil in the walkways so that the plant roots can grow toward the perimeters of the beds. At the same time, the technician is providing valuable assistance in the technical manipulation of the rose beds, e.g., how to prune for sustained yield and when to prune for continuous production. Although the situation at the outset appeared rather desperate, matters are improving importantly, and, with continued assistance, many technical problems will disappear in time.

C. Institutional Base

ASOBOFLOR has a very weak institutional base. Unless remedial action -- in particular, long-range strategic planning -- is implemented soon, the organization risks being absorbed by its subsidiary enterprise, SERVIFLOR. The following sections detail the present situation.

1. Governing Body

The governing body of ASOBOFLOR is the Assembly, which meets yearly. The Assembly elects the President of the Directorate, the other members of the Directorate (Vice President, Treasurer, Secretary, and three members at large), approves the budget proposed

by the Directorate, and passes on any resolutions proposed by the Directorate.

ASOBOFLOR has only 23 members, 7 of whom serve on the Directorate, therefore there is a high level of direct participation by most members of the association. Nonetheless, ASOBOFLOR has had only two Presidents since its founding, the first from 1983 through 1986, whereupon the then Vice President assumed those duties, which he continues to discharge today.

There is a significant overlap in the Directorates of ASOBOFLOR and SERVIFLOR. In fact, half of each board serves on the other. The same individual is President of both organizations. The Vice President of ASOBOFLOR is the Secretary of the Directorate for SERVIFLOR. And one individual is a Director at Large on both boards.

2. Staff

ASOBOFLOR has never had any full-time staff paid by the association. Earlier, one member provided the part-time assistance of one of his employees. Now that the PAO Project supplies two full-time staff, the association has no staff directly on its payroll, nor are any contemplated for the immediate future.

From its inception, ASOBOFLOR has depended largely on voluntary labor from its members. There were at the time of the diagnostic study no paid staff. Most matters of the association were then handled directly by association members in their capacity as association officers. Members would lend an employee from time to time, as needed.

Today, the PAO Project provides two staff members -- the general director and a secretary. There are still no full- or part-time staff paid by the association. Given this situation, it is almost senseless to speak of institution building, even though ASOBOFLOR is committed to hired these individuals as full-time employees when project support ends.

Figure 1 depicts the organization of ASOBOFLOR at present. The association is at best skeletal. Significantly, ASOBOFLOR had a Marketing Unit, staffed by a part-time bookkeeper, until marketing was taken over by SERVIFLOR.

SERVIFLOR staffing is not much fuller. The export marketing service has a general manager, a rose agronomist -- paid by the PAO Project -- and an accountant. The general manager oversees the operation of the export business. The agronomist provides technical assistance to producers and doubles as the manager of the reception and grading shed. The accountant monitors quantities of roses shipped by producer and pays each producer within a specified time after sale. The accountant also doubles as the warehouse manager for input supply, filling the orders recommended by the rose agronomist. Figure 2 depicts the present organization of SERVIFLOR.

3. Physical Infrastructure

ASOBOFLOR has no physical infrastructure apart from some furniture, a computer, and a telephone system donated by USAID under the PAO Project.

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FIGURE 1.
ASOBOFLOR ORGANOGRAM & STAFFING

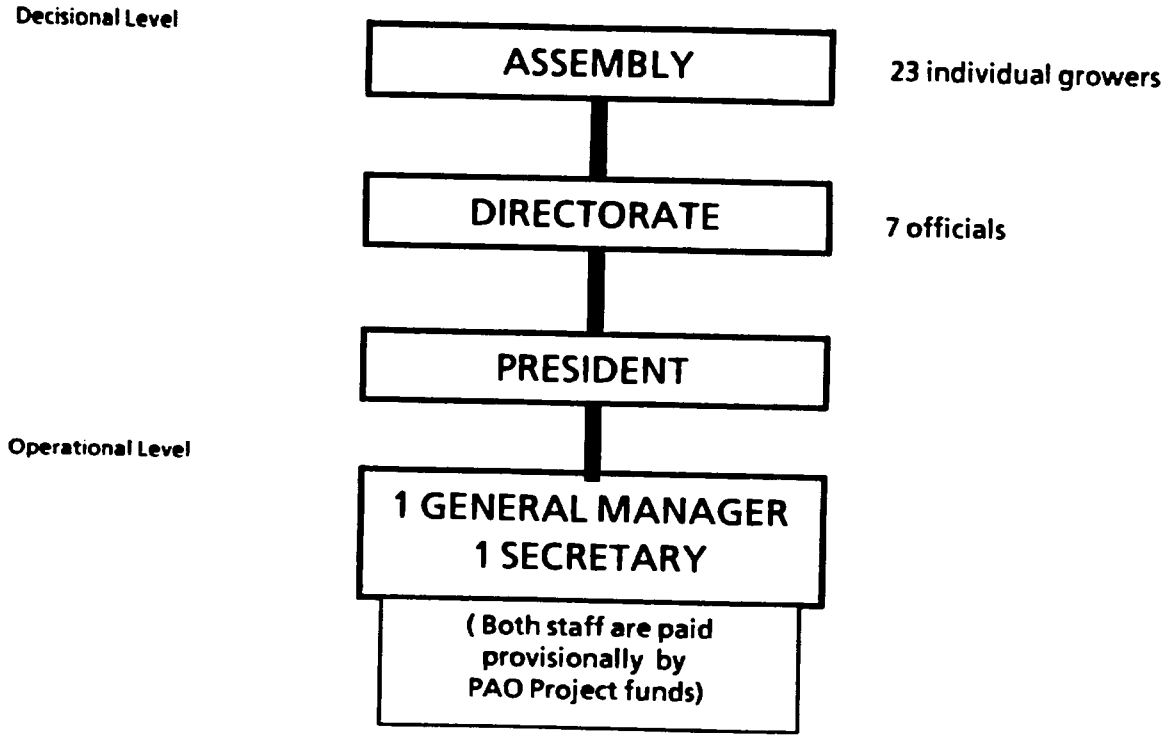
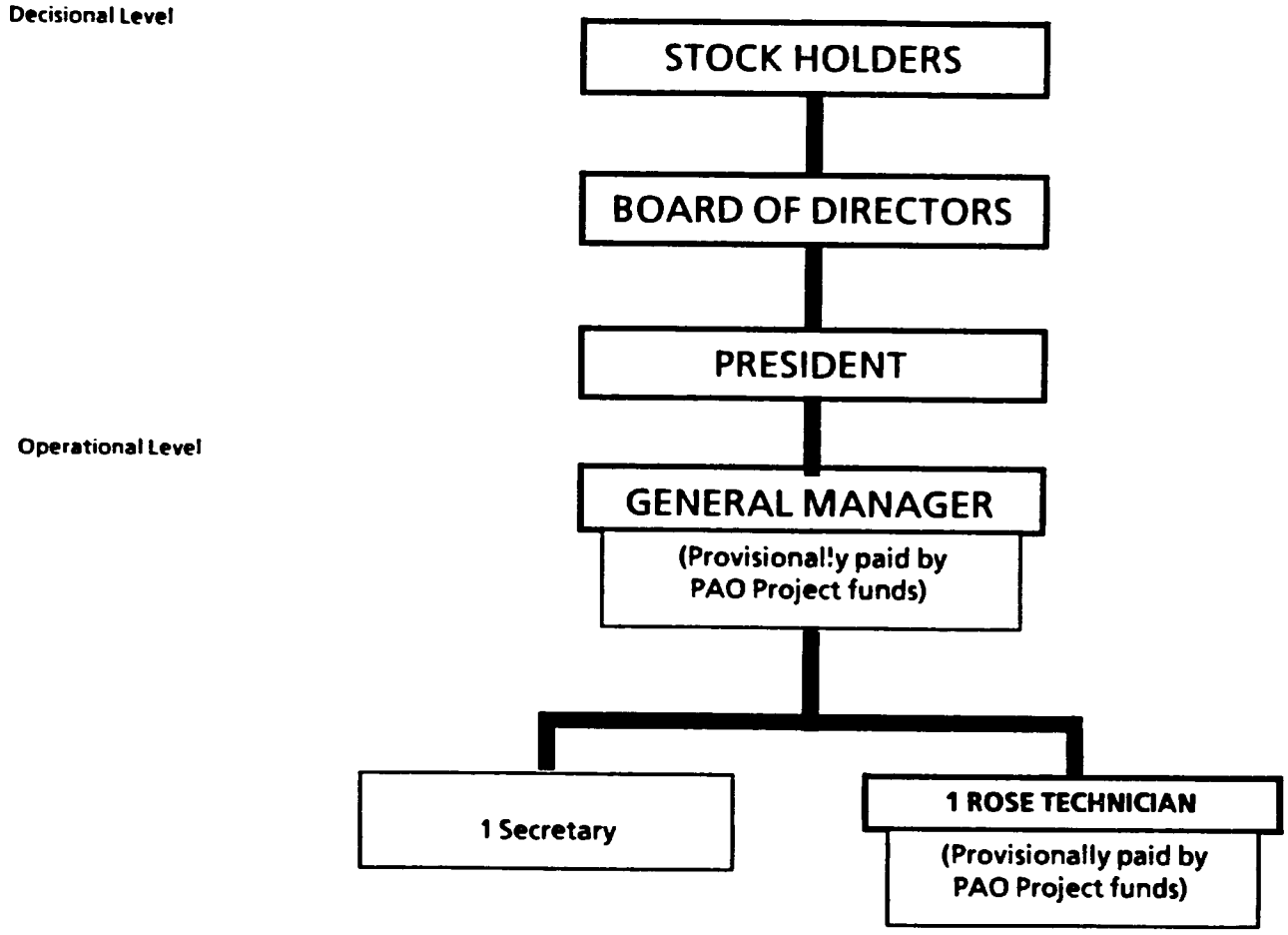


FIGURE 2.
SERVIFLOR ORGANOGRAM & STAFFING



ASOBOFLOR rents space from SERVIFLOR at US $70 per month for two offices and a conference room. (SERVIFLOR also rents its packing/office space, but significantly improving the building, which is a packing shed with space cordoned off for offices. Most importantly, SERVIFLOR intends to install a large refrigerated chamber for holding flowers before shipment.) It is anticipated that in the future, this rent will be deducted from payment of SERVIFLOR dividends to ASOBOFLOR.

Other equipment, most importantly, a truck with a refrigerated chamber for picking up flowers from producers and for delivering graded flowers to the airport for shipment, was donated to ASOBOFLOR which then ceded the truck to SERVIFLOR in return for shares in the export enterprise. ASOBOFLOR also has a Chevrolet Blazer, which has proved uneconomical to operate and expensive to maintain.

4. Financing

ASOBOFLOR is financed entirely by member contributions. Presently, there is a US $100 initial fee and a US $10 monthly fee.

Because the association's financial base has proved insufficient, the Directorate is planning to present to the Assembly a budget that will increase the monthly membership fee to US $50. This higher fee will effectively prevent small producers from joining the association.

The alternative of increasing the number of members to increase the association's operating funds is known to the Directors, but they do not consider it a viable alternative to a significantly higher monthly fee. In part, the difficulty is that smallest producers will only be admitted as members of already existing production groups, along the model of CIS-Punata. On the ASOBOFLOR rolls, Punata's members are inscribed as a single unit.

ASOBOFLOR officials hope that the association will become strong enough to obtain credits that will allow it to finance part of the association's operation from the spread in interest rates between the money lent to the association that is then relent to growers.

Another option, not considered viable by ASOBOFLOR officials, is the ANAPO model of retaining a small percentage of the value of the produce marketed. ASOBOFLOR officials maintain that the existence of private growers who export directly would result in much production being shipped through those exporters if a service fee were charged.

This argument ignores two important factors. First, a multiplicity of reception points does not necessarily impede the implementation of such a plan. As with ANAPO in Santa Cruz, the association could work to gain the confidence of all shippers, who are not numerous. Second, if SERVIFLOR provides better service, a better price, or both, producers will naturally gravitate toward that agency and away from existing private exporters.

III. Problems Identified in the Diagnostic Study

A diagnostic case study was conducted at the beginning of the PAO Project to identify concerns in the sector, the institution, and in the services provided. The diagnostic study

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pointed to five areas of concern: differences in the size of landholdings; constitutional concerns; administrative and organizational concerns; financial considerations; and the provision of services.

1. Differences among producers very much influence ASOBOFLOR actions. The largest group of members is composed of small producers, who dominate the Assembly and the Directorate. These producers are most concerned with production matters and with the services provided by the association. Perhaps in consequence, ASOBOFLOR has served the larger producers less than the smaller producers.

2. The diagnostic describes several constitutional concerns. For example, new members can be admitted to the association only upon qualification by a Technical Committee, the composition of which is not defined and which does not exist. Both Annual and Extraordinary Assemblies can mortgage the property of the association. The role of General Director was performed by the President of the Directorate on a voluntary basis, which tends to stymie institutional development. Certain positions lacked clear definition. Directorate members could be indefinitely re-elected. And, the participation of the association in private enterprises is not defined.

3. The diagnostic notes, "the association is in a first phase of development" (p.16). There is no director or secretary. Administrative and financial matters are handled very informally. Indeed, the President of the association also serves as head of the Marketing Department, which position consumes most of his time and attention.

4. ASOBOFLOR lacks any endowment or operating expenses, which limits its institutional growth.

5. The report notes a series of deficiencies in services to producers. Marketing, which is the major service provided members, is performed by a small group of members. The association has no truck; it uses one owned by a member. The association has no grading and packing facility, again using one provided by a member. The association has no refrigeration facilities; whenever possible it uses those owned by three members. And, the association depends upon a single import broker in Miami, who typically pays for shipments a month and a half after delivery. All other association services -- input supply, training, technical assistance, lobbying -- "are relatively new and predominately limited to resolving problems of the small producers" (p.19).

IV. Development Strategy

The diagnostic study proposes a two-level development strategy for ASOBOFLOR: 1) to strengthen the association with a view toward providing services to all the producers in the region, and 2) to establish a marketing enterprise for of small producers.

As can be appreciated from the diagnostic, institutional strengthening consisted of several activities, which can be summarized as:

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- Review the association's constitution and statutes, with particular attention to the requirements for membership and the way in which small producers can participate (e.g., the 26 campesino producers in the Punata cooperative) and to defining the association's functions.

- Create an organization, with a secretary to maintain records, accounts, and correspondence, to separate association matters from marketing concerns.

- Consider new or additional membership fees based on the quantity of flowers sold through the association or the area planted and implement an accounting system for member fees.

- Provide technical assistance in production matters, perhaps supported by a direct charge or fee to producers.

- Conduct a study of the domestic flower market to determine demand, marketing channels, etc.

- Conduct a similar study for the export market.

Similarly, several actions were proposed to assist small producers. These included:

- creating a marketing enterprise,

- conducting a feasibility study for the organization of small producers, and

- providing technical assistance.

The support provided under the PAO Project is succinctly presented in the diagnostic study and warrants citation here in full.

> *En principio el apoyo del Proyecto OAP estaría dirigido a consolidar el grupo de pequeños productores de flores, estableciendo una empresa de comercialización y elaborando un estudio de factibilidad que permita la obtención del financiamiento necesario. Esta empresa deberá tener una conformación lo suficientemente flexible como para permitir el ingreso de menos asociados (i.e., los floricultores de la Cooperativa Integral de Punata).*
>
> *Paralelamente, el Proyecto podría apoyar en la conformación de un servicio de asistencia técnica a los asociados, en base a la provisión de entrenamiento de corto plazo a un profesional seleccionado por los mismos floricultores. De igual manera, se proporcionaría capacitación y asistencia técnica a los responsables del grupo en relación a la comercialización externa de flores, particularmente en los Estados Unidos y Canada. Apoyos adicionales irían siendo provistos de acuerdo a los resultados de la asistencia inicial.*

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V. Technical Assistance Provided to Date and Projected

A. Technical Assistance to Date

The PAO Project has provided significant assistance to ASOBOFLOR and, through it to SERVIFLOR.

The project has conducted several studies for ASOBOFLOR to help it organize the flower export service; has provided some equipment, including furniture, a telephone system, and a vehicle. (The vehicle, a Blazer, is uneconomic to operate.) The project is financing the entire ASOBOFLOR staff, a general manager and a secretary. Soon, two rose technicians, trained by the SERVIFLOR agronomist, will join the staff. The professional staff has participated in management seminars, and two courses, one in soil management and one in post-harvest techniques, are planned for growers.

As has happened with other initiatives under the PAO Project, most assistance has been directed toward the marketing agency. Most of the studies under the project have concerned the export market. The project has financed observation trips for SERVIFLOR officials so that they could learn about the international export market and its requirements. The project also placed a general manager in SERVIFLOR, to manage the administrative matters of rose exportation, and a rose agronomist, to assist with the technical aspects of production. The rose agronomist also doubles during harvest season as manager of the classification shed. [Parenthetically, the rose agronomist is provided through CIS-Punata, so that the cooperative can buy shares in SERVIFLOR. Despite this association, the agronomist has spent little time helping the small growers in Punata simply because of the exigencies of mounting such an operation so quickly.] Most importantly, the project facilitated a loan to SERVIFLOR so that it could rent and rehabilitate a shed for classification and packing and install refrigerated chambers.

B. Technical Assistance Projected

The future development plan for ASOBOFLOR and SERVIFLOR is confused. Unless ASOBOFLOR increases its membership, it may succumb to SERVIFLOR, becoming little more than a small suite of offices in the SERVIFLOR building. Meanwhile, the development plan for SERVIFLOR has changed dramatically in the last six months, and remains undetermined. These matters are discussed more fully in the following sections, which consider problems encountered and remedial actions to be taken.

VI. Assessment of Problems Encountered and Remedial Actions

The essential concern ASOBOFLOR's organization is that, with the creation of the export marketing service, SERVIFLOR, almost all attention and funds are being directed toward the subsidiary service, very much to the detriment of the client association.

Moreover, the forced growth of SERVIFLOR is not being carried out in accord with the original strategy. That strategy aimed to strengthen the growers' association through

shipments to the national market in the first year, with only episodic shipments during peak holiday periods in the export market. In this manner, it was planned that the producer association and the marketing agency could effect needed technical changes and be assured of quality flowers for constant shipments to the international market. This is the only strategy that has been scrutinized, and it has been determined to be economically and financially feasible.

A very different strategy is now being implemented. The new strategy not only depends wholly on the international market but also involves extending SERVIFLOR's marketing services to centers in other departments. In the cases of both Tarija and Sucre, there are presently no flower producers who do not export directly, so an entire industry must be built from the bottom up. At a very minimum, that this strategy is being implemented without the requisite organizational, financial, and economic feasibility studies runs counter to the fundamental principles espoused in the PAO Project Paper, which stresses organizational development and long-term planning.

A. Forced Development of SERVIFLOR

The development strategy for SERVIFLOR, as late as October 1989, was one of gradual growth, so that growers could improve their production and the marketing service could gain needed experience in processing and shipping.

The Ronco Consulting Corporation (RONCO) feasibility study for SERVIFLOR (October 1989) is very clear on this point.

> *El proyecto de SERVIFLOR prevé que en el año 1, la producción de flores estará principalmente destinada al mècardo interno y, tan sólo se procedería a exportaciones puntuales en fechas especiales al mercado de Estados Unidos* (p.7).

Within six months of its definition, this strategy has been changed radically. The current strategy is to produce continuously for the export market. The strategy is based on the premise that continuous, small (45 cases of flowers shipped twice a week) shipments will maintain a presence in the international market, gain a slender but constant market share, and earn producers greater return. This strategy minimizes the technical and organizational concerns that underpinned the earlier gradualist strategy.

The new strategy, it is argued, recognizes two imperatives. First, to obtain the requisite number of flowers each week, SERVIFLOR will have to immediately extend its services to growers in additional departments of the country. Second, to meet its debt obligations, SERVIFLOR must increase the volume of flowers it handles.

Neither argument for a quickly expanded role for SERVIFLOR withstands scrutiny. In the first instance, sufficient flowers to meet the needs for a continuous presence in the international market are available from growers in Cochabamba who already ship through SERVIFLOR. According to the rose agronomist, in consultation with the SERVIFLOR general director, it is necessary to ship a minimum of 60 cases of acceptable flowers a

week. Allowing for a 30 percent loss and rejection rate, SERVIFLOR must therefore ship 45 cases twice a week or 90 cases a week. During a month, this represents approximately 250,000 stems. From a production perspective, 250,000 stems per month represents 2.5 hectares under covered production. (The technical data are: 8 plants/m^2, producing 1.5 flowers/month; 250,000 stems divided by 12 flowers/month/m^2 equals 25,000 m^2 or 2.5 ha.) Cochabamba growers who ship through SERVIFLOR already have three hectares in greenhouse production.

In addition, there are another seven hectares in production from which flowers are shipped through other local outlets. Further, there are some very small producers who have their own greenhouses in rose production. For example, four small producers in Punata have a total area of just under half a hectare. And, there are other small producers in the region who were not visited by the evaluation team.

Therefore, according to SERVIFLOR's own data, there is already sufficient production available in the Cochabamba area to meet its needs for a continuous presence in the international market.

The second reason used to justify SERVIFLOR's rapid extension -- the necessity to handle more flowers to meet its debt obligations -- fails for the same reasons. In the view of the SERVIFLOR general director, the volume of flowers necessary to maintain SERVIFLOR's economic and financial viability is identical to the number necessary to maintain a continuous presence in the international market. (This identity does not ordinarily hold, for the two concerns are quite distinct.) Because the Cochabamba area already has the infrastructure to produce enough flowers for the international market, it follows from the SERVIFLOR data that the area already possesses enough production to sustain SERVIFLOR under either developmental strategy.

The essential problem is that many of the arguments being used to justify the new strategy are unfounded in that no studies have been carried out to support the claims for the revised strategy. The crux of the problem lies in the contention between such ad hoc planning, which in the past has led to a long series of disasters, and careful long-term planning, which promises greater probability of success. Although additional studies will soon be carried out, they come too late, and their findings may be compromised.

Implementing the new strategy causes three serious concerns.

1. The PAO Project has already raised expectations in at least one department by holding a general meeting to ascertain interest in flower production there, even though no feasibility studies have examined the possibilities of such an undertaking.

2. SERVIFLOR is a new enterprise with few staff and little experience. Whether the organizational strength of such an agency can be stretched so quickly into an extended network of producing centers has received no attention to date. All planning at present is based on a single, and early, success in export marketing.

3. Importantly, there are small producers in the Cochabamba area who are already growing flowers, some under cover. These growers are already taking significant risk to produce a crop that is wholly commercial. These growers merit support from the PAO Project now that the infrastructure to assist them is in place in the region. Moreover, serving these growers could enable SERVIFLOR to attain one of its necessary aims -- diversification in the types of flowers marketed. These small growers already produce the carnations and chrysanthemums that SERVIFLOR needs to complete its shipments.

This last concern points out a fundamental question for the PAO Project. Essentially, there are two development strategies. One is to extend the SERVIFLOR marketing services to other departments and specialize in roses. The other is to consolidate the progress to date by reaching out within the Cochabamba area to incorporate smaller growers within the ASOBOFLOR/SERVIFLOR network. Evidently, a decision has been taken in favor of the first strategy. But this decision was taken without additional studies and without full and careful consideration of the alternatives. Now that these studies will be done after the fact, it is imperative that they be done impartially, without regard to decisions already taken.

B. Underdevelopment of ASOBOFLOR

The push to develop SERVIFLOR has adversely affected the ASOBOFLOR's development, the client association, in several ways. There are now fewer staff and less organizational development. And, there is no coherent organizational plan for future development. Unless this situation is redressed, ASOBOFLOR will be outshone by SERVIFLOR, if not absorbed by it.

Creating SERVIFLOR reduced ASOBOFLOR's staff. ASOBOFLOR used to have a Marketing Department, staffed by part-time, voluntary labor. This function has been transferred to SERVIFLOR. Thus it can properly be said that ASOBOFLOR is <u>devolving</u> in direct relation to SERVIFLOR's evolution.

No less importantly, ASOBOFLOR has no clear, coherent development plan. Individuals in the association each express different hopes for the future. These individual views are not contradictory, but neither do they add up to a coherent development. After collating these views, one might say that in the future ASOBOFLOR will have two aims: to increase its membership, and to lobby for favorable policies.

ASOBOFLOR officials and staff also hope to undertake several other initiatives for their membership. Now that the PAO-funded SERVIFLOR rose agronomist is training two technical assistants for the association (one of whom is a woman), ASOBOFLOR will be able to provide technical assistance. The association hopes to publish a monthly informational letter for members. And, when the association is organizationally strong enough, it hopes to be able to provide credit to its members.

These hopes are very similar to those forcefully expressed by SERVIFLOR staff. In their view, ASOBOFLOR is an association created to defend the interests of its members, and SERVIFLOR is a profit-making enterprise focused on flower export. They believe, however,

that it will not be possible to maintain export-quality production without close technical supervision that provides not only recommendations but also the inputs, and, to the extent necessary, credit. In brief, SERVIFLOR staff consider it necessary to intervene directly in all production matters to maintain and ensure the quality of the produce they receive. ASOBOFLOR, in this view, would be relegated to a political lobbying body.

The recent creation of SERVIFLOR has, in sum, created a situation that is very much in flux. The difficulties of mounting an operation such as SERVIFLOR in a very short period of time required almost full-time attention. It would have been a luxury to try to work out the compatibility of goals of the two organizations when every day new and difficult questions had to be resolved to birth and wean SERVIFLOR. The time and attention needed to make SERVIFLOR an initial success simply did not allow other considerations.

That written, it must still be recognized that the failure to define a long-term development plan for ASOBOFLOR, which had long planned a marketing service, has greatly exacerbated the situation. Had a plan for organizational strengthening been defined early on, before the necessities of SERVIFLOR arose, the present situation might not have occurred.

C. Conclusion

Project assistance to the flower growers' association of Cochabamba raises two important practical and philosophical concerns.

First, the enterprise established to facilitate the organizational strengthening of ASOBOFLOR could, unless remedial action is taken, reduce the association to irrelevance. SERVIFLOR was created to help ASOBOFLOR develop as an organization. At this time, however, ASOBOFLOR risks being absorbed or overwhelmed by SERVIFLOR. For, given the expressed aims of SERVIFLOR in production, input supply, and technical assistance, it is unclear whether the parent organization is even necessary.

The philosophical question is no less difficult: whether the project aims to instigate agricultural development through organizational strengthening, which can multiply in the future, or through enterprise development, which will likely not foster similar endeavors. As a staff member of one of the organizations said, the project contains a contradiction in trying to support enterprises for organizational development. This seeming contradiction can only be resolved by establishing clear priorities in goals.

Second, the development strategy for the subsidiary enterprise is not being followed. Practically, the current strategy poses significant risks, which have not been assessed. Moreover, alternative development strategies have not been weighed.

Philosophically, the question is whether a project that presumes to foster rational long-range planning can, in the press of events, jettison one plan and invent another out of whole cloth. To be clear, the question here is not whether the new strategy can work, but whether it has been implemented in a way that accords with the overall aims of the project.

Annex 4

Case Study

Cooperativa Integral de Servicios Cochabamba, Ltda. (CIS)

I. Introduction

The Cooperativa Integral de Servicios Cochabamba, Ltda. (CIS-Punata) is one of four regional cooperatives in Bolivia that act as umbrella organizations for small-producer groups. Reportedly, CIS-Punata is the best managed of the four. Punata weathered the hyper-inflationary period by investing in huge stocks of agricultural equipment, which it is now trading for other supplies. Punata has developed a workable credit system, although there are difficulties with repayment. And, the cooperative is helping small producers organize to overcome production and marketing bottlenecks. Thus, CIS-Punata represents one opportunity for the PAO Project to lend needed assistance to a viable organization that, significantly, works entirely with small producers.

II. History

CIS-Punata was formed in 1975 from an assortment of 14 local cooperatives that were established after the 1952 agrarian reform. It is the amalgamation of several of disparate groups -- in 1970 there were at least 125 different groups in the area -- and thus the umbrella organization for numerous local groups, that have been consolidated over time.

A. Membership

CIS-Punata is composed of 26 Grupos Asociados de Base (GABs) and seven sub-GABs. The sub-GABs were created because some groups were too large. At a minimum, a GAB must have 30 members; the ideal is 150 persons. Today, CIS-Punata has 5,000 members.

B. Functions of CIS

1. Credit and Input Supply

Credit and input supply have long been the financial mainstays of the CIS-Punata operation. At present, the cooperative has a line of credit from FENACRE, which it provides to members at near cost. (The cooperative pays 11% interest on the funds, and charges 13% to its members; the 2% spread represents 12% of the cooperative's income.) Despite these favorable rates, repayments by members are in arrears, so that the US $1,500,000 loan fund available in 1986/87 now stands at only $781,000.

Fertilizer supplies are provided by the Ministry of Agriculture and Campesino Affairs from international donations.

2. Political Lobbying

As a matter of policy, the cooperative eschews political lobbying.

3. Productive Enterprises

CIS-Punata has run only one productive enterprise. In 1986, it organized a milk collection system for producers. The cooperative hoped to collect milk from many small producers and deliver it for sale to the government-owned dairy, PIL. The costs of collecting small quantities of milk, however, proved greater than the proceeds. As a result, the enterprise was suspended.

4. Services to Members

Technical assistance to members has been the only other service provided by CIS-Punata. In the past, this assistance was paid for by the government. Today, the cooperative has its own small staff, which is trying to provide the information needed by producers.

C. Institutional Base

Over the years, CIS Punata has benefited from various donations and government programs. Today, the cooperative possesses a basic physical infrastructure and has a small, but strong, management and technical staff.

1. The Governing Body

The governing body of CIS-Punata is the General Assembly, which meets once a year to review proposed activities and to approve the next-year's budget.

The General Assembly elects a six-member Directorate, which is charged with overseeing the operations of the cooperative. The Directorate is composed of a president, a vice president, a secretary, a treasurer, and two members at-large (vocales).

In addition, the Directorate names the oversight committee for credit and operations. These committees meet monthly, and report directly to both the president and the general manager.

2. Staff

CIS-Punata has 11 staff organized into four divisions. The management unit consists of the general director, a secretary, and one driver. The accounting unit includes one bookkeeper, a cashier, and an economist. The education unit is staffed by one agronomist and two extensionists. And, the input warehouse has an accountant and a watchman.

As recently as 1986, the cooperative employed 26 staff, almost half of whom were involved in the dairy operation. When that enterprise was closed, the cooperative reduced its staff to 16. Nonetheless, the Directorate has had to further reduce the number of staff in the

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face of budgetary constraints. As mentioned, the staff now counts only 11 paid individuals.

Moreover, the cooperative has suffered a relatively high rate of turnover in personnel. In 1986, 80 percent of the staff changed. Such high turnover occurs because salaries are low, even in comparison to those of rural school teachers. The cooperative has, therefore, instituted a policy that only locals will be hired for these positions. This policy aims both to reduce turnover and to avoid difficulties in communication between the staff and producers.

3. Physical Infrastructure

CIS-Punata counts a reasonably well-endowed infrastructure. The cooperative owns its own office building, which also houses the input warehouse. The cooperative is also refurbishing a training center on its grounds, with the assistance of Canadian aid. The PAO Project will provide a septic tank.

The cooperative has four vehicles -- two pick-ups for field work, one truck, and a jeep for the administration. In the office, it has a telephone, computer, and video equipment donated by the PAO Project. The coop also has a rototiller to farm its experimental fields.

In addition, the cooperative has title to several small plots of land (3,700 m^2) which it uses as experimental and demonstration plots.

4. Financing

The income of CIS-Punata has largely come from its credit operations and fertilizer sales. Today, 12 percent of its income comes from the credit operation, which the cooperative operates with a two percent spread. Association dues account for most of the cooperative's income. Small sums are earned from fees for official transactions, sales from the input warehouse, and some marketing activities.

Expenses of the cooperative are almost entirely in personnel costs.

III. Problems Identified in the Diagnostic Study

A. Sectoral Level

The diagnostic study points out several general conditions in the area served by CIS-Punata: the extreme subdivision of land among small producers, the feebleness of the agricultural extension system, the lack of an agricultural credit system, and the need for well-managed small irrigation systems.

B. Institutional Level

The diagnostic study identified a series of organizational and financial concerns in CIS-Punata. The cooperative has far more members than it can serve, particularly because many

farmers join only to gain access to credit. Staff turn-over was very high due to low salaries. And, the cooperative lacked office equipment and underused its computer.

Financially, the cooperative was overly dependent upon the sale of fertilizers; had only one source of credit, FENACRE; and it lacked an analytic accounting system and financial planning.

C. Services Provided

CIS-Punata has attempted to provide services to its members, but each endeavor has suffered various problems.

The cooperative has been unsuccessful in its several marketing experiences, e.g., milk, barley, and potatoes. The reasons have been different in each case. The cost of collecting milk, given the low prices paid by the dairy, made this operation uneconomic. The brewery changed its prices and buying policy after one year. And, the potato shipments were undertaken without storage facilities or specialized personnel.

Input supply has been impeded by the difficult macro-economic climate of the country, which forced cooperative officials to buy any available stocks to protect their funds. Various of these stocks have a very small demand in the area, and must be exchanged for other equipment that cooperative members can use.

Agricultural extension essentially operates as a wing of the credit operation, overseeing who receives and repays the loans. Moreover, the extension staff is woefully inadequate for the entire membership of the cooperative.

IV. Development Strategy

To increase farmer incomes will entail crop diversification toward those with high profitability and increasing yields of traditional crops. These goals imply that the cooperative must greatly strengthen its agricultural extension, training, and marketing programs. Further, financing these services will require a new approach that can only be implemented as farmer incomes rise.

To reach these goals, the diagnostic study suggests a series of measures in organization, management, financing and services. Specifically, the study calls for a review of membership policies to bring the number of members more into line with the resources of the cooperative. The study calls for revising the membership dues, which then accounted for less than one percent of the cooperative's revenues. The study recommends a long-term development plan to prioritize issues. And the study notes the necessity of formalizing the existence of sub-groups, which currently have no legal authorization.

Administratively, the diagnostic study calls for revising salary policy to reduce turn-over rates. It recommends improving the physical infrastructure of the cooperative. And, it calls for implementing computerized accounting and planning, as had been the intention of the original gift in 1982. This last, the study notes, will require staff retraining.

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Financially, the cooperative must diversify its sources of revenue, upgrade its accounting system, and implement long-term financial planning.

Finally, in terms of services, the cooperative might consider creating a marketing department. It must initiate cost/benefit studies when it contemplates mounting a new service. And, it must reinforce its extension services, if crop diversification and yield increases are to be realized.

V. Technical Assistance

A. Technical Assistance Provided to Date

The PAO Project has provided a long-term advisor to the general manager to help put the input warehouse on a business footing. This technician has also assisted in the studies of the flower business and of the cheese plant and is lending assistance in organizational development to the constituent producer groups.

The project has provided training in management and computerization for cooperative staff. And, the project has brought in a consultant to review the cooperative's accounting systems. (This consultant recommended the direct charge of fees for services, rather than a spread on credit and fertilizer sales.) The consultant also helped review the personnel manual.

The project has carried out a series of studies to define an appropriate course of development. It contracted with a consulting firm to investigate the possibilities of alternative crops. It looked into the possibility of a local dairy enterprise. And, it has sponsored several consultancies on the possibilities of the local flower industry. Importantly, the project has underwritten two production courses for cooperative growers in the techniques of flower growing and three courses in water control, one for technicians and two for producers.

Finally, the project has donated some equipment, specifically, a telephone system, a photocopier, and a computer.

B. Technical Assistance Projected for 1990 and Beyond

The PAO Project plans to launch at least one and possibly two productive enterprises in 1990. First, CIS-Punata will develop a flower industry that supplements and complements SERVIFLOR's present flower array. That is, growers in CIS-Punata may provide not only roses, but also cut flowers such as carnations and chrysanthemums and dried straw flowers. The technical assistance to develop this program are now undergoing training with the SERVIFLOR rose agronomist.

Secondly, the project may mount a cheese processing plant to assist dairy producers. The studies for this enterprise have yet to be completed.

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VI. Assessing the Problems Encountered to Date

The main difficulty with CIS-Punata has been in defining a feasible development program, given the many areas in which the project could assist the cooperative and the difficulty of working in commercial agriculture with small producers. The prospects of a flower project, in collaboration with SERVIFLOR, represent an important and innovative approach in integrating the small-hold sector with larger, non-campesino producers. The project has been instrumental in pioneering this arrangement, and continues to provide significant support for its eventual implementation.

The delay in mounting productive enterprises has in fact been advantageous, for the project has in the interim been able to provide important technical assistance in organizational development. Although not all the problems have been resolved, the cooperative now has a stronger base from which to assess and manage future initiatives. In fact, providing technical assistance in organizational development before mounting a marketing enterprise is the recommended sequencing of project activities for all PAOs.

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Annex 5

Case Study

Camara Agropecuaria de Tarija (CAT)

I. Introduction

The Department of Tarija boasts a strong and diversified agriculture. Moreover, producers are organized into associations to defend their interests. Nonetheless, the Cámara Agropecuaria de Tarija (CAT) is a small, relatively weak organization. The Private Agricultural Organization (PAO) Project is providing a manager in to strengthen the chamber. Meanwhile, other project staff are directly involved in export enterprises that more properly should be carried out through the chamber by the respective producers' association. The concern here is that the undertakings will not prove sustainable unless the producers associations are integrally involved.

II. History

CAT was founded in 1983 as a private sector chamber with the goal of obtaining social and economic improvements necessary to elevate the level of life of the rural population and the farmers of the department of Tarija. Nonetheless, the chamber did not become constitutionally operational until 1987, when the first congress was held. The chamber has had two presidents, the founder who served until 1987, and the present president who was a vice-president in the previous administration.

A. Membership

Membership in CAT is open to agricultural and livestock associations and cooperatives and individual producers. Also represented are regional and provincial chambers that serve special agroindustrial sectors. In all, some 20 associations compose CAT. Ten of these are sugar associations in Bermejo Province. Other commodity associations include: chicken producers, cattle ranchers, vintners, and dairy farmers. Some 5,000 persons are members of CAT either individually or through their producer associations.

Associations and cooperatives pay an initial membership fee of BS 200 and an annual fee based on production. Individuals pay an initial fee of BS 100 and an annual fee of BS 30.

CAT's charter does not explicitly indicate which agricultural subsectors should be represented, nor does it specifically weight the votes of first and second level organizations and individual farmers. It also does not set membership requirements for subsectoral organizations.

B. Functions

CAT has sought to provide the following services to members: promoting the production and export of garlic; providing inputs including improved seed varieties, equipment and

tools, and fertilizers and agricultural chemicals; facilitating credit; conducting feasibility studies; and providing technical assistance.

1. Garlic Production

Promoting the production and export of garlic has been CAT's most intensive activity. There are now three associations of garlic producers, only one of which belongs to CAT. There is, however, no established marketing system for the product. Therefore, CAT has attempted to fulfill these functions by providing the following services to garlic producers:

- obtaining financing to import garlic seed and to build a warehouse for collecting, grading, and packing the product;
- buying boxes for packing and exporting the product;
- encouraging CAT members to plan more than 200 hectares of garlic and contracting with them to market the product; and
- negotiating and arranging for marketing and exporting the crop.

The chamber met with disaster in its first export shipment, for much of the produce rotted in railway cars while awaiting transhipment. A subsequent attempt to export garlic, this time to Chile, failed because the organization could not buy the contracted amount of produce.

2. Inputs

CAT has been involved in a series of activities to provide inputs to producers, including improved seeds and related inputs for garlic, potato, and wheat producers; purchase and importation of tractors, implements, and farm tools; and analyses of needs and economics related to fertilizers and agricultural chemicals.

3. Credit

One of CAT's most important functions has been in obtaining credit for a series of proposals for its members. The chamber has been instrumental in building a garlic packing shed with drying facilities and in fostering a chicken raising industry. Unfortunately, these facilities, which were overdesigned and poorly sited, have been largely unused because of the lack of marketing outlets. Producers, however, have been left with large debts.

4. Feasibility Studies

CAT has conducted feasibility studies to provide information for its members. Particularly, CAT has assisted its members in the city of Tarija with technical and financial studies to identify possible investment projects. In theory, CAT receives a 0.25 percent commission on the amount invested when a firm obtains financing for a proposal.

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5. Technical Assistance

To date, CAT has provided very little technical assistance to its members. Some assistance has been provided on a voluntary basis by members to other members. Only one organization has received paid technical assistance through CAT: the garlic producers association received assistance in production practices. Some additional assistance has been provided in potato and wheat seed production.

C. Institutional Base

1. Governing Body

The congress is the governing body of the chamber. The congress is supposed to meet annually to elect the Directorate and approve the up-coming year's budget. In fact, the congress first met only in 1987, and held its second meeting in December, 1989.

The Directorate is composed of one representative from each of the 20 member associations. The Directorate representative is supposed to be elected during an assembly of association members. Most associations, however, have not held these meetings.

The president is elected by direct vote of the congress. He or she is responsible for carrying out the directives of the congress and for overseeing the overall operation of the chamber.

2. Staff

In 1987, CAT had seven paid staff members -- president, vice president, treasurer, manager, advisor, programmer, and a permanent secretary. Today its staff has been reduced to a general manager, a secretary, a messenger, and a technical director. The general manager and technical director are temporarily paid out of project funds.

3. Physical Infrastructure

The physical infrastructure of CAT is minimal. It has rented office space and equipment, but no vehicles.

4. Financing

CAT is financed primarily by its membership dues, mostly from the association of sugarcane producers. Additional monies are received from PL-480 funds and as commissions on inputs that the chamber channels to members. Members are encouraged to pay dues regularly if they are to obtain credit that is channeled through the chamber.

The annual operating cost of CAT runs some BS 95,000, or approximately BS 8,000 a month. Current revenues cover only about one-third of this minimum level.

III. Problems Identified in the Diagnostic Study

A diagnostic case study conducted at the beginning of the PAO Project identified several concerns at the sectoral and institutional levels and in the services provided by CAT.

A. Sectoral Level

At the sectoral level, the diagnostic study notes that agricultural producers in Tarija are experiencing problems caused by Bolivia's changing economic situation, declines in prices for traditional export crops, and competition from neighboring countries. Farmers and associations also find it difficult to obtain credit, technical assistance, and appropriate, timely, and economic transportation for their products. In addition, soil conservation and other forest and natural resources management are major sources of concern for the region.

B. Institutional Level

CAT is a relatively new organization and therefore is experiencing a variety of serious institutional problems, including those related to organizational issues, administration and management, and financial management.

1. Organizational Issues

CAT's charter identifies three kinds of members: individual producers, associations of producers, and regional and provincial chambers. However, the charter does not define the organizational relationships between each type of member, their relationships with the CAT Directorate, and the weight of each member's vote in the assembly. In addition, the charter does not define the participation of the agricultural subsector organizations in the chamber.

Because these relationships have not been clearly defined, CAT has not developed a valid institutional structure or an organizational model, and therefore has not established efficient operating procedures. This is particularly apparent in the informality of the meetings of the Directorate and the process which is followed for making decisions.

2. Administrative Issues

The diagnostic study identified three concerns related to the CAT's administration.

1. The president of CAT functions as an executive administrator, and has assumed many of the functions that should be performed by the manager.

2. There is no manual of operating procedures that describes the responsibilities of contract and administrative personnel.

3. Due to the low salaries paid to permanent contract personnel, it has been difficult to hire appropriately qualified employees.

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3. Financial Management

The diagnostic study points out several deficiencies in financial management that are commonly found among the regional agricultural chambers. These are:

1. CAT's accounting system is inadequate to control the program or develop necessary operational budgets and financial plans.

2. The financial system is not adequately computerized.

3. CAT lacks an adequate flow of income, which is needed to contract the well-trained and highly motivated permanent staff that is required to serve its members. Additionally, CAT depends too much upon one agricultural sector -- the sugarcane industry -- and urgently needs to diversify its financial base.

C. Services Provided

CAT is experiencing significant difficulties in providing services to its members, particularly in credit, inputs, product marketing, and training and technical assistance.

1. Credit

The diagnostic study reports that the availability of credit from such sources as international organizations and commercial banks is an important issue for CAT, particularly in terms of its helping to provide equipment and inputs to members and assisting in agricultural production and export enterprises. The sole present source of credit is from the PL-480 funds, which are channeled through private banks and FENACRE.

2. Inputs

CAT provides relatively few chemical inputs to its members, considering the number of commercial producers that it serves. It does, however, provide garlic seed to producers, which the study considered to be an inappropriate activity. Providing seeds implies buying and selling activities and the assumption of marketing risks which could place the chamber at financial risk and also create potential conflicts of interest.

3. Product Marketing

CAT is significantly involved in producing, marketing, and exporting garlic. The chamber merits credit for promoting the cultivation of garlic and facilitating its sale and export. However, such commercial activity could place the organization at similar risks to those related to providing inputs. The activity would be more appropriately undertaken by the Association of Garlic Producers.

4. Technical Assistance

CAT only provides informal and sporadic technical assistance and training services.

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D. Agricultural Subsectors

The agricultural subsectors served by CAT represent a range of problems and potential. The grape, poultry, and rabbit producers' associations suffer serious disorganization. In general, their development is being hampered by

- low market prices,
- contraband imports from Argentina and competition with producers from other areas of Bolivia, and
- inadequate transportation infrastructure,

all of which have contributed to a widespread feeling of pessimism about their production.

The milk producers' association is newly formed and has not clearly identified its objectives or services to be provided to its members. Although garlic production is potentially important to the region, and is one of the focuses of CAT activities, there was no formal garlic producers' organization.

The sugarcane sector is the most important sector in terms of CAT support, but is confronted with serious market problems, including falling prices and saturated national and international demand. The sugarcane sector should seriously consider diversification into other crops.

IV. Development Strategy

The development strategy for CAT involves both assistance to producer commodity associations and organizational strengthening of the chamber. The strategy recommends clarifying constitutional confusions over the definition of producer groups and their relationship to the chamber. The strategy also recommends reevaluating the internal line of command between the president and the general director, a common problem with small chambers. In financial administration, the strategy suggests computerization and long-term financial planning.

The strategy proposes strengthening several services provided to member associations. The chamber might enhance its role in agricultural extension through contracting university and research personnel; employ a small cadre of extensionists; and, in view of the serious problems of soil erosion in the department, it might initiate a soil conservation program. In brief, the chamber could have an important role in farmer training.

Further, the chamber could work more closely with the Regional Seed Board in the programming of seed production and distribution. If after reconsideration the chamber decides to continue with input supply, the organization must expand its inventory and find a suitable locale. Meanwhile, marketing services should be limited to information dissemination.

Finally, the development strategy considers the possibility of working in several subsectors, namely, grapes, poultry, garlic, and sugarcane. In the grape subsector, the strategy suggests

a feasibility study of a cooperative winery or a fresh fruit warehouse. The poultry subsector requires a study to resolve the problems of slaughtering and marketing that have plagued producers. Garlic growers need technical assistance in production and marketing. And, sugarcane growers could benefit from alternative crops, as well as technical assistance to sustain yields.

V. Technical Assistance

A. Technical Assistance Provided to Date

The PAO Project has donated some basic office equipment, including a computer, telephone system, photocopier, and furniture and is reimbursing the salaries of the general manager and the technical director of the CAT. Moreover, this staff has participated in management and computerization training.

The contractor staff is tremendously involved in the garlic export initiative, even to the point of selecting and buying seed garlic from local growers. Although it is true that the chamber has neither the staff nor the resources to undertake this activity, the contractor should strive to devolve these responsibilities not to the chamber but to the producer associations. Under no circumstances should the contractor be carrying out these activities.

The contractor staff and the chamber general manager have also actively sought export outlets for several crops. These staff, for example, undertook an observation visit to Chile to look into the possibilities of fruit and garlic export.

B. Technical Assistance Projected for 1990 and Beyond

Unlike other PAO efforts, which since September 1989 have focused on one commodity per organization, the development program for CAT covers a range of commodities -- poultry, meat, grapes, and fruit, besides garlic. The hope in each case is that a private processor can be interested in establishing a marketing enterprise that will provide technical assistance in production to growers.

The chamber has set several goals for garlic production and export for 1990. They include: extending the cultivated area to 100 hectares, increasing yields from 4.5 to 8 metric tons/hectare, attaining an 80 percent acceptance rate for export, providing technical assistance and inputs to producers, and consolidating the three producer associations into a single organization. To this end, the chamber expects to hire, through the present project, two agronomists to supervise experimental plots with six producers in each area. The inputs for these plots will come from an international donation to the Ministry of Agriculture and Campesino Affairs.

VI. Assessing the Problems Encountered to Date

The chamber is in a difficult situation. It not only carries a heavy debt burden from earlier initiatives but also its current revenues meet only a third of its present operating costs. The

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chamber therefore finds it very difficult to continue old initiatives, such as garlic export, yet alone initiate new ones. The contractor firm has, therefore, taken on a very direct role in developing these enterprises. As has been mentioned, the contractor staff were at the time of the evaluation team's visit personally engaged in selecting and purchasing seed garlic that would be distributed for the upcoming season. Although perhaps necessary at this time, this very active role contravenes project aims at organizational development.

Further, the chamber plans for each subsector are premised on the participation of an outside, private marketing firm rather than the creation of a producers' marketing cooperative. Whether an outside firm can be interested in working in the region is an important question. In the garlic program, for example, the hope is that a Chilean firm will invest in the area and provide the needed technical assistance. This hope will likely be unrealized, for there is less than a month before the planting season begins and there is still no agreement with the firm. To the contrary, the firm's commitment to purchase four tons of garlic from CAT will be unmet because the chamber has been unable to purchase even a fraction of that amount. Such episodes will recur until the development strategy for each subsector is based on careful planning and coordination.

Annex 6

Case Study

Camara Agropecuaria de Potosi (CAP)

I. Introduction

The Camára Agropecuaria de Potosí (CAP) is the weakest of all the regional agricultural chambers visited. This chamber has no legally recognized association members. It has a very thin administrative staff and no financial base. And, it has been unable to define a viable development program, and has little vision of the activities it might undertake. In this situation, the project could emphasize organizational development, including regional strategic planning, to strengthen the chamber and define a long-range plan that identifies key subsectors for assistance. Until and unless this is done, CAP will likely remain a small, weak organization focused mostly on political lobbying for a few individual members.

II. History

CAP was founded in 1979 by a small group of interested farmers. The organization was legally recognized the following year. Although according to its charter, CAP is a second-level organization, none of the first-level producer associations that putatively compose CAP has obtained legal recognition. Nonetheless, CAP has served as a lobbying body, as a conduit for fertilizers and other inputs, and as a planning agency for producers in the department.

A. Membership

Officially, CAP is composed of producer associations. In fact, its member associations are only now being formed. Each association has a Directorate, but none has legal existence, approved statutes, or a headquarters. The associations being formed are constituted by product rather than geographically by province. The 5 associations are: potato producers (500 members), grains (220 members), vegetables (15 members), fruit growers (300 members), and ranchers (250 members). These five associations have submitted their statutes to the Ministry of Agriculture and Campesino Affairs for ratification. A sixth association is being considered for quinua growers.

The first meetings of the producer associations were held in 1989. The potato growers', grain producers', and vegetable producers' associations all held their first organizational meeting in that year.

B. Functions

1. Credit and Input Supply

Credit for fertilizer has been the major productive service of the chamber since its inception. The program is troubled because farmers have not repaid their loans since 1986,

when drought first cut production. Now, the chamber is seeking a five-year moratorium on debt repayment to give producers an opportunity to recover from their losses.

The failure of the credit program, from which CAP would have received a small spread, and the lack of membership dues results in a lack of financial resources. Revenues for the chamber come almost entirely from the sale of barley grown on chamber-owned land (Section C-4).

2. Political Lobbying

Chamber officials consider political lobbying to be their major endeavor. Most CAP lobbying revolves around obtaining additional credit and inputs from the Ministry.

At present, the chamber is trying to negotiate a grace period on producer loans and to obtain funds from the Banco Central for producer loans. As is true elsewhere in Bolivia, private banks will not lend to producers unless they can provide urban real estate as a guarantee. Of course, this seemingly unrealistic requirement has been imposed precisely because many producers have failed to keep their loan repayments current.

3. Productive Enterprises

CAP sponsors no productive enterprises that serve producers. However, it does farm several plots that provide revenue for operating expenses.

4. Services to Members

CAP attempts to provide technical assistance to some growers. Essentially, its work consists of advising farmers of technological packages developed by the local research institute. These packages commonly involve the use of fertilizer and other inputs, which are obtained as donor gifts and sold on credit.

C. Institutional Base

CAP's institutional base is the weakest of all the chambers visited. There are as yet no legally recognized producer associations, so the governing bodies of the chamber are non-functional. The chamber's staff is very small and unable to serve its producer members. And, the organization's financial base depends upon harvesting barley from a few chamber-owned plots.

1. The Governing Body

In theory, CAP's governing body is the general assembly that elects a directorate and president. In fact, the assembly has never met as a body of association representatives. In consequence, the president and other officers (a secretary, a treasurer, and two representatives at-large) have all served in their positions from the outset.

2. Staff

The staff of CAP comprises a general director, a bookkeeper, and two technicians. The general director is expected to oversee fertilizer distribution; the bookkeeper keeps the chamber's accounts and the members' credit records; and the technicians are supposed to provide advise on crop technologies.

3. Physical Infrastructure

CAP owns the building where its headquarters is located. The chamber has most basic office equipment, but no vehicles.

4. Financing

When CAP was founded, the original members contributed personal funds so the chamber could lobby in their behalf. In theory, members pay a BS 200 initiation fee and a BS 5 monthly dues. In fact, no individual members are current in their dues.

The chamber is therefore financed largely from the proceeds of a few plots of land that are planted to barley. An estimated 85-90 percent of the total operating costs of the chamber are paid in this way. The rest of the chamber's income is contributed by individual members.

The operating costs of the chamber are about equally divided between salaries (45%) and lobbying trips (45%). The total annual operating budget is about US $11,000.

III. Problems Identified in the Diagnostic Study

A. Sectoral Level

The diagnostic study notes a series of concerns that plague agriculture in Potosí. Transport and communications are seriously underdeveloped. Many small producers lack title to their lands, and engage in traditional practices for want of alternatives. These producers are unorganized and, often uninformed. And, there is a lack of coordination among government and donor services in the region.In brief, Potosí suffers many of the same problems as other regions in the altiplano.

B. Institutional Level

The attempt to create a regional agricultural chamber in a department that entirely lacks producer associations has resulted in a chamber that has no organizational members and that has failed therefore to have periodic meetings. As the diagnostic study points out,

> *. . . el rol principal de la Cámara estaría dirigido a la conformación de subsectores, tarea que ha realizado en forma limitada* (p.25).

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In terms of financial management, the chamber in 1987 almost entirely depended upon its credit operations, most of which have failed. The chamber's financial base is unique: almost all revenues derive from the sale of barley grown on chamber-owned land. Finally, the chamber lacks any long-term financial planning.

C. Services Provided

The diagnostic study notes that the chamber's major service to its members is in providing credit. However, the failure of members to repay their loans -- and the requirement that the chamber will receive its margin only after the original loan has been repaid -- has effectively paralyzed the operation.

As the study concluded in 1987,

> . . . *los demás servicios de la CAP son prácticamente negligibles. Tanto la provisión de asistencia técnica, análisis de suelos, como las entidades de capacitación, entrenamiento y policopiado se hallan en estado embrionario*" (p.24).

This description is as true today as it was then.

IV. Development Strategy

For CAP to become a second-level organization producer associations must be created. As the diagnostic notes,

> . . . *ésto involucra la realización de una serie de actividades de promoción institucional a nivel departamental, buscando fomentar el establecimiento de organizaciones de base -- afiliadas a la Cámara -- que reciban servicios de la CAP y realicen aportes o pagos por servicios de ésta. Esta labor es la base de la consolidación institucional de la entidad* (p.28).

At the same time, the chamber needs assistance in financial management and planning, so it can project what the probabilities for success are in each of its proposed undertakings.

As the chamber consolidates its own strengths, it can provide additional services to member organizations. The diagnostic study lists several areas of potential service: managerial assistance to producer associations, a communication network, and input supply are the major activities. By contrast, technical assistance, soil analysis, and photocopying are considered minor services either because the chamber is unable or inappropriate to provide the service.

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V. Technical Assistance

A. Technical Assistance Provided to Date

Very little assistance has been provided to the CAP. This seeming negligence appears to be the result more of the chamber's actions than the project's. Various offers by the project -- to provide a manager, to supply equipment -- have been rejected by the chamber as unnecessary. The project has carried out several studies for the chamber, but none have come to fruition because of lack of financing.

B. Technical Assistance Projected for 1990 and Beyond

The PAO Project program for CAP remains ill-defined. The possibility of a potato-seed project continues to be bruited about. But there are few plans to work with this organization on any productive enterprise.

VI. Assessing the Problems Encountered to Date

CAP's institutional weakness and its inability to agree upon a viable development program are part and parcel of the same problem. CAP faces a complex situation: agriculture is not the primary activity in Potosi Department, and it does not receive priority in national deliberations. Moreover, many traditional, small producers cannot be served by the chamber. Unless and until someone sorts through these problems, it is unlikely that PAO will be able to provide pertinent assistance to CAP.

The need at this time is to carry out a strategic analysis to determine which, if any, crops promise significant return in Potosi Department. This study should be undertaken in close collaboration with -- indeed, with the participation of -- the two CAP technicians. If CAP professes disinterest in such a collaborative effort, which it may do because it believes the PAO Project has carried out too many studies without enough follow through on financing, the chamber should be eliminated from the project until such time as a workable development program can be agreed upon.

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Annex 7

Case Study

Cámara Agropecuaria de Chuquisaca (CACH)

I. Introduction

The Cámara Agropecuaria de Chuquisaca (CACH) is a relatively new organization with an ambitious program to assist producers in the region. Although the leadership of the organization is dynamic and clear-sighted, the weakness of its constituent member associations and the scope of the chamber's program have resulted in a series of studies, each of which has failed to come to fruition. Despite this experience, CACH can develop if assistance is closely focused on activities with a few producer associations.

II. History

CACH was founded in 1975 by 14 growers resident in the capital city of Sucre. The chamber was effectively reestablished ten years later, in recognition of the need for producer associations in the provinces of Chuquisaca Department. In its present incarnation, CACH is only five years old.

A. Membership

In October 1985, the chamber called a meeting of its member associations to revamp its organizational base. Over the next two years, the chamber founded producer organizations in almost every province of the department.

Today, 14 associations constitute CACH's organizational base. They are organized either by province or by commodity. (Not all these associations have legal representation.) The number of members in each association varies widely, from as few as 150 to as many as 5,000. Individual producers are also eligible to join the chamber when, as occurred in Oropesa Province, farmers disbanded their provincial organization.

B. Functions

CACH has defined an ambitious program that covers not only productive and marketing enterprises but also rural social development. As CACH officials well recognize, each of these endeavors is needed, but priority must be given to the more strictly agricultural undertakings. Concerns such as rural health insurance and rural housing are issues that the chamber can support, but they are not matters that the chamber is able to address directly at this time.

1. Credit and Input Supply

The chamber serves as a conduit for international donations of fertilizer and machinery granted to the Ministry of Agriculture and Campesino Affairs for producers. The sale of

these inputs provides the chamber a small margin that effectively covers the costs of its lobbying activities.

In the past, the chamber's major activity was the allocation of credit from FENACRE, a PL-480-financed institution, to producers. These funds are more limited today, and producer credit represents a very small part of the chamber portfolio.

2. Political Lobbying

The CACH charter specifies that the principle objective of the chamber is to guide the agricultural policy of the region, defend the interests and rights of producers there, and contribute to national development through promoting production in the region.

Given the diversity of producers and crops in the Chuquisaca region, the chamber has mostly devoted its efforts to obtaining credit and inputs for producers. The chamber can lobby on specific policies and regulations, but this has not been a major thrust of its efforts.

3. Productive Enterprises

CACH has mounted a small marketing service on an essentially volunteer basis. The chamber has identified enterprises that require particular commodities, a french-fry factory in La Paz, a brewery in Cochabamba, and has signed contracts to deliver specified quantities of that produce to the firm. The members transport their production directly to the buyer. In other words, the chamber makes the initial contacts, and then hands the activity over to individual members. The aim is to enable producers to capture some of the margin that normally goes to transporters and marketeers.

While the marketing service has been successful, the chamber's role is limited and the shipments have been sporadic. To expand this service would require storage areas and training for the staff. The PAO Project has already studied the feasibility of storage silos. Staff training, however, might more appropriately be carried out with the producer associations.

4. Services to Members

CACH has defined a multi-faceted program of services for members. Besides input supply and the marketing service, CACH has suggested initiatives in communications, transport, alternative crops, and farmer training. Feasibility studies of several of the initiatives have been carried out under the PAO Project, but most of the services have yet to be implemented. Financing has been the usual stumbling block.

CACH has three initiatives in communications. First, the chamber has, with project assistance, installed a radio transmitter in one of the two pilot associations. (The other pilot association already had a radio set-up.). Second, the chamber investigated the possibilities of a regional radio program. A feasibility study was carried out under the PAO Project, but financing has been lacking. Third, the chamber initiated a monthly newspaper supplement. The publication was temporarily suspended because the monthly cost (US $1500) was

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prohibitive. The chamber hopes to negotiate a new contract with another local newspaper for a weekly supplement at significantly lower cost.

CACH is concerned with the transportation constraints faced by its members. In one instance, with project support, the chamber examined the possibility of buying airplanes to transport produce. This possibility was obviated when a private firm undertook this service.

CACH carried out a preliminary study of alternative crops for the Chuquisaca region. This study, done with project assistance, is one example of regional strategic planning in agriculture. Because most agriculture in the region concerns traditional crops and is mostly for subsistence, the chamber wished to identify new crops that might be supported in the region. The consulting firm identified flowers, peanuts, and achiote as possible new crops for the region.
CACH also plans a farmer training center. The hope here is to overcome the gap between agricultural technicians and farmers by providing training directly to farmer-leaders. The initiative has been submitted for funding.

In addition to these production-related activities, CACH has discussed several other rural development initiatives. They include a rural health program, small village development projects, a rural housing program, and rural agricultural processing projects. These endeavors constitute the long-range plan of the chamber, for time and resources must at present be focused on productive concerns.

C. Institutional Base

CACH's institutional base is small, but its staff is dedicated and hard-working. The need now is for organizational assistance to develop and consolidate the gains made by the organization.

1. The Governing Body

At the decisional level, CACH is guided by a Congress, a Directorate, and a president. The Congress is composed of five representatives from each association. Voting is based on a simple majority.

The Directorate is composed of one representative from each association and one representative for the individual members. Representatives are elected for two-year terms.

The President is elected by the Congress and has responsibility for ensuring that the decisions of the Congress and the Directorate are carried out.

CACH's governing institutions are barely operational. Since its recognition in 1985, the Congress has met only once. The Directorate and the president, therefore, have been the same since its founding. Although there are plans to hold an annual Congress this year, the president has found it difficult to set a date convenient for all producers. Cropping systems in Chuquisaca differ so greatly that producers in some part of the region are involved in

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production throughout the year. Similarly, the Directorate is formally required to hold a meeting each month; in fact, the Directorate usually meets once every other month.

2. Staff

CACH has seven staff members who work in three divisions (Figure 1). The general manager is responsible for the daily operation of the organization. In fact, he works closely with the President, who also maintains an office in the building.

The three divisions are only skeletally staffed. The Technical Department has a supervisor and one technician. The two projected units in this department, Credit and Agricultural Promotion, are unstaffed. The Administrative Department houses an assistant manager, a bookkeeper, a statistician, and a messenger. The Enterprise Department, or Secretariat, is staffed by a single person. None of the prospective units in this department -- economic planning, central warehouse, marketing, transportation, alternative crops, and social programs -- has any staff.

The Directorate has yet to approve the chamber's personnel manual. And, contract policy is effectively set by national legislation, that is, after a three-month probation period, the employee may continue indefinitely, based on a memorandum that defines that person's job.

3. Physical Infrastructure

With PAO Project assistance, CACH has purchased the building where its offices are located. Part of the building which is not occupied by the Chamber is rented out to other parties. The chamber rents its telephone system. It has no other office equipment, although a computer and fax machine will be provided by the project. The provincial associations all rent their headquarters.

4. Financing

Two-thirds to three-quarters of the chamber's financial support comes from the constituent associations and their members. The monthly quota for associations is BS 200; for individual members, BS 5.

The chamber makes a small amount from the notarizing and transmitting official papers. Most of the remainder of its income comes from the handling fees charged on the sale of inputs.

Salaries make up most of the chamber's expenses. These run some US $1,100 per month. The chamber spends significantly less on lobbying trips than do other chambers.

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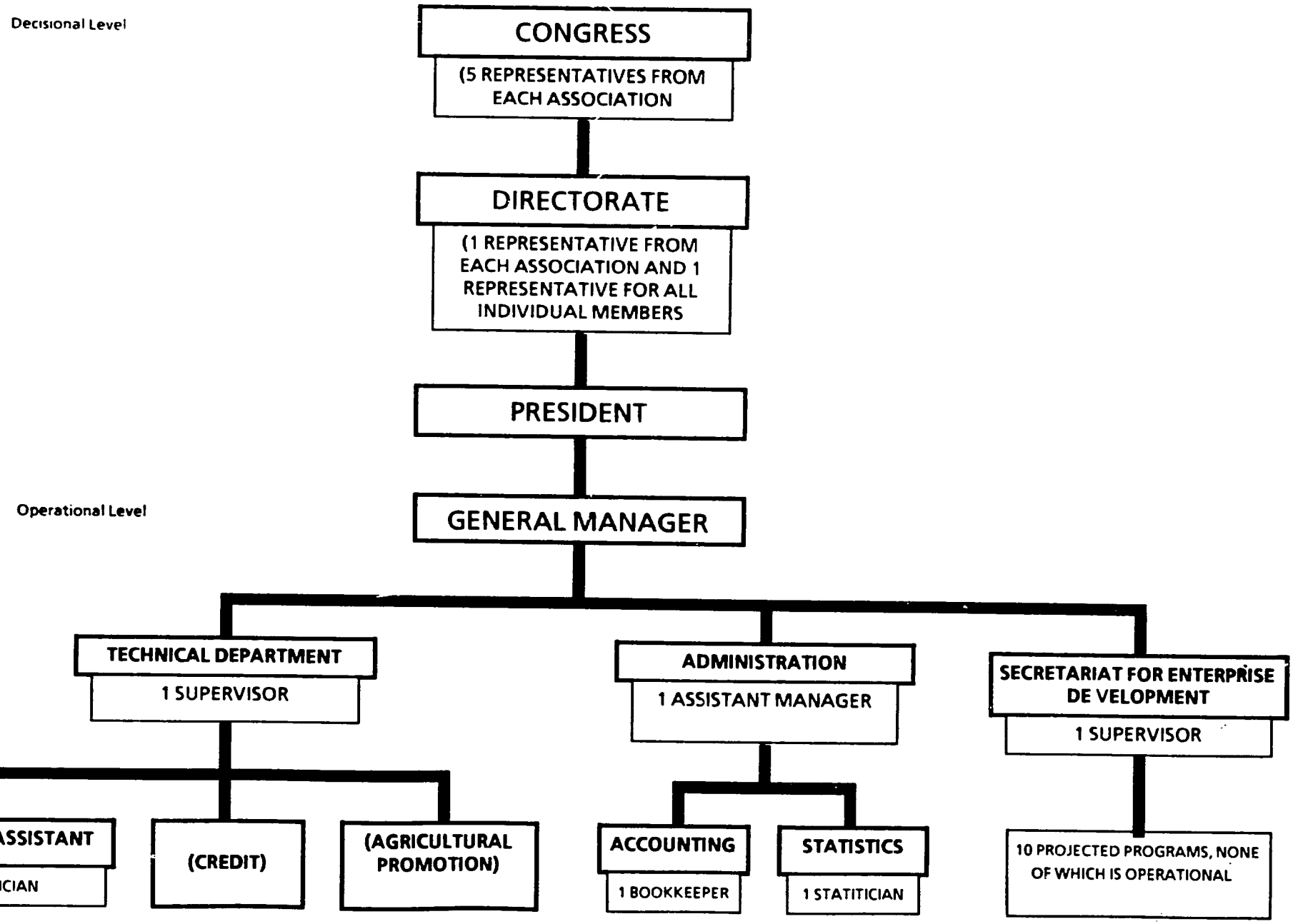
FIGURE 1.
ORGANOGRAM AND STAFFING OF THE AGRICULTURAL CHAMBER OF CHUQUISACA



III. Problems Identified in the Diagnostic Study

A. Sectoral Level

The diagnostic study notes the endemic problems of agricultural production in the Department of Chuquisaca: minifundia, lack of credit and extension assistance, and lack of agricultural processing. These factors make it difficult to revivify the agricultural sector in this region.

B. Institutional Level

Institutionally, the regional chamber has organized several producer associations that are themselves very weak. The study also notes several inconsistencies in the chamber's charter. And, it points out the lack of infrastructure and equipment for the chamber.

Financially, the chamber was dependent upon its credit operations. The proceeds from this service were inadequate to meet the needs of assisting all member associations. Moreover, the chamber lacked financial planning and economic projections, which might enable it to program its resources more effectively.

C. Services Provided

The diagnostic study notes that the chamber has encountered several difficulties in providing a wide range of services to its members. Technical assistance in production is all but impossible inasmuch as the one agronomist has no vehicle. In consequence, members must come to the headquarters if they have a problem.

Agricultural equipment -- machinery, irrigation -- credit, and inputs are all dependent upon donations or government loans. While the needs are great, the chamber does not yet have in place the managerial and financial systems to handle these donations effectively.

Finally, the lack of a radio network for communications isolates the chamber from its provincial associations.

IV. Development Strategy

The overall development strategy defines two objectives. Crop diversification is considered a fundamental aim, to help farmers grow commercial cops with surer markets and less risk, thus taking advantage of the comparative advantages of the region.

Improved productivity is the second aim. The key elements here are constant technical assistance throughout the production cycle, including post-harvest procedures, and greater use of available technology. These two elements imply, in turn, a strengthening of producer organizations to provide these services through the associations. The diagnostic study

considers that the chamber has a major role to play in this endeavor, for which reason the chamber itself must strengthen its managerial and financial systems.

The PAO Project therefore proposed two sets of actions: the institutional strengthening of the chamber, and the development of specific programs in agriculture. For the chamber, the diagnostic study proposed reviewing the charter to eliminate inconsistencies, installing an input-supply warehouse, training farmer leaders, and designing an agricultural extension system. For agricultural development, the diagnostic study suggested programs for grapes and peppers, both of which have a significant market in Bolivia.

V. Technical Assistance

A. Technical Assistance Provided to Date

The PAO Project has carried out several studies and provided training for chamber personnel and office equipment. Besides the diagnostic, which enabled the chamber to identify critical problem areas, studies have been done on alternative crops, a regional radio information program, and storage silos. In addition, the chamber undertook a feasibility study for air transport.

Chamber officials have attended the two project-sponsored management courses. A local firm was contracted to give computer training to chamber staff. And, six members of producer associations made an observation visit to Chico, CA, to become familiar with new crops and the requirements of the export market. Importantly, the PAO Project helped the chamber purchase its building. The chamber still lacks basic office equipment, such as a photocopier and fax machine. The project is in the process of purchasing this equipment for the chamber.

B. Technical Assistance Projected for 1990 and Beyond

Technical assistance in the future is focused on two endeavors: strengthening producer associations and possibly setting up a pig slaughterhouse. The project recently contracted a local technical assistant to work with the producers association in Monteagudo. The project will sponsor another technician for the association in Incawasi. The purpose of this assistance is to strengthen these two associations, whereupon the chamber will have the possibility of working with other associations.

The project is assessing the feasibility of a pig slaughterhouse. If this activity proves remunerative, the project may finance the initiative, which would greatly help in the strengthening the Monteagudo producers' association.

VI. Assessing the Problems Encountered to Date

The major problem encountered in working with the CACH has been the difficulty of defining a mutually acceptable production program. The chamber has been tremendously receptive of assistance in organizational development, the training, the observation visits,

and the technical support for two producers associations. Nevertheless, it has been only recently possible to identify a subsector where the project might work productively.

This problem has been fairly constant with all regional agricultural chambers, so it is no reflection on the CACH as an organization. In fact, part of the problem may lie in project implementation. The diagnostic study singled out grapes and peppers as subsectors for intervention. A later study of alternative crops suggested work with peanuts, flowers, and achiote as possibilities. The current productive initiative, however, deals with pigs. This sort of shifting focus might have been avoided had the project carried out a rapid assessment of strategic crops at the beginning, once it decided to work with the chamber.

Annex 8

Case Study

Cámara Agropecuaria del Oriente (CAO)

I. Introduction

The Cámara Agropecuaria del Oriente (CAO) is the strongest and most active rural producers' lobbying association in Bolivia. CAO's major purpose is to represent the productive interests in Santa Cruz at the national government level; it provides few services directly to producers.

In the experience of the Private Agricultural Organization (PAO) Project, CAO has proven to be the most difficult of organizations to work with. CAO believes that it is capable of carrying out its own projects without technical assistance. And, there were several particular difficulties with the actual administration that effectively impeded productive working relationships.

In view of the nature of the organization, and its working relationship with PAO, assistance to CAO, like that to any regional chamber of agriculture, should be limited to administrative and financial technical assistance (e.g., computerized accounting and membership systems) and, possibly, regional planning, for the simple reason that these organizations are not now and never will be economically productive enterprises.

II. History

CAO was founded in 1964 and obtained its legal charter in late 1966. By charter, the chamber is a private, non-profit union with the principal objective of promoting agricultural and livestock production in the department, and thereby increasing the well-being of agricultural producers in the region.

A. Membership

CAO is the only truly second-level agriculture organization in Bolivia. That is, CAO is composed exclusively of first-level producer organizations, each of which, according to the CAO charter, must represent the interests of an exclusive class of producers. Ten organizations belong to CAO, each representing a single subsectoral interest, including cotton, wheat and oil seed, corn and sorghum, milk, poultry, livestock, sugar cane, rice, vegetables and fruit, and pork.

B. CAO Functions

CAO is first and foremost a lobbying association. In the first half of the 1980s, the chamber was mostly concerned with the setting of agricultural prices, which were fixed by the government. Since then, the chamber has been concerned with a wider range of considerations, ranging from tax policy to competition from illegal contraband.

CAO does provide some services directly to the members of its constituent associations. Most importantly, it operates a supply warehouse (ACAP) that sells both agricultural supplies and machinery. When a member association is small and weak, CAO may provide other services. The Federación Nacional de Cooperativas Arroceras (FENCA), for example, is composed of many small rice producers. Because this organization does not have the resources to assist its members directly, CAO has installed facilities in the area to clean and store rice in order to even out seasonal variation in prices. CAO, however, does not compete with member organizations that can provide services directly to their members.

From 1983 until 1988, CAO supported a communication unit (Empresa Cruceña de Comunicaciones [ECC]) with the aim of producing television programs for its membership. Although CAO held 70 percent of the shares at the outset (and all shares at the end), the ECC was managed independently from CAO, yet had no corporate charter, personnel manual, or financial management system. CAO has now taken complete control of the unit. But, for financial reasons, the ECC has not functioned in the past year and a half.

C. Institutional Base

1. The Governing Body

CAO is governed by a Directorate of ten directors who are the presidents of its constituent associations. The Directorate is presided over by a president and two vice-presidents, one for administration and one for finance.

2. Staff

CAO employs 11 staff, apart from the personnel at the supplies warehouse, which is operated as a separate unit. The staff includes: the general director, three secretaries, one messenger, and a part-time computer specialist attached directly to the office of the general director; one bookkeeper and an assistant in the Accounting Office; and in the Planning Unit, one zoo-technician in the livestock technical unit, one seed specialist in the agriculture technical unit, and one marketing development specialist in the marketing section.

3. Physical Infrastructure

CAO owns its headquarters office building, a supplies warehouse, and a housing unit for employees. The chamber has basic office equipment and two vehicles. In addition, CAO is a 50 percent holder in FEXPO, the regional agricultural fairgrounds and it owns an agricultural supply operation, ACAP. CAO has most of the physical infrastructure necessary for its operation.

4. Financing

The annual CAO operating budget is about US $300,000. One-quarter of this budget is provided by the member associations through tax contributions from their members. Three-

quarters of the budget comes from operating the agricultural supplies warehouse. A small part of the budget comes from profits from the regional airgrounds.

Personnel salaries and benefits account for slightly more than half of the annual operating budget (US $180,000). The rest of the budget is allocated to travel, per diem, and office expenses. CAO representatives travel to La Paz for representational purposes once or twice a week, on average.

D. Functional Organization and Operation

CAO is essentially a self-financing lobbying group. Until recently, CAO and ACAP finances were intermingled. Now, however, ACAP is managed independently of CAO, with profits going to the organization.

III. Problems Identified in the Diagnostic Study

The diagnostic study conducted at the beginning of the PAO Project identified five major areas of concern: legal and institutional matters, administrative matters, financial management, member services, and sectoral representation and lobbying.

A review of the chamber's charter noted several considerations.

1. The president is limited to two one-year terms. The study team considered this period to be too short in view of the complexity of CAO's mission.

2. The duties of the president and general manager are not clearly distinguished.

3. The charter limits subsectoral participation to a single organization. In consequence, some producers are not directly represented because they belong to an association formed based on a commodity that is already represented in CAO.

4. Ex-presidents of CAO are allowed a vote in the annual congress, which in time could give them proportionately more voice in the conduct of the affairs of the organization than the Directorate, which directly represents subsectoral interests.

5. The diagnostic raises the concern that participation in profit-making enterprises might distort CAO's mission.

6. The study notes the lack of long-term planning at the Directorate level.

Several organizational and administrative concerns were also noted. Specifically, the diagnostic notes that CAO had grown rapidly in recent years without commensurate organizational growth. In particular, job descriptions were lacking and salary levels were heterogenous.

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Financial management also evinced several deficiencies. CAO and ACAP finances were at the time commingled and there was no forward financial planning. In consequence, the chamber was unable to plan new projects and services for member associations.

These difficulties affect the services CAO provides to its member organizations. The ECC has no financial base. ACAP required significant attention from CAO directors, in part because there were no independent managerial and financial controls. And, the assistance lent to rice producers (managing silos for FENCA) is provided without any long-range development plan and depends completely upon PL 480 financing.

Finally, with the change in the national political economy from fixed price to open market, the study notes, CAO will have to shift its lobbying from negotiating prices with the Government of Bolivia to lobbying for new incentives to production and the development of international marketing.

IV. Development Strategy

In view of these concerns, the diagnostic study proposes a series of measures to redress the deficiencies. Specifically, the study calls for:

1. Review of the charter to define CAO's role in entrepreneurial activities, to clarify the president's role and term, and to make voting more representative of subsectoral interests.

2. Structural reorganization of CAO, with a personnel manual and explicit salary policy.

3. Installation of a financial control system, with long-term financial planning not only for CAO but also for each of its dependent enterprises (ACAP, ECC, FEXPO, and ACAF [Asociacion CAO-ASPAR-FENCA]).

4. Improvement of services to member organizations, including financial and managerial controls at ACAP, administrative and operational assistance to ECC, and definition of a long-term plan for ACAF.

V. Technical Assistance

Three technical assistance efforts were considered for CAO: support in operating the input-supply warehouse, development of a communication unit, and institutional strengthening.

For one reason or another, none of this assistance proved viable. PAO could not directly support the input-supply operation because 90 percent of all agricultural supplies handled by ACAP are herbicides, pesticides, and fungicides. (The evaluation team also notes that PAO did not take advantage of the opportunity to advise ACAP on acceptable chemical agents, on technology transfer systems for properly applying acceptable chemicals, or on the possibilities of integrated pest management.)

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A study for the communication unit was shelved. Consultants had recommended a joint venture with financing from a private bank. However, the report, which was based on existing data, contained significant factual errors in its financial analysis, which were discovered by the financial institution. The bank declined to finance the project. Ultimately, the initiative died because there were no funds to implement the recommended program.

Finally, the institutional-strengthening effort was aborted when the chamber rejected a management analyst's report. A computer system costing US $30,000 had been installed by that time; however, software and training programs have yet to be provided.

VI. Assessment of Problems to Date and Remedial Actions

The PAO Project terminated its association with CAO in September 1989 because the two organizations were unable to agree upon a mutual work plan and because of irregularities discovered under a previous administration.

A. Differences in CAO and PAO Perspectives

PAO Project officials discuss their difficulties with CAO using the metaphor of a shooting arcade. Each week, in their view, the chamber would present a new proposal or prospective project, some of which fell within the purview of the project and some of which did not. Among the proposals were: new construction at the agricultural fairgrounds (which was already completed); a go-cart race-track at the fairgrounds, showers for workers there, a weather reporting system, etc. In the end, PAO Project officials terminated their participation because of an inability to agree upon a mutually acceptable work plan.

CAO officials, by contrast, consider that PAO undertakes multifarious studies without adequate financial follow-up. Moreover, the organization believes that it is capable of defining its needs; it requires only the financial resources to implement those projects. The chamber was particularly unhappy with the organizational critique of its administration, which CAO rejected out of hand.

The inability of the PAO Project and CAO to agree upon a plan of action resulted from many factors. Paramount are the very different perceptions in each organization of the nature and operation of itself and the other institution. From the outset, CAO considered PAO a source of funding for its initiatives, even though PAO is largely a technical assistance effort. PAO, for its part, approached CAO as if it were an agricultural enterprise rather than a political lobbying body. With such very different points of view, it is hardly remarkable that the two agencies should have failed to come to terms.

B. Future Actions

Regional agricultural chambers are essentially political bodies constituted to lobby for measures in the interest of the member associations. Although the Siles Zuazo Government enabled the chambers to undertake remunerative initiatives in the early 1980s, of which the

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ACAP of CAO is but one example, the chambers are not and never will be agricultural enterprises.

In view of the disparate aims of regional agricultural chambers and the PAO Project, technical assistance to these organizations should be limited to managerial and financial control and, possibly, strategic planning for agricultural development.

In the case of CAO, PAO could provide the software and training necessary to effectively use the computer system that has been supplied. When these systems are operational, the project might help in planning activities. The computer system, for example, would permit the maintenance of a statistical base of agricultural data that would be useful for planning and for lobbying. Not unimportantly, the identification of areas of strategic intervention should reduce the extent to which a regional chamber invents new projects almost on demand. For, there would be clear analyses available of which sectors warrant attention. On a different level, legal assistance could be provided to correct any difficulties in the chambers charter in terms of definition of duties, voting regulations, etc. In other words, assistance might be limited to a few legal and organizational concerns that would help the chamber to function more efficiently.

Assistance in entrepreneurial matters, however, is not pertinent to these organizations. As the diagnostic study noted, the notion that creating a remunerative enterprise that could finance the organization's activities is itself flawed. An organization that is financed by, for example, an input supply enterprise can become divorced from its membership, as sales and credit for inputs represent the basis for the organization. A preferable alternative is direct payments to the chamber by the affiliated associations. The chamber is then directly responsible to its associations, just as the associations are directly responsible to their memberships.

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Annex 9

SCOPE OF WORK

I. Background

In 1986, USAID/Bolivia signed a $US 4.2 million grant agreement with the government of Bolivia to provide technical assistance, training, credit and organizational support to assist selected private agricultural producer organization members to increase income and marketable surpluses from their farms and ranches.

The Goal of the Project is to increase agricultural production, thereby increasing Bolivian farmers' and ranchers' incomes and promoting Bolivian agricultural exports.

In addition, at the end of the Project, there should be:

- Increased production and income from Project assisted PAO members' farms and ranches;
- Project assisted PAO memberships fully supporting the provision of PAO services through fee payments or production check-offs;
- A clearer understanding and implementation of the proper roles of PAOs, private firms and GOB entities in providing services to producers;
- PAOs with increased influence over policy issues affecting them;
- A regular publication of an agricultural organization newsletter;
- Increased cooperation and service delivery between private sector agricultural firms and the PAOs;
- Increased demand for, and use of, environmental information; and
- Plans formulated and initial implementation actions taken to establish a national agricultural chamber and/or agricultural advisory service to continue to facilitate the growth and improvement of non-subsidized service oriented producer groups after Project close-out.

Host Country

The GOB is to provide US$ 6 million from the PL 480 Title III Program to cover local project expenses, as well as for credit and grants to the PAO's.

Rationale

Technology Transfer in Agriculture includes numerous producer, research, and outreach functions as well as a complex web of interactions that link them together to effect change. For effective development, both technologies (specific products and practices), and the process of their transfer are critical. The transfer process includes communication systems and organizational structures, functions and processes that accommodate to the variability within local settings and allow for appropriate services to be provided to end users. Just as the agricultural technology needs ongoing adjustment, there must be ongoing monitoring, evaluation and adjustment of the transfer process.

Traditionally, major outreach functions have been developed within the public sector through formal extension services in Ministries of Agriculture. Recently, more development efforts have targeted support for private sector technology transfer support services. USAID/Bolivia's Private Agricultural Producer Organizations project is an example of such an effort. There is a need for the donor community to learn from such innovative initiatives and to better understand, through ongoing evaluation and analysis, important advances in the state of knowledge regarding private sector initiatives in technology transfer and local development. Investigative methods and procedures for studying farmer behavior and organizational processes have been developed and could be applied to private sector thrusts to monitor and evaluate them.

Activity to be Evaluated:

This evaluation will be a country case study report. It will provide a case study analysis of two private agricultural producer organizations being assisted by USAID/Bolivia's Private Agricultural Producer Organizations (PAO) project (511-0589). The report will include selective evaluation data and descriptions of significant methodological, technological and institutional events and processes.

Purpose of the Evaluation:

The purpose of the evaluation is to draw lessons learned from the technology transfer experience of the USAID/Bolivia Private Agricultural Producer Organizations (PAO Project in working with two Bolivian farmer organizations. The experience emerging from working with one of these organizations--the Federacion de Ganaderos del Beni y Pando (FEGABENI) in Trinidad, Beni--has been characterized as a potential success, while that of working with the other organization--the Camara Agropecuaria del Oriente (CAO) in Santa Cruz de la Sierra, Santa Cruz--has been less favorably characterized. This evaluation will determine what role different technology transfer and communications support systems, as well as other organizational components of the PAOs, have played in their relative success.

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Under the PAO project, FEGABENI has moved ahead to enter into a joint venture with Costa Rica's Grupo Ganadero Industrial (GGI). GGI is investing in FEGABENI's slaughterhouse operation and is providing technical assistance to improve the operations and expand the product line of the slaughterhouse. Initially, GGI is taking payment for this technical assistance in hides (previously unused and discarded); these hides are being used as raw material for GGI shoe manufacturing ventures in Costa Rica and Honduras. FEGABENI is also seeking technical assistance from GGI to establish a hide gathering service to buy hides from several rural slaughterhouses in Beni, in order to increase the quantity of hides supplied to GGI. GGI also has begun to serve as a loan guarantor for FEGABENI, allowing FEGABENI to take out loans based on GGI's ability to pledge collateral from its assets in Central America. Now, FEGABENI is exploring the possibility of getting into fish culture in the Beni. Further, the expanding ventures which FEGABENI and the GGI are launching have led the Banco de Cochabamba to express interest in investing in FEGABENI's commercial operations.

On the other hand, the project's experience with the CAO has been disappointing. The CAO is the largest private agricultural producer organization in Bolivia, bringing together 11 producer organizations. Also being very political, the CAO is influential in appointing the Minister of Agriculture. But the CAO has not been able to put together a coherent program and has not been able to stick to a plan over any length of time. Further, the CAO keeps coming up with new ideas which, from the standpoint of the PAO project design, are not feasible (e.g., request for help in establishing a meteorological service).

The differences in the project's experience in working with these two organizations needs to be documented indepth, with an eye to identifying lessons learned that can be applied by USAID/Bolivia in making decisions about:

1. The strategy, design, and implementation of the PAO project (e.g., "Should USAID/Bolivia make any changes in what the Mission is now doing with the selected PAOs in this project?"); and

2. How additional resources could best be invested (e.g., "If PAO is expanded to work with a larger number of organizations, should the project work with all types of organizations or limit its development assistance to a particular type of organization?").

Further, these case studies can provide a baseline against which PAO's progress in working with the two studied organizations can be measured over time. If followup case studies of these organization are conducted at a subsequent point in time (e.g., in 3 years), the combined baseline and followup studies would provide that data base for an analysis that could produce findings of importance not only to USAID/Bolivia but also

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to AID in general in its work in technology transfer. Future implementors need to know not only whether a set of procedures worked but how they worked. The U.S. Agency for International Development, Science and Technology Bureau, Center for Development Information and Evaluation (AID/S&T/CDIE) will assist in making results of the study widely available.

Background:

The objectives of the PAO project are similar to many transfer efforts, through the adoption of improved technologies and practices, to:

- increase income on farms and ranches through increased yields;
- expand production;
- increase marketable surpluses, including exports.

The purpose of PAO is to strengthen and expand the capacity of private agricultural producer organizations to provide technology transfer services to their members. An assessment of the effectiveness of such services is therefore basic to this evaluation. To accomplish the Project purpose, the following strategy will be implemented:

1. Define the most appropriate roles for the provision of agricultural development services for public institutions, private firms and PAOs, and encourage them to assume such roles (to facilitate contributions by each, which will be more efficient, less conflicting and more complete in covering producer needs);

2. Contract local consulting/technical assistance firms and use effective communication processes to help resolve PAO organizational and member problems and stimulate the growth of these firms to improve private consulting firm/PAO interaction and in the long run, post project benefits;

3. Improve the capacity of PAOs to market on their own behalf (e.g., using social marketing skills);

4. Increase communication and information exchange between and among the PAOs and the rest of the agricultural sector;

5. Increase the integration between campesino and non-campesino groups through association for their common economic good (to improve the production and marketing of specific crops through economies of scale and coordinated efforts);

6. Stimulate and motivate private agricultural firms, such as input suppliers and marketing organizations, to improve and increase services to PAOs; and

7. Increase the awareness and use of sound environmental practices through more effective information and communication methods.

At the end of the Project, there should be:

1. Increased production and income from project assisted PAO members' farms and ranches;

2. Project assisted PAO membership fully supporting the provision of PAO services through fee payments or production check-offs;

3. A clearer understanding and implementation of the proper roles of PAOs, private firms and GOB entities in providing services to producers;

4. PAOs with increased influence over policy issues affecting them;

5. Regular issuance of an agricultural organization newsletter perceived as useful by PAO leadership;

6. Increased demand for and use of environmental information; and

7. Plans formulated an initial implementation actions possibly taken, for a national agricultural advisory service, which may be build on the project infrastructure and trained Bolivian personnel of the Project Implementation Team, to continue to facilitate the growth and improvement of non-subsidized service oriented producer groups after project close-out.

The project's technical assistance is being provided through a contract with the Ronco Consulting Corporation.

Statement of Work:

The contractor for the evaluation will deliver two case studies (one per each of the two farmer organizations) and a main report, the case studies appearing as annexes to the main report. The main report will provide a comparative analysis of the two case studies that critically assesses the project's experience in working with the two organizations analyzed indepth in the two case studies.

In particular, the analysis should address two management level questions of concern to USAID.Bolivia:

1. Should the PAO project work with commodity producer-type organizations vs. organizations that are not specific to any one commodity but rather are more generally focused on representing farmer interests (sometimes called "chamber-type" organizations)?.

2. What are the critical characteristics that should be incorporated into current and future PAOs, and into methodologies for working with PAOs, to increase the potential for achieving the objectives of a PAO as well as the goal and purpose of the PAO project?.

For the preparation of the case study of each PAO, the following tasks will be performed:

1. Summarize the history of the PAO, including a description of the number of first-level PAOs affiliated with the PAO and the total number of members of the PAO (secondary data from project administrative records and the PAO diagnostic study prepared by the project's technical assistance contractor);

2. Summarize the problems that the diagnostic study identifies, and assess the technology transfer and communications capabilities of the PAO;

3. Summarize the proposed strategy for addressing the identified problems and the role that the PAO project was to play in implementing this strategy (same data source);

4. Summarize the development assistance (technical assistance, training, credit, and commodities provided by the project to the PAO (yearly and quarterly project reports); and

5. Assess the project's progress to date in implementing the proposed strategy, identify the problems encountered in implementing the strategy, and summarize the actions being taken by the project to address these problems (yearly and quarterly project reports, site visits, key informant interviews, and focus groups with PAO membership).

In carrying out these tasks, data will be collected to answer a range of empirical questions. The following empirical questions, while somewhat general, are suggestive of areas in which the evaluation will pursue more detailed questioning and probing:

1. Is there a demand among PAO members for the goods and/or services the project is seeking to prove? To what extent is the development of such goods or services demand driven?

2. Did the project introduce and explain the PAO project to the beneficiaries in a way that ensured that the client had a clear understanding of what the PAO project can offer and what is required on the part of the PAO's membership? Were the appropriate feed-forward and feed-back communications channels in place at the critical phases of project design and implementation?

3. Was the project able to implement the Organizational Development Strategy (ODS) plan initially formulated for the PAO?

4. What progress has the PAO made toward achieving its organizational goals?

5. In what ways has the project's long-term and short-term technical assistance nurtured the development of PAO activities that are contributing to achievement of the project's purpose and goal?

6. Has the project used small grant and credit programs in working with the PAO? What has been the experience of making this resource available?

7. More generally, have project resources been adequate to implement the ODS plan or to respond to windows of opportunity? Has the project been sufficiently flexible to respond to windows of opportunity not foreseen in the original project design?

8. Have the criteria used in selecting this PAO proven useful predictors of the PAO's ability to productively utilize the resources that the project is able to provide?

9. Has the project's experience with the PAO provided a track record that signals a model for replication?

More questions will be added or the above questions will be modified in light of discussions with PAO project personnel and the USAID Project Manager and Project Coordinator during the study's evaluation design phase.

Methods and Procedures:

The study's methodology will be a cross-cutting analysis of the case studies of two Bolivian farmer organizations. Field work to collect the required data will employ a rapid appraisal approach that combines:

- Review of secondary information (project paper, project implementation plan, amendments, PILs, diagnostic studies, etc.);

- Sites visits including key informant interviews and focus groups; and

- Review of administrative records.

An interview schedule will be developed to guide the collection of data on key issues and factors that may have affected the organizational performance of the two PAOs. The same schedule will be utilized in collecting the data on each of the two organizations.

This evaluation will be carried out during the one-month period, and the contractor will be authorized a 6-day work week, including holidays. One day of preparatory work (to read the project paper and other background materials) in the United States will be allowed.

Evaluation Team Composition:

To complete this scope of work within a one-month time frame, a two-person evaluation team will be required. Each team member will be responsible for principal authorship of one of the two case studies, while both persons will be jointly responsible for the authorship of the main report. The following expertise is required in the two-person team:

Agricultural Sociologist, Communication/Institutions Analyst

Should have fluency in English and Spanish; training in organizational development; experience in agricultural communication and research on or studies of farmer organizations and their role in agricultural and rural development; and previous field experience working in Bolivia or other Latin American countries.

Development Economist/Agri-Business Specialist

Should have fluency in English and Spanish; training in the economic and financial analysis of business firms; experience in conducting research on or studies of new business ventures in a developing country context; and previous field experience working in Bolivia or other Latin American countries.

Each member of the team will participate in data collection for both case studies; each will be responsible for writing one of the two case studies (and co-authoring the other case study); and each will co-author the main report.

One team member, and preferably both, should have experience in conducting evaluations of AID projects.

During the field visit, the evaluation team will be complemented by the USAID Project Manager or Project Coordinator, and by a representative of the technical assistance firm (Ronco Consulting Corporation).

Reporting Requirements:

The following schedule relates submission of drafts and debriefings to completion of fieldwork.

- The draft of the two case studies will be due on Monday of Week 3 of the evaluation. A debriefing presentation and discussion of the two case studies will be scheduled for Tuesday of the same week.

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- The draft of the main report will be due on Monday of Week 4, with a debriefing presentation and discussion of the report scheduled for Wednesday of the same week.

- The final versions of the two case studies and the main report will be due on Friday of Week 4.

The reports are to be submitted in English; any translation to Spanish will be the responsibility of USAID/Bolivia. The report length should not exceed 50 pages, with any detailed discussions being placed in annexes. Results of the study will be submitted to AID/S&T/CDIE. That office will circulate the report to private sector initiatives and make is widely accessible.

AID's required format for evaluation reports is as follows:

- Executive Summary stating the findings (evidence), conclusions, and recommendations of the evaluation;

- Project Identification Data Sheet;

- Table of Contents;

- Body of the report;

- Annexes

Annex 10

Persons Contacted

USAID

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Robert Kramer	Deputy Mission Director
Darell McIntyre	Chief, Agriculture and Rural Development Office
Jorge Calvo	Project Manager, Agriculture and Rural Development

RONCO

Kamal Dow	Chief of Party
Jorge Forgues V.	Lawyer (on contract)
Marcelo Miranda	Economist
Carlos Laserna	Communications Specialist
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James Graham	Head, Santa Cruz office
Nelson Bowles	Economist, Santa Cruz office
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Hugo Arce	Agronomist, Tarija office
William Vázquez	Business Administration Specialist, Tarija office
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Jorge Noda M.	Head, Financial Department

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Gastón Martinic	Representative, Technical Committee

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Alfonso Roca Voss	Jefe, Dpto. Planificación
Edmundo Roca	Gerente General, ACAP
Armando Justiniano	Jefe, Administración

ANAPO (Asociacion de Productores de Oleaginosas y Trigo)

Santa Cruz

Carlos Rojas	President
Juan Kuljis	Vice President
Guillermo Ribera Cuéllar	Gerente General
Eduardo Nostas	Jefe, Dpto. Técnico
Rolando Zabala	Field Agronomist
President	Cooperativo CAICO
Wheat Farmer	CAICO, Okinawa 1
Wheat Farmer	CAICO, Okinawa 3
Bernardo Brown	Mennonite farmer

COMEX ANAPO LTDA. (Complejo Exportador ANAPO Ltda.)

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Melgior Baeny González	Gerente General
Juan Carlos Arandia Antelo	Tesorero

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ADEPLE (Asociacion Departmental de Productores de Leche)

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Olwys Vaca Diez	President
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Jaime Paz	Board Member
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ASOHFRUT (Asociacion de Horticultores y Fruticultores)

Santa Cruz

Jorge Aguilera Bejarano	President

ASOBOFLOR (Asociacion Boliviana de Floricultores)

Cochabamba

Carlos Hinajosa	President, ASOBOFLOR President, SERVIFLOR Rose Grower
Juan Dubois	Director Rose Grower
Enrique Ponce	General Manager

SERVIFLOR

Cochabamba

Carlos Hinajosa	President, SERVIFLOR President, ASOBOFLOR
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CIS-Punata (Cooperativo Integrado de Servicios)

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Guido Delgadillo E.	President, Administrative Council, Directorate
Salomón Torrico	Secretary, Administrative Council, Directorate
Leon Gonzales	President, Oversight Committee, Directorate
Emilio Cano Escobar	General Manager
Victor Hugo Villegas	Head, Education Department

Juana Pozo	Accountant
Katerina Orellana	Cashier
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Emilio Camacho	Extension Agent, Education Department
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María Gonzales	Rose Farmer, Dairyman
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Alberto Torrico	Rose Farmer
Ricardo Villaroel	Secretary,
15 farmers	GAB 14, Arani

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José Luis Claure	Agronomist, Agriculture Department

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Hugo Sandi R.	Vice President
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Fritz Havel P.	Delegate, Assn. Zudanez
Freddy Noya L.	Delegate, Assn. Villa Serrano
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Santiago Serabie	Delegate, Assn. Muyupampa

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Ricardo Valdivieso	Vice President

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Jaime Ruiz	Gerente
Jaime Castellanos	President, Asociación de Avicultores Former president, CAT
Ventura Villarroel	Vice President, Asociación de Avicultores
Celestina de Casap	Representative, Asociación de Avicultores
Jorge Vito Blacut	Conseillor, Asociación de Productores de Leche (ADEPLE)
Moisés Francisco Navajas	President, ADEPLE
Jose Bazoberry	Treasurer, ADEPLE
Carmen Blacut	Representative, Asociación de Viticultores (ASOVIT)
René Pinedo	Representative, ASOVIT
José Nicolás Romero	President, Federación de Ganaderos de Tarija (FEGATAR)
Antonio Molina	President, Asociacion de Fruticultores (ASOFRUT)
Simón Segovia	Former president, Asociacion Caneros, Bermeso

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Annex 11

Documents Reviewed

USAID

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1988-89 *Boletín Informativo de la Federación de Ganaderos de Beni y Pano.* Vol I-1 (Feb. 1988)-Vol.II-23 (Dec. 1989).

RONCO/FEGABENI

1987 *Diagnóstico y estrategia de desarrollo organizacional de la Federación de Ganaderos del Beni y Pando (FEGABENI).* La Paz: Mímeo.

1988 *Proyecto de rehabilitación y complementación industrial del materdero frigorífico "Trinidad" S.A. (FRIGASA).* La Paz: Mímeo.

1989a *Proyecto del Matadero Frigorífico de Trinidad "FRIGASA,"* Grupo Ganadero Industrial Internacional, S.A. La Paz: Mímeo.

1989b *Contrato de administración y transferencia de tecnología, GGI-FRIGASA,* Vol. 1. La Paz: Mímeo.

1989c *Servicio de acopio cueros,* Ing. José Castro O. and Ing. Abraham Castro O. La Paz: Mímeo.

1989d *Fortalecimiento institucional de la Federación de Ganaderos del Beni y Pando, Estudio de factibilidad técnica y financiera: Planta procesadora de cebo y harinas de carne y hueso.* La Paz: Mímeo.

1989e *Fortalecimiento institucional de la Federación de Ganaderos del Beni y Pano, Estudio de factibilidad tecnica y financiera: comercializadora de productos cárnicos, FRIGASA.* La Paz (Sept.): Mímeo.

CAO (Camara Agropecuaria del Oriente [Santa Cruz])

RONCO/CAO

1987 *Diagnóstico y estrategia de desarrollo organizacional de la Cámara Agropecuaria del Oriente (CAO).* La Paz: Mímeo.

1989 *Cámara Agropecuaria del Oriente: Reestructuración orgánica y funcional.* Santa Cruz: Mímeo.

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ANAPO (Asociacion de Productores de Oleaginosas y Trigos)

RONCO/ANAPO

1988a *Diagnóstico y estrategia de desarollo de ANAPO.* La Paz (Jan.): Mímeo

1988b *Proyecto de ampliacion de la planta de semillas ANAPO (prefactibilidad).* By Evans Gandarillas M. La Paz (Jul.): Mímeo.

1988c *Proyecto de instalación de una terminal de carga en San José de Chiquitos para exportacion de soya.* Santa Cruz (Aug.): Mímeo.

1988d *Overview of RONCO/ANAPO Program (PAO) to Improve Wheat Production in Santa Cruz, Bolivia Area: Final Report,* John W. Gibler. La Paz (Sep.): Mímeo.

1990 *Plan para el desarrollo de la producción de trigo en el Departamento de Santa Cruz,* Periodo 1990-1994, José Guillermo Justiniano S., Jaime Muñoz Reyes, and Jorge Velasco. La Paz (Jan.): Mímeo.

ADEPLE (Asociacion Departamental de Productores de Leche [Santa Cruz])

RONCO/ADEPLE

1990 *Diagnóstico de Gestión.* Santa Cruz (Jan.): Mímeo.

ASOBOFLOR (Asociacion Boliviana de Floricultures [Cochabamba])

1988a *Diagnóstico y estrategia de desarrollo organizacional de la Asociación Boliviana de Floricultores.* La Paz (Jan.): Mímeo.

1988b *Empresa comercializadora de flores: Estudio de factibilidad técnica, económica, y financiera,* Luis Ampuero et al. La Paz (Oct.): Mímeo. 2 vols (including appendices).

1989 *Empresa de comercialización y servicios a la floricultura: Estudio de factibilidad técnica, económica y financiera.* La Paz (Oct.): Mímeo.

Cooperative Integral de Servicios (CIS)-PUNATA

1988 *Diagnóstico y estrategia de desarrollo de la Cooperativa Integral de Servicios, Cochabamba, Ltda, de Punata.* La Paz (Jan.): Mímeo.

1989a *Dried Flowers,* Lewis Spates. La Paz (Sep.): Mímeo.

1989b *Estudio de factibilidad para la implantación de una industria de transformación de la leche en Punata,* Thierry Givois. La Paz (Sep.): Mímeo.

1223

Camara Agropecuaria de Potosí (CAP)

n.d. *Statutes of the Cámara Agropecuaria de Potosí.* Potosí: Typescript.

1987 *Diagnóstico y estrategia de desarrollo organizacional de la Cámara Agropecuaria de Potosí.* La Paz (December): Mímeo.

1988 *Proyecto ganadero lechero, Fidel Quiroz Colorado.* La Paz (Oct.): Mímeo.

1988-89 *Proyecto almacén de insumos,* Fidel Quiroz C. La Paz: Mímeo.

1989a *Proyecto producción de Papa en Lequesana,* Potosí. La Paz (Aug.): Mímeo.

1989b *Annual Report (Memoria Anual), Cámara Agropecuaria de Potosí.* Potosí: Mímeo.

1989c *Statutes of the Asociación de Productores de Cereales (APROCE).* Potosí: Typescript.

1989d *Statutes of the Asociación de Productores de Papa (ASPPA).* Potosí: Typescript.

1989e *Statues of the Asociación de Fruticultores (ASOFRUT).* Potosí: Typescript.

1989f *Statutes of the Asociación de Criadores de Ganado del Departamento de Potosi (ACRIGAN).* Potosí: Typescript.

Camara Agropecuaria de Chuquisaca (CACH)

n.d. *Estatutos orgánicos de la Cámara Agropecuaria de Chuiqisaca.* Sucre: Mímeo.

1988a *Cámara Agropecuaria de Chuquisaca: Diagnóstico y estrategia de desarrollo.* La Paz (Feb.): Mímeo.

1988b *Diagnóstico de la producción de maíz en el Departamento de Chuquisaca.* Cochabamba (November): Mímeo.

1988c *Correo agropecuario del sur* (Publicación de la Cámara Agropecuaria de Chuquisaca), No. 7 (8 Jul. 1988) and No. 8 (15 Jul. 1988).

1988d *Estudio de factibilidad técnico-económico de una empresa radial para la Cámara Agropecuaria de Chuquisasa en Sucre, Bolivia,* Mario Conca R. (Fundación Chile, Departamento Agroindustrial). La Paz (Nov.): Mímeo.

1989 *Balance General, Gestión 1989.* Sucre: Mímeo.

124

Camara Agropecuaria de Tarija (CAT)

1988 *Diagnóstico y estrategia de desarrollo organizacional de la Cámara Agropecuaria de Tarija.* La Paz (Jan.): Mímeo.

Estudio de mercados potenciales para la exportación del ajo (Bolivia), Mario Vargas Palacio, et al. (Fundación Chile). n.p. (Oct.): Mímeo. 2 vols (including appendices).

[The following organizations in the PAO Project were not visited, but documentation about activities with each was reviewed for this evaluation.]

Cooperative Integral de Servicios, Gran Chaco, Limitada (Yacuiba)

1988a *Diagnóstico y estrategia de desarrollo Cooperativa Integral de Servicios Gran Chaco, Limitada.* La Paz (Feb.: Mímeo.

1988b *Estudio geotécnico para la instalación de silos en la localidad de Yacuiba,* Marco Maldonado. La Paz (Oct.): Mímeo.

1988c *Estudio geotecnico para la instalación de silos en la localidad de Caiza,* Marco Maldonado. La Paz (Dec.): Mímeo.

Asociacion Integral de Ganaderos de Camelidos de los Andes Altos (AIGACAA)

1987 *Diagnostic y estrategia de desarrollo de A.I.G.A.C.A.A.* La Paz (Dec.): Mímeo.

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Annex 12

ACTIVIDADES DE CAPACITACION
del Proyecto OAP a cargo de Ronco Consulting Corporation

Cursos: **Computación**

CIS COCHABAMBA:

Fechas: Febrero 1990 hasta la fecha

Marcián Cadima	Leónidas Camacho	Emilio Cano
Eliseo Fernandez	Oswaldo Illanes	Germán Lima
Virginia Muñoz	Catalina Orellana	Juana Pozo
Mario Torrico		

ASOBOFLOR:

Fechas: Febrero 1990 hasta la fecha

Alvaro Beckrich	Henry Calvo	Margarita Granado
Carlos Hinojosa	Ivania Mata	Erick Ponce
Antonio Saavedra		

CAMARA AGROPECUARIA DE CHUQUISACA:

Fechas: Marzo hasta la fecha:

Luz Gonzales	Ma. Eugenia Paz	Angel Quezada
Olga Jesus Aldunate	Ariel Aviles	Margarita Padilla
Alberto Guzman	Alberto Rodriguez	

CAMARA AGROPECUARIA DE TARIJA:

Fechas: Octubre - noviembre de 1.989

Esteban Miranda	Ma.Esther de Bleichner
Marcelo Pantoja	Ricardo Baldivieso
Franz Michel	

ANAPO:

Fechas: Enero - marzo 1990

Carlos Rojas	Juan C. Arandia	Ernesto Antelo
Ricardo Freerking	Melgior Baeny	Francisco Hatanaca
Willy Ribera	Eduardo Nostas	Rolando Zabala
Carlos Divos	Elizabet Serrano	Bernarda Zabala

Curso: **Producción de flor cortada**

Fechas: Cochabamba, del 22 a 26 de marzo de 1988

Conducido por: Hugh Poole

Participantes:

ASOBOFLOR:

Nancy Cadima	Juan Ardaya	Mario Torrico
Jorge Torrico	Guido Torrico	Oswaldo Andia
Felix Quitón	Hector Ustariz	Armando Rodriguez
Gonzalo Guzman	Angel Guaman	Hector Montaño
Jaime Jordán	Carmen Lazaneo	Alberto Levy
Rodrigo Mendez	Lessin Mendez	Patricia Blanco
Abadia Cuentas	Cristina Escobar	Hector Castro
Moises Kestemberg	Juan Dibos	Orlando Montaño
Deysi de Canedo	Jorge Saunero	Alvaro Galindo
Alfonso Canedo	José Carlos Zambrana	Boris Vargas
Eusebio Ansaldo	Fernando Vargas	Raul Buloq
Carlos Hinojosa		

CIS COCHABAMBA:

Eliseo Camacho	Mario Torrico O	René García M.
Orlando Vasquez	Daniel Gonzales	José Vasquez
Felix Claros	Leónidas Camacho	Rómulo Torrico
Guido Torrico	Benjamin Torrico	María Gonzales
Vitaliano Gonzales	Antonio Villarroel	Leoncio Torrico
José Torrico	Juan Aguilar	Juan Ardaya
Esmeraldo Inochea	Emma Sarmiento	Jaime Agreda
Juan Inochea		

Viajes de entrenamiento.

Asistentes:

CIS CBBA. Emilio Cano Eliseo Camacho
(A Costa Rica) Mario Torrico Leónidas Camacho

Fechas: Septiembre de 1989

ANAPO. Willy Ribera
(A USA)

Fechas: Marzo de 1.989

CAO(ADEPLE) Javier Torrico Jaime Paz Javier Velarde
(A Costa Rica)

Fechas: Septiembre de 1989

ASOBOFLOR (A USA) Juan Dibos Carlos Hinojosa

Fechas: Febrero de 1.988

CAMARA AGROP.DE TARIJA

(A Chile) Milton Bass Werner Jaime Castellanos
Franz Michel Raul Perales

Fechas: Febrero de 1988

Curso: Centros de Acopio y Desarrollo Ganadero

Asistentes:70 campesinos. (No existe registro de participantes. Dirigido a productores miembros de AIGACAA
Fechas: Agosto 1988

Curso: Evaluacion Financiera de Proyectos Agropecuarios

Dictado por: Lic. Oswaldo Illanes
Dirigido a miembros de directorio y ejecutivos de CIS COCHABAMBA.

Fechas: Enero de 1.990

Conducido por: Lic. Oswaldo Illanes

Asistentes:

Emilio Cano
Juana Pozo
Guido Delgadillo
Abdón Claros
Salomón Torrico

Leónidas Camacho
René García
Germán Lima
Juan Carlos Camacho
Federico Arispe

Victor Hugo Villegas
Mario Torrico
Eliseo Fernandez
Lorenzo Camacho
Leónidas Arnez

Curso: Manejo de Riego, Salinizacion y uso de fertilizantes.

Fechas: Diciembre de 1988

Conducido por: GTZ y CUMAT

Asistentes: Actividad dirigida a la CIS COCHABAMBA

Eulogio Camacho
Anastacio Marín
Faustino Ricaldez

Carlos Marin
Valleriano Vallejos
Fermin Mejia

Blas Rodriguez
Francis.Ricaldez
Julio Rodriguez

Ladislao Vallejos
Bertha Maldonado
Clemente Paredes
Casto Montaño
Victor Guzman
Cesar Flores
Encarnacion Guevara
Octavio Lopez
Casiano Tenorio
Florencio Lizarasu
Mario Torrico
Cesar Vidal

Benedicto Sanchez
Romulo Zambrana
Justino Ricaldez
Cesar Ricaldez
Martin Reque
Esteban Jaldin
Cirilo Alvarez
Wilma Villarroel
Emeterio Maldonado
Emilio Cano
Augusto Castro

Humberto Montaño
ProtacioMaldonado
Ricardo Vidal
Paolino Oropeza
Tito Gonzales
Gualb.Villarroel
Manuel Villarroel
René García
Gregorio Serna
Eliseo Camacho
Victor.H.Villegas

Curso: **Seminario de Alta Gerencia I**

Fechas: Octubre de 1989

Conducido por: INCAE

Asistentes: Directivos y ejecutivos de las OAP's.

Juana Pozo
Alberto Rodriguez
Tito Chavez
Erick Ponce
Carlos Cuellar
Elard Bravo
Loviar Nogales
Alfredo Morales
Eduardo Calderon
Bergman Vargas
Jaime Ruiz
René Calle
Alberto Menacho
Nelson Bowles

Emilio Cano
Ariel Avilez
Jose Saavedra
Jorge Saunero
Ciro Montaño
Mario Melgar
Alejandro Aguilera
Dolly de Delfín
Mario Morales
Wilbert Espada
Luis Nuñez
Ricardo Frerking
Daniel Vaca
Carlos Cuellar

Leonidas Camacho
Carlos Belaunde
Carlos Hinojosa
Aurelio Echazú
Francisco Hatanaka
Mamerto Cortez
Jorge Lara
Ariel Chamas
Abdon Llave
Rodolfo Puch
Ernesto Antelo
Fulvio Ferrero
Hugo Arce
Mario Suarez

Curso: **Seminario de Alta Gerencia II**

Fechas: Marzo de 1990

Conducido por: INCAE

Asistentes: Directivos y ejecutivos que asistieron al ejecutado en Trinidad, Beni.

Loviar Nogales
Alberto Rodriguez
Eduardo Calderon
Mario Morales
Francisco Hatanaka
Elard Bravo

Dolly de Delfin
Wilbert Espada
Abdon Llave
Alejandro Aguilera
Alfredo Morales
Mario Melgar

Ariel Aviles
Mario Suarez
Jaime Ruiz
Jorge Lara
Bergman Vargas
Emilio Cano

Leónidas Camacho	Roberto Aguilera	Osvaldo Gutierrez
Erick Ponce	Antonio Saavedra	Jorge Saonero

Curso: **Produccion de ajos**

Fechas: Diciembre de 1989

Conducido por: Ing. Rodolfo Sandoval
- Frutera Central.

Dirigido a productores ajeros de las cámaras de Chuquisaca y Tarija

Asistentes:

Enrique Chauque	Jose Rodriguez	Domingo Martinez
Ariel Aviles	Rene Rodriguez	Pastor Sandoval
Pascual Zárate	Italo Bravo	Richard Bravo
Santos Gonzales	Lindolfo Sárate	Luis Bravo
Carlos Rodriguez	Fleidor Velasquez	Jose Santa Cruz
Gregorio Velasquez	Mario Cruz	Dario Cason
Ruben Delgado	Victor Duran	Jorge Rojas
Walter Carvallo	Carlos Rodriguez	René Rodriguez
Jorge Rojas	Domingo Martinez	Ramiro Duran
Martín Rodriguez	Henry Delgado	Victor Fernandez
Claudio Altamirano	Facundi Diaz	Ricardo Casso
Amado Velasquez	Julian Acosta	Adolfo Cadena
Teodoro Aban	Ponciano Velasquez	Roberto Chambi
Nicolas Ramirez	Mario Soliz	Agripina Diaz
Oscar Vega V.	Lidio Ramirez	Máximo Zenteno
Ivar Garzón	Edwin Velasquez	Fernando Diaz
Eulogio Cassón	Pastor Ortega	

Curso: **Seminario de Gerencia de Organizaciones Gremiales Agropecuarias**

Fechas: Febrero de 1990

Conducido por: IFAIN

Dirigido a Mandos Medios de las OAP's con las que trabaja el Proyecto.

Asistentes:

Eduardo Nostas	Augusto Ulloa	Rolando Zabala
Roger Chavez	Juan C. Canido	Luis Lozada
Isamu kondo	Mario Suarez	Leandro Rocha
Juan C. Suarez	Walter Avila	Victor H. Villegas
German Lima	Eliseo Camacho	Marcian Cadima
Lorenzo Camacho	Wilson R. Gareca	Eduardo Aguilera
Sergio Romero	Hugo Flores	Egberto Ortega
Mario Cruz	Angel Quezada	Alberto Guzman

Romulo Ortega	Luis Escribano	Milton Reyes
Armando Jerez	Policarpio Vidaurre	Jose Vargas

Curso: **Tributación Fiscal**

Fechas: Noviembre de 1989

Conducido por: Lic.Javier Asturizaga, Consultor del Banco Mundial, asignado a la Dirección General de la Renta Interna.

Dirigido a personal de **FEGABENI** y asociaciones encargados de las recaudaciones.

Arturo Moreno	Aldo Soleto	Orlando Chavez
Eduardo Chavez	Vania Chavez	Antonio Abularach
Elias Mesquita	Rosario Soleto	Alfredo Quevedo
Antonio Gushi	Isabel Cuellar	Waldo Landivar
Teresa Arias	Rodolfo Brun	Susana Suarez
Fátima Rodriguez	Hugo Santivañez	

Curso: **Produccion de papa**

Fechas: Marzo de 1988

Dirigido a productores de papa asociados a la **Cámara Agropecuaria de Potosí. (CAP)**

No se tiene un listado de los participantes, sin embargo en el informe se menciona la asistencia de 40 productores.

Curso: **Seminario sobre Sociedades Accidentales y Promocion de Exportaciones**

Este seminario se desarrolló en la ciudad de Santa Cruz, en las instalaciones del Hotel Los Tajibos, el mes de enero de 1989.

Esta actividad fué ejecutada a través de la Cámara Agropecuaria del Oriente, contándose con 30 personeros de la Cámara y 35 de diversos sectores de la industria y el agro.

Actividad: **Encuentro Internacional de Organizaciones de Productores Agropecuarios.**

Fechas: 19 al 22 de enero de 1988
Expositores: Varios
Dirigido a: Todos los sectores y subsectores de la agropecuaria nacional.

Lista Adjunta.

Nota.- En este resumen no se incluyen los procesos de capacitación iniciados a raíz de los contratos de asistencia técnica a través de consultores de corto

plazo. Cabe destacar que los convenios con cada OAP establecen la designación de una o más personas como contraparte, a fin de recibir adiestramiento específico.

RESUMEN EJECUTIVO

Actividades ejecutadas:

Cursos:	12
Viajes al exterior:	4
Personas capacitadas:	
En el pais:	461
En el exterior:	14
Total:	475

Nombre del Curso:	Computación
Organización Participante:	CIS Cochabamba
Lugar:	Ciudad de Cochabamba
Fecha:	Febrero 1990
Dirección:	Instituto BITS
Dirigido a:	Administrativos.
Número de participantes:	10

Nombre del Curso:	Computacion
Organización Participante:	ASOBOFLOR
Lugar:	Cochabamba
Fecha:	Febrero 1990
Dirección:	Instituto BITS
Dirigido a:	Directivos y Administrativos
Número participantes:	7

Nombre del Curso:	Computación
Organización Participante:	Camara Agropecuaria de Chuquisaca
Lugar:	Sucre
Fecha:	Marzo hasta la fecha
Dirección:	Instituto D.O.S. SOFTWARE
Dirigido a:	Tecnicos y administrativos
Número participantes:	8

Nombre del Curso:	Computación
Organización Participante:	Camara agropecuaria de Tarija
Lugar:	Tarija
Fecha:	Octubre-noviembre de 1989
Dirección:	Instituto Tarija
Dirigido a:	Directivos y administrativos
Número participantes:	5

Nombre del Curso:	Cumputación
Organización Participante:	ANAPO
Lugar:	Santa Cruz de la Sierra

Fecha:	Enero-marzo 1990
Dirección:	Instituto Boliviano-Argentino
Dirigido a:	Ejecutivos y administrativos
No.participantes:	12
Nombre del Curso:	Produccion de Flor Cortada
Organización Participante:	ASOBOFLOR-CIS COCHABAMBA
Lugar:	Cochbamba
Fecha:	22 al 26 de marzo de 1988
Dirección:	Hugh Poole
Dirigido a:	Productores y tècnicos
No.Participantes:	56
Nombre del Curso:	Viajes de entrenamiento
Organización Participante:	Varias
Lugar:	Varios
Fecha:	Varios
Dirección:	--
Dirigido a:	Varios
No.Participantes:	14
Observaciones:	Ver detalle
Nombre del Curso:	Centros de acopio y desarrollo ganadero.
Organización Participante:	AIGACAA
Lugar:	Wariscata
Fecha:	Agosto de 1988
Dirección:	Ing. Alberto Apumalla
Dirigido a:	Productores
No. Participantes:	70
Nombre del Curso:	Evaluacion financiera de Proyectos Agropecuarios
Organización Participante:	CIS COCHABAMBA
Lugar:	Punata
Fecha:	Enero 1990
Dirección:	Lic. Oswaldo Illanes
Dirigido a:	Directivos y ejecutivos
No. Participantes:	15
Nombre del Curso:	Manejo de riego, Salinización y Uso de Fertilizantes
Organización Participante:	CIS COCHABAMBA
Lugar:	Punata
Fecha:	Diciembre de 1988
Dirección:	GTZ y CUNAT
Dirigido a:	Productores y tècnicos
No.Participantes:	43
Nombre del Curso:	Seminario de Alta Gerencia I
Organización Participante:	Varias OAP's
Lugar:	Trinidad, Beni
Fecha:	Octubre de 1989
Dirección:	INCAE

Dirigido a:	Directivos y ejecutivos
No. participantes:	42
Nombre del Curso:	Seminario de Alta Gerencia II
Organización Participante:	Varias OAP's
Lugar:	Cochabamba
Fecha:	Marzo de 1990
Dirección:	INCAE
Dirigido a:	Directivos y ejecutivos asistentes al anterior.
No.participantes:	24
Nombre del Curso:	Produccion de ajos
Organización Participante:	Cámara Agropecuaria de Tarija
Lugar:	Tarija
Fecha:	Diciembre de 1989
Dirección:	Ing. Rodolfo Sandoval
Dirigido a:	Productores y técnicos
No. Participantes:	50
Nombre del Curso:	Seminario de Gerencia de Organizaciones Gremiales Agropecuarias
Organización Participante:	Varias OAP's
Lugar:	Tarija
Fecha:	Febrero de 1990
Dirección:	IFAIN
Dirigido a:	Mandos medios y ejecutivos de varias OAP's
No. Participantes:	30
Nombre del Curso:	Tributación Fiscal
Organización Participante:	FEGABENI
Lugar:	Trinidad, Beni
Fecha:	Noviembre de 1989
Dirección:	DGRI
Dirigido a:	Recaudadores de las asociaciones
No. Participantes:	17
Nombre del Curso:	Produccion de papa
Organización Participante:	Cámara Agropecuaria de Potosí
Lugar:	Potosí
Fecha:	Marzo de 1988
Dirigido a:	Productores
No.participantes:	40
Nombre del Curso:	Seminario sobre Sociedades Accidentales y Promoción de Exportaciones
Organización Participante:	CAO
Lugar:	Santa Cruz de la Sierra
Fecha:	Enero 1989
Dirección:	Dr. Gastón Kohn
Dirigido a:	Ejecutivos

No. Participantes:	65, 30 de la CAO y 35 de otras organizaciones

Nombre de la actividad:	Encuentro internacional de Organizaciones de Productores Agropecuarios.
Organización participante:	Todas las OAP's mediante representantes acreditados.
Lugar:	Santa Cruz de la Sierra
Fecha:	19 a 22 de enero de 1988
Coordinación a cargo de:	Ronco Consulting Corporation
Expositores:	Sociedad Rural Argentina Sociedad Nal.de Agricultura de Chile Sociedada Agrícola de Colombia Federación de Arroceros de Colombia Organización Nal.Agraria del Perú
No. de participantes:	54
Observaciones:	Estuvieron presentes todos los subsectores de las diferentes cámaras agropecuarias.