



**COMPONENTE AGRICOLA DEL PROYECTO DE APOYO TECNOLOGICO PARA LAS  
INDUSTRIAS DE EXPORTACION DE CENTROAMERICA Y PANAMA**

**INSTITUTIONAL DEVELOPMENT REVIEW**

**OF THE**

**ASOCIACION NICARAGUENSE DE PRODUCTORES Y  
EXPORTADORES DE PRODUCTOS NO TRADICIONALES  
(APENN)**

**Assignment Number: ST-154A/B**

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**THROUGH**

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**UNDER THE AUSPICES OF:**

**The Non-Traditional Agricultural Export Support Project  
(Project No. 596-0108-3-60011)  
United States Agency for International Development (AID)  
Regional Office for Central American Programs (ROCAP)  
Guatemala City, Guatemala**

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**APENN ASSIGNMENT OF OSMAR BENTEZ, WILLIAM BARBEE AND JOE THOMAS**  
(Visit to Managua, Nicaragua -- March 1-5, 1993)

**I. BACKGROUND**

Our visit was requested by the APENN Manager Johanna Fiallos to assist her to develop an improved strategy for a new proposal to USAID for further funding.

After the initial conversations with Johanna Fiallos it became apparent that the APENN Mission and operating strategy has not been clearly articulated for easy comprehension by the Board, membership, user constituency and USAID. No yearly institutional work plan has been developed nor work plans for specific activities or programs. Staff is in a reactive mode and activities are planned only when outside technical assistance has finally been secured. It is not clear where APENN is going and what are its objectives. Johanna Fiallos knows what she wants to accomplish but this has not been pulled together in a comprehensive strategy.

It was found that, although the APENN Board members are supportive of the institution and are recipients of assistance from APENN, they are not up to date with payment of their \$60 annual membership fees. They have not focused on the significance of not being up to date with their fees nor the importance of setting a good example.

For the other APENN members, one of the most important findings is that membership to APENN is being restricted by a process that requires Board screening and approval of all applicants. If APENN is to have a long term impact it must open up its membership to all growers/producers who have interest in non-traditional agriculture. The membership development process must be designed to encourage and facilitate expansion and participation of the membership in APENN.

In view of the lack of clarity concerning what APENN is presently doing which was identified during the first days of the site visit, it was determined that the limited time remaining would be best spent by assisting the APENN manager and Board to clarify APENN's Mission and prepare a conceptual framework and a work plan which could be used for several purposes:

1. Enhance the support of the Board by improving their understanding of what APENN is attempting to accomplish.
2. Outline a baseline program and strategy to guide future requests for assistance from AID and other donors.

**II. CLARIFICATION OF MISSION AND OBJECTIVES**

**A. MISSION**

The long term basic mission of APENN is to promote exports from Nicaragua. For the next three years the focus will be on non-traditional agricultural and agroindustrial exports.

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**B. OBJECTIVES**

1. Develop and integrate the agricultural and agroindustrial export sector to promote a favorable trade and investment environment.
2. Identify and promote new export activities and market opportunities.
3. Develop integrated product development programs for each priority product including production and/or processing for export.
4. Develop and transfer technology to the sector.
5. Provide training to improve capabilities of the sector for production and marketing.

**C. POSITIONING OF APENN**

Who are the beneficiaries of APENN?

Within agricultural sector who are the primary targets?

The primary target group (users, beneficiaries) of APENN are people who are interested in growing and exporting crops identified by APENN as having opportunities for production and export.

A baseline study should be prepared by outside consultants to identify crops which have export potential from Nicaragua. Criteria for study:

1. A market perspective.
2. Crops known to have production capability in the country –basic agronomic conditions to produce the crop.

**D. APENN RELATIONSHIP TO PRIMARY TARGET GROUP:**

Provide services to anyone who wishes to affiliate themselves with APENN. Users must be aware of what they are receiving in terms of cost of service and price being paid. All beneficiaries of services must be aware of what is the true cost of providing them a service even though the fee charged is only a fraction of this cost. This will facilitate the eventual charging of full cost.

Walk-in contacts on their first visit, would be treated like members in terms of providing information. Follow up contacts, visits, and fees for use of services would be charged at higher rates for non-members. Membership in APENN should be promoted. All relationships with

users/beneficiaries should be oriented towards encouraging them to affiliate themselves with APENN as members.

**E. BROADER CONSTITUENCY-Who else is important to APENN?**

\*(See selected profiles in Annex?)

1. Competitors/collaborators-anyone in Nicaragua that is doing the same thing or involved in related activities, programs. For example:

Centro de promoción de Exportaciones y Inversiones (CEI) - Joint project of AID, COSEP and Ministry of Economy.

APENN and CEI have not yet determined how to work together. Problem is one of identification of what each wants to do and potential areas for collaboration – (e.g., Agritrade, maybe funding of TA, and Promotion of exports-CEI will participate in international fairs.)

**Ministry of Agriculture**

APENN maintains good relationship with Sanidad Vegetal. The main interest for APENN is the APHIS contact. The prior Ministry Commission on non-traditional crops has disappeared. Future of Ministry work in non-traditionals exports is unknown.

**Ministry of Economy/PRIDEX**

There is a major opportunity for APENN to collaborate with/support a proposed program whose objective is to define and promote seven crop development programs in the following crops: yucca, melon, soy beans, onions, black beans, baby corn, cultivated shrimp. The project, which has been submitted to the UN, includes financing and TA.

**FUNDAGRO**

Another major opportunity for collaboration, FUNDAGRO has infrastructure and resources for investigation. There are no restrictions on membership. All political groups are represented, including large and small producers, producer groups, and cooperatives. It lacks market orientation for export opportunities and ideas on how to put export opportunities together.

**UPANIC-Union de Productores Agropecuarios de Nicaragua.**

This is an umbrella organization of producer associations. It gives support to associations of producers-coffee, cattle, etc.

**UNAG-Union Nacional de Agricultores.**

Has thousands of members and substantial funding. After privatization started under present government, UNAG ended up with a number of businesses. It has a reputation for being good at managing political issues.

2. Support entities-Includes funding, technical assistance, equipment, sources of assistance.

**Financial and/or Technical Assistance**

USAID  
FOPEX  
ASDI  
Chile-SOFOFA  
-FEPACH  
EEC  
Windrock  
GTZ  
ODA  
UN  
IDB  
FINIDA  
DANIDA  
NORAD

**Technical Assistance**

PROEXAG  
Zamorano  
German-IESC  
FAO

**Information**

ITC  
USDA

3. Other interest groups

**Government**

Customs  
Central Bank  
Ministry of Finance  
Ministry of Agriculture  
Ministry of Economy

**F. SUGGESTED "NEXT STEPS" TO DEVELOP AND ENHANCE THE RELATIONSHIP BETWEEN APENN AND ITS MEMBERSHIP**

First develop an inventory of all entities in APENN's potential constituency (with profiles of each). Then make contacts to gather information. Use APENN strategic framework and work plan to enter into dialogue with these institutions to determine areas of mutual interest and potential collaboration.

**III. DEVELOPING STRATEGY AND WORK PLAN**

Development of a strategy and work plan should be done with the entire APENN staff and Board. They have the knowledge and details of what is going on. This approach will result in development of the best plan and also builds teamwork. The staff and Board will feel more involved/committed. This builds their moral and support.

**A. KEY COMPONENTS OF STRATEGY/PLAN:**

- Define institutional objectives for next 2 to 3 years.
- Outline key elements of plan (strategy).
- Identify relevant resources (financial, human, information, etc.).
- Develop annual action plan.
- Define tasks and activities to be undertaken after considering above information.
- Define time frame.
- Define expected output for each task and activity.
- Develop a consolidated budget on a program basis incorporating all funding sources. From this information a line item budget can be prepared for each donor.
- Develop a monitoring and reporting system to guide implementation of the action plan.

**B. RECOMMENDATIONS FOR FURTHER DEFINITION OF OBJECTIVES AND STRATEGIES:**

1. Develop and integrate the agricultural and agroindustrial export sector to promote a favorable trade and investment environment.

- a. Develop and maintain an inventory and profiles of all relevant entities involved in the agricultural and agroindustrial sector.
  - b. Prepare a "matrix" of mutual interests and activities of the relevant entities.
  - c. Work with these relevant entities to develop consensus on a national priority policy agenda for the agricultural and agroindustrial sector.
  - d. Develop and implement a comprehensive communication strategy and plan for APENN to inform and promote the sector.
2. Identify and promote new export activities and market opportunities.
- a. Identify a list of priority products
    - 1) Prepare list of current priority products
    - 2) Identify additional priority products and market opportunities.
      - i. Contract specialized consultants to prepare "Baseline" study of potential crops from a market perspective and with the knowledge that general agronomic conditions exist in Nicaragua for production.
      - ii. Dialogue with Growers/Producers and with "relevant resource" entities to agree on priority products for 2-3 years.
  - b. Annual review/update of priority product list.
3. Develop integrated product development programs for each priority product including production and/or processing for export.
- a. Contract product specialized consultants to determine practical feasibility and, if positive, to develop a multi year product development plan.
  - b. Facilitate a dialogue to develop agreement of all relevant parties on an integrated national strategy and an integrated work plan.
  - c. Establish and provide staff support for a "steering committee" for each product. Appoint an APENN staff member as "coordinator"
4. Develop and transfer technology to the sector.

- a. Contract an agricultural specialist to work with potential growers/producers to identify needs and recommendations for technology development and/or transfer for each priority product.
  - b. Identify resources and develop a coordinated plan to implement recommendation for "on the farm" technology development/transfer.
  - c. Use the same product specific steering committees to coordinate implementation of the plans for technology development/transfer.
5. Provide training to improve capabilities of the sector for production and marketing.
- a. Develop an annual APENN plan to provide training to support the implementation of the specific priority product plans.
  - b. Develop an annual APENN plan to provide training in generic topics which have cross-sector application.
  - c. Establish an advisory committee to assist in development and monitoring of implementation of all APENN training programs.

#### **IV. OTHER OBSERVATIONS AND RECOMMENDATIONS**

The Association of Nicaraguan Producers and Exporters of Non-Traditional Products (Asociación Nicaraguense de Productores y Exportadores de Productos No Tradicionales - APENN) has great potential for developing an important promotional effort for the country's economy.

At present, the business environment of Nicaragua is ideal for an eminently technical, apolitical and non-discriminatory organization which puts into practice a broad based program of commercial orientation, investment promotion and development of new opportunities for export crops.

As we understand it, APENN is better positioned than any other organization in Nicaragua to undertake this important task.

The primary reasons for this include:

- APENN is the only private sector organization in Nicaragua with new programs that have great potential to create employment and generate income. This potential is enhanced by the excellent qualities of the soil, water and climate found in the country and, more importantly, the great demand in the international marketplace for fresh and processed agricultural products.

- The other institutions in the agricultural arena are focused on traditional agricultural activities; many are strongly influenced by political groups and others are primarily public organizations or are directed by agencies of the Nicaraguan Government with little participation from the private sector.
- APENN has the experience of having worked with other national, public and private institutions, as well as with international organizations, enabling it to be a catalyst for agricultural diversification programs which introduce new crops to the economy of the country.
- The organization has a Board of Directors made up of renowned business people from the agricultural sector who are also identified with principles which led to the creation of the Association and which, more importantly, appear to be committed to strengthening the role of APENN in the promotion of new business opportunities in Nicaragua's agricultural sector.
- APENN has an executive staff of qualified professionals who clearly understand the importance of having this type of organization in Nicaragua. The staff of APENN firmly believes in what they are doing and they are motivated to move forward with the necessary orientation and moral support of the Board of Directors and members of APENN.
- The association has adequate office facilities, furnishings, vehicles, etc., for this phase of the institution's development.

Nonetheless, it is necessary to point out that in order for APENN to consolidate and improve the level of its activities towards the private sector, especially the private agribusiness sector, the following suggestions should be taken into consideration:

#### **A. STRATEGIC PLANNING**

The organization should prepare, adopt and put into practice a long term strategic plan which will permit it to visualize where the organization is going in the next 5 years. How many members will there be? How many crops will be introduced during this period? What impact will the agricultural sector have on the Nicaraguan economy? This strategic plan should be reasonably complete and should provide an in-depth analysis of the growth opportunities which APENN has in terms of the number of members, services, and the production and commercialization of non-traditional crops. Similarly the plan should prepare APENN to become financially self-sufficient when USAID and other donor funds are depleted and, through a planning cycle, permit better management of its resources, better definition of the goals which can be reached and better measurement of the results achieved.

## **B. INSTITUTIONAL STRENGTHENING**

The APENN General Manager should recruit special assistance to help strengthen institutional development in the following areas:

1. The preparation of the long-term strategic plan (point 1 above).
2. Communication with the Board of Directors and with the members of APENN.
3. Transparent and current financial information and reporting systems, for the Board of Directors as well as donors, especially USAID.
4. A system of organizational' management geared toward improving the definition and description of positions and functions by department, the internal communication mechanisms, the document control process and the management of resources, among others.

## **C. LEADERSHIP ROLE OF THE BOARD**

The Board should assume a position of leadership relative to definition of policies, development of the Strategic Plan and orientation of the General Manager. The Board of Directors should also promote changes in the organization's statutes which:

1. Promote an open membership policy; delegating a plan for membership development to the General Manager, with guidelines and requirements which should be taken into consideration when accepting prospective members. The Board should check frequently to ensure that the General Manager follows the stipulated guidelines or rules for member recruitment.
2. Increase the number of Directors to at least nine (9) members, which could contribute to increasing the commitment of members to APENN and also incorporates three new spokespersons to the group which promotes the organization.
3. Establish structure of Work Committees as part of the statutes to bring together different sectors of the country's agricultural and livestock production groups. Some of the suggestions include committees for: melons, onions, agroindustry (to incorporate all of the businesses which process agricultural and livestock products), etc. These would promote participation and broaden the scope of APENN's activities. Likewise the Board of Directors would share with the members the responsibility of

making APENN a solid, selfsufficient organization which provides valuable services to the country.

**D. APENN/USAID COMMUNICATIONS**

1. USAID should define the current policy it will follow toward APENN. If USAID wishes APENN to become a solid, independent and selfsufficient entity which makes a major contribution to private agriculture in Nicaragua, it should convey that message clearly to the Board of Directors of the Association.
2. The Board of Directors and the General Manager of APENN should promote a meeting with representatives at the highest level of government and those of USAID to define a coordinated work strategy to further the initial objectives which motivated USAID to support the APENN project.
3. APENN should promote greater communication with USAID, especially in everything to do with financial administration of resources donated by the Mission, and should clarify the rules of the game in writing.

In this respect, the active participation of the USAID Project Officer plays an important role as does the continuous supervision of the Comptroller's Office, given that this could greatly facilitate the bureaucratic process of disbursements for the project.

We hope these suggestions can contribute to facilitating the growth of APENN and its positive impact in the agriculture and agribusiness sector of Nicaragua.

# ANNEX

## REUNIÓN APENN

MARZO 3, 1993

MANAGUA, NICARAGUA

### ORGANIZACIONES COLABORADORAS/COMPETIDORES

#### **CEI:**

1. **Centro de Promoción de Exportaciones e Inversiones (CEI):**  
Proyecto conformado por el COSEP, AID y el Ministerio de Economía. El propósito primordial es promover las exportaciones e inversiones en Nicaragua, financiado por la AID.

En aspectos de promoción solo se limitarán a participar en ferias internacionales.

2. **Ministerio de Agricultura:**  
Tienen una Comisión de Promoción de Producción y Exportación de Cultivos No Tradicionales. No se conocen logros de ningún tipo. En principios había ciertos celos institucionales, ya que se suponía que iban a competir por los mismos clientes y recursos. Ya la Comisión desapareció por Decreto, fue privatizada, al igual que todas las otras Comisiones.

En cuanto al Departamento de Sanidad Vegetal, tienen muy buena relación de trabajo que permite la coordinación con APHIS, Permisos Fitosanitarios, entre otros.

3. **Ministerio de Economía:**  
Tienen un Proyecto sometido a la Organización de las Naciones Unidas (ONUD) para el financiamiento de un Programa de Crédito y Asistencia Técnica de los Cultivos: Yuca, Melón, Soya, Cebolla, Frijol Negro, Chilote, Maíz tierno y Cultivo de Camarón. El Ministerio lo preparó y lo presentó a la ONUD, contemplan la participación del Sector Privado (CEI, APENN). Asimismo del FNI, PRIDEC y aunque no aparece señalado por su nombre, el Ministerio de Agricultura.

4. **FUNDAGRO:**  
Organización en formación, compuesta por los Productores de los Departamentos de León y Chinandega, región donde se concentran las principales áreas productivas del país. Está constituida por unos 200 Socios potenciales. La mayoría de los productores eran cultivadores de algodón y cultivos tradicionales. Fueron miembros directivos de la Comisión Nacional del Algodón, disponen de grandes facilidades de infraestructura (laboratorios, campos experimentales, etc.). El gobierno pudiera facilitarle todas estas facilidades pero ellos están interesados en explorar con AID las posibilidades de apoyo financiero limitado para operar todo eso.

5. **UPANIC:(Unión de Productores Agropecuarios de Nicaragua)**  
Es una Organización que ayuda a la mayoría de los productores y Asociaciones de Productores de Nicaragua. Es una institución muy fuerte en la defensa de la propiedad privada, de la libre empresa y otras, se caracterizan por su composición básicamente del Sector Privado que se opone al Sandinismo, a la mayoría se le confiscaron tierras durante la Revolución Sandinista. Tienen pocos Programas de Apoyo Técnico y Comercialización, están concentrados en los aspectos políticos.
  
6. **UNAG: (Unión Nacional de Agricultores)**  
Institución conformada por Productores en todo el país, que se relacionan con los Sandinistas. También tienen una gran influencia política.

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# **PROEXAG II**

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**Export Industry Technology Support Project**

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**Reunión de**

**Osmar Benítez  
Joe Thomas  
William Barbee**

**con**

**Representantes de**

**Fundación de Desarrollo Agropecuario**

**FUNDAGRO**

**March 26, 1993**

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## REUNIÓN CON REPRESENTANTES DE

### FUNDAGRO

Managua, Nicaragua

Marzo 01, 1993

**FUNDAGRO:** Es una institución compuesta por unos 160 productores, la mayoría de los cuales eran parte de la Comisión Nacional del Algodón. Esta Comisión era responsable de la política nacional sobre las actividades algodoneras del país, desde la producción hasta la comercialización.

Disponen de un Centro Experimental del Algodón y de un conjunto de laboratorios donde se hacen análisis de suelos agua, químicos y otros. Asimismo tienen campos experimentales donde realizan investigaciones sobre diversificación de cultivos para sustituir el algodón y/o para ampliar las oportunidades de mejores ingresos para su sector.

La Comisión Nacional del Algodón está compuesta por unas 10 personas, cuyo Presidente es nombrado por el Ministerio de Agricultura, quien también designa los demás miembros del Sector Privado y del Sector Público en la Comisión.

La Comisión del Algodón tiene un presupuesto anual de US\$1 millón 50 mil dólares al año (US\$1.000.050.00) para el pago de salarios de personal, gastos operacionales, gastos de materiales del Centro Experimental y el Programa de Asistencia Técnica. Los recursos del presupuesto provienen del Gobierno (Ministerio de Agricultura) y de un pago relativamente pequeño por libra de algodón vendida por cada productor.

Hace unos años Nicaragua era un gran productor de algodón. Tenía un área total sembrada de casi 350 mil manzanas con precios muy buenos en el mercado internacional y generaba una gran cantidad de divisas. Debido a la caída de los precios en el Mercado Internacional y a factores internos de producción (técnicos, costos de producción, falta de financiamiento, etc.), la industria del algodón se ha caído y hoy apenas se tienen unas 3,000 manzanas de algodón.

Por recomendaciones del Banco Mundial, el Gobierno inició la privatización de todas las Comisiones; entre ellas la Comisión Nacional del Algodón. Esto ha provocado que la Comisión y sus integrantes se quedaran sin recursos financieros para continuar los trabajos de asistencia técnica y de investigación.

El Gobierno pudiera estar interesado en pasar todos los activos a la Comisión que ahora es privada, pero los productores no están seguros si deben aceptarlo o no debido a que no disponen de los recursos para financiar la operación de los Laboratorios y el Centro de Experimentación.

En vista de las dificultades económicas que confronta el Sector Algodonero, principalmente los provenientes de los Departamentos de León y Chinandega, Región Occidental

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donde se concentra la mayor cantidad de áreas cultivables, los miembros han decidido crear una Fundación de Desarrollo Agropecuario (FUNDAGRO).

FUNDAGRO, sería una institución privada, sin fines lucrativos, orientada a promover la diversificación agrícola, pero con un concepto de desarrollo integrado de la Zona de Occidente a partir del Sector Agropecuario.

Harían una serie de estudios estratégicos sobre las diferentes áreas y actividades del sector agropecuario. Uno de estos estudios ya identificados es una investigación profunda de las Cuencas Hidrográficas de la Región Occidental. Creen que no podrá haber agricultura en el futuro si no se diseña y ejecuta un verdadero Programa de Manejo de Cuencas Hidrográficas.

Los Directivos de FUNDAGRO se han acercado a la Agencia Estadounidense para el Desarrollo Internacional (USAID) a fin de recabar el apoyo financiero para establecer y desarrollar la capacidad técnica, económica y administrativa de FUNDAGRO.

Las principales conclusiones que se pueden sacar de la reunión con los directivos de FUNDAGRO son:

1. Tienen grandes intereses en diversificación agrícola para su region pero faltan ideas concretas de cultivos nuevos con potencial de exportacion, informacion sobre mercados, produccion, etc.
2. No disponen de recursos para seguir adelante.
3. Quieren recursos de la AID.
4. La visión para la organización es regional, no nacional.
5. Piensan en una institución de Socios con la participación activa de los productores.
6. Están pensando en una entidad abierta a todo tipo de membresía, sin importar afiliación política, raza y/o religión.
7. Aunque saben lo que quieren hacer con FUNDAGRO, no disponen de la capacidad financiera para implementarla.
8. No tienen una estrategia específica para llevar adelante la búsqueda de fondos para FUNDAGRO.
9. Están esperando un apoyo financiero del Banco Mundial.

10. Pueden conseguir que el Gobierno les conceda los Laboratorios y Centros de Experimentación, y posiblemente logren convencer al Gobierno para que acepte pagar las cuentas que cubría la Comisión Nacional del Algodón (Personal, Laboratorios, Centro Experimentación, etc.).
11. Están de acuerdo, después de la reunión, de que el enfoque de FUNDAGRO debe ser nacional y no regional, aunque enfocarían sus trabajos básicamente en la Región.
12. No han pensado en establecer enlaces con APENN por considerar que su membresía es demasiado restringida. FUNDAGRO no conoce a fondo las actividades de APENN.