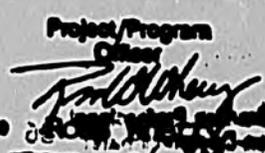
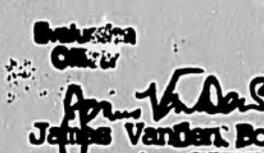
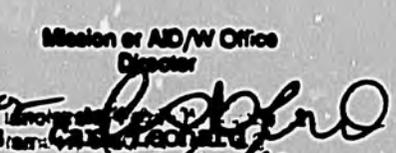


ISN 69977

<b>A. REPORTING A.I.D. UNIT:</b> <u>USAID/COSTA RICA</u> <small>(Mission or AID/W Office)</small>  (ES# <u>88-5</u> )	<b>B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN?</b> yes <input checked="" type="checkbox"/> slipped <input type="checkbox"/> ad hoc <input type="checkbox"/>  Eval. Plan Submission Date: FY <u>8804</u>	<b>C. EVALUATION TIMING</b> Interim <input checked="" type="checkbox"/> final <input type="checkbox"/> ex post <input type="checkbox"/> other <input type="checkbox"/> PD-ABC-328 XD			
<b>D. ACTIVITY OR ACTIVITIES EVALUATED</b> (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report)					
Project #	Project/Program Title <small>(or title &amp; date of evaluation report)</small>	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
515-0226	Agriculture Services and Union Development	6/85	6/91	2,000	2,000

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR	Name of officer responsible for Action	Date Action to be Completed
<b>Action(s) Required</b>		
1. The marketing activity of the farm unions will be kept financially separate from other union activities.	H. Karczynski	1/89
2. Quantitative goals will be set for amounts to be earned for each union by its marketing activity.	"	1/89
3. Strengthen financial administration of marketing program and of the individual unions.	"	3/89
4. Strengthen marketing information data base.	"	3/89

<b>F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION:</b> mo <u>8</u> day <u>29</u> y <u>88</u>			
<b>G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:</b>			
Project/Program Officer Signature:  Typed Name: <u>James Vander Bos</u> Date: <u>9/21/88</u>	Representative of Beneficiary/Grantee Signature:  Typed Name: <u>Holmes</u> Date: _____	Evaluation Officer Signature:  Typed Name: <u>James Vander Bos</u> Date: <u>9/30/88</u>	Mission or AID/W Office Director Signature:  Typed Name: <u>James Vander Bos</u> Date: <u>9/30/88</u>

IDENTIFICATION UNIT

ACTIONS

APPROVALS

**EVALUATION ABSTRACT (do not exceed the space provided)**

USAID Costa Rica granted \$1,000,000 to the American Institute for Free Labor Development in June, 1985, to develop the capacity and economic self-sufficiency of the National Confederation of Workers (CNT) and its Agrarian Department to administer and operate an agricultural services delivery system for its farm unions. The system is now extended to unions in four areas of Costa Rica, covering production of pineapple, root crops, pumpkin and various fruits. The evaluation was conducted to verify project progress and to determine if a substantial grant amendment should be awarded.

The consultant visited the five unions which received assistance and interviewed the management and a sampling of union members. At the Agrarian Department of the CNT he reviewed job descriptions, qualifications, and administrative practices, as well as the efficiency, agility, and general business practices of the marketing arrangements of the Agrarian Department.

Specifically, the evaluation was concerned with the following points: Were the services to the rural unions technologically appropriate to the individual situation, timely, and of adequate quality? How did project activities contribute to the institutional development of the rural unions? Does the Agrarian Department maintain adequate technical and administrative staff to carry out this activities? Is it capable of managing union development activities and the agricultural services program over the long term? Can project activities demonstrate beneficial effects on the level of family incomes of the rural union members? On job creation? Participation of women?

The current beneficiary group consists of 2,338 union affiliates, almost twice the level at the beginning of the program, but less than the target figure of 5,000. Assuming an average rural family is five members, the total population of beneficiaries is 11,940 people. The marketing program now provides 10 to 12% of the income of the union. Since November 1987, an aggressive marketing policy has been adopted, which permitted growth in sales and profits. The administrative services of the unions do not generate revenues. For the medium term, the CNT will not have the required financial capacity to cover all of the expenses of the program. The program has shown a strong institutional development, based on: The aggressive policy to set up cooperation agreements with public and private institutions for stronger technical management and a better external image of the programs, and the greater response capacity to changing market conditions. The program has carried out an important structural change among the CNT's affiliates, passing from a subsistence agriculture to a market oriented business agriculture. The current service supply system is generally functional and efficient.

The aggressive trading policy implemented by the Marketing Department has generated benefits: i) increased sales with good profit margins, ii) the development of trustworthy, profitable business alternatives for the producer, iii) the improvement of prices levels received by farmers, iv) a greater financial and operating consolidation of the unions, and v) diversified crop planning and development, adjusting supply to the market requirements. The program has shown improvement in standards of living, a steady growth of employment level (particularly of women) and income distribution.

ABSTRACT

**I. EVALUATION COSTS**

**1. Evaluation Team**

Name	Affiliation
Eugenio Morales,	Private Consultant

Contract Number OR	TDY Person Days
515-0000-C-	008063-00

Contract Cost OR	TDY Cost (US\$)
\$1,500	

Source of Funds
PD&S

**2. Mission/Office Professional Staff Person-Days (estimate)** 12

**3. Beneficiary/Grantee Professional Staff Person-Days (estimate)** 36

COSTS

# A.I.D. EVALUATION SUMMARY PART II

## J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)

Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID/San Jose

Date this summary prepared: 9/26/88

Title and Date of Full Evaluation Report: Evaluation of Agrarian Services and Union Development  
June 10, 1988

USAID Costa Rica granted \$1,000,000 to the American Institute for Free Labor Development in June, 1985, to develop the institutional capacity and economic self-sufficiency of the National Confederation of Workers (CNT) and its Agrarian Department, and to administer an agricultural services delivery system for its farm union constituency. A previous grant had been awarded in 1983. The system now extends to unions in four areas of Costa Rica, covering production of pineapple, root crops, pumpkin and various fruits. The grant was to terminate May 31, 1988; the Mission had been requested to extend the grant and increase its funding. The evaluation was designed to measure project progress and assist in the consideration of the amendment.

The consultant reviewed the project records, visited the five unions which received assistance, and interviewed their management and members. The consultant visited the Agrarian Department of the CNT to review job descriptions, qualifications, and administrative practices, as well as the efficiency, agility, and general business practices of the marketing arrangements. Specifically, the evaluation focussed on: Were the services technologically appropriate to the individual situation, delivered in a timely manner, and of adequate quality? How did project activities contribute to the institutional development and self-sufficiency of the rural unions? Did the Department maintain adequate technical and administrative staff? Is it financially and administratively capable of managing union development activities and agricultural services programs over the long term? Can project activities demonstrate beneficial effects on family incomes? Job creation? Participation of women? Is the CNT capable of delivering marketing and agricultural service delivery on its resources in areas where it has been active for more than three years? If not, when can external support be withdrawn?

The services to small and medium farmers in the project were technical assistance, credit, marketing services and education. The CNT began with an improvised system, with each service being offered without integration and coordination. The services were later adjusted gradually to the conditions of each zone, to the CNT's agrarian policies, and to government policies. Technical assistance was initially oriented to agricultural extension in rice, corn, beans and vegetables without a clear marketing structure, so that the main result was the improvement in yields, but not incomes. Since subsistence agriculture was not the best economic alternative for the unions, technical assistance was later directed to non-traditional crops for external markets and agroprocessing. These crops included cassava, eddo, dasheen, ginger, pumpkin, passionfruit, black pepper, jalapeno, pineapple, blackberry, hawailian papaya and soursop. Each crop was selected according to its marketing potential. Since these crops were little known by the farmers, training was conducted in production and harvest. The technical assistance services are adequate and are now meeting the objectives for which they were created.

The lack of experience in credit management in the Department made the first credits rigid, and slow to disburse with little control, inappropriate documentation. Without an adequate marketing system and a strong accounts receivable policy, CNT encountered difficulties in recovering the early credits. To solve the credit problem, the lending procedure was reorganized to include: i) selection of the crop (project) according to the marketing potential; ii) rigorous selection of the borrowers; iii) product buying contract (quality norms and a minimum price are used); and iv) loan payments deducted from sales proceeds. Credit service is now agile, timely, with an acceptable recovery rate.

The marketing service of the Department is the most significant evolution during the project. From being a support service in the beginning, the marketing has become the leader service and the main source of union revenues. The marketing service assure to some extent, the profitability of the projects executed, since the search for stable buyers helps the farmers sell their crops at reasonable prices. This is a significant advance for the Agrarian Program, since it solves one of the most critical problems for members. The marketing service identifies markets for non-traditional exports and for agroprocessing, carries out demand studies, identifies marketing channels, prices, qualities, supply quantities and other conditions of the markets, negotiates the sales contract terms with the buyer and assists in production coordination. The marketing service fulfills the expectations of the rural unions and achieves the project objectives.

In the beginning, union democratic and technical education went almost unnoticed. Since the reorganization of the Agrarian Program of CNT in December 1987, the education service directs a program of union education with the five unions, strengthening their organizing capacity. Neither the rural unions nor the CNT had the managerial capacity to execute a program aimed at financial self-sufficiency. Nonetheless, the CNT has been able to improve its administrative structure since 1987. The total earnings generated by marketing activities accounted in 1988 for 9% of the total cost of the program for the same period. This indicator shows the level of economic self-sufficiency which can be improved through stronger marketing and increased working capital. Another indicator of institutional development is the increase noted in contracts and technical cooperation agreements with other firms.

A new project director was hired in November 1987. He presented an administrative organization proposal, which was implemented in December 1987. The reorganization increased personnel efficiency. A Controls and Procedures Manual was written and implemented, and a technical and administrative training program was set in action. CNT now has the administrative and technical capacity to execute the project activities.

The Agrarian Program is more a services program than a financial mechanism. Revenues are generated from marketing and credit services, and initially represent 99% of the recurrent program expenditures. The level of trading operations could be increased, and recovering of credit accounts receivable could be improved to increase the project's economic self-sufficiency.

Since the administrative reorganization, the project has established two packing sheds employing 91 persons, of which 59 are women. The union's marketing operations have shown annualized profits of \$26,000 net on \$130,000 sales. The CNT shares the net proceeds equally between itself and the selling union. Of the sales figure, about \$60,000 represents additional income to farmers and packers, directly attributable to project intervention. The planned project amendment capitalizes on this base.

The current beneficiary groups consist of 2,388 union affiliates, almost twice the level at the beginning of the program but less than the 5,000 members planned. Assuming an average rural family of five, the total population of beneficiaries is 11,940 people.

SUMMARY (continued)

The program has shown a strong institutional development based on the aggressive policy to set up cooperation agreements with public and private institutions for stronger technical management and a better external image of the program, and the response capacity to changing market conditions. The program carried out an important structural change among the CNT's affiliates, passing from a subsistence agriculture to a market oriented business agriculture, promoting more profitable crops. The current service supply system of the program is functional and efficient enough. Nonetheless, if the services are to be offered to new organization and the number of products increased, the services mechanisms and strategy should be reconsidered, in order to ensure the quality, coverage and timelessness of the services.

The aggressive trading policy implemented by the Marketing Department has generated benefits: i) increased sales with good profit margins, ii) the development of trustworthy, profitable business alternatives for the producer, iii) the improvement of prices levels received by farmers, in many cases are 30% above competitors, iv) greater financial and operating consolidation of the unions, and v) diversified crop planning and development, adjusting supply to the market. The program has shown an improvement standards of living, a steady growth of employment level (particularly of women and income distribution.

### Recommendations

- \* CNT should implement an administrative and operating decentralization to achieve a greater efficiency of manpower and logistic resources.
- \* CNT should set up a Commission to formulate, control and evaluate the basic activities of the program. The commission should be an advisory organism, keeping the balance between the political and technical issues. CNT should improve the labor education before the technical program begins.
- \* CNT should set goals for the achievement of economic self-sufficiency, in order to promote an ordered expansion of the trading activity.
- \* CNT should increase the working capital for trading, to satisfy the increasing financial requirements of the more complex marketing plan. It should incorporate the market strategic planning, as a fundamental element to promote the trading activity, and develop a strong and trustworthy market data base to improve the capacity to adapt to changes in market conditions.

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier)

ATTACHMENTS

Final Evaluation Report

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRANTEE

MISSION COMMENTS ON FULL REPORT

The Mission believes that the evaluation was objective, complete, accurate and in compliance with the Scope of Work.

XD-ABC-328-A

19A 19918

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

**United States A.I.D. Mission to Costa Ric.**

**EVALUATION OF AGRARIAN SERVICES  
AND UNION DEVELOPMENT**

**PREPARED BY:**

**Eugenio Morales M.**

**San José, June 10, 1988.**

1

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## EVALUATION OF AGRARIAN SERVICES AND UNION DEVELOPMENT

### I. BACKGROUND

USAID Costa Rica granted funds to the American Institute for Free Labor Development in June, 1985. This \$1,000,000 grant was to be used to develop the institutional capacity and economic self-sufficiency of the National Confederation of Workers (CNT) and its Agrarian Department, and to administer and operate an agricultural services delivery system for its farm union constituency. This is the second such grant since 1983. The system is now extended to unions in four areas of Costa Rica, covering production of pineapple, root crops, pumpkin and various fruits. The grant terminates May 31, 1988. The mission has been requested to extend the grant and increase its funding.

### II. OBJECTIVE

To evaluate the progress and achievements of grant in developing institutional capacity and economic self-sufficiency for selected affiliates of the National Confederation of Workers (CNT).

### III. SCOPE OF WORK

1. In Costa Rica, the consultant will review the project records and become familiar with the objectives, history, and activities of the grant.
2. The consultant will visit each of the five unions which receive assistance and the services under the grant, and will interview the local management and a sampling of union members.
3. The consultant will visit the central offices of the Agrarian Department of the CNT and review job descriptions, qualifications, and administrative practices.
4. The consultant will review the buying and marketing arrangements of the Agrarian Department of CNT for efficiency, agility, and general business practices.
5. Based on written records and site visits, the consultant will render an opinion on the following:
  - a) What services were provided to the rural unions? Were they technologically appropriate to the individual situation, delivered in a timely manner, and of adequate quality?
  - b) In what way did grant funded activities contribute to the institutional development and self sufficiency of the rural unions?

- c) Does the Agrarian Department maintain adequate technical and administrative staff to carry out the activities funded under the grant?
- d) Is the Agrarian department financially and administratively capable of managing union development activities and agricultural services program over the long term?
- e) Can project related activities demonstrate beneficial effects on the level of family incomes of the rural union members? On job creation or preservation? Participation of women?
- f) Is the CNT capable of delivering marketing and agricultural service delivery on its own resources in those areas where it has been active for more than three years? If not, when can external support be withdrawn?
- g) Describe and quantify the effects of the provision of services by the Confederation to members.

#### IV. RESULTS

The major results taking into account the points set up in the scope of work are as follows.

##### A. SERVICES PROVIDED TO THE RURAL UNIONS.

According to the written and oral reports of the Agrarian Department of CNT, as well as to the site visits to the rural organizations, the services given to small and medium farmers while the program was prevailing are basically the same ones stated in the agreement, namely, technical assistance, credit, marketing services and education.

From the information collected can be demonstrated that the way in which those services have been offered has changed significantly. It began in some extent with an improvised system, with each service being offered in an isolated way from the other ones, without the integration and coordination required to achieve the objectives and goals of the Grant. However, before the real needs of the rural organization and with the experience acquired by the Agrarian Department of CNT, changes oriented to improve the quality and coverage of the services were implemented. Consequently, the services offered were adjusted gradually to the conditions of each zone, to the CNT's agrarian policies, and to the government policies in respect of the agricultural development strategies.

Next, an analysis and description of the services offered under this Grant and their evolution up to date is presented.

#### 1. Technical Assistance.

At the beginning of the program the technical assistance was the service which took the most attention and human resources.

Without a well defined working program, the technical assistance was exclusively oriented to the agricultural extension in traditional crops as grains (rice, corn, beans) and vegetables (tomato, chile, coriander, etc.)

This first stage was characterized by the assistance to the traditional subsistence agriculture, without a clear marketing structure, so that the main result was the improvement in yields since a better production technology was used. From a mere technical point of view, the results were satisfactory, but within the global approach of the Grant they were not, because of the lack of an effective coordination with the other services such as marketing, credit and education.

Since traditional agriculture is not the best economic alternative for the affiliates of the rural organizations, the technical assistance was then directed to some non traditional crops for the external markets and for the agribusiness industries, such as root crops and tubers

(cassava, eddoes, dasheen, yamps), ginger, pumpkin, naranjilla, passion fruit, black pepper, hot pepper, pineapple, blackberry, hawaiian papaya, soursop, etc. Each crop identified as an individual project is previously selected accordingly to its marketing and financial potential. Since those crops are little known by the farmers, coordination with the Department of Education is carried out to teach training courses or practical demonstrations with the participation of specialists from public and private institutions.

Due to the current degree of participation and programming, as well as to the results which are being obtained, it could be interpreted that the technical assistance service is adequate and it is meeting the objectives for which it was created.

Up to now, the benefits from the technical assistance service have been very positive, however, considering the current operative scheme for the granting of the service, and the eventual increase in the number of projects and in the number of organizations to assist, the technical assistance service is projected to decrease in terms of quality, frequency and coverage.

In a very concrete way, Table 1 shows the description and performance of the technical assistance service from 1985 to 1988.

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**Table 1. Description and performance of the technical assistance service by project, year and region.**

COVER. has	PROJECT	ZONE	N.OF EFFEC. SITE VISITS	N.OF BENEF. FARMERS	ESTIMATED YIELD kg/ha
16	Naranjilla	P.Zeledón	384	18	6.000
5	Hot pepper	P.Zeledón	18	10	10.000
100	Beans	P.Zeledón	400	90	1.150
125	Corn	P.Zeledón	400	95	2.000
2	Experim. farms (passion fruit, papaya, soursop, yam, dasheen )	P.Zeledón	Not considered as site visits	All of the affiliates to the orga- nization	Pending
20	Purple dasheen (Tiq. lila)	San Carlos	210	20	10.000
3.5	White dasheen (Tiq. blanco)	San Carlos	35	4	10.000
3.5	Yamps	San Carlos	66	4	10.000
5	Pineapple (Cayenna lisa)	San Carlos	90	UCASA	360.000
9	Passion fruit (private)	San Carlos	45	9	10.000
0.1	Experim.farm (Okra)	San Carlos	Not considered as site visits	All of the affiliates	Pending
11	Purple dasheen (Tiq. lila)	Río Frío	121	17	10.000
5	Passion fruit	Turrialba	120	10	10.000

Source: Agrarian Dept. of the National Confederation of Workers (CNT)

Given the conditions stated before related to the lack of programming at the beginning of the current program, the credit service did not accomplish its purpose of forming farmers in such a way that they could become credit subjects before the National Banking System (SBN).

The lack of experience to manage a credit line from the Agrarian Department of CNT in that moment, together with the nature of the financed crops --traditional subsistence agriculture-- , made the first credits non agile and non oportune, with little control and an unappropriate formalization. The problem was enhanced by the lack of an adequate marketing system and a right receivables policy, consequently, difficulties to recover the credits granted were originated.

It is worth mentioning that at the beginning of the program credit was used as a political instrument to increase the number of affiliates, and not as a development tool oriented to improve yields and small farmer's standards of living.

Given the disastrous results derived from the credit policy (this is especially true in the region of Pérez Zeledón), currently the funds are used with a technical criterion and in association with some other services such as technical assistance and marketing services.

In figures, the result was a total amount allocated of Col. 10.606.000 recovered at an average rate of 63%. The outstanding debts amount to Col. 3.027.900 and according to projections from the Agrarian Department, they expect to recover just 50 % of that quantity.

B

To solve the credit and other related services problems, a reorganization of the whole procedure is planned. That procedure currently involves the next steps:

- selection of the crop (project) according to the marketing potential and agro-ecological potential of each zone;
- technical selection of the beneficiaries according to individual conditions on each farm;
- training previously to plantation;
- agile formalization (pignoration over the harvest);
- product buying contract (quality norms and a minimum price are used);
- payments in kind (agricultural inputs) according to orders of buying approved by the Technical Department, labour contracts and land purchases are not financed;
- directed and programmed technical assistance;
- order of purchase to harvest if required by the buyer;
- crop sales by the Department of Marketing;
- cash of the invoices by the Financial Department;

- reduction of debt (principal and interests) and utilities return to the farmer.

With the mechanism described, credit service is now agile, opportune, with a high recovering rate so that the initial objective is now beginning to be met.

### 3. Marketing.

The marketing service by the Agrarian Department of CNT is perhaps the one with the most significant evolution during the development of the present grant.

From being a service strictly designed for the support of the Technical Assistance Department at the beginning of the grant, with the objective of selling and looking for buyers for those products the Technical Assistance Dept. decided to support, the marketing service has become the leader service and the promoter of the agrarian grant, it is now the main source of revenues tending to get the economic self-sufficiency.

At present, the marketing service is the one which guarantees the rural organizations of CNT in some extent the profitability of the projects executed; since the previous research carried out to look for stable buyers assures the farmers with the sale of their crops at just prices. This is one of the most significant advances of the Agrarian Program of CNT, since it offers a solution to one of the most

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critical problems of the agricultural sector in developing countries: the agile and profitable marketing of produce.

In a summarized way, the marketing service of CNT operates as follows:

- it identifies markets of agricultural products for non traditional exports and for agribusiness industries, according to that,
- it carries out demand researches;
- it identifies marketing channels, prices, qualities, supply quantities and other conditions of the markets;
- together with the Technical Department it selects the zones and farmers that will participate;
- it negotiates with the buyer the terms of the buying-selling contract;
- it determines the sowing program according to the market needs;
- it determines the harvest time; and
- it coordinates with the Education Department the training at post-harvest management level, the procedure ends until the product is in buyers' hands.

From the previous lines could be concluded that the marketing service fulfills the expectations of the rural organizations and it achieves the objectives of the Grant.

#### 4. Education.

This service --as it is stated in the subscribed agreement between CNT and IADSL-- should coordinate the technical and democratic union promotion and education of the whole agrarian program of CNT.

As it is true for the other three services, education has not always performed the role assigned in the Grant.

At the beginning of the Grant, union democratic and technical education went almost unnoticed. It was not present the fundamental role it plays as a linkage between the technical aspects and the policy objectives, in the sense of strengthening the agrarian, free and democratic union movement in Costa Rica.

Since the reorganization of the Agrarian Program of CNT carried out in December, 1987, the education service has resumed its original functions and at present it develops a program of union education with the five beneficiary rural organizations of the Agrarian Program, in addition, it coordinates with the Technical and Marketing services the technical training required for both departments at different levels such as technicians, leaders and farmers.

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In a general overview, the services given by the Agrarian Department to the rural organizations are appropriate and meet in a satisfactory way the objectives they were created for.

**B. GRANT CONTRIBUTION TO THE INSTITUTIONAL DEVELOPMENT AND SELF-SUFFICIENCY OF THE RURAL UNIONS.**

The beneficiary rural organizations involved in the Agrarian Program of CNT, could not afford by themselves the development of directed agricultural projects. This is true not only because of the economic and human resources needed, but also because of the managerial capacity required.

Even the National Confederation of Workers (CNT) did have neither the managerial capacity nor the experience required to execute a program of this nature, that is why problems of coordination among the different services were present at the beginning of the grant, with the modest results obtained as described before.

Nonetheless, during the last three years a valuable experience has been generated, and the CNT has been able to reorient its agrarian program improving its administrative structure in the last year. This has meant favorable results not only for the rural organizations involved but also for the CNT itself.

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Each of the services currently offered by the Agrarian Program to the farm unions is oriented to strengthen the institutional development and to get the operative and economic self-sufficiency for both, the beneficiary organizations and the CNT, as detailed as follows:

- In relation with the technical assistance service, each rural union has one or more technicians --according to the quantity of projects managed--, which are native work zone functionaries, affiliated to the corresponding organization and in some cases they are the leaders of the organization. These technicians are directed by the Technical Assistance Department. The Chairman of this department gathers them once a week to coordinate the technicians work. At a regional level, the technicians are under the subordination of the General Secretary of each farm union.

In credit management, each organization has an active participation to select the beneficiaries, to promote the project, and to collect information for contracts and guarantees. The Financial Department of CNT has been training one functionary from each organization during the last months so that they carry out locally some of the credit formalization and outstanding debts recovery procedures. As an incentive to the rural organizations for the

recovery of amount due, the CNT gives them 50% of the recovered interests in order to cooperate with the economic self-sufficiency.

- The marketing service has trained two organizations developing marketing projects (UCASA and UTRAIPIZ) in the performance of some marketing functions such as transport, management, selection, package, etc. The "learn by doing" theory in addition to supervision and training is producing good results in the marketing projects. The intensity of the advising and monitoring given by the Marketing Department of CNT to the organizations when they begin their trading activities decreases gradually as time passes. CNT also gives as a cooperation to the organizations a 50 % of the "commissions" or "profits" generated by the trading activity as the Agrarian Program goes on with the advising. This percentage will increase to the organizations as CNT decreases its participation.

Education is the linking activity among the other services and it represents the base of the whole agrarian program to reach the self-sufficiency and institutional development. It will make the difference for the organizations to achieve the mid term objective of becoming independent from CNT, developing projects to strengthen their economic,

technic and democratic aspects all by themselves. If true importance would have been given to union education and technical training since the beginning of the grant probably some of the organizations would be near the self-sufficiency at present.

Taking into account the latest and available income statement, and the aggressive commercial policy carried out by the marketing department, the total earnings generated by marketing activities accounted for the 9 % of the total cost of the program. This is a very important indicator to show the actual level of economic self-sufficiency, that can be improved over time through a strengthening of marketing activities and an expansion of the current level of operations via a sustained increase in working capital.

Another indicator of the strong institutional development and the gradual consolidation of the program is the aggressive external increase of trading contracts and technical cooperation agreements with many trading firms and organizations, as presented in Tables 2 and 3.

In conclusion, the steps the CNT is taking currently, show the development of institutional capacity, which is subject to improvements mainly in order to transfer it to the rural organizations. This is necessary to increase the impact of the program and to help the strengthening of the democratic agrarian union movement.

**Table 2. Trade and training agreements  
established by the Agrarian Department**

INSTITUTION OR FIRM	TRADING, PURCH. & SALE CONTRACTS	EDUCATION & TRAINING	AGRIBUSINESS CONTRACT	COMPUT SERVIC
Inversora NICOA S.A	Vegetables & tubers			
MULTIFRUT	Fruit pulps			
HORTIFRUTI (Más X Menos)	Fruit pulps (blackberry, naranjilla, soursop)			
Instituto Nal. de Aprendizaje (INA)		Professional training to CNT affiliates		
Exportaciones Técnicas (Rolando Ceccotti)			Pineapple seed ( <u>Cayenna lissa</u> )	
Luis Peitrequin				Mkting
Ugalde				Financi
Instituto de Fomento Agroin- dustrial (IFAIN)		Agribusiness & marketing; Project formula- tion and evalua- tion.		Depts.
Nuria Calderón		Recording training and advising		

Source: The author based upon information submitted by the Agrarian Department.

**Table 3. Technical assistance agreements  
established by the Agrarian Department**

INSTITUT. RESEARCH	TRAINING	INFRAS- STRUCTURE	PRODUCTN.	TECHNICAL ASSISTAN.	CREDIT
Centro Agro- nómico Tro- pical de In- vestigación y Enseñanza (CATIE)	To Agrarian Program Staff and leader farmers. Pending.		Root crops and tubers seed repro- duction program. Pending.		
Consejo Agrope- cuario Agroin- dustrial Privado (CAAP)	In non tra- ditional ex- portable products. Pending.				
Instituto de Fomento groindus- trial (IFAIN)	To Agr. Program staff and organizations, in marketing agribusiness credit and projects				
Instituto de Desarrollo Agrario (IDA)		Offices, secre- tary and comu- nication ser- vices. Pending		In produc- tive projects. Pending	
Banco Nal. de Costa Rica (BNCR)					Possible financin  of 50 ha of roots and tube  Pending.
Ministerio de Agricul- tura y Ga- nadería (MAG)				In produc- tive projects. More support is needed.	

...Table 3 continued

INSTITUT. RESEARCH	TRAINING	INFRAS- STRUCTURE	PRODUCTN.	TECHNICAL ASSISTAN.	CREDIT
Banco Cooperativo/Programa de incremento en la productividad agrícola BANCOOP/PIPA					Financing from BANCOOP. Pending.
Fundación Agrícola Interamericana (FIA)		Donation of equipment Pending.			
TECHNOSERVE INC.	Administrative and financial for organizations staff. Pending.				
Organización Regional Interamericana del Trabajo ORIT/CIOSL					Funds for Agribusiness plants Pending.
Banco Interamericano de Desarrollo					Funds Pending.
Asociación Costarricense de Empresas de Desarrollo (ACORDE)					Funds Pending.
Instituto Nacional de Aprendizaje (INA)	Interinstitutional training. Pending.				

Source: The author based upon information submitted by the Agrarian Department.

C. TECHNICAL AND ADMINISTRATIVE STAFF OF THE CNT'S AGRARIAN DEPARTMENT.

In the two previous points I have described mistakes and limitations presented at the beginning and during the first two years of the grant. As indicated, the lack of experience in managing programs of this kind has been one of the reasons for those mistakes and limitations, another one very close to the first one is the lack of technical and administrative experienced staff.

When the program fell into a minimal activity point, the decision to contract a new program director was taken. One of his priority responsibilities was the reorganization of the whole Agrarian Program, in order to direct it to meet the objectives the Program was created for.

On September 15, 1987, the new director began his job after a period of analysis, diagnosis and visits, and in November 1987 he presented an administrative reorganization proposal, which after the addition of the observations from IADSL and CNT, was approved by the Confederation's Executive Committee. The proposal was implemented since December 1, 1987.

Such reorganization implied some measures like cutting back and relocating some personnel and contracting suitable staff, according to the new needs, setting up a new chart

with the corresponding responsibilities and functions (see Annex 1). A Controls and Procedures Manual had to be made and implemented for the different activities developed. Everything was planned for the improvement of the services offered by the Agrarian Program to the rural organizations, having present the objective that they reach the self-sufficiency. An objective staff selection was carried out for the new vacancies, considering academic background, ability and mainly experience. Under this approach was selected the Program Director and later the Marketing Department Chairman, the Legal Adviser, the Union Education Adviser, an additional accountant, two technicians and administrative support staff. The Financial Department Chairman and the Administrative Department were selected from the old personnel, and the Technical Assistance Department Chairman remained the same. Some of the support staff in those departments were relocated to positions in more agreement to their abilities, experience and preparation.

As a complement to the administrative reorganization, a technical and administrative training program has been set up through agreements with organizations specialized in professional training such as the Instituto de Fomento Agroindustrial (IFAIN), the Instituto Nacional de Aprendizaje (INA), the Programa de Capacitación Profesional (PROCAP/CINDE) and the Centro Agronómico Tropical de Investigación y Enseñanza (CATIE).

After interviews with the managerial and medium levels staff in the central offices of CNT as well as in the rural organizations, evaluating the functions and results obtained, the conclusion is that the administrative and technic capacity to execute the current activities developed under the grant is present.

The current administrative scheme --with two organizations in the consolidation phase (UCASA and UTRAIPZ)-- is functional and able to offer a strong logistic support to the operative and technical management of the Grant. However, it is worth mentioning that the existing administrative and technical staff will not be enough to assist in a satisfactory way the eight rural organizations projected to be involved in the short term.

#### D. FINANCIAL AND ADMINISTRATIVE CAPACITY FOR THE LONG TERM.

Even though the grant is a private program oriented to the economic self-sufficiency it is necessary to consider its social political objective: the strengthening of the free and democratic agrarian labor in Costa Rica.

In that sense, the financial analysis for the program until now and for the short and mid term projections should not only consider the normal efficiency indicators commonly used for financial development organizations.

The Agrarian Program of CNT as a technical tool is more a services program than a financial mechanism to allocate

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and receive funds. As a matter of fact, the original budget allocation of the grant, determines that only a 17% (\$300 000) of the total amount is to be used as the credit fund. This fund is allocated at an annual average interest rate of 18 %, which is less than the cost of capital in the financial market (32%) but reasonable considering the credit conditions of the financial development organisms.

The recovering of the principal in addition to the corresponding interests constitutes one of the two sources of income of the Program. The other source of resources is the gross utility of sales coming from the products sold in the financed projects. Such utility or margin is not very significant since the nature of the program itself considers the maximum benefit for the farmers paying to them better prices than those the intermediaries offer.

It should be considered that both sources of income are shared in a 50 % with the rural organizations involved in the Grant to help them achieve the economic self-sufficiency.

According to the most recent accounting information the revenues generated from both, marketing and credit services, represent a 10 % of the total program expenditures. This suggests the level of trading profitable operations should be increased, the recovering of the accounts receivable should be improved and a new more effective credit policy should be applied trying to decrease the risk. Therefore the

program could increase significantly and steadily its economic self-sufficiency level.

In addition to what was described in the previous lines, there are some other factors affecting the current financial situation. First of all, it underlies the outstanding accounts of Col. 3.027.900 mainly originated from the first credits allocated, having serious technical and legal limitations for its recovery, besides, the Agrarian Program offers services hard to charge in the short term to the rural organizations, such as the technical assistance, union training and education, maintenance, repairs, administrative expenses, the payment of 10 activists, an education advisor, an assistant and a secretary for the General Secretary of CNT and other support services.

Then, it is concluded that at present the Program is not financially able to keep in a self-sufficient way the services offered. Even more, in the short term the financial independence is not feasible unless: i) a greater amount of credit be managed, allocated in profitable activities and recovered at a high rate; ii) the working capital for the trading activities be steadily increased, in order to give enough and opportune financing to such profitable activities --they are generating net utilities and are expanding-- which could be substantially increased in the short term.

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## E. BENEFICIAL EFFECTS OF THE PROGRAM.

### 1. Production, marketing and agroindustrial projects.

Below is presented an analysis of the different productive projects, describing the positive impacts of the program. Financial reports for the last two years of the grant were reviewed and interviews with managers, technicians, and farmers were taken. The results presented correspond to the last two years, since there are limitations on the information for the first year, for instance, no written work reports were available.

#### a) Naranjillas

Between January and March 1988 the Agrarian Program traded the production (first harvest) of 25 financed hectares of naranjilla from 24 farmers in Pérez Zeledón, all affiliates of UTRAIPZ. The global financed amount reached Col. 335.018 , including the making of the nursery, land preparation and purchase of agricultural inputs.

The total production traded through a contract with Multifrut S.A. was 58.212 kg of first class naranjilla, the total value of this product in Pérez Zeledón was Col. 1.238.863. From that amount the quantity received by farmers as purchase value reached Col. 864.387. This represents a price of Col. 14.8/kg at farm-gate level, while

price paid by intermediaries was Col. 10 - 12 /kg at farm-gate. Local transportation cost was Col. 150.100 for moving production from farms to the stock center in Pérez Zeledón. Finally, net utility reached Col. 224.382 (22.12 % of the total costs) and it was shared in same amounts between CNT and UTRAIPZ. Considering that naranjilla is not the main source of income for any of the involved farmers, important effects on additional family incomes were achieved. Furthermore, if a reasonable maintenance is given to plantations, farmers will go on having the same or bigger revenues during the useful life of the crop, estimated in 10 years.

**b) Root crops and tubers:**

In January 1988 began the operation of a package and assembling center for agricultural products from UCASA in Pital, San Carlos. The Marketing Department of the Agrarian Program negotiated a contract with the agri-exporter firm NICOA S.A. for the package of fresh exportable cassava.

Up to March of current year 3.389 boxes of 50 lb of fresh cassava (78.087 kg) , 4.032 kg of eddoes, 12.396 kg of purple malanga, 138 kg of yamps and 2.728 kg of ginger were sold to NICOA S.A. In addition, 74.890 kg of second class cassava were sold as a result of the export rejection. Also, through another contract with the firm PASADENA, 9.355 kg of exportable ginger and 4.000 kg of second class pineapple were packed.

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From these business between January and March 1988, the next results were obtained: a total value of sold production of Col. 1.932.888, costs of raw materials paid to farmers of UCASA of Col. 1.118.800, administrative expenses and plant costs of Col. 445.129; resulting a net utility of Col. 342.184 which has been invested as working capital to purchase raw materials and that will be shared in same amounts between CNT and UCASA.

Cassava was paid to farmer at an average price of Col. 192/qq in the packing plant, while other buyers in the zone paid an average price of Col. 160/qq.

This commercial activity has generated 35 direct jobs in the packing plant, 30 of which are female personnel involved in classification, washing and packing tasks. Also more than 80 UCASA affiliated farmers have been benefited which have sold their products at better prices than those offered by the competitors.

To guarantee the constant supply of raw materials to the packing plant, a sowing program of root crops and tubers has been initiated, and it is been financed by funds from the Agrarian Program. It consists of an agreement for the programmed sowing of 57.5 hectares of crops such as purple and white malanga, eddoes, yamps and ñame. The financing of this project reaches Col. 1.040.000, for land preparation, seed and agricultural inputs. The beneficiary group consists

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of 50 farmers from Pital of San Carlos and 5 farmers from Río Frio.

**c) Agroindustrial project (fruit processing):**

A feasibility study to install a fruit processing plant in Pérez Zeledón was carried out with the objective of taking advantage of: i) the agricultural economic potential the zone offers; ii) of the comparative advantages in fresh and processed product transportation the zone presents competing with agroindustries from the Central Valley; iii) of the possibility to improve the aggregate value of regional products; and iv) of the opportunity to generate rural employment.

Since the technological, marketing and economic indicators were satisfactory, it was decided to set up an agreement with CITA (Centro de Investigación en Tecnología de Alimentos) to lend the required equipment and bring the technical assistance. UTRAIPZ got a building lent by the Pérez Zeledón Municipality without any cost to install the machinery; CNT Marketing Department negotiated a contract to sell fruit pulps to HORTIFRUTI S.A., a firm which supplies 48 supermarkets all around the country, and the Agrarian Program has financed Col. 700.000 as working capital. Under such conditions the fruit processing plant began to operate since last March 28 (blackberry, pineapple, naranjilla).

According to estimates, in one year the project will benefit around 300 farmers, and in the mid term (four years) about 1200 affiliates to UTRAIIPZ will be involved.

## 2. Employment generation of the Program.

According to Table 4, the following aspects could be inferred.

The total number of direct jobs currently generated at the agroindustrial stage is 81, with an occasional personnel employment of 133 jobs in four months per year (agricultural stage).

In the short term there exists the capacity to duplicate the permanent employees and get to 162 jobs, and to offer 261 occasional jobs for a four months contract.

From the 81 direct current jobs, the 91% corresponds to UCASA organization, since it is experiencing a strong production and trade expansion of root crops and tubers. In UCASA the female labour represents the 74% of the total direct manpower, that percentage reaches 73% at the national program level. UCASA and UTRAIIPZ are the most important organizations in terms of employment generation accounting for 79% of the total employment generation figure (214 jobs).

The occasional labour corresponds to the agricultural stage and it is basically conformed by men (94%), with the exception of the SINTRAG project in Guanacaste.

From the current total employment generation (214 jobs), the direct jobs represents a 38% while the occasional jobs represent a 62%.

The current situation of employment and the strong projected expansion implies the next points:

- an improvement of farmer's family standard of living;
- a better income distribution via salaries;
- a strong monetary injection to the local economy, which affects positively the sectors of services, industry and trade;
- a strengthening of the labor movement and of the external image of the program among its members

Table 4. Employment Generation  
of the Agrarian Program 1/

ORGANIZ.	AGRICULTURAL STAGE		AGROINDUSTRIAL STAGE		TOTAL	
	MALE	FEMALE	MALE	FEMALE	M+F	%
UCASA	28	0	19	55	102	48
UTRAIPZ	59	0	3	4	66	31
UNITAICA	4	2	-	-	6	3
UCASARA- PIQUI	13	-	-	-	13	6
SINTRAG	21	6	-	-	27	13
TOTALS	125	8	22	59	214	100 %

Current employment.

Source: Author based on information submitted by the Agrarian Department.

**F. IS THE CNT CAPABLE OF DELIVERING MARKETING AND AGRICULTURAL SERVICE ON ITS OWN RESOURCES?**

According to the most recent Income Statement of the program, the marketing incomes account for a 10 % of the total program expenses, this means in current conditions the self sufficiency level is relatively low.

The following aspects have contributed to that low self sufficiency level: i) it is only in the last months when the aggressive trading policy of the Marketing Department has been implemented, increasing on a steady way and in profitable conditions the sales level; ii) given the wrong credit policy, the allocation and recovery of funds was deficient, as a result, the current outstanding debts account for Col. 3.000.000, this means that incomes coming from the credit management have been relatively low, and the

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receivable accounts reach a 29 % of the current asset; iii) the only service generating important internal revenues is the marketing service, and there are some services which are important to achieve the objectives proposed, do not generate revenues and represent a strong financial and administrative burden.

According to such previous reasons and to the criterion of technical and managerial personnel of the program (CNT/PAN), the National Confederation of Workers do not have the financial capability to assume the total expenses the delivery of agricultural and marketing services demand. There is unanimous agreement among technicians and managers that in the short and mid terms, it would be very hard to generate the financial funds required to the normal performance of the program through internal operations only.

A strong and steady increment at the income level could be achieved if: i) a strong sales expansion of the exportable products is reached, together with an increase in the profitability level; ii) in the mid term enough marketing capacity as to export by itself products to third markets is developed; and iii) the financial and administrative burden of some services which do not generate revenues but only expenses is balanced.

## G. EFFECTS OF THE PROVISION OF SERVICES BY THE CONFEDERATION TO MEMBERS

Some aspects related to this subject have been mentioned in the previous items.

According to site visits, producers, CNT and organizations managers and technicians, both, the delivery of services and the operating scheme used have been functional and fairly efficient.

Nonetheless, the strong expansion of productive projects, the trading activities and the opening of services to new organizations have made necessary to change the services supply strategy and to reorient the operating scheme, to improve or at least to keep, the quality, intensity and coverage of the services.

A precise and trustful quantification of the impact of services, has been constrained by the following limitations: i) the available data base of the program is quite deficient and poor; ii) it does not exist neither statistical records nor performance or productivity indicators for the different services delivered; iii) there is need of an affiliates social economical profile in order to estimate the incremental improvement on affiliate's conditions as a result of the services offered.

In spite of such limitations, some additional tables about marketing and credit services have been prepared.

The marketing management has generated both, a strong diversification of profitable exportable crops and a strong agroindustrial development. It has also contributed to the virtual consolidation of organizations such as UCASA and UTRAIPZ.

On Table 5 some indicators about trading activities results are shown. It should be noticed as in a six months period (Dec.1987 to May 1988) net utilities on sales reached almost Col. 844 thousands, being naranjilla, first class cassava and ginger the most important products, which all together represent a 93 % of the total income.

**Table 5. Performance of the marketing service.**

PRODUCT	TRADED VOLUME (us or kg)	ZONE	ROW MAT. COST (Col.)	TOTAL SALES (Col.)	NET UTILITIES (Col.)
Blackberries	1.874 kg	UTRAIPZ	100.552	113.775	13.222
Naranjilla	56.726 kg	UTRAIPZ	1.014.486	1.238.868	224.382
1C.Cassava	318.650 us	UCASA	1.334.509	1.688.845	
2C.Cassava	not avail.	UCASA	n/a	n/a	n/a
Ginger	48.508 us	UCASA	671.576	876.625	205.049
Eddoes	8.750 us	UCASA	40.604	61.305	20.700
P.dasheen	30.050 us	UCASA	252.259	271.710	19.451
Yamps	300 us	UCASA	2.594	2.700	106
Pineapple	8.696 us	UCASA	25.350	32.000	6.650
<b>TOTAL</b>			<b>3.441.932</b>	<b>4.285.829</b>	<b>843.897</b>

Sources: Agrarian Department of the National Confederation of Workers (CNT).

In respect to credit, on Table 6, it could be noticed as in a three years period Col. 10.600.000 were allocated. These funds reached 803 affiliates, resulting an average individual credit of Col.13.208.

**Table 6. Performance of the credit service.**  
(Thousands of colones)

ZONE	PERIODS	ALLOCATED AMOUNT	N.OF BENEFICIAR.	% RECO-VERED	AMOUNT DUE
UTRAIPZ	84-85-86	8.503.1	666	75.0	2.143.3
UNITACA	86	969.9	88	43.9	544.2
RIO FRIO	84-85-86	953.1	26	71.1	275.6
UCASA	88	16.2	1	-	16.2
SINTRAG	88	83.7	23	41.9	48.6
TOTAL		10.606.0	803		3.027.9

Source: Agrarian Department of the National Confederation of Workers (CNT).

It is important to notice the high credit concentration on UTRAIPZ. In terms of amount and beneficiaries, credit to UTRAIPZ represented 81 and 83 % respectively.

The recovery of credit has been slow, data shows a receivable accounts recovery rate of 58 %.

Nonetheless, even though the current recovery percentage is high, in monetary figures the receivable amount is 2.1 millions of colones, it represents a 71% of the outstanding debts. Such receivable due reaches 3

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millions of colones, which is a 28.5 % of the total allocated resources.

On the other hand, education has only included the union aspects with the following results shown in Table 7.

**Table 7. Number of participants on union education programs by organizations.**

ORGANIZATION	N. OF PARTICIPANTS
UCASA	25 affiliates
UCASA	35 proc.plant personnel
SINTRAG	21 affiliates
TOTAL	81

Source: Agrarian Department of the National Confederation of Workers (CNT).

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## V. CONCLUSIONS

1. The current beneficiary groups consist of roughly 2.338 union affiliates in the four actual zones of operation broken down as follows:

ZONES	ORGANIZATION	NUMBER OF AFFILIATES
San Carlos	UCASA	588
Pérez Zeledón	UTRAIPZ	600
Turrialba	UNITAICA	400
Río Frio	UCASARAPIQUI	<u>750</u>
TOTAL		<u><u>2.338</u></u>

After three years the present level of union affiliates reached 2.388 members, figure that is almost twice the level at the beginning of the program (1.250 members). However, 2.388 is still low if compared to the total target figure that was expected to reach 5.000 affiliate members. All the zones show positive rates of increase, setting aside Pérez Zeledón that showed a reduction of a 16%, taking 1985 as a base year.

To a certain extent this behavior was due the erroneous credit policy, applied to the farm unions. Credit was used as a political tool to gain affiliates, instead of a technical instrument.

Taking into account that the average rural family is five members, the total population of beneficiaries increases to 11.940 rural dwellers.

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2. Currently the economic self-sufficiency level is relatively low and it reaches about 10 or 12 %. However, it is important to take into account that in the last six months an aggressive marketing policy has been adopted, which permitted a strong growth in the sales level at profitable conditions, such situation generated increasing income levels. Also, it should be noticed that a great amount of the administrative and financial funds of the program are spent in services which do not generate revenues. Thus, the only net utilities generator service has been the marketing service.

3. In current conditions and for the short and mid term, the CNT will not have the required financial capacity to cover by itself all of the expenses the program demands, as a result of the agricultural and marketing services which should be delivered to the affiliates in a growing, continued and timely manner.

4. In less than a year, the program has shown a strong institutional development, taking into consideration: i) the administrative and functional changes that have been taking place in order to act in a better accordance to the objectives of the program; ii) the aggressive policy to set up cooperation agreements with public and private institutions tending to a stronger technical management and to a better external image of the program; and iii) the response capacity to the changing market conditions the

program has achieved before the growing demand and purchase requirements from export trading companies.

5. The program has been able to carry out an important structural change among the CNT's affiliates, through passing from a subsistence agriculture to a market oriented business agriculture, promoting more profitable crops with great market perspectives such as: roots, tubers, fruit pulps, etc.

6. The current service supply system of the program is functional and efficient enough if applied to organizations such as UCASA and UTRAIPZ. Nonetheless, if the services are to be offered to new organizations and the number of productive projects increased, the services supply mechanisms and strategy should be reconsidered, in order not to affect the quality, coverage and opportunity of the services.

7. The aggressive trading policy implemented by the Marketing Department has generated among others the following benefits: i) an increased sales level on profitable conditions; ii) the development of trustful and profitable business alternatives for the producer; iii) a greater regional competence; iv) the improvement of price levels received by farmers, which in many cases are above 30% than those offered by competitors; v) a greater financial and operating consolidation of some organizations such as UCASA and UTRAIPZ; and vi) the diversifying crops

planning and development, using the right approach of adjusting supply to the market requirements.

8. The program has shown a strong institutional development and a significant trading impact, as well as: the improvement in affiliates standards of living, a steady growth of employment level (particularly female) and income distribution. These conditions have improved in a great extent the local economy and have strengthen the labor movement.

Given the conditions stated before, it is convenient to keep and increase the financial support to the program.

## VI. RECOMMENDATIONS

1. It is highly recommended to implement in the short term an administrative and operating decentralization, since current service offering operative schemes need to be changed. This could be done through the development of regional technical and administrative capacity (organizations) in order to achieve a greater efficiency of manpower and logistic resources of the program in the short and long term.

2. Setting up of an Agrarian Commission, conformed by the General Secretary of CNT, the PAN/CNT Director, the IADSL Agricultural Advisor, the Secretary of UCASA, and the Secretary of UTRAI FZ. Such commission will formulate, control and evaluate the basic activities to be analyzed by the Program in the achievement of its objectives. In addition, the commission should be a coordination and advising organism, in charge of keeping the balance between the political and technical issues in order to guarantee the achievement of the objectives and goals of the Program.

3. In the short term and as the regional operating capacity will be developing, it is recommended to concentrate efforts and resources on those organizations with the greatest consolidation degree, such as UCASA and UTRAI FZ. On the other organizations it is necessary to improve the labor education before the technical program begins to run in a regular way. That would permit to bring

administrative and financial support to the trading expansion of the program without affecting the quantity, quality and promptness of the services offered to affiliates.

4. Quantitative goals should be set up for the economic self-sufficiency achievement; thus for the first, second and third year a 20, 30 and 40 % of economic self-sufficiency could be respectively proposed. To reach those percentages is recommended to vary the services supply strategy (development of regional operating capacity) and to promote an ordered expansion of the trading activity in profitable conditions in order to increase the net incomes level on a steady base.

5. It is necessary to reorder the whole administrative and operating scheme, since the strong program development shown in productive projects, cooperation agreements and trade contracts in the last months, in order not to decrease neither the technical effectiveness nor the quality and coverage of the services.

6. To work on a semester budget base instead of the current monthly one, to achieve a greater flexibility and agility in the resources management guaranteeing the adequate and timely financing. This will help to the ordered development of the marketing capacity of the program.

7. To increase the requirements of working capital demanded by the trading activities to reach a steady growth of sales in order to satisfy the growing needs of the market and buyer firms (Inversora Nicoa, Pasadena S.A., Multifrut S.A., Hortifruti S.A., etc.).

8. It is necessary to use Cash Flows, Profit and Losses Statement Projections and the Statement of Changes in Financial Position as financial planning tools, which will help the achievement of the program objectives. Such tools could be used, among other things, to determine whether or not it exists financial capacity to support the marketing activities.

9. The implementation of an evaluation, control and monitoring system in order to: i) measure the social and economic impact of the program; ii) determine whether or not the objectives of the program are being achieved; iii) introduce corrective timely decisions; and iv) evaluate the different services from quantitative and qualitative points of view.

10. Design and implementation of a market intelligence system, as a basic tool to orient and improve the marketing activity in the short and mid term.

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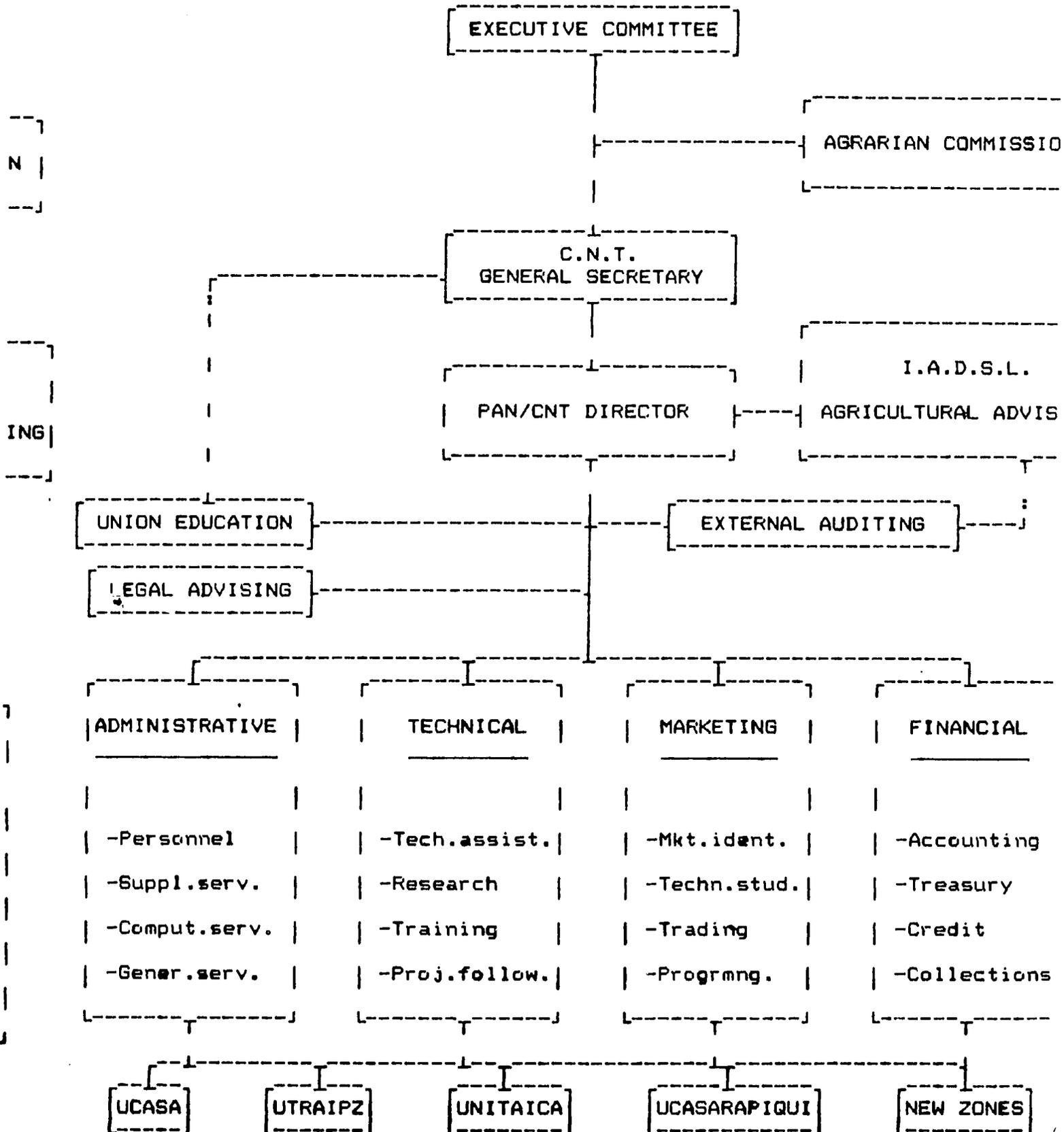
11. Incorporate the market strategic planning, as a fundamental element to promote the trading activity, and to improve the fitting capacity before changes in market conditions.

12. It is very important to develop a strong and trustful data base. This will help to know and compare the program evolution and to determine in a precise way the program results and performance.

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ANNEX 1

CHART OF THE AGRARIAN DEPARTMENT (PAN/CNT)



ANNEX 2

PERSONNEL INTERVIEWED

<u>NAME</u>	<u>DESCRIPTION</u>
Gilberth Brown	General Secretary of CNT
Henry Karcinsky	Agrarian Advisor PAN/CNT (IADSL)
Ricardo Cordero	National Agrarian Program, Director OPG-CNT
Luis Alvarado	National Agrarian Program Marketing Dept., Chairman
Manuel Aragón	National Agrarian Program Financial Dept., Chairman
Jesús Fuentes	National Agrarian Program Administrative Dept., Chairman
Víctor Rojas	National Agrarian Program Education Dept., Chairman
Minor Herrera	National Agrarian Program Technical Dept., Chairman
Tito Rojas	UCASA, General Secretary
Adrián Vargas	UCASA, Packing Plant Chairman
Melvin Díaz	PAN/CNT, technician and farmer.
Fernando Chávez	UCASA, Executive Committee member and farmer.
Damián Elizondo	UTRAIPZ, General Secretary
Luis F. Chávez	UTRAIPZ, Technical Dept. Chairman
Alfredo Castro	UTRAIPZ, Agribusiness Plant Chairman

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