



AGENCY FOR INTERNATIONAL DEVELOPMENT  
 UNITED STATES OF AMERICA A. I. D. MISSION  
 TO EL SALVADOR  
 C/O AMERICAN EMBASSY.  
 SAN SALVADOR, EL SALVADOR, C. A.

PD-ABM-866  
 90446

**ACTION MEMORANDUM FOR THE MISSION DIRECTOR**

**FROM:** DAVID GARDELLA, PRO/PED *[Signature]*

**SUBJECT:** Project Assistance Completion Report of the Agribusiness Development Project No. 519-0327, implemented by DIVAGRO/FUSADES.

In accordance with Handbook 3, Chapter 14, and USAID/El Salvador policy, attached is the Project Assistance Completion Report (PACR) for the Agribusiness Development Project No. 519-0327. The Project had two components: 1) Assistance to non-traditional export-oriented agribusiness, and 2) FUSADES institutional support. The Project closed on March 31, 1995 and an informal extension to September 30, 1995, was granted for the sole purpose of performing the final evaluation and close-out audit.

The PACR summarizes accomplishments of the project. It includes Lessons Learned and Conclusions, but it does not include Recommendations since none arose from the final evaluation. The only outstanding action is:

- Closure of audit findings. Due date: April 15, 1996.

Recommendation: That you approve the attached Project Assistance Completion Report.

Approved *[Signature: Kenneth C. Ellis]*

Disapproved

Date 11 April 96

**ATTACHMENTS:**

- I - Commodities Transfer to FUSADES
- II- Project Financial Status Report as of Sept.30/95
- III- Counterpart Contribution Report as of March 31/95
- IV- Project Status Report as of September 30/95
- V- Project's Final Evaluation
- VI- Close-out Audit Report by RPMG

Office of the Controller

**REVIEWED**

*[Signature]* 02/06/96  
 DATE

Drafted by: RCuellar, PRO *[Signature]*

date 11/6/95

Cleared by: LAGonzález, PRO *[Signature]*

date 11/13/95

GAStraub, PRO *[Signature]*

Date 11/14/95

PKranstover, SDO *[Signature]*

date 1/3/96

*RA* CADams, CONT *[Signature]*

date 3/21/96

LMcGhee, OCG *[Signature]*

date 5/22/96

KCellis, DDIR *[Signature]*

date 11 April 96

# PROJECT ASSISTANCE COMPLETION REPORT

## PROJECT 519-0327

### AGRIBUSINESS DEVELOPMENT

#### **I- SUMMARY OF THE PROJECT**

The United States Agency for International Development (USAID) entered into a Cooperative Agreement with the Salvadoran Foundation for Economic and Social Development (FUSADES) on September 29, 1987, with a \$33 million life of the Project (LOP) funding (USAID contribution) to be expended over a period of seven years. FUSADES counterpart contribution was \$11 million. Original Project Assistance Completion Date (PACD) was September 30, 1994, extended to March 31, 1995. Following, an informal six month extension was granted until September 30, 1995, in order to proceed with the final evaluation and close-out audit.

The Project had two components: 1) Assistance to non-traditional, export oriented agribusiness, and 2) FUSADES institutional support.

#### **II- GOAL AND PURPOSE OF THE PROJECT**

##### **A. Goal**

The goal of the Project was to increase employment and foreign exchange earnings.

##### **B. Purpose**

The purpose was to increase the production and export of non-traditional agricultural export products (NTAEs).

##### **C. Activities**

The Project was designed to provide technical assistance, training and credit resources to individuals and private enterprises in El Salvador for the production and export of non-traditional agricultural export products. Research was also a key element: Four agricultural experimental farms functioned during the LOP where a variety of crops were tested. As of amendment four (4) of July 31, 1989, a Quality Assurance Program (QAP, Laboratory) and an aquacultural experimental station were included to complement and broaden the Project's scope of action.

Technical assistance was provided from feasibility to specific specialty produce marketing studies. Assistance was provided to participating companies for arrangements of international transportation, quality control, pesticide residues, etc.

### III. PROJECT SUB-COMPONENTS

#### 1) Assistance to non-traditional, export oriented agribusiness.

a) **Technical/Technological Assistance.** Entrepreneurs and companies were assisted in a wide variety of products in several commodity lines by providing needed inputs at one or more stages. The package of technical/technological assistance was tailored to the needs of each client. The Agricultural Diversification (DIVAGRO) program unit was the focal point of providing these types of varied assistance through the contracting of consultants to work with the client on a short term basis or through DIVAGRO's technical staff. Short term training for individuals and groups involved with the activities that contributed to the Project's goal and purpose were eligible to be financed under the Grant.

b) **Credit Assistance.** The Project provided approximately \$5.47 million in loans to acceptable firms or individuals. This activity made available investment and/or working capital credit to domestic and/or foreign investors to stimulate the establishment of new or expanded agribusiness/aquaculture operations. The fund furnished loan financing to specific projects in colones, U.S dollars, or both currencies. USAID credit guidelines stated that no loan package (foreign exchange and local currency) for less than a combined total of \$50,000 equivalent, was to be approved or considered. Credit funds were managed by FIDEX, which later became a commercial bank, BANFIDEX. Presently, the loan portfolio is managed by Banco Salvadoreño.

#### 2) FUSADES Institutional Support.

Grant funds were provided to FUSADES to finance the costs associated with implementing the Project and to increase the Foundation's capacity to manage it and other related development activities implemented at that time. The assistance covered the costs of: a) DIVAGRO staff needed to implement the Project; b) DIVAGRO's operation; c) additional resources needed in PRIDEX and FIDEX to provide specialized services for implementation; and d) studies related to broad areas of concern for promoting non-traditional export-oriented agribusiness.

During the last year of the Project's life, DIVAGRO/FUSADES received considerable support from USAID in order to attain self-sufficiency by funding operational costs and equipments of La Colina, a multiple use farm oriented to the production of NTAEs, bought with FUSADES own funds.

One of the most modern laboratories in Central America was built and equipped with Project funds. Project funds also contributed to the construction of FUSADES headquarters building.

### III- FINANCIAL STATUS (as of September 30/95)

El. No.	Element Description	Obligation	Commitment	Expenditure	Pipeline
01	Tech. Assist.	\$ 7,108,161	\$ 7,108,161	\$ 7,108,161	\$0.00
02	Training	\$ 1,061,765	\$ 1,061,765	\$ 1,061,765	\$0.00
03	FUSADES Support	\$13,902,889	\$13,902,889	\$13,902,889	\$0.00
04	Eval/Fin.Review	\$ 156,902	\$ 156,902	\$ 152,121	\$4,781.0
05	Contingency	\$ 1,213	\$ 1,213	\$ 1,151	\$62.00
06	Credit Line	\$ 5,463,619	\$ 5,463,619	\$ 5,463,619	\$0.00
07	Capital Expend.	\$ 2,831,669	\$ 2,831,669	\$ 2,831,669	\$0.00
08	Prog.Mgmt.	\$ 192,120	\$ 192,120	\$ 192,120	\$0.00
09	Overhead	\$ 2,123,545	\$ 2,123,545	\$ 2,122,429	\$1,116
10	Audit	\$ 21,737	\$ 21,737	\$ 21,737	\$0.00
	TOTALS	\$32,863,620	\$32,863,620	\$32,857,661	\$5,959

### IV- PROJECT ACCOMPLISHMENTS

A. <u>Planned EOPS</u>	<u>Progress to PACD</u> <u>Cumulative</u>
- \$49 million foreign exchange earned by the ag. sector	\$57.5
- 12,600 full-time equivalent jobs	27,346
- 15 NTAEs being produced and exported	20
- 23,000 has. under NTAEs	29,106

During the LOP, 4 agricultural and one aquacultural experimental stations were established. One experimental station remains after PACD at La Colina, where new varieties of vegetables are being tested and produced either for local market or for export. Field days are organized by FUSADES to introduce farmers to new crops and/or technologies.

The QAP is actively promoting its services to industry and agriculture in general. Soil, water, foliage, and microbiology analyses, as well as pesticide residues analyses are performed routinely. A Tissue Culture unit is in charge of propagating highly priced plant varieties.

From the credit line, 43 loans were made to entrepreneurs and private companies. Lending was made, in some cases, to very innovative projects in El Salvador, such as a shrimp hatchery, and ornamental plantations.

Finally, La Colina remains as a permanent symbol of USAID and FUSADES commitment to NTAEs. Vegetables, pineapple, watermelon, mangoes, ornamentals, and vegetable seedlings are being produced on regular basis. FUSADES inaugurated in November, 1994, the pineapple packing plant and exports are currently underway. During 1995, 46,600 twenty pound pineapple boxes were exported to the United States. 250,000 boxes are expected to be exported during 1996 and 430,000 boxes for 1997.

## **V. SUMMARY OF LESSONS LEARNED**

As of the final evaluation report, the following Lessons Learned were identified:

- a) The implementing organization should have the flexibility to modify its strategy for carrying out a project, or the project should be redesigned when unalterable obstacles make it impossible to implement it as originally designed.
- b) There is no substitute for effective USAID project monitoring. Even under the Cooperative Agreement mode of implementation, an involved project officer is a valuable input into the process.
- c) USAID and/or the implementing organization should be prepared to either terminate or make wholesale revisions to projects which cannot be implemented as designed. FUSADES' senior managers were unanimous in their observation that the NTAE program carried out was not viable under the civil war conditions and political instability of the 1980s and the early 1990s. Why, then, did the Project continue?

## **VI. PROJECT EVALUATIONS AND AUDITS**

There have been three evaluations during the LOP. The first evaluation (Mid term) was carried out in June, 1992, by Management and Business Associates (M&BA). On December 1994, the credit line managed by BANFIDEX was evaluated by Management and Business Associates (M&BA). The third and final evaluation was conducted by AGRIDEC, Inc. during July-August, 1995.

### **A. Evaluations**

#### Mid-term Evaluation

The purpose of the evaluation was to determine whether impact indicators were being met, and to identify whether funding plans were sufficient to meet project implementation costs through the length of the project.

The following recommendations arose from the first evaluation:

## A. Organizational Issues

A.1.1. Recommendation: DIVAGRO adopt a matrix organization design, built around the market-driven model recommended by the evaluation team, in which technical assistance provides the needed link between the research and marketing.

A.1.2. Current Situation: The DIVAGRO diversified research activity on experimental farms has been abandoned, and all "research" is directed at those crops which La Colina hopes to produce commercially, either for the export and/or the local market. For those crops there is little initiative to disseminate technology to perspective producers and/or investors.

A.2.1. Recommendation: QAP needs a business plan which targets identified markets.

A.2.2. Current Situation: QAP is very concerned about finding a self-financing strategy. It has developed a business plan, but its major problem is a lack of demand for the services which supposedly would have been the basis for generating the laboratory's income. In 1994 it was projected that the laboratory would earn 3.2 million colones from chemical and biological analyses (2.9 million) and technical assistance and training (0.3 million); actual income generated from those sources totaled about 1.0 million colones. It has been projected that the QAP will be 50% self-sufficient in 1996 and 100% in 1997. There is little reason to believe that these goals will be reached, given the slow development of demand in the agricultural and agribusiness sectors, and the lack of legal requirements for quality control inspections and testing for export products.

In order to be able to reach the level of income projected from quality control inspections of exports laws or decrees must be formulated and instituted. The real questions that must be asked are:

1. Is an outside organization more appropriate for quality control than the industry itself (eg. producers and exporters)?
2. If so, is a bureaucracy like DIVAGRO the appropriate institution? The presence of the laboratory has little to do with visual pre-export inspection.
3. Is an inspection function of DIVAGRO proposed because of need on the part of the NTAE sector, or need to cover the laboratory's costs?

A promising area for future income generation is the tissue culture section of the laboratory in the production of cloned planting material. However, commercial success will be subject

to identifying and promoting appropriate crops and selling first the idea of using cloned material, and then the product, to an as yet non-existent population of growers.

A.3.1. Recommendation: A DIVAGRO manager should spend 25% of his time in tracking results attributable to its activities.

A.3.2. Current Situation: A moot question given the concentration on La Colina activities, with little concern about outreach and off-farm impact.

A.4.1. Recommendation: DIVAGRO needs a sustainability plan.

A.4.2. Current Situation: FUSADES contracted a consulting firm from Miami to produce a sustainability plan. It is that plan which advocates the strategy of "polos de desarrollo", eg. La Colina, and three other primary areas of focus:

- agroindustry promotion and development
- training and technical assistance
- identification of alternative sources and mechanisms for financing sector development.

A.5.1. Recommendation: Committees should be set up to support primary and secondary priority activities and on an individual project basis.

A.5.2. Current Situation: Again, the primary, secondary and tertiary activities are all La Colina.

A.6.1. Recommendation: Eliminate data bases which have no relation to log frame objectives.

A.6.2. Current Situation: DIVAGRO has continued to improve its data base system, especially in the sense of consolidating its information program in PRIDEX, where shared personnel, equipment and software provide services to FUSADES' agricultural and industrial sector clients. Also, in light of the end of the USAID project, the requirements of the log frame are of little consequence. The data bases installed and maintained should respond to the needs of current and potential users.

## **B. Technology Generation and Transfer Issues**

B.1.1. Recommendation: Establish crop-specific teams for technology generation and transfer, with an on-farm focus, complemented by a committee composed of agribusiness, farmers and DIVAGRO personnel.

B.1.2. Current Situation: The technology generation function as envisioned no longer exists. The overriding criteria are to add to La Colina's productive base if necessary.

B.2.1. Recommendation: Institute farm-base research methodology, with participation of producers and/or agribusiness to share costs and reduce time for converting research results into client recommendations.

B.2.2. Current Situation: A strategy for farm-based research is inappropriate for the La Colina model. It is held by DIVAGRO that the activities on the farm are indeed demonstrations of commercial agriculture that can be adopted by interested farmers.

B.3.1. Recommendation: Increase cooperatives in client base to achieve a greater multiplier effect.

B.3.2. Current Situation: La Colina does not have a client base.

B.4.1. Recommendation: Calculate economic justification of plant propagation activities.

B.4.2. Current Situation: Plan propagation is one of the most promising activities for future income generation and specialty crop production. However, sufficient demand does not exist at present to achieve economies of scale and determine commercial pricing. In addition, the principal client of the laboratory's production is La Colina, which does not always pay as a commercial client would.

## **C. Marketing Issues**

C.1.1. Recommendation: Limit DIVAGRO activities to priority crops identified.

C.1.2. Current Situation: This recommendation was overtaken by events once the La Colina model was adopted.

C.2.1. Recommendation: Establish limit to free T.A. and graduation to paid services.

C.2.2. Current Situation: The few clients who continue to use DIVAGRO technical assistance are charged for the services. But, technical assistance is not a full-time activity for DIVAGRO technicians and there is in reality little demand for it. The successful enterprises which were previously assisted by DIVAGRO have outgrown its technicians, and are much more capable in their narrow specialties than DIVAGRO. Among these ex-clients there is no incentive to pay for the level of services that DIVAGRO could offer.

C.3.1. Recommendation: That DIVAGRO take equity position in projects it identifies and implements.

C.3.2. Current Situation: DIVAGRO is no longer identifying and implementing projects.

C.4.1. Recommendation: Quality control services should be provided for all priority products as needed, on a cost recoverable basis.

C.4.2. Current Situation: There is little demand and less legal obligation for quality control of fresh and frozen agricultural exports. The canning plants are clients of the QAP and provide it with a large portion of the samples sent for analysis. The crops produced in Salvador are less demanding than those of the Guatemalan Highlands, and in-field controls practiced in the use of chemicals all but eliminated the need for frequent testing. In addition, clients in importing countries prefer that testing be done in that country. Unless the QAP can gain an international reputation for quality it is unlikely that it will be able to compete in importing countries.

C.5.1. Recommendation: Combine various data bases and information services, and improve the distribution in major market countries of crop-availability reports for Salvadoran products.

C.5.2. Current Situation: DIVAGRO has unified its information services in PRIDEX and is negotiating with various sources to improve the quality and applicability of its information service, including a more complete data base for agriculture.

#### Credit Line Evaluation (December 1994)

A final evaluation of FUSADES was also done by the firm Management & Business Associates in June, 1995, which examined the several components of four USAID Projects implemented by FUSADES:

- a) Project 519-0327 - Credit component of the Agribusiness Development Project;
- b) Project 519-0303 - Credit component of the Water Management Project;
- c) Project 519-0287 - Private Sector component of the Industrial Stabilization and Recovery Project, and
- d) Project 519-0336 - Private Sector Initiatives Project in support of business associations.

The evaluation of the Agribusiness Development Project was done to assess the impact of FUSADES' loan portfolio on the creation of agribusinesses and its contribution to NTAE development. The evaluation team noted USAID development assistance carried out through FUSADES totaled approximately \$115 million by the end of 1994, and concluded that the foundation played an important and possibly crucial role in sustaining and strengthening democratic institutions during the civil war. Further, it was felt that USAID's support to the foundation had an impact on the transition to peace, strengthening of democratic institutions and building a strong post war recovery.

Agribusiness loans were administered by FIDEX, the Export Finance Department within FUSADES. The evaluation team concluded that the weaknesses demonstrated in the sample of investment projects examined were due to El Salvador's general lack of comparative advantage for the development of NTAEs. While it was felt that El Salvador could possibly succeed in some NTAE niche markets, it was felt that the country's disadvantages vis a vis Guatemala, Nicaragua or Costa Rica accounted for its limited agricultural loan portfolio.

According to the evaluators, a lesson learned from the experience with NTAE development in El Salvador is that the "suitability" of a country for a specific project should be carefully assessed and reviewed prior to committing economic, financial and personal resources to it.

A second lesson learned was related to program sustainability. The evaluators expressed their belief that USAID should consider devoting a portion of its yearly budget to building an endowment to assure continued funding of foundations such as FUSADES. The team felt that FUSADES would be in a difficult situation when USAID support ended and was gambling on the success of one project, La Colina, in order to survive.

#### Final Evaluation (July-August 1995)

An evaluation of USAID's program for the promotion of non-traditional agricultural exports (NTAEs) in El Salvador was carried out by a three-person team from AGRIDEC, Inc. over a six-week period between July - August, 1995. USAID chose three different "models", or approaches, to promote the NTAE industry. Four NTAE projects were implemented by three different organizations using widely different strategies and development philosophies. The work of the team was to evaluate the four projects and to make a comparative analysis on the different approaches utilized. This required a cross-cutting analysis of impact, an evaluation of USAID's overall strategy of promoting NTAEs as a means of rural economic development, and recommendations for the most effective means of carrying out NTAE development in the future.

The four projects evaluated were a) the Agribusiness Development Project (519-0327) implemented by DIVAGRO, the agricultural diversification unit of the Salvadoran Foundation for Economic and Social Development (FUSADES); b) the Rural Enterprise Development II Project (519-0382) implemented by TechnoServe; c) the Non-traditional Agricultural Export Production and Marketing Project (519-0392) implemented by the Cooperative League of the United States (CLUSA); and d) an activity carried out as a sub-component of the National Reconstruction Project Support for Transition to Peace in El Salvador (519-0394), implemented by CLUSA with the assistance of the Asociación de Productores y Empresarios Salvadoreños (PROESA) .

**CONCLUSIONS (apply only for the Agribusiness Development Project)**

- a) DIVAGRO did not establish an on-going program for the continued development of NTAEs. The successful enterprises which resulted from the Project have a modest impact on income, employment and foreign exchange earnings but they hardly justify seven years of effort and an investment of \$33 million.
- b) The DIVAGRO "model", or program for NTAE sector development which supported the private sector in all aspects of non-traditional crop production, post-harvest handling, processing and marketing was valid. However, when it realized the agribusiness environment prevailing in El Salvador at that time was not conducive to implementing its program, DIVAGRO lacked the initiative or will to adapt it to the prevailing conditions.
- c) While the ornamental horticulture industry was well suited to FUSADES' strategy for NTAE development, its potential is limited. On the other hand, large-scale agroindustry like the Del Tropic freezing plant provided a model that combined the entrepreneurial focus of FUSADES with the land and productive capacity of the Agrarian Reform cooperatives. The option of combining post-harvest entrepreneurship with the productive capacity of the cooperatives was not pursued by DIVAGRO.
- d) FUSADES disagreed with two important USAID-initiated policies which constrained Project implementation, but did not vigorously attempt to change either of them. These were the restriction on non-traditional crop production for local markets, and the requirement that DIVAGRO develop an aquaculture industry based on cultivated shrimp.
- e) La Colina Farm is a FUSADES-owned commercial enterprise whose principal function is to generate income to support the institution. This activity comes at the expense of DIVAGRO's development function.

Since the Project had ended, the Evaluation Team considered superfluous to make recommendations.

## **B. Audits**

The Close-out audit was performed by KPMG Peat Marwick. The final audited period was from January 1st, 1995 to March 31st, 1995. A request for closure is in draft for all the recommendations except one. The pending recommendation refers to the Control of Vehicle Use for CY-94 and CY-95 for which the audit firm will be asked to set a value of Questioned Costs, which FUSADES has verbally agreed to pay. USAID will continue to monitor the recommendation until final closure, through its Audit Tracking System. The Completion Report is not affected because once the funds are recovered they will be deposited to the Project account and deobligated immediately. The closure deadline is April 15, 1996.

## **VI. COUNTERPART CONTRIBUTION**

The close-out audit established that the actual counterpart contribution, considering the rate of exchange effective at the time the Project Agreement was signed, was \$16,033,757. Planned counterpart contribution was \$11 million.

## **VII- SUSTAINABILITY**

The sustainability of the NTAE program must be analyzed from three points of view: a) The sustainability of FUSADES as an institution, since policy dialog, economic analysis and market information will continue to be carried out by the parent organization, b) the sustainability of DIVAGRO as the agricultural diversification arm of FUSADES and c) the sustainability of DIVAGRO-assisted projects and enterprises.

### **1. FUSADES**

As recommended by the mid-term evaluation, over the past two years FUSADES has taken a serious look at different means to ensure the sustainability of its work. In late 1993, the foundation hired the InterAmericas Consulting Group of Miami, Florida to help it develop a self-sufficiency plan. After an intensive process of analysis FUSADES redefined and reconfirmed its mission and goals, identified program areas consistent with those goals, identified projects suitable for the various program areas, and defined the organization's role in each project. The size and scope of the organization were defined in light of its mission and goals, and projections were made of the amount of funds that would be required to support the organization.

The financial projections indicated that FUSADES could register a \$500,000 deficit in 1995, which was expected to grow progressively larger. It was concluded that a cost reduction strategy was necessary, and that FUSADES' self-sufficiency depended on its ability to recover costs by charging fees for commercial services. The foundation's staff was reduced from 291 people at the end of 1993, to the present level of 249 employees. FUSADES' President recently confirmed that the foundation is now financially self-sufficient and is currently operating at a positive cash flow. An important part of FUSADES' income is derived from interest earned from a Bahamian trust of approximately \$20.0 million. The trust was capitalized with funds from the credit components of the USAID Water Management, Agribusiness Development and Industrial Stabilization and Recovery projects. Interest earned from trust and loan balances provides a reasonably secure income which the foundation uses to cover part of its operating costs. Other income is derived from service fees and member contributions.

## 2. DIVAGRO

As recommended by the mid-term evaluation, DIVAGRO has created a commercial agricultural enterprise which is expected to provide financial self-sufficiency and to act as a "development nucleus" by demonstrating commercial farming practices. La Colina ostensibly will be sold to private investors after the operation proves viable. DIVAGRO developed the La Colina farm by purchasing 350 m<sup>2</sup> of land and consolidating all material and equipment from the other demonstration farms. Project funds were used to finance on-farm infrastructure (except constructions), labor and equipments.

DIVAGRO's financial self-sufficiency is riding on the success or failure of La Colina, although its likelihood of success appears high. The farm is well managed by an expatriate pineapple technician, has apparently reached financial break-even and is debt-free. As an agro-enterprise La Colina seems to be in good financial health, but its role as a development mechanism has been abandoned.

For the year 1995, 46,600 twenty pound boxes of pineapple were exported, as well as 11,500 boxes of watermelon. Other vegetables and ornamentals, including pineapple and watermelon, have been sold to the local market. La Colina's plan for 1996 is to export 250,000 pineapple boxes and 430,000 boxes for 1997. It is important to consider at this point that the pineapple plantation during 1995 was still being established and the total area (150 manzanas) was not in production.

During 1995 total sales from La Colina, including pineapple for export, amounted to ₡5,897,000 (approx. \$678,000). Total production costs amounted to \$10,789,000 (approx. \$1,240,000).

The success -or failure- of any venture of this type can not be determined in the first year of operations, as most of the rest of businesses. Presently, FUSADES is preparing a five year financial projection for La Colina/DIVAGRO.

### 3. DIVAGRO-Assisted Projects and Enterprises

The modus operandi of DIVAGRO was "laissez-faire". The surviving enterprises are generally sound and their sustainability is a function of the hazards of business rather than any fatal, internal flaw. Of fifty NTAE projects supported by DIVAGRO, a total of thirty-six continue to operate and are considered sustainable.

### VIII- FUSADES' Support to Future NTAE Development

FUSADES will most likely support NTAE development in the future through the activities of DEES, its Department of Economic and Social Studies. This Department promotes trade and economic policies which favor exports, and is presently developing a "position paper" on recommended policies for agricultural development in El Salvador. In addition, PRIDEX, the commercial information center, will be able to provide general market information and market intelligence on foreign NTAE markets. The agribusiness loan portfolio, currently administered by the Banco Salvadoreño, will also be available to fund agricultural and agribusiness projects oriented to export markets. However, additional agribusiness loans which may be made by the custodial commercial bank will surely become more "commercial" and less "developmental". A developmental loan facility for NTAEs no longer exists in El Salvador.

DIVAGRO has evolved into a commercial farming operation whose future role is expected to be almost entirely profit oriented, and its activities in NTAE development will likely be minimal. With La Colina fully operational, most of the DIVAGRO staff is employed at the farm, with many others supporting the operation from DIVAGRO's office in San Salvador. Extension services and technical assistance to NTAE producers are presently carried out by two DIVAGRO agronomists with limited experience, but with some training in the production of ornamental plants and vegetable crops. Conceivably, DIVAGRO's minimal activity in extension and TA may be eliminated entirely if the organization runs into economic difficulty.

### IX- CONTINUING USAID POST-PROJECT MONITORING RESPONSIBILITIES

- Follow-up the closure of audit findings for the following periods: CY1994 and Jan. 1/95-March 31/95. Due date: April 15, 1996.

# **ATTACHMENT I**



**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**UNITED STATES OF AMERICA A. I. D. MISSION TO EL SALVADOR**  
**OFFICE OF CONTRACTS AND GRANTS**

**31 May 1995**

**Mr. Miguel Gasteazoro**  
**Controller**  
**FUSADES**  
**San Salvador**

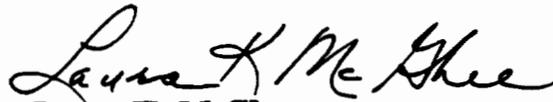
**REF: Standard Provision: Title to and Use of Property (Grantee  
Title)(May 1986) Coop. Agreement No. 519-0327-A-00-7575-00**

**Dear Mr. Gasteazoro:**

**We are in receipt of your letter dated 26 May 1995 number 048/95 regarding the equipment bought under the referenced cooperative agreement, which totals the amount of €31,527,571.70 (\$3,607,273.64)**

**USAID/El Salvador has reviewed Attachment I to this letter, which describes all the equipment procured under subject cooperative agreement, and concurs with the proposed disposition of the equipment, that is to continue its use for the same purpose for which it was originally acquired: to increase the production and export of new agricultural products.**

**Sincerely,**

  
**Laura K. McGhee**  
**Contracts & Agreement Officer**

**cc: G. Straub, PRO**  
**T. Clarkson, CONT**  
**M. Williams, RLA**  
**P. Kranstover, PPD**

NO ACTIVO	NOMBRE DEL ACTIVO	MODELO	S E R I E	MARCA	MEIDAS	UBICACION	COMPTA	FECAHO.	VAL/ADO.	C/C	OBSERVACION
DIVAGRO											
TIPO DE BIEN 01 MUEBLES											
1001916	ESTANTE-7 MOD.6 NIV. 2.44X0.90X0.96			DEXION		LAB.TEJIDOS	CH-15095	12-11-92	0.767.59 07302	909	CONV. 0327
1001917	ESTANTE-7 MOD.6 NIV. 2.44X0.90X0.96			DEXION		LAB.TEJIDOS	CH-15095	12-11-92	0.767.59 07303	909	CONV. 0327
1001918	ESTANTE-7 MOD.6 NIV. 2.44X0.90X0.96			DEXION		LAB.TEJIDOS	CH-15095	12-11-92	0.767.59 07304	909	CONV. 0327
1001919	ESTANTE-7 MOD.6 NIV. 2.44X0.90X0.96			DEXION		LAB.TEJIDOS	CH-15095	12-11-92	0.767.59 07305	909	CONV. 0327
1001920	ESTANTE-7 MOD.6 NIV. 2.44X0.90X0.96			DEXION		LAB.TEJIDOS	CH-15095	12-11-92	0.767.59 07306	909	CONV. 0327
1001921	ESTANTE-7 MOD.6 NIV. 2.44X0.90X0.96			DEXION		LAB.TEJIDOS	CH-15095	12-11-92	0.767.59 07307	909	CONV. 0327
1001922	ESTANTE-7 MOD.6 NIV. 2.44X0.90X0.96			DEXION		LAB.TEJIDOS	CH-15095	12-11-92	0.767.59 07308	909	CONV. 0327
1001923	ESTANTE-7 MOD.6 NIV. 2.44X0.90X0.96			DEXION		LAB.TEJIDOS	CH-15095	12-11-92	0.767.59 07309	909	CONV. 0327
1001502	MUEBLE P74-COMPUTADORAS 7.75 DE LAN					CENTRO DE COMPUTOS LACH-16805		1-10-93	12.070.00 08102	909	CONV. 0327
1001511	MUEBLE TIPO ESTANTE 2.20 X 0.60					BODEGA DE SOLVENTES	CH-16217	26-06-93	35.050.00 08010	909	CONV. 0327
TOTAL GRU- 01									110.860.72 \$		
TIPO DE BIEN 02 ED: DE OFICINA											
1002030	FOTOCOPIADORA	1030	26E 293246	XEROX	PROG-16	DIVAGRO	CH. 6427	27-03-90	90.950.00 04460	901	CONV. 0327
1002032	FOTOCOPIADORA	1030	26E 263251	XEROX		CALIDAD INTEGRAL	CH. 7257	25-06-90	90.510.00 04470	901	CONV. 0327
TOTAL GRU- 02									09.460.00 \$		
TIPO DE BIEN 03 ED: DE COMPUTACION											
1003069	COMPUTADOR	P5/2 MOD.25	00-10667	IBM	TECNICO DE AREA	LUIS CANALES	CH. 6507	10-09-90	9.205.00 04534	909	CONV. 0327
1003070	COMPUTADOR	P5/2 MOD.25	00-10760	IBM	EJEC.INVEST.Y DESARROLI. LAB.		CH. 6507	10-09-90	9.205.00 04535	909	CONV. 0327
1003071	COMPUTADOR	P5/2 MOD.25	00-13707	IBM		LAB.MICROBIOLOGIA	CH. 6507	10-09-90	9.205.00 04536	909	CONV. 0327
1003081	COMPUTADORA C/DISCO DURO			BRAVO	EJECUTIVO PARCELAS	MAURICIO AGUILERA	CH. 2139	19-09-90	19.975.00 04546	902	CONV. 0327
1003091	COMPUTADOR.MONITOR Y TECLADO	P5/25 - /30	00-03592	IBM		MOISES GANERO	CH- 0637	17-09-90	15.750.00 04555	903	CONV. 0327
1003096	DISCOS DUREOS P/IBM.					COMPUTADORAS DE DIVAGRO-(156)		11-10-90	14.750.00 04560	901	CONV. 0327
1003109	COMPUTADOR-MUNITOR A C.Y TECLADO 306 V6A		0-410050223	DELL	DIVAGRO	BUNCO DE DATOS	CH-793	7-05-91	22.500.00 06099	902	CONV. 0327
1003113	COMPUTADOR-MUNITOR A COLOR Y TECLADO V6A		0-410051236	DELL 316-SX	SEC. EJECUTIVA	CLAUDIA BAYADARES	CH-807	15-05-91	13.750.00 06098	902	CONV. 0327
1003114	COMPUTADOR MUNITOR A COLOR Y TECLADO V6A		0-40052626	DELL 325-D		LAB.MECIBUOS	CH-807	15-05-91	20.000.00 06099	902	CONV. 0327
1003151	IMPRESOR	III D	3022J90270	HP LASER JET	SEC. DIRECTOR	MORA HERODIER	CH0.998	25-07-91	23.030.30 06290	901	CONV. 0327
1003152	IMPRESOR	III D	3109J07357	HP LASER JET	DIVAGRO	BANCO DE DATOS	CH09.998	25-07-91	16.896.40 06239	901	CONV. 0327



NO ACTIVO	NOMBRE DEL AC	MODELO	S E R I E	MARCA	MEDIDAS	UBICACION	COMPRTE	FECAHO.	VAL/ADD.	C/C	OBSERVACION	
1004005	REPETIDORA MASTER II 90 W	MASTER II	7973615	GENERAL ELECTRIC		VULCAN	P.D. 1961	25-11-89	31,050.00	09576	901	CONV. 0327
1004029	ENLACE RAD.TEL.A REPET.SISTEMA						P.D.1961	25-11-89	23,923.00	09600	901	CONV. 0327
1004030	RADIO ENLACE VHF					MCAJUTLA-CANA SUCIA	P.D.1961	25-11-89	12,000.00	09601	901	CONV. 0327
1004076	RADIO PORTATIL VHF-PCS	150-174-NM2	1003290	GENERAL ELECTRIC	5W-8 CANALES		CH-0922	16-00-90	10,335.09	09697	307	CONV. 0327
1004077	RADIO PORTATIL VHF-PCS 5W 8 CANALES	150-174-NM2	1003291	GENERAL ELECTRIC			CH-0922	16-00-90	10,335.09	09698	001	CONV. 0327
1004078	RADIO PORTATIL VHF-PCS 5W 8 CANALES	PC1H3A08	796319905	GENERAL ELECTRIC		EJECUTIVO PARCELA	MOISES GAMERO	16-00-90	10,335.00	09699	900	CONV. 0327
1004087	PANEL SOLAR P/RADIO BASE	NVS		GENERAL ELECTRIC		TECHO DEL EDIFICIO		16-00-90	9,799.60	09658	901	CONV. 0327
1004093	PANEL SOLAR P/REPETIDORA	ENLACE-TELEF	ENLACE-RADIO	G.E.	F.CH.11.26.90	TECHO DEL EDIFICIO		1-12-90	36,266.57	09665	901	CONV. 0327
1004094	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	PC1H3A08	023907003	G.E.	001		CH-7933	13-02-91	12,507.09	09667	903	CONV. 0327
1004095	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	PC2H3A08	005061222	G.E.	310		CH- 7933	13-02-91	12,507.09	09668	901	CONV. 0327
1004096	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	PC1H3A08	010662937	G.E.	SEC. BILINGUE		CH-7933	13-02-91	10,939.95	09669	901	CONV. 0327
1004097	ESTACION REPETIDORA VHF	N5P11	0003314	G.E.		GUILAPA	CH- 7933	13-02-91	98,759.65	09670	901	CONV. 0327
1004098	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	TSL	013529339	G.E.	ANALISTA DE PROYECTO	MANUEL BAUYEROS	CH- 7933	13-02-91	12,507.09	09671	902	CONV. 0327
1004099	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	TSL	9796990	G.E.	TECN. HORTICULTURA	JULIO TORRES	CH- 7933	13-02-91	10,939.95	09672	902	CONV. 0327
1004102	RADIO PORTATIL,BATERIA Y CLIP 8 CANA.	PC2H3A08	005062822	G.E.			CH- 7933	13-02-91	10,939.99	09675	911	CONV. 0327
1004103	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	TSL	005062522	G.E.			CH- 7933	13-02-91	10,939.95	09676	911	CONV. 0327
1004104	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	PC1H3A08	1002200	G.E.		EJECUTIVO PARCELA		13-02-91	10,939.95	09677	902	CONV. 0327
1004105	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	TSL	010001130	G.E.	CORPKAS	EDWIN HENDOZA	CH- 7933	13-02-91	12,507.09	09678	903	CONV. 0327
1004107	RADIO PORTATIL,BATERIA Y CLIP 8 CAN.	TSL	023906903	G.E.	LABORATORIO	CESAR ANANIAS	CH- 7933	13-02-91	10,939.95	09680	901	CONV. 0327
1004108	BATERIAS DE 1700 MAH	P/RADIOS PCS		G.E.	F.DE CH.11-26-90		CH-9835	1-12-90	12,600.05	09663	901	CONV. 0327
1004114	PANELES SOLARES			G.E.		TECHO DEL EDIFICIO	CH-10076	16-09-91	9,671.96	09681	901	CONV. 0327
1004122	RADIO PORTATIL C/CLIP DE CINCHO 5 W	PCS	1003289	GENERAL ELECTRIC			CH. 11374	1-09-91	10,054.39	06909	901	CONV. 0327
1004124	RADIO PORTATIL C/CARGADOR COMPACTO	P93YPC20C2A	179F5A9210	MOTOROLA			CH. 1171	3-10-91	10,900.20	06554	902	CONV. 0327
1004125	RADIO PORTATIL C/CARGADOR COMPACTO	P93YPC20C2A	179F5A9206	MOTOROLA	DIRECTOR	MARIO LEWY	CH. 1171	3-10-91	10,900.20	06555	902	CONV. 0327
1004126	RADIO PORTATIL C/CARGADOR COMPACTO	PC2H3A08	1002277	GENERAL ELECTRIC	901		CH. 1171	3-10-91	10,900.29	06556	902	CONV. 0327
1004127	RADIO PORTATIL C/CARGADOR COMPACTO	P93YPC20C2A	179F5A9205	MOTOROLA	SEC.DIRECCION	DIANA ECHEVERRIA	CH. 1171	3-10-91	10,900.29	06557	902	CONV. 0327
1004129	RADIO PORTATIL C/CARGADOR COMPACTO	PC2H3A08	1013045	GENERAL ELECTRIC	EJEC.ORNAMENTALES	LUIS GIRON	CH. 1171	3-10-91	10,900.20	06559	902	CONV. 0327

NO ACTIVO	NOMBRE DEL ACTIVO	MODELO	S E R I E	MARCA	MEDIDAS	UBICACION	COMPTA	FECAOB.	VAL/ADO.	C/C	OBSERVACION	
DIVAGRO												
TIPO DE BIEN 04 RADIOS Y ED: DE COMUNICACION												
1009133	ESTACION REPETIDORA CON ACCESORIOS	ATC330BA7600		MOTOROLA		EN EL PICACHO DEL VOLPDA-239		25-02-93	72,168.35 07077	901	CONV. 0327	
1009139	ESTACION REPETIDORA CON ACCESORIOS	ATC330BA7600		MOTOROLA		EN EL PICACHO DEL VOLPDA-239		25-02-93	72,168.35 07078	901	CONV. 0327	
1009140	RADIO PORTATIL	VISAR	720AUG0309 Z	MOTOROLA		CARLOS VILLALOBOS	CH-92	25-01-99	9,065.00 08595	902	CONV. 0327	
1009141	RADIO PORTATIL	VISAR	720ATU0269 Z	MOTOROLA			CH-92	25-01-99	9,065.07 08596	902	CONV. 0327	
1009142	RADIO PORTATIL C/CARGADOR	VISAR	720ABC0337 Z	MOTOROLA		SECRETARIA DEL DIRECTOR-00091		9-03-99	9,569.00 08626	902	CONV. 0327	
1009143	RADIO PORTATIL C/CARGADOR	VISAR	720AUC0330 Z	MOTOROLA		ENRIQUE VALDEZ	CH-00091	9-03-99	9,569.00 08627	902	CONV. 0327	
1009144	RADIO PORTATIL C/CARGADOR	VISAR		MOTOROLA		D.E.	CH-00091	9-03-99	9,569.00 08628	902	CONV. 0327	
1009145	RADIO PORTATIL C/CARGADOR	VISAR		MOTOROLA		D.E.	CH-00091	9-03-99	9,569.00 08629	902	CONV. 0327	
1009150	RADIO PORTATIL 16 CANALES C/TECLADO	VISAR		MOTOROLA		MARANELA GASTENZORO	CH-6900020	18-05-99	10,536.00 08657	901	CONV. 0327	
1009151	RADIO PORTATIL 16 CANALES C/TECLADO	VISAR	720AVC03352	MOTOROLA			CH-6900020	18-05-99	10,536.00 08658	901	CONV. 0327	
1009152	RADIO PORTATIL 16 CANALES C/TECLADO	VISAR		MOTOROLA		JVIER ALVAREZ	CH-6900020	18-05-99	10,536.00 08659	901	CONV. 0327	
1009153	RADIO PORTATIL 16 CANALES C/TECLADO	VISAR		MOTOROLA		REPARACION	CH-6900020	18-05-99	10,536.00 08660	901	CONV. 0327	
TOTAL GRU- 04									637,085.30 E			
TIPO DE BIEN 08 OTROS												
1009099	BOMBA P/CISTERNA DE 1/2 HP. TANQ. 42G CENTRIFUGA			STA RITE		LABORATORIO C.CALIDADCH-13771		13-09-92	9,500.00 06931	904	CONV. 0327	
TOTAL GRU- 08									9,500.00 E			
TIPO DE BIEN 09 VEHICULOS												
1009006	CANIONETA CHEVROLET BLAZER (5-PAS.)	A080701PCC	P-150593	GRIS	16NCT10R3J0235004	PROYECTOS DIVAGRO	001312	15-02-89	90,925.00 09790	902	CONV. 0327	
1009007	CANIONETA CHEVROLET BLAZER (5-PAS.)	A080713PCC	P-150592	CAFE	16NCT10R3J0240067	PRODUC. Y CAPAC.	001312	15-02-89	90,925.00 09799	905	CONV. 0327	
1009008	CANIONETA CHEVROLET BLAZER (5-PAS.)	A080711PCC	P-030190	CAFE CLARO/OSCURO	16NCT10R3J0239710	PRODUC. Y MERCADERO	01990	2-05-89	90,000.00 09750	902	CONV. 0327	
1009009	CANIONETA CHEVROLET BLAZER (5-PAS.)	A080739CC	P-030157	GRIS CLARO/AZUL	16NCT10R7J0239911	PRODUC. Y MERCADERO	01990	2-05-89	90,000.00 09751	905	CONV. 0327	
1009010	PICK-UP HITSUBISHI (2-PAS.)	96636V0263	P-159312	ROJO	D0MK320K00105	MANT. DIVAGRO	P.D.1500	29-12-89	78,235.00 09752	307	CONV. 0327	
1009011	CANIONETA JEEP CHEROKEE (5-PAS.)	909HX27U9000	P-171259	CAFE	70	LCUL705XLE005113	PRODUC. Y MERCADERO E	CH. 2226	29-05-90	90,193.00 09753	903	CONV. 0327
1009012	CANIONETA JEEP CHEROKEE (5-PAS.)	905HX03U9000	P-171258	AZUL	16	LCUL705XLE005050	LAB. CALIDAD INT.	CH. 2226	29-05-90	90,193.00 09754	904	CONV. 0327
1009013	CANIONETA JEEP CHEROKEE (5-PAS.)	905HX03U9000	P-171257	AZUL	17	LCUL705XLE005059	PRON. Y MERCADERO Y	CH. 2226	29-05-90	90,193.00 09755	901	CONV. 0327
1009014	CANIONETA JEEP CHEROKEE (5-PAS.)	905HX03U9000	P-171256	AZUL	20	LCUL705XLE005061	PRON. Y MERCADERO B	CH. 2226	29-05-90	90,193.00 09756	904	CONV. 0327
1009015	PICK UP JEEP COMANCHE (2-PAS.)	F087593	P-109930	BLANCO	1J7FJ260KLS04796	PRON. Y MERCADERO	CH. 2226	29-05-90	89,693.00 09757	903	CONV. 0327	
1009016	CANIONETA JEEP CHEROKEE (5-PAS.)	SIN NUMERO	P-160279	BEIGE	1J4FJ20F3KLS12645	PRON. Y MERCADERO		31-12-89	86,000.00 09758	902	CONV. 0327	

FORMULARIO DE C.A.

61

NO ACTIVO	NOMBRE DEL ACT.	MODELO	S E R I E	MARCA	MEDIDAS	UBICACION	COMYTE	FECAOB.	VAL/ADO.	C/C	OBSERVACION
DIVAGRO											
TIPO DE BIEN 09 VEHICULOS											
1009018	PICK UP JEEP COMANCHE (5-PAS.)	SIN NUMERO	P-159629	BLANCO	1JF7J2689KL589800	PRONOCION Y MERCADERO	CH-1860	20-12-89	81.550.00	06551	CONV. 0327
1009019	CANIONETA JEEP CHEROKEE (5-PAS.)	05HX11	P-159631	BEIGE	J9FJ28F3KL609918	PRDY.FIDEX/DIVAGRO	CH-1860	20-12-89	88.650.00	06550	CONV. 0327
1009020	AUTOMOVIL JEEP WRANGLER (5-PAS.)	SIN NUMERO	P-159630	BLANCO	2J9FY19E4LJ513567	MANT.DIVAGRO	CH-1860	20-12-89	72.250.00	06552	CONV. 0327
1009021	PICK UP COMANCHE (2-PAS.)	5HX21	P-189937	BLANCO	1J76J26JILL276110	MANT.LA COLINA	CH-2410	23-07-90	81.550.00	06553	902 CONV. 0327
1009023	PICK UP FORD TIPO RANGER (2-PAS.)		P-296-391	AZUL-F.NOR.-ROSA	1FTCR11U1PTA37867	COMPRAS DIVAGRO/OPERAPD.1933		20-10-93	197.900.33	08192	902 CONV. 0327
1009024	PICK UP FORD TIPO RANGER (2.PAS.)		P-296-390	NEGRO-GRIS	1FTCR11A6PUC20013	LAB.CAL.INTEGRAL	PD.1933	20-10-93	197.900.33	08193	902 CONV. 0327
1009025	PICK-UP FORD TIPO-250XL-2TON (2-PAS)	730U2U113052	P-296-392	ROJO	1FTH26N0PNH17355	INVESTIGACION Y DESARPD.1933		10-10-93	207.066.61	08197	905 CONV. 0327
1009026	CANIONETA JEEP CHEROKEE (5-PAS.)	307 NX7	P-296-338	ROJO	1J9FJ285XKL109595	PROMO.Y CAPAC.	PD.1933	20-10-93	175.096.15	08195	902 CONV. 0327
1009027	CANIONETA JEEP CHEROKEE (5-PAS.)	307 NX30	P-296-339	BLANCO	1J9FJ2858KL109599	PROMO.Y CAPAC.	PD-1933	20-10-93	175.096.19	08196	902 CONV. 0327
1009028	CANIONETA CHEROKEE		P-296-796	AZUL OSCURO	1J9FJ27589L167192	LAB.CALID.INT.	PDA.72	25-01-99	175.556.35	08597	902 CONV. 0327
1009029	CANIONETA CHEROKEE		P-296-797	AZUL OSCURO	1J9FJ275XKL167193	PROD. Y MERCADERO	PDA.72	25-01-99	175.556.35	08598	902 CONV. 0327
TOTAL GRU- 09									2.799.922.26 \$		
TIPO DE BIEN 13 LABORATORIO											
1013001	MICROSCOPIO ESTEREOSCOPICO			WILD LEITZ		LAB. FITOPATOLOGIA	CH. 7255	25-06-90	20.900.50	09778	909 CONV. 0327
1013011	LECTOR DE ELISA Y DIGITAL COLONIMETRA		5010260-P-3095			LAB. FITOPATOLOGIA	PDA.525	29-09-91	16.792.25	09787	909 CONV. 0327
1013012	BALANZA ANALITICA DIGITAL	AA200(0T205)		NETTLER		LAB. DE SUELOS	2099939101	11-12-92	12.960.07	07390	909 CONV. 0327
1013013	BALANZA ANALITICA DIGITAL	AA200(7205)		NETTLER		LAB.CONTROL DE CALIDAZU99939101		11-12-92	12.960.07	07399	909 CONV. 0327
1013010	MOLINO PARA HUESTRAS	TECATOR CYCL		SAMPLE MILL		LAB. DE SUELOS	2099939101	11-12-92	90.309.23	07393	909 CONV. 0327
1013022	FOTOMETRO DE LLAN					LAB. DE SUELOS	2099939101	11-12-92	90.393.91	07350	909 CONV. 0327
1013023	REFRIGERADOR					LAB. DE SUELOS	2099939101	11-12-92	16.196.93	07351	909 CONV. 0327
1013024	REFRIGERADDA					LAB. FITOPATOLOGIA	2099939101	11-12-92	16.196.93	07352	909 CONV. 0327
1013029	HORNO BLUE H					LAB. DE SUELOS	2099939101	11-12-92	23.159.05	07357	909 CONV. 0327
1013030	HORNO BLUE H					LAB. DE SUELOS	2099939101	11-12-92	23.159.77	07358	909 CONV. 0327
1013031	HORNO DE PRECISION					LAB. DE SUELOS	2099939101	11-12-92	20.209.09	07359	909 CONV. 0327
1013030	ESPECTROFOTOMETRO DV-21					LAB. DE SUELOS	2099939101	11-12-92	20.959.08	07366	909 CONV. 0327
1013042	HORNO/HIDRAULICO					LAB. DE SUELOS	2099939101	11-12-92	11.729.95	07370	909 CONV. 0327
1013043	CAMARA EXTRACT DE BASES DE ACIDO P					LAB. DE SUELOS	2099939101	11-12-92	221.362.37	07371	909 CONV. 0327

M.S. SINISS FORULTECA

20

NO ACTIVO	NOMBRE DEL ACT	MODELO	S E R I E	ARCA	MEDIDAS	UBICACION	CONPTE	FECAOB.	VAL/ADQ.	C/C	OBSERVACION
	DIVANRO										
	TIPO DE BIEN 13 LABORATORIO										
1013044	MOTOR DE PVC P/CAMARA EXTRACTORA			LABCONCO		LAB. DE SUELOS	2099939101	11-12-92	15,049.09 07372	909	CONV. 0327
1013051	HORNO MUFLA					LAB. DE SUELOS	2099939101	11-12-92	29,216.90 07379	909	CONV. 0327
1013052	HORNO MUFLA					LAB. DE SUELOS	2099939101	11-12-92	21,921.01 07380	909	CONV. 0327
1013053	HORNO MUFLA					LAB. DE SUELOS	2099939101	11-12-92	21,921.01 07381	909	CONV. 0327
1013054	CONSOLA DE CONTROL P/HORNO MUFLA					LAB. DE SUELOS	2099939101	11-12-92	9,161.52 07382	909	CONV. 0327
1013055	CONSOLA DE CONTROL P/HORNO MUFLA					LAB. DE SUELOS	2099939101	11-12-92	9,161.52 07383	909	CONV. 0327
1013056	CONSOLA DE CONTROL P/HORNO MUFLA					LAB. DE SUELOS	2099939101	11-12-92	10,327.51 07384	909	CONV. 0327
1013057	KJELDAHL COMBINADO DE 6 UNIDADES					LAB. DE SUELOS	2099939101	11-12-92	02,706.70 07385	909	CONV. 0327
1013058	DIGITADOR MICROKJELDAHL					LAB. DE SUELOS	2099939101	11-12-92	8,939.39 07386	909	CONV. 0327
1013059	DIGITADOR MICROKJELDAHL					LAB. DE SUELOS	2099939101	11-12-92	8,939.39 07387	909	CONV. 0327
1013060	DESTILADOR MACRO/MICRO					LAB. DE SUELOS	2099939101	11-12-92	13,720.09 07388	909	CONV. 0327
1013061	SISTEMA DE DIGESTION TECATOR					LAB. DE SUELOS	2099939101	11-12-92	01,572.90 07389	909	CONV. 0327
1013062	SISTEMA DE DESTILACION MANUAL TECAT					LAB. DE SUELOS	2099939101	11-12-92	59,097.12 07390	909	CONV. 0327
1013064	AUTOCONTROLADOR PROGRAMABLE TECATOR					LAB. DE SUELOS	2099939101	11-12-92	59,097.12 07392	909	CONV. 0327
1013109	DESTILADOR DE AGUA BARNSTEAD					LAB. DE SUELOS	2099939101	11-12-92	21,639.27 07419	909	CONV. 0327
1013123	CENTRIFUGA IEC					LAB. DE SUELOS	2099939101	11-12-92	59,000.16 07425	909	CONV. 0327
1013124	ROTOR/CENTRIFUGA IEC					LAB. DE SUELOS	2099939101	11-12-92	11,001.10 07426	909	CONV. 0327
1013137	AMPLIFICADOR P/MICROSCOPIO STEREO					LAB. DE SUELOS	2099939101	11-12-92	9,809.96 07439	909	CONV. 0327
1013143	BOMBA P/VACIO					LAB. DE SUELOS	2099939101	11-12-92	10,027.70 07445	909	CONV. 0327
1013149	MOLINO, WILEY					LAB. CONTROL DE CALIDAD	2099939101	11-12-92	50,322.71 07451	909	CONV. 0327
1013174	PURIFICADOR PARA AGUA					LAB. DE SUELOS	2099939101	11-12-92	15,150.97 07476	909	CONV. 0327
1013175	MEMBRANA EXTRACTORA DE PRESION					LAB. DE SUELOS	2099939101	11-12-92	20,995.61 07477	909	CONV. 0327
1013177	COMPRESOR DE AIRE					LAB. DE SUELOS	2099939101	11-12-92	30,279.70 07479	909	CONV. 0327
1013178	MANIFOLD C/REGULADOR DIF DE MERCURIO					LAB. DE SUELOS	2099939101	11-12-92	17,051.34 07480	909	CONV. 0327
1013179	PLATO EXTRACTOR DE 5 BAR DE PRESION					LAB. DE SUELOS	2099939101	11-12-92	17,051.34 07481	909	CONV. 0327
1013180	PLATO EXTRACTOR DE 15 BAR DE PRESION					LAB. DE SUELOS	2099939101	11-12-92	27,105.03 07482	909	CONV. 0327
1013190	DILUIDOR DISPENSADOR P/SUELO					LAB. DE SUELOS	2099939101	11-12-92	23,736.66 07492	909	CONV. 0327

NO ACTIVO	NOMBRE DEL AC	MODELO	S E R I E	ARCA	MEDIDAS	UBICACION	COMPR	FECADU.	VAL/ADD.	C/C	OBSERVACION	
	DIVAGRO											
	TIPO DE BIEN 13 LABORATORIO											
1013191	DILUIDOR DISPENSADOR P/SUELO					LAB. DE SUELOS	2099939101	11-12-92	23,736.65	07993	909	CONV. 0327
1013192	DILUIDOR DISPENSADOR P/FOSFATOS					LAB. DE SUELOS	2099939101	11-12-92	23,736.65	07994	909	CONV. 0327
1013193	DILUIDOR DISPENSADOR P/CA Y NG					LAB. DE SUELOS	2099939101	11-12-92	23,736.66	07995	909	CONV. 0327
1013199	AGITADOR PARA SUELO					LAB. DE SUELOS	2099939101	11-12-92	11,035.45	07996	909	CONV. 0327
1013195	AGITADOR PARA SUELO					LAB. DE SUELOS	2099939101	11-12-92	11,035.45	07997	909	CONV. 0327
1013196	32 GRADILLAS PARA ENBUDO					LAB. DE SUELOS	2099939101	11-12-92	20,940.22	07998	909	CONV. 0327
1013197	MOLINO PARA SUELO					LAB. DE SUELOS	2099939101	11-12-92	9,075.39	07999	909	CONV. 0327
1013212	DISPENSADOR AUTOMATICO UNISPENSE					LAB. MICROBIOLOGIA	2099939101	11-12-92	10,076.97	07514	909	CONV. 0327
1013213	AUTOCLAVE					LAB. MICROBIOLOGIA	2099939101	11-12-92	41,032.94	07515	909	CONV. 0327
1013217	ESTERILIZADOR PARA LIQUIDOS					LAB. MICROBIOLOGIA	2099939101	11-12-92	29,799.93	07519	909	CONV. 0327
1013219	PH METRODIGITADOR (RNC 11NA, 12 Y 13)					LAB. MICROBIOLOGIA	2099939101	11-12-92	11,900.50	07521	909	CONV. 0327
1013220	ESPECTROMETRO DIGITAL C/CELAS					LAB. MICROBIOLOGIA	2099939101	11-12-92	39,611.06	07522	909	CONV. 0327
1013222	HORNO DE MICRONONDAS					LAB. MICROBIOLOGIA	2099939102	11-12-92	21,595.03	07524	909	CONV. 0327
1013223	MICROSCOPIO DE FASE DE CONTRASTE					LAB. MICROBIOLOGIA	2099939102	11-12-92	10,602.57	07525	909	CONV. 0327
1013224	INCUBADOR DOBLE CABINA					LAB. MICROBIOLOGIA	2099939102	11-12-92	19,670.17	07526	909	CONV. 0327
1013225	INCUBADOR DOBLE CABINA					LAB. MICROBIOLOGIA	2099939102	11-12-92	19,670.17	07527	909	CONV. 0327
1013226	INCUBADOR DE CAPACIDAD AMPLIA					LAB. MICROBIOLOGIA	2099939102	11-12-92	39,600.00	07528	909	CONV. 0327
1013227	INCUBADOR 000					LAB. MICROBIOLOGIA	2099939102	11-12-92	10,999.99	07529	909	CONV. 0327
1013228	INCUBADOR 000					LAB. MICROBIOLOGIA	2099939102	11-12-92	10,999.99	07530	909	CONV. 0327
1013229	REFRIGERADOR DE 21" C/FREEZER					LAB. MICROBIOLOGIA	2099939101	11-12-92	9,075.31	07531	909	CONV. 0327
1013230	GABINETE DE FLUJO LAMCONCO 27NA Y 20					LAB. MICROBIOLOGIA	2099939102	11-12-92	44,115.70	07532	909	CONV. 0327
1013233	MEZCLADORA STORACHER					LAB. MICROBIOLOGIA	2099939102	11-12-92	29,036.03	07535	909	CONV. 0327
1013235	BANO DE AGUA C/DOBLE CAMARA 91X92 NA					LAB. MICROBIOLOGIA	2099939102	11-12-92	10,129.45	07537	909	CONV. 0327
1013245	DESTILADOR DE AGUA TINC EL 44NAF					LAB. MICROBIOLOGIA	2099939102	11-12-92	23,004.09	07547	909	CONV. 0327
1013250	CENTRIFUGA P/USO GENERAL IEC					LAB. MICROBIOLOGIA	2099939102	11-12-92	45,022.95	07560	909	CONV. 0327
1013266	PURIFICADOR DE AIRE					LAB. TEJIDOS	2099939102	11-12-92	44,115.70	07568	909	CONV. 0327
1013267	PURIFICADORA DE AIRE					LAB. TEJIDOS	2099939102	11-12-92	44,115.70	07569	909	CONV. 0327

REG. DE BIENES FOM. 1992

22

NO ACTIVO	NOMBRE DEL AC.	MODELO	S E R I E	MARCA	MEDIDAS	UBICACION	COMPTA	FECAHO.	VAL./ADD.	C/C	OBSERVACION
	DIVAGRO TIPO DE BIEN 13 LABORATORIO										
1013270	FLUJO LAMINAR					LAB.TEJIDOS	2099939102	11-12-92	27.690.72 07572	909	CONV. 0327
1013271	FLUJO LAMINAR					LAB.TEJIDOS	2099939102	11-12-92	27.690.71 07573	909	CONV. 0327
1013274	BALANZA ANALITICA					LAB.TEJIDOS	2099939102	11-12-92	9.950.63 07576	909	CONV. 0327
1013275	BALANZA ANALITICA					LAB.TEJIDOS	2099939102	11-12-92	9.950.64 07577	909	CONV. 0327
1013291	DISIFICADOR					LAB.TEJIDOS	2099939102	11-12-92	10.076.51 07593	909	CONV. 0327
1013292	DISIFICADOR					LAB.TEJIDOS	2099939102	11-12-92	10.076.51 07599	909	CONV. 0327
1013295	PURIFICADOR DE AIRE					LAB.TEJIDOS	2099939102	11-12-92	11.030.60 07597	909	CONV. 0327
1013296	PURIFICADOR DE AIRE					LAB.TEJIDOS	2099939102	11-12-92	11.030.60 07598	909	CONV. 0327
1013310	HORNO MICRONONDAS					LAB.TEJIDOS	2099939102	11-12-92	21.595.03 07612	909	CONV. 0327
1013316	ELEMENTO DE CALENTADOR					LAB.TEJIDOS	2099939102	11-12-92	17.299.70 07618	909	CONV. 0327
1013317	ELEMENTO DE CALENTADOR					LAB.TEJIDOS	2099939102	11-12-92	17.299.70 07619	909	CONV. 0327
1013319	HIGROTENOGRAFO					LAB.TEJIDOS	2099939102	11-12-92	12.270.05 07621	909	CONV. 0327
1013323	PURIFICADOR DE AIRE					LAB.TEJIDOS	2099939102	11-12-92	11.030.60 07625	909	CONV. 0327
1013324	PURIFICADOR DE AIRE					LAB.TEJIDOS	2099939102	11-12-92	11.030.60 07626	909	CONV. 0327
1013327	CONGELADOR					LAB.TEJIDOS	2099939102	11-12-92	24.006.01 07629	909	CONV. 0327
1013328	CONGELADOR					LAB.TEJIDOS	2099939102	11-12-92	24.006.00 07630	909	CONV. 0327
1013332	ESTERILIZADOR AUTOMATICO					LAB.TEJIDOS	2099939102	11-12-92	40.529.20 07634	909	CONV. 0327
1013333	ESTERILIZADOR AUTOMATICO					LAB.TEJIDOS	2099939102	11-12-92	40.529.20 07635	909	CONV. 0327
1013334	ESTERILIZADOR AUTOMATICO					LAB.MICROBIOLOGIA	2099939102	11-12-92	40.529.29 07636	909	CONV. 0327
1013346	DESTILADOR CON ELEMENTOS DE CALENTAD					LAB.TEJIDOS	2099939102	11-12-92	92.400.00 07648	909	CONV. 0327
1013347	DEIONIZADOR					LAB.TEJIDOS	2099939102	11-12-92	14.600.99 07649	909	CONV. 0327
1013348	DEIONIZADOR					LAB.TEJIDOS	2099939102	11-12-92	14.600.99 07650	909	CONV. 0327
1013349	HORNO DE AIRE					LAB.TEJIDOS	2099939102	11-12-92	13.415.94 07651	909	CONV. 0327
1013350	HORNO DE AIRE					LAB.TEJIDOS	2099939102	11-12-92	13.415.94 07652	909	CONV. 0327
1013355	CRONOTOGRAFO DE GAS C/461A-B-C-E-F-G					LAB. DE RESIDUOS	2099939102	11-12-92	294.932.16 07657	909	CONV. 0327
1013356	CRONOTOGRAFO DE GAS C/461A-B-C-E-F-G					LAB. DE RESIDUOS	2099939102	11-12-92	294.932.16 07658	909	CONV. 0327
1013357	OMEGA-BEC-3156SK-SYSTEM C/461RA-B-N					LAB. DE RESIDUOS	2099939102	11-12-92	165.729.54 07659	909	CONV. 0327

NO ACTIVO	NOMBRE DEL ACTIVO	MODELO	S E R I E	MARCA	MEDIDAS	UBICACION	COMPTA	FECHA	VAL/ADO.	C/C	OBSERVACION
	BIENES TIPO DE BIEN 13 LABORATORIO										
1013350	OMEGA-DEC-31565X-SYSTEM C/461RA-0-R					LAB. DE RESIDUOS	2099939102	11-12-92	165,729.53 07660	909	CONV. 0327
1013359	CRONOMETRAFO LIQUIDO C/462RA-BCDF6H1					LAB. DE RESIDUOS	2099939102	11-12-92	318,650.95 07661	909	CONV. 0327
1013360	HORNIO PARA COLUMNA					LAB. DE RESIDUOS	2099939102	11-12-92	36,696.06 07662	909	CONV. 0327
1013361	DETECTOR DE LUMINCIAS-462RA-HNO	LC-290				LAB. DE RESIDUOS	2099939102	11-12-92	319,777.15 07663	909	CONV. 0327
1013362	OMEGA-2DEC 31655X-SYSTEM					LAB. DE RESIDUOS	2099939102	11-12-92	133,290.25 07664	909	CONV. 0327
1013363	ESPECTROFOTOMETRO-UV/VISIBLE DOBLE A					LAB. DE RESIDUOS	2099939102	11-12-92	126,720.07 07665	909	CONV. 0327
1013365	PLOTTER-HP7990 C/463RA-6H1J					LAB. DE RESIDUOS	2099939102	11-12-92	39,610.73 07667	909	CONV. 0327
1013366	ESPECTROFOTOMETRO DE ABSORCION AUTO.					LAB. DE RESIDUOS	2099939102	11-12-92	1,107,030.99 07668	909	CONV. 0327
1013367	ESPECTROFOTOMETRO INFRARROJO	1690				LAB. DE RESIDUOS	2099939102	11-12-92	293,695.73 07669	909	CONV. 0327
1013368	PRINTER CON ACCESORIOS	320		OKIDATA		LAB. DE RESIDUOS	2099939102	11-12-92	10,000.61 07670	909	CONV. 0327
1013369	DENSITOMETRO MSV/50-60 HZ					LAB. DE RESIDUOS	2099939102	11-12-92	19,929.03 07671	909	CONV. 0327
1013370	BALANZA ANALITICA					LAB. DE RESIDUOS	2099939102	11-12-92	12,671.39 07672	909	CONV. 0327
1013373	BANO DE AGUA	270				LAB. DE RESIDUOS	2099939102	11-12-92	21,765.51 07675	909	CONV. 0327
1013381	EVAPORADOR ROTARIO DISC.POR HFG.	HBI 910 6000				LAB. DE RESIDUOS	2099939102	11-12-92	30,170.59 07683	909	CONV. 0327
1013382	EVAPORADOR ROTARIO DISC.POR HFG.	HBI 910 6000				LAB. DE RESIDUOS	2099939102	11-12-92	30,170.59 07684	909	CONV. 0327
1013383	EVAPORADOR ROTARIO DISC.POR HFG.	HBI 910 6000				LAB. DE RESIDUOS	2099939102	11-12-92	30,170.59 07685	909	CONV. 0327
1013384	EVAPORADOR VORTEX					LAB. DE RESIDUOS	2099939102	11-12-92	22,917.58 07686	909	CONV. 0327
1013386	APARATO DE EXTRACCION SOXHLET					LAB. DE RESIDUOS	2099939102	11-12-92	13,606.30 07688	909	CONV. 0327
1013389	ESTUFA					LAB. DE RESIDUOS	2099939102	11-12-92	12,106.99 07691	909	CONV. 0327
1013390	ESTUFA					LAB. DE RESIDUOS	2099939102	11-12-92	12,106.99 07692	909	CONV. 0327
1013391	MEDIDOR DE PH EN ELECTRODO			ORION		LAB. DE RESIDUOS	2099939102	11-12-92	10,016.53 07693	909	CONV. 0327
1013392	BOMBA DE DIFUSION C/FILTRO					LAB. DE RESIDUOS	2099939102	11-12-92	29,620.95 07694	909	CONV. 0327
1013393	REFRACTOMETRO (ABBE-3L) C/TERMOMETRO					LAB. DE RESIDUOS	2099939102	11-12-92	23,265.31 07695	909	CONV. 0327
1013400	ESPECTROFOTOMETRO (SPECTRONIC-20)					LAB. DE RESIDUOS	2099939102	11-12-92	9,981.03 07702	909	CONV. 0327
1013407	DESTILADOR DE AGUA MEGA PURE-(519RA)					LAB. DE RESIDUOS	2099939102	11-12-92	33,973.69 07709	909	CONV. 0327
1013409	CENTRIFUGA IEC CUS000					LAB. DE RESIDUOS	2099939102	11-12-92	129,011.13 07711	909	CONV. 0327
1013410	CAMARA DE GASES C/ACCESARIOS					LAB. DE RESIDUOS	2099939102	11-12-92	129,946.03 07712	909	CONV. 0327

te

NO ACTIVO	NOMBRE DEL ACTIVO	MODELO	S E R I E	MARCA	MEDIDAS	UBICACION	COMPT	FECAOB.	VAL/ADO.	C/C	OBSERVACION	
	DIAGNO TIPO DE BIEN 13 LABORATORIO											
1013911	CANARA DE GASES C/ACCESARIOS					LAB. DE RESIDUOS	2099939102	11-12-92	129,990.03	07713	909	CONV. 0327
1013912	CANARA DE GASES C/ACCESARIOS					LAB. DE RESIDUOS	2099939102	11-12-92	129,990.09	07714	909	CONV. 0327
1013950	REGULADOR DE CILINDRO DE GAS					LAB. DE RESIDUOS	2099939102	11-12-92	15,309.09	07752	909	CONV. 0327
1013952	GENERADOR DE HIDROGENO					LAB. DE RESIDUOS	2099939102	11-12-92	63,202.50	07754	909	CONV. 0327
1013953	SOPORTE PARA COLUMNA					LAB. DE RESIDUOS	2099939102	11-12-92	13,325.76	07755	909	CONV. 0327
1013956	COLUMNA DE HPLC					LAB. DE RESIDUOS	2099939102	11-12-92	26,711.22	07758	909	CONV. 0327
1013958	MULTI TEST CUANTITATIVO KIT Y ELISA					LAB. DE RESIDUOS	2099939102	11-12-92	39,050.00	07760	909	CONV. 0327
1013959	10 - COLUMNAS CAPILARES					LAB. DE RESIDUOS	2099939102	11-12-92	52,362.90	07761	909	CONV. 0327
1013960	PENETROMETRO					LAB. CONTROL DE CALIDA	2099939102	11-12-92	9,991.79	07762	909	CONV. 0327
1013963	BALANZA MECANICA P/UNIDAD C/ACCES.					LAB. CONTROL DE CALIDA	2099939101	11-12-92	10,976.25	07765	909	CONV. 0327
1013964	REFRACTOMETRO ADBE-DIGITAL C/790A.					LAB. CONTROL DE CALIDA	2099939101	11-12-92	39,047.12	07766	909	CONV. 0327
1013965	MEDIDOR DIGITAL DE O2 DISUELTO C/CAO C/76 AL 800A					LAB. CONTROL DE CALIDA	2099939101	11-12-92	12,506.29	07767	909	CONV. 0327
1013966	BALANZA ELECTRICA					LAB. CONTROL DE CALIDA	2099939101	11-12-92	19,295.69	07768	909	CONV. 0327
1013968	MEDIDOR DE PH/DIGITAL-MICROPROCESADO					LAB. CONTROL DE CALIDA	2099939101	11-12-92	9,716.07	07770	909	CONV. 0327
1013969	ESPECTROFOTOMETRO-SPECTAINIC-20 C/800A					LAB. CONTROL DE CALIDA	2099939101	11-12-92	18,505.18	07771	909	CONV. 0327
1013971	REFRIGERADOR CON FREEZER					LAB. CONTROL DE CALIDA	2099939101	11-12-92	9,075.31	07773	909	CONV. 0327
1013973	BANO DE AGUA DOBLE CANARA C/99-950A 100					LAB. CONTROL DE CALIDA	2099939101	11-12-92	9,925.99	07775	909	CONV. 0327
1013982	INCUBADOR DE 5.5 PIES CUBICOS					LAB. CONTROL DE CALIDA	2099939101	11-12-92	11,225.75	07709	909	CONV. 0327
1013993	ANALIZADOR DE OXIGENO INGOLD C/1100A					LAB. CONTROL DE CALIDA	2099939101	11-12-92	56,011.09	07795	909	CONV. 0327
1013994	MICROSCOPIO ESTEREO CICLOPTICO			RICHERT		LAB. CONTROL DE CALIDA	2099939101	11-12-92	19,902.99	07706	909	CONV. 0327
1013998	EXTRACTOR DE GRASA C/5-6-7 Y 80A			GOLD FISH		LAB. CONTROL DE CALIDA	2099939101	11-12-92	99,700.92	07800	909	CONV. 0327
1013999	CALENTADORA P/BEAKERS DE FIBRA CRUDA 600 ML.					LAB. CONTROL DE CALIDA	2099939101	11-12-92	30,370.92	07801	909	CONV. 0327
1013500	UNIDAD DE DIGESTION RAPIDA P/25 HUES C/12-130A			LABCONCO		LAB. CONTROL DE CALIDA	2099939101	11-12-92	50,930.15	07802	909	CONV. 0327
1013504	MICROCENTRIFUGA					LAB. FITOPATOLOGIA	2099939101	11-12-92	14,306.15	07806	909	CONV. 0327
1013510	ESTEREOMICROSCOPIO COLOR NEGRO		906609	WOLF	RPI	LAB. FITOPATOLOGIA	INV-0193	1-09-93	11,150.00	07997	911	CONV. 0327
1013519	ESTEREOMICROSCOPIO COLOR BLANCO		906297	WOLF	RPI	LAB. FITOPATOLOGIA	INV-0193	1-09-93	13,059.06	07998	911	CONV. 0327
1013520	ESTEREOMICROSCOPIO COLOR BLANCO		906177	WOLF	RPI	LAB. FITOPATOLOGIA	INV-0193	1-09-93	13,059.06	07999	911	CONV. 0327

98

NO ACTIVO	NOMBRE DEL ACT	MODELO	S E R I E	MARCA	MEDIDAS	UBICACION	CONPTE	FECAOB.	VAL/ADO.	C/C	OBSERVACION
	DIAGNO										
	TIPO DE BIEN 13 LABORATORIO										
1013521	ESTEREOMICROSCOPIO	COLOR BLANCO	906213	WOLF	RPI	LAB. FITOPATOLOGIA	INV-0193	1-09-93	13,059.86 07950	911	CONV. 0327
1013522	CANARA EXTRACTORA DE GASES DE 70X32			LABCONCO		LAB. DE SUELOS	CH-1839-P	7-05-93	53,909.00 07980	909	CONV. 0327
1013523	MOLINO CON ACCESORIOS			THOMAS WILEY		LAB. DE SUELOS	CH-1835-P	7-05-93	29,456.79 08001	909	CONV. 0327
1013524	EQUIPO PARA DESTILACION RAPIDA	AE-AC33		LABCONCO		LAB. DE SUELOS	CH-1927	16-08-93	16,139.25 08040	909	CONV. 0327
1013529	CRONOGRAFO DE GASES-PAR.AE92/0399	AUTOSYSTEM				LAB. DE RESIDUOS	CH-0009	1-05-99	323,009.67 08081	921	CONV. 0327
1013530	ESPECTROFOTOMETRO DE ABSORCION AUTOM 3110			PERKIN		LAB. DE RESIDUOS	CH-0070	1-05-99	170,056.97 08082	921	CONV. 0327
1013531	24-EXTRACTORES SOXHLET DE VIDRIO	CRISTALERIA		KIMAX		VARIOS LABORATORIOS	CH-00109	20-05-99	36,033.91 08079	921	CONV. 0327
1013532	UNIDAD/CALENTAMIENTO P/EXTRAC.SOXHLE			LAB-LINE		LAB. DE RESIDUOS	CH-00109	20-05-99	17,122.03 08080	921	CONV. 0327
1013533	EVAPORADOR ROTATORIO DIGITAL			BUCHLER		LAB. DE RESIDUOS	CH-00103	20-05-99	35,530.23 08083	921	CONV. 0327
1013534	UPS - BATERIA 3 KVA			EXCITE		LAB. DE RESIDUOS	CH-17050	17-06-99	39,797.00 08092	920	CONV. 0327
1013535	UPS - BATERIA 3 KVA			EXCITE		LAB. DE RESIDUOS	CH-17050	17-06-99	39,797.00 08093	920	CONV. 0327
1013536	UPS - BATERIA 3 KVA			EXCITE		LAB. DE RESIDUOS	CH-17050	17-06-99	39,797.00 08094	920	CONV. 0327
1013537	UPS BATERIA 2 KVA			EXCITE		LAB. DE RESIDUOS	CH-17050	17-06-99	15,917.00 08095	920	CONV. 0327
1013538	UPS BATERIA 2 KVA			EXCITE		LAB. DE RESIDUOS	CH-17050	17-06-99	15,917.00 08096	920	CONV. 0327
1013539	UPS BATERIA 2 KVA			EXCITE	CUARTO DE BALANZAS	LAB. DE RESIDUOS	CH-17050	17-06-99	9,282.00 08097	920	CONV. 0327
1013550	GENERADOR PURPOSE INCUBATOR 39WX230					LAB. MICROBIOLOGIA	CH-172	11-07-99	12,503.77 08777	921	CONV. 0327
1013559	ESTERILIZADOR STERILMATIC					LAB. MICROBIOLOGIA	CH-172	11-07-99	59,516.39 08778	921	CONV. 0327
1013560	GABINETE DE FLUJO LAMINAR C/FILTRO	6'		LABCONCO		LAB. TEJIDOS	CH-196	1-08-99	51,250.17 08821	921	CONV. 0327
1013561	GABINETE DE FLUJO LAMINAR C/FILTRO	6'		LABCONCO		LAB. TEJIDOS	CH-196	1-08-99	51,250.17 08822	921	CONV. 0327
1013564	VISCOSIMETRO DIGITAL	DVII PLUS		BROOKFIELD		LAB. DE RESIDUOS	CH-216	23-08-99	99,015.90 08827	921	CONV. 0327
	TOTAL GRU- 13								8,222,462.00 B		
	TOTAL ACUM.								12,227,291.37 B		

MOD. 1-86 BUSINESS FORM 101

98



NO ACTIVO	NOMBRE DEL ACT'	MODELO	S E R I E	RCA	MEDIDAS	UBICACION	COMPT	FECHADO	VAL/ADD.	C/C	OBSERVACION
LA COLINA											
TIPO DE BIEN 00 OTROS											
2310012	SOLDADOR DIALARC AC/DC C/KIT BOBUILL			HILLER		LA COLINA	CH-17004	3-06-99	21,500.00 00702	490	CONV. 0327
TOTAL GRU- 00									21,500.00 0		
TIPO DE BIEN 10 EQ. AGRICOLA											
2310021	TRACTOR	2050 HFDV		JOHN DEERE		LA COLINA	CH-00090	10-03-99	325,176.00 00630	490	CONV. 0327
2310022	TRACTOR	2050 HFDV		JOHN DEERE		LA COLINA	CH-00090	10-03-99	305,251.00 00631	490	CONV. 0327
2310023	EQUIPO ASPERSOR C/MOTOR HONDA 8HP	8092				LA COLINA	CH-17707	3-06-99	23,100.00 00701	490	CONV. 0327
2310024	TRACTOR TRACCION EN 4 RUEDAS	N-956HFDV		JOHN DEERE		LA COLINA	CH-130	19-06-99	700,644.00 00744	490	CONV. 0327
2310025	5-PACIMETROS DIGITALES P/PH-AGUA			ORION		LA COLINA	CH-17900	22-07-99	33,636.30 00764	491	CONV. 0327
2310029	CUCHILLA TRASERA	65		JOHN DEERE		LA COLINA	CH-192	9-07-99	10,930.00 00779	490	CONV. 0327
2310032	4-BASCULAS MECANICAS DE BANCO 100LBS 2020			TOLEDO		LA COLINA	CH-177	19-07-99	27,092.40 00782	492	CONV. 0327
2310033	4-EXTRACTORES DE AIRE GRAVITACIONALE					LA COLINA	CH-18074	10-00-99	9,200.00 00792	492	CONV. 0327
2310034	2-VENTILADORES INDUSTRIALES AXIAL DE PARED					LA COLINA	CH-18074	10-00-99	16,500.00 00793	492	CONV. 0327
2310035	RASTRA DE 12 DISCOS DE 32 PULGADAS	TACH-12X32		ROME		LA COLINA	CH-18121	22-00-99	110,000.00 00794	490	CONV. 0327
2310036	UNA BARRA PORTA HERRAMIENTAS			JOHN DEERE		LA COLINA	CH-18124	22-00-99	23,000.00 00795	490	CONV. 0327
2310037	5-BARRAS SUB-SUELO DE 1,1/4	0A90190		JOHN DEERE		LA COLINA	CH-18124	22-00-99	21,000.00 00796	490	CONV. 0327
2310038	RASTRA DE 32 DISCOS DE 6"	N-925		JOHN DEERE		LA COLINA	CH-212	22-00-99	112,200.00 00820	490	CONV. 0327
2310039	5-CHASIS P/TRAILER C/CAPA.20000 LBS. 770			JOHN DEERE		LA COLINA	CH-213	22-00-99	295,000.00 00829	490	CONV. 0327
2310040	BOBUILLAS ADICIONALES P/BOHMA ROCIADO					LA COLINA	(ENPACADORACH-210	23-00-99	11,971.07 00830	490	CONV. 0327
2310041	2-POLIPASTOS (TECLES)	CEW3-22		YALE		LA COLINA	(ENPACADORACH-211	22-00-99	207,734.00 00831	492	CONV. 0327
2310042	SECADOR DE FRUTA (DIRECT DRIVE TURBE					LA COLINA	CH-215	23-00-99	37,103.30 00832	492	CONV. 0327
2310048	SPRAYER (MACHINA ROCIADORA-1500 GLS.					LA COLINA	CH-214-57	1-11-99	216,061.61 00912	490	CONV. 0327
2310049	COSECADORA DE PINA			CAMECO		LA COLINA	CH-275-36	1-11-99	1,660,737.00 00913	490	CONV. 0327
2310050	MESCLADORA DE ETILENO			CAMECO		LA COLINA	CH-274-37	1-11-99	1,790,022.50 00914	490	CONV. 0327
2310192	PLANTA ELECTRICA 1110091	100 KW	3200	CATERPILAR	CH	LA COLINA	000	12-07-00	92,500.00 00992	490	CONV. 0327
2310190	SEMBRADORA 1110097	71		JOHN DEER	CH	LA COLINA	PDA 0670	16-12-00	17,035.00 00990	491	CONV. 0327
2310199	ERCANADORA 1110098	0P 400		KENCO	CH	LA COLINA	PDA0670	16-12-00	10,125.00 00999	491	CONV. 0327
2310200	DISCO DE ENCANADORA 1110099	0P 525			CH	LA COLINA	PDA 0670	16-12-00	9,366.65 00950	491	CONV. 0327

22

NO ACTIVO	NOMBRE DEL ACTIVO	MODELO	SERIE	MARCA	MEDIDAS	UBICACION	COMPT	FECADO.	VAL/ADD.	C/C	OBSERVACION
	LA COLINA TIPO DE BIEN 10 ED. AGRICOLA										
2310201	EMPLASTICADORA 1110050	PS 200		KENCO		LA COLINA	PDA 8678	16-12-80	10,933.35 09051	951	CONV. 0327
2310204	INVERNADERO C/VENT.AUTOMAT. 30X160'	1110053				LA COLINA	P.D.919	9-08-89	81,693.96 09054	951	CONV. 0327
2310205	FERTILIZADORA	1110054				LA COLINA	CH.91100	20-06-89	17,259.00 09055	951	CONV. 0327
2310232	BOMBA CENTRIFUGA 1110002	52P80K		ROVATI		LA COLINA	3897	27-12-88	9,394.00 09917	990	CONV. 0327
2310236	BOMBA EQUIP. ASPERSOR 2000 LTRS.	CROSS-100	1110006	JACTO		LA COLINA	CH-15625	8-02-93	134,393.00 07056	990	CONV. 0327
2310237	SUPERREDON DE 2 CANAS Y FERTILIZADO	1110007				LA COLINA	CH-1797-P	18-02-93	120,211.51 07076	990	CONV. 0327
2310239	3 SISTEMAS DE BOMBEO CON 100 HP.	1110009		BERKELEY		LA COLINA	CH-1765-P	1-09-93	179,976.55 07966	990	CONV. 0327
2310250	TUBO PVC-P/EQUIP.DE RIEGO P/ASPERSION	1110100				LA COLINA	CH-16238	1-06-93	177,291.12 08015	990	CONV. 0327
2310264	FUNIGADORA 1310022	CULTIVOS				LA COLINA	1909076	29-07-80	39,196.80 09903	990	CONV. 0327
2310274	BOMBA 1310032		9-HP	BRIGGS		LA COLINA	1900	31-12-80	9,000.00 09993	990	CONV. 0327
2310280	BOMBA 1310033		DC-029132			LA COLINA	1900	31-12-80	11,000.00 09994	990	CONV. 0327
2310286	PLANTA ELECTRICA 1310040	85 KW	3200	CATERPILAR		LA COLINA	078	12-07-80	89,375.00 05001	990	CONV. 0327
2310289	SEMADORA 1310043	71		JOHN DEER		LA COLINA	PDA 8678	16-12-80	17,035.00 05004	990	CONV. 0327
2310290	ENCADORA 1310044	BP 900		KENCO		LA COLINA	PDA 8 678	16-12-80	10,125.00 05005	951	CONV. 0327
2310291	DISCO DE ENCADORA 1310045	BP 525				LA COLINA	PDA 8 678	16-12-80	9,366.65 05006	990	CONV. 0327
2310291	TRANSPLANTADORA 1310046	P 5920				LA COLINA	PDA 8678	16-12-80	9,900.00 05007	990	CONV. 0327
2310293	EMPLASTICADORA 1310047	PS 120		KENCO		LA COLINA	PDA 8678	16-12-80	10,933.35 05008	951	CONV. 0327
2310294	SENB. NEUMATICA 1310048					LA COLINA	CH365	16-12-80	60,000.00 05009	951	CONV. 0327
2310296	FERTILIZADOR P/SENB.NEUMATICA					LA COLINA	01921	20-04-89	10,925.00 05011	951	CONV. 0327
2310297	INVERNADERO C/VENT.AUTOMAT. 30X160'					LA COLINA	P.D.919	9-08-89	89,239.16 05012	951	CONV. 0327
2310298	SEMADORA DE PRECISION 1310045	1 SURCO	PLATO P/SENILLA			LA COLINA	CH-2633	15-10-90	39,899.70 05017	951	CONV. 0327
2310299	MAQUINA ENPLASTICADORA 1310056			KENCO		LA COLINA	CH-2634	15-10-90	30,290.00 05018	990	CONV. 0327
2310300	MAQUINA FUNIGADORA 300 HLS. 1310057			KENCO		LA COLINA	CH-2634	15-10-90	22,923.25 05019	990	CONV. 0327
2310301	MAQUINA APLICADORA FERTILIZAN.	PS-803	1310058	KENCO		LA COLINA	CH-2634	15-10-90	12,100.00 05020	951	CONV. 0327
2310302	MAQUINA ENCADORA C/ACCESORIO		1310059	KENCO		LA COLINA	CH-2634	15-10-90	18,275.00 05021	951	CONV. 0327
2310329	SEMADORA 1910035	JOHN DEER				LA COLINA	PDA 8678	16-12-80	17,035.00 09919	951	CONV. 0327
2310330	ENCADORA 1910034	BP 800				LA COLINA	PDA 8678	16-12-80	10,125.00 09920	951	CONV. 0327

M. LUIS BUSTILLOS FORNOS DE L. C. A.

66

NO ACTIVO	NOMBRE DEL AC.	MODELO	S E R I E	MARCA	MEDIDAS	UBICACION	CONPTE	FECAHO.	VAL/ADD.	C/C	OBSERVACION
LA COLINA											
TIPO DE BIEN 10 ED. AGRICOLA											
2310331	ENPLASTICADORA 1410037	PS 120		KENCO	5H	LA COLINA	PDA 8678	16-12-88	10,433.35 09921	451	CONV. 0327
2310332	DISCO DE ENCAMADORA 1410038	BP 525			5H	LA COLINA	PDA 8 678	16-12-88	9,366.65 09922	451	CONV. 0327
2310333	INVERNADERO C/VENT.AUTONAT. 30X160'			1410046	5H	LA COLINA	P.D. 919	9-08-89	80,156.17 09931	451	CONV. 0327
2310334	FERTILIZADORA 1410047				5H	LA COLINA	CH. 01100	20-06-89	17,250.00 09932	451	CONV. 0327
2310335	BOON PARA FUMIGAR DE 225 GLS.			1410052	5H	LA COLINA		31-12-89	16,465.00 09993	451	CONV. 0327
2310336	FERTILIZADORA 1410054			JOHN DEERE	5H	LA COLINA		31-12-89	14,999.00 09995	451	CONV. 0327
2310337	BOMBA DE PISTONES DE ALTA PRECISION	GASOLINA	1410089	BRIGGS Y STATTON	5H	LA COLINA	CH-10195	9-05-91	12,500.00 06020	440	CONV. 0327
2310338	BOMBA HYPRO ADEIDA AL TRACTOR	9910-085		1410108	5H	LA COLINA	CH-15377	31-12-92	10,230.00 07832	440	CONV. 0327
2310339	BUNCOAT CON ACCESORIOS	053	1410112	IZUZU	5H	LA COLINA	CH-1773-P	1-04-93	390,530.00 07967	440	CONV. 0327
2310340	UN AMOYADOR HIDRAULICO MOD.20	BUNCAT-053-H		1410114	5H	LA COLINA	CH-1900	22-07-93	12,755.59 08040	440	CONV. 0327
2310341	ESTABILIZADOR TRACERO	BUNCAT-053-H		1410124	5H	LA COLINA	CH-1900	22-07-93	10,553.16 08050	440	CONV. 0327
2310342	DRUGA DE HIERRO PARA BUNCAT	053-H		1410126	5H	LA COLINA	CH-16517	1-08-93	32,560.00 08110	440	CONV. 0327
2310343	TRAILER 9.0 X 2.4 1310021			1410127	5H	LA COLINA	1909076	29-07-88	15,000.00 09982	440	CONV. 0327
2310344	BOMBA ESPANSORA 600 LTS 1310064	CONDOR		1410131	5H	LA COLINA	CH. 11844	1-11-91	26,500.00 06573	440	CONV. 0327
2310345	SEMBRADORA Y FERTILIZADORA	1410161		HUNOSEN	5H	LA COLINA		31-12-89	59,007.00 05015	440	CONV. 0327
2310346	MONTACARGA ELECTRICO	N-ERC-030		YALE		LA COLINA	PD-3270	25-12-94	216,646.50 09004	442	CONV. 0327
2310347	MAQUINA ENPAQUADORA DE PINA					LA COLINA	VARIOS CH	1-12-94	1,365,020.00 09005	442	CONV. 0327
2310348	EQUIPO DE RIEGO P/MELON Y SANDILLA				EJECUTIVO RIEGO	LA COLINA	CH-2652	24-10-90	100,199.25 04777	401	CONV. 0327
2310349	SISTEMA RIEGO PORTATIL P/ASPERSION					LA COLINA	CH.14076	10-06-92	59,503.51 07080	402	CONV. 0327
2310350	PILA MOVIL DE GAS P/REFINAR YUCA					LA COLINA	CH-16165	20-05-93	10,362.00 07993	402	CONV. 0327
TOTAL GRU- 10									9,820,522.39		
TIPO DE BIEN 12 INTALACIONES											
2312013	CONTRUCC. DE BODEGA	1112001				LA COLINA	MEMORANDUM	18-11-88	115,300.00 04867	451	CONV. 0327
2312014	TENDIDO ELECTRICO	1112002				LA COLINA	OC-0672	5-04-88	99,591.00 04868	451	CONV. 0327
2312015	TENDIDO ELECTRICO	1112003				LA COLINA		24-11-88	39,330.30 04946	451	CONV. 0327
2312016	CONTRUCC. DE BODEGA	1112004				LA COLINA	MEMORANDUM	18-11-88	103,312.00 05023	451	CONV. 0327
2312017	TENDIDO ELECTRICO	1112005				LA COLINA	75308077	29-07-88	32,000.00 05024	451	CONV. 0327

INFORMATICA EUSADES

REGISTRO DE ACTIVO FIJO AL 31/03/95

NO ACTIVO	NOMBRE DEL ACT.	MODELO	S E R I E	MARCA	MEIDAS	UBICACION	COMTE	FECADO.	VAL/1000.	C/C	OBSERVACION	
	LA COLINA											
	TIPO DE BIEN 12 INTALACIONES											
2312010	CONSTRUCCIONES DE BODEGAS	1912002				LA COLINA	MEMO-6/NTN	10-11-80	96,375.00	09997	951	CONV. 0327
2312019	CUARTO FRIO					LA COLINA	VARIOS CH.	1-12-99	300,710.02	09006	990	CONV. 0327
2312020	CUARTO FRIO					LA COLINA	VARIOS-CH	1-12-99	910,122.37	09007	990	CONV. 0327
		12							1,199,798.77			
	TOTAL ACUM.								10,999,031.16			
	TOTAL GENERAL								31,527,571.70			

# ATTACHMENT II

REPORT ID: MXRMP19  
 OPTION NO: 0  
 REPORT DATE: 10/06/95

USAID / EL SALVADOR  
 PROJECT FINANCIAL STATUS REPORT  
 AS OF: 09/30/95

REPORT PAGE NO: 17  
 MISSION PAGE NO: 17

PROJECT INFORMATION SUMMARY

CURRENCY CODE: 001	CURRENCY NAME : U.S. DOLLARS	LOP FUNDING :	GRANT	LOAN
PROJECT NO. : 5190327.00	PROJECT TITLE : AGRIBUSINESS DEVELOPMENT	LOP AUTHORIZED:	33,000,000	
OFFICE CODE : 900	PROJECT OFFICER: RAFAEL CUELLAR, PRO/PED	AMT. ALLOWED :	33,000,000	
LOAN NO. :	IMPL AGENCY : FUSADES	AMT. OBLIGATED:	32,863,619	
ORIG AGR DATE: 09/29/87	PACD : ORIG 07/30/88 CURRENT 09/30/95	ACCRUED EXP. :	32,857,661	
H. C. CONTRIB: 6,700,000	:NO OF REVISIONS 10	PIPELINE/UNLIQ:	5,958	
	TERM DISB DATE : 06/30/96			

PROJECT SUMMARY BY BUDGET PLAN CODE

BPC	BUDGET ALLOWANCE	OBLIGATED	EARMARKED/ RESERVED	COMMITTED/ RESERVED	NET ACCRUED EXPENDITURES	PIPELINE UNLIQUIDATED	ADVANCES
LDNA8725519KG13	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	0	0
LDNA8825519KG13	7,601,619	7,601,619	7,601,619	7,601,619	7,601,619	0	0
LDNA8925519KG13	11,046,000	11,046,000	11,040,406	11,040,406	11,040,406	5,594	0
LDNA9025519KG13	4,100,000	4,100,000	4,099,636	4,099,636	4,099,636	364	0
LESAB725519KG13	7,466,000	7,466,000	7,466,000	7,466,000	7,466,000	0	0
GRANT TOTAL	32,863,619	32,863,619	32,857,661	32,857,661	32,857,661	5,958	0
PROJECT TOTAL	32,863,619	32,863,619	32,857,661	32,857,661	32,857,661	5,958	0

34

REPORT ID: MXRMP19  
 OPTION NO: 0  
 REPORT DATE: 10/06/95

USAID / EL SALVADOR  
 PROJECT FINANCIAL STATUS REPORT  
 AS OF: 09/30/95

REPORT PAGE NO: 17  
 MISSION PAGE NO: 17

CURR. CODE : 001 CURRENCY NAME : U.S. DOLLARS  
 PROJECT NO : 5190327.00 PROJECT TITLE : AGRIBUSINESS DEVELOPMENT PROJECT OFFICER : RAFAEL CUELLAR, PRO/PED

PROJECT ELEMENT NO. GRANT OR LOAN EARMARK DOCUMENT NO. COMMIT. DOCUMENT NO. COMMIT. END DATE	PROJECT ELEMENT DESCRIPTION EARMARK DESCRIPTION COMMIT. DESCRIPTION AGENT/CONTRACTOR	OBLIGATION(D) EAR. RESV.(ER) EARMARK (E) COMMITMENT(C) COM. RESV.(CR)	DISBURSEMENTS	ACCRUALS	PIPELINE / UNLIQUIDATED	ADVANCE
ELEMENT NO : 1	TECHNICAL ASSISTANCE & STUDIES	7,108,161 (D)	7,108,161	0	0	0
GRANT:						
LIQUIDATED EARMARKS		7,108,161 (E)	7,108,161			
ELEMENT TOTAL:GRANT		7,108,161 (D)	7,108,161	0	0	0
ELEMENT NO : 2	TRAINING	1,061,765 (D)	1,061,765	0	0	0
GRANT:						
LIQUIDATED EARMARKS		1,061,765 (E)	1,061,765			
ELEMENT TOTAL:GRANT		1,061,765 (D)	1,061,765	0	0	0
ELEMENT NO : 3	FUSADES SUPPORT	13,902,889 (D)	13,902,889	0	0	0
GRANT:						
LIQUIDATED EARMARKS		13,902,889 (E)	13,902,889			
ELEMENT TOTAL:GRANT		13,902,889 (D)	13,902,889	0	0	0
ELEMENT NO : 4	EVALUATIONS/FINANCIAL REVIEWS	156,902 (D)	126,197	25,924	4,781	0
GRANT:						
PT-519-0382-3-00236	EVALUATION NTAE'S/10C AGRIDECA	45,134 (E)				
LAG-42001003059000012	EVALUATION NTAE'S	45,134 (C)	19,209	25,924	1	0
08311995	AGRICULTURAL DEV CONSU-AGRIDECA					
LIQUIDATED EARMARKS		106,988 (E)	106,988			
GRANT BALANCE AVAILABLE FOR EARMARK RESERVATION		4,780			4,780	
ELEMENT TOTAL:GRANT		156,902 (D)	126,197	25,924	4,781	0
ELEMENT NO : 5	CONTINGENCY	1,213 (D)	1,151	0	62	0

REPORT ID: MXRMP19  
 OPTION NO: 0  
 REPORT DATE: 10/06/95

USAID / EL SALVADOR  
 PROJECT FINANCIAL STATUS REPORT  
 AS OF: 09/30/95

REPORT PAGE NO: 17  
 MISSION PAGE NO: 17

CURR. CODE : 001 CURRENCY NAME : U.S. DOLLARS  
 PROJECT NO.: 5190327.00 PROJECT TITLE : AGRIBUSINESS DEVELOPMENT PROJECT OFFICER : RAFAEL CUELLAR, PRO/PED

PROJECT ELEMENT NO. GRANT OR LOAN	PROJECT ELEMENT DESCRIPTION	OBLIGATION (D) EAR. RESV. (ER)				
EARMARK DOCUMENT NO. COMMIT. DOCUMENT NO. COMMIT. END DATE	EARMARK DESCRIPTION COMMIT. DESCRIPTION AGENT/CONTRACTOR	EARMARK (E) COMMITMENT (C) COM. RESV. (CR)	DISBURSEMENTS	ACCRUALS	PIPELINE / UNLIQUIDATED	ADVANCE
ELEMENT NO : 5	CONTINGENCY					
GRANT:						
	LIQUIDATED EARMARKS	1,151 (E)	1,151			
	GRANT BALANCE AVAILABLE FOR EARMARK RESERVATION	62			62	
	ELEMENT TOTAL:GRANT	1,213 (D)	1,151	0	62	0
ELEMENT NO : 6	CREDIT PROGRAM					
GRANT:						
	LIQUIDATED EARMARKS	5,463,619 (E)	5,463,619			
	ELEMENT TOTAL:GRANT	5,463,619 (D)	5,463,619	0	0	0
ELEMENT NO : 7	CAPITAL EXPEND/FUSADES BLDG.					
GRANT:						
	LIQUIDATED EARMARKS	2,831,669 (E)	2,831,669			
	ELEMENT TOTAL:GRANT	2,831,669 (D)	2,831,669	0	0	0
ELEMENT NO : 8	PROGRAM MANAGEMENT					
GRANT:						
	LIQUIDATED EARMARKS	192,120 (E)	192,120			
	ELEMENT TOTAL:GRANT	192,120 (D)	192,120	0	0	0
ELEMENT NO : 9	OVERHEAD					
GRANT:						
	LIQUIDATED EARMARKS	2,122,429 (E)	2,122,429			
	GRANT BALANCE AVAILABLE FOR EARMARK RESERVATION	1,116			1,116	

REPORT ID: MXRMP19  
 OPTION NO: 0  
 REPORT DATE: 10/06/95

USAID / EL SALVADOR  
 PROJECT FINANCIAL STATUS REPORT  
 AS OF: 09/30/95

REPORT PAGE NO: 1  
 MISSION PAGE NO: 1

CURR. CODE : 001 CURRENCY NAME : U.S. DOLLARS  
 PROJECT NO : 5190327.00 PROJECT TITLE : AGRIBUSINESS DEVELOPMENT PROJECT OFFICER : RAFAEL CUELLAR, PRO/PED

PROJECT ELEMENT NO.	PROJECT ELEMENT DESCRIPTION	OBLIGATION (D)	DISBURSEMENTS	ACCRUALS	PIPELINE / UNLIQUIDATED	ADVANCE
GRANT OR LOAN		EAR. RESV. (ER)				
EARMARK DOCUMENT NO.	EARMARK DESCRIPTION	EARMARK (E)				
COMMIT. DOCUMENT NO.	COMMIT. DESCRIPTION	COMMITMENT (C)				
COMMIT. END DATE	AGENT/CONTRACTOR	COM. RESV. (CR)				

ELEMENT NO : 9 OVERHEAD

GRANT:

ELEMENT TOTAL: GRANT	2,123,545 (D)	2,122,429	0	1,116	0
----------------------	---------------	-----------	---	-------	---

ELEMENT NO : 10 AUDIT

GRANT:

CA-5190327A00757504	AUDIT AS PER AMEND 11	Y	21,737 (E)			
CA-5190327A00757504	AUDIT AS PER AMEND 11		21,737 (C)	17,737	4,000	0
09301995	MISCELLANEOUS					
ELEMENT TOTAL: GRANT			21,737 (D)	17,737	4,000	0

PROJECT TOTALS:

GRANT TOTALS	32,863,620 (D)	32,827,737	29,924	5,959	0
LOAN TOTALS	0 (D)	0	0	0	0
PROJECT TOTAL	32,863,620 (D)	32,827,737	29,924	5,959	0

# **ATTACHMENT III**

Antiguo Cuscatlán,  
Abril 7, 1995.

Señores  
USAID EL SALVADOR  
Presente.-

Atención.: Ing. Rafael Cuéllar

Estimado Ing. Cuéllar:

Sírvace encontrar reporte de Contrapartida del trimestre de Enero a Marzo de 1995 y acumulados a la fecha del Convenio 0327.

Atentamente,



LIC. MIGUEL GASTEAZORO  
CONTRALOR

**QUARTERLY REPORT ON COUNTERPART CONTRIBUTION  
FOR THE QUARTER ENDING (IN COLONES)**

USAID LOP: 165,000,000.00  
 COUNTERPART LOP: 55,000,000.00  
 TOTAL PROJECT: 220,000,000.00  
 % COUNTERPART: 25 %

DATE PREPARED: MARZO '95  
 PROJECT NAME: DIVAGRO  
 PROJECT NUMBER: 327  
 PAGE: \_\_\_\_\_

ATTACHMENT 1

DESCRIPTION	(1)	(2)	(3)	(4)	(5)
	PLANNED	COUNTERPART	ACTUAL	COUNTERPART	(4) - (2)
	LOP	ESTIMATED TO DATE	QUARTER	TO DATE	<SHORTAGE> OR EXCESS
Cash by Source of Contribution:	55,000,000.00	51,150,000.00			
FONDOS PROPIOS			10,638,506.00	38,166,401.00	
CONTRIBUCIONES				3,656,071.00	
DESEMBOLSOS FIDEX				34,860,950.00	
EDIFICIO				2,605,378.00	
Subtotal of Cash Counterpart			10,638,506.00	79,288,800.00	
In-Kind by Nature:					
REUNIONES				879,985.00	
Subtotal of In-Kind Counterpart					
<b>TOTAL COUNTERPART</b>	<b>55,000,000.00</b>	<b>51,150,000.00</b>	<b>10,638,506.00</b>	<b>80,168,785.00</b>	
Counterpart as a Percent of LOP Planned Counterpart		(Col 2 / Col 1)		(Col 4 / Col 1)	(Col 3 / Col 1)
Counterpart as a Percent of To Date Planned Counterpart				(Col 4 / Col 2)	(Col 3 / Col 2)

**Comments:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**The undersigned certifies:**

- (1) that the expenditures and in-kind contribution information reported herein has been valued in accordance with USAID guidelines;
- (2) that contributions being reported were made in accordance with the agreement;
- (3) that all supporting documentation will be maintained in our files and will be furnished upon request of USAID or its representatives for review or audit; and
- (4) that if at the end of any year (or funding period) the grantee has expended an amount of counterpart contribution less than the agreed-upon percentage of total expenditures and no waiver has been granted, the remedies available to USAID is to apply the difference to reduce the amount of USAID funding the following year, or the difference may be refunded to USAID.

*[Signature]*  
 \_\_\_\_\_  
 Grantee's Signature

25 MARZO 1995  
 \_\_\_\_\_  
 Date

# **ATTACHMENT IV**

**PROJECT STATUS REPORT**  
**April 1, 1995 - September 30, 1995**

ATTACHMENT IV

MISSION DIRECTOR RATING: A \_ B \_ C \_

**I. BACKGROUND DATA**

Project Title: Agribusiness Development  
 Project Number: 519-0327  
 Date of Authorization: original: 09/27/87 amendment: 03/31/95  
 Date of Obligation: original: 09/27/87 last amendment: 03/07/90  
 PACD: Original: 09/30/92 amended to: 03/31/95  
 Implementing Agencies: FUSADES (Divagro/Banfindex)  
 Major Contractor: None  
 Project Manager: Rafael E. Cuellar/PRO  
 Status of CPs/Covenants: CPs to first disbursement: 01/26/88  
 CPs to first disbursement (Line of Credit): 07/13/88  
 Covenants: All met.  
 Date of Last Evaluation: July 1995 Next Evaluation:  
 Planned Number of Non-Federal Audits During Fiscal Year: One  
 Number of Such Audits Contracted for/Completed: Four  
 Date of Last Audit: March 1995 Next Audit:

**FINANCIAL DATA**

Amount Authorized	DA Grant:	orig	\$20,000,000	amended to	\$33,000,000
Amount Obligated	DA Grant:	orig	\$10,116,000	amended to	\$33,000,000
Amount Committed:	Period:		\$17,063		
	Cumulative:		\$33,000,000		
Accrued Expend.:	Period - Projected		\$78,925		
	Period - Actual		\$73,000		
	Cumulative		\$32,863,620		
	Projected Next Sem.		\$0		
Counterpart Cont.:	Planned:		\$11,000,000		
	Actual:		\$16,033,757		
% LOP Elapsed:			100%		
% of Total Auth./Oblig.:			100%		
% of Total Oblig./Expend.:			100%		
% of Total Auth./Expend.:			100%		

**II. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVE**

**A. Specific Linkage to Strategic Objective and Program Outcomes**

The Project contributes directly to S.O #2, Broad Base Economic Growth Increased. The Project's EOPS 1, 2, 3 and 4 contribute to P.O. Nos 2.2, Increased Private Investment; 2.3, Increased Exports; and 2.4, Increased Employment. The Project's EOPS No 4 contributes to P.O. 5.3, Improved Productive Activities consistent with Sustainable Resource Management of the S.O #5. By providing technical assistance, training and credit to agribusiness, P.O. Nos 2.2, 2.3 and 2.4 are supported. By developing FUSADES institutional capabilities, Project activities (NTAEs support) will continue beyond PACD. P.O. 5.3 (S.O #5) is being supported by applying environmentally conscious agricultural techniques through technical assistance and training plus the Quality Assurance Program (Laboratory).

**B. Percent of LOP Funds Relating to Strategic Objective**

Broad Base Economic Growth Increased (S.O. #2)	85%
Improved environment and natural resource management (S.O.	15%

**III. PROJECT PURPOSE AND DESCRIPTION**

**A. Project Purpose**

To increase the production and export of new agricultural products.

**B. Achievements to Date**

The Project's PACD was March 31, 1995, therefore no actions were performed during this semester, except the Project's final evaluation (July-August 1995) and the close-out audit (Jan. 1 - March 31, 1995). The final evaluation did not provide any recommendations since the Project had expired; the close-out audit reported five internal control findings and five follow-up findings on prior audits. The closure process of the audit findings already started.

**C. Project Description**

The Project is designed to provide technical assistance, training and credit to private non-traditional export agribusiness in El Salvador, thereby increasing foreign exchange and employment. Project Components are: 1) Assistance to non-traditional export-oriented agribusiness through T.A./Training and credit; and 2) FUSADES institutional support.

**IV. PROJECT STATUS**

**A. Planned EOPS**

	<u>Planned EOPS</u>	<u>Progress to date</u>
1. Increase foreign exchange earned by the agricultural sector	\$49.0 million	\$57.5
2. Increase employment in the agricultural sector	12,600 fulltime equivalent jobs generated	17,696 F 9,650 M
3. Increased non-traditional crops being commercially produced and exported	15 NTAES being produced and exported	20
4. Increased area under cultivation of NTAES	23,000 has. under NTAES by 1994	29,106

**C.1 Other Accomplishments and Overall Status**

- Close-out audit by KPMG was completed.
- Commodities transfer to FUSADES was accomplished.
- Project's final evaluation was performed on July/August 1995.
- Commodity End Use Review was carried out the first week of April.
- PACR drafting was started during the period.

17

# **ATTACHMENT V**

ATTACHMENT V

(XD-ARM-562-A)  
dupe

ANNEX I

*included in the  
report*

**FINAL EVALUATION OF THE  
AGRIBUSINESS DEVELOPMENT PROJECT**

**(NO. 519-0327)**

**(DIVAGRO)**

## ACRONYMS

AID	Agency for International Development (U.S.)
ADP	The Agribusiness Development Project (519-0327)
CLUSA	Cooperative League of the U.S.A.
CRECER	Equitable Rural Economic Growth Project (No. 519-0397)
DEES	Economic and Social Studies Department of FUSADES
DIVAGRO	The Agricultural Division of FUSADES
FIDEX	The Export Finance Department within FUSADES
FUSADES	Salvadoran Foundation for Economic and Social Development
LOP	Life of the Project
MZ	manzana = 0.7 ha
NGO	A private, non-profit, non-government organization
NTAEs	Non-Traditional Agriculture Export Products
PROESA	Association of Salvadoran Producers and Entrepreneurs
PROXSAL	Salvadoran Producers and Exporters Organization
QAP	FUSADES' Quality Assurance Program
SARs	Semi-Annual Reports
UCRAPROBEX	Union of Coffee Producers, Processors and Exporters
USAID	United States Agency for International Development

# AGRIBUSINESS DEVELOPMENT PROJECT EVALUATION REPORT

## TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
<b>EXECUTIVE SUMMARY</b> . . . . .	1
<b>I. INTRODUCTION</b> . . . . .	4
A. PROJECT BACKGROUND . . . . .	4
B. PREVIOUS EVALUATION . . . . .	6
1. Mid-term Evaluation . . . . .	6
2. Final Evaluation of FUSADES . . . . .	7
<b>II. ANALYSIS</b> . . . . .	8
A. SUITABILITY OF PROJECT DESIGN AND IMPLEMENTATION STRATEGY . . . . .	8
B. PROJECT IMPACT . . . . .	10
1. NTAE Investment Projects . . . . .	10
2. Other Impact on NTAE Promotion Activity . . . . .	11
3. Impact on Women . . . . .	12
4. The Formula for Success . . . . .	13
C. PROJECT MANAGEMENT . . . . .	15
D. WHY GREATER IMPACT WAS NOT ACHIEVED . . . . .	17
E. SUSTAINABILITY OF PROJECT BENEFITS . . . . .	19
1. FUSADES . . . . .	19
2. DIVAGRO . . . . .	19
3. DIVAGRO-Assisted Projects and Enterprises . . . . .	20
4. FUSADES' support to future NTAE development . . . . .	20
<b>III. CONCLUSIONS AND LESSONS LEARNED</b> . . . . .	21
A. CONCLUSIONS . . . . .	21
B. LESSONS LEARNED . . . . .	22

## EXECUTIVE SUMMARY

The Agribusiness Development Project (519-0327) was initiated in 1987 through a Cooperative Agreement with the Salvadoran Foundation for Economic and Social Development (FUSADES), at a funding level of \$20.0 million and with an original completion date of September 30, 1992. Subsequently, both the funding level and the completion date were extended to \$33.0 million and September 30, 1995, respectively. FUSADES' counterpart contribution was established at \$11.0 million. The implementing agent for the project was DIVAGRO, the agricultural division of FUSADES.

The goal of the Project was to increase employment and foreign exchange earnings by expanding nontraditional agricultural production and exports. The Project purpose was to increase the production and export of non-traditional agricultural products (NTAEs). To this end, the Project provided technical assistance, training, and credit resources to individuals and private enterprises involved in production, processing, and export of non-traditional products. Only traditional export crops such as cotton, coffee, sugar and marine shrimp were excluded from Project assistance.

The project had four major components:

- a) A \$10.0 million credit fund (later reduced to \$5.6 million)
- b) Agricultural research, extension, and technology transfer
- c) Export marketing information and assistance
- d) A laboratory for NTAE quality assurance

In addition to carrying out these four primary activities, DIVAGRO was charged with the tasks of stimulating local and foreign investment for the production and marketing of NTAEs and for establishing contacts with foreign importers and brokers.

The FUSADES/DIVAGRO strategy for expanding the NTAE sector was based on the creation of a strong agricultural production, post-harvest handling and export capability in the hands of competent entrepreneurs. These enterprises were to provide the discipline and business acumen needed for Salvadoran exports to compete in foreign markets.

DIVAGRO worked to stimulate NTAE development and investment under difficult circumstances, principal among which were: a) the country was in a state of civil war, and b) the agricultural sector had undergone an agrarian reform program in which most of the best agricultural land had been transferred to cooperatives and other small producer

groups, and c) government policies did not encourage investment in non-traditional agriculture.

An additional factor contributing to the general decline in agriculture at the time was that within the cooperatives themselves, the lack of financial resources and the limited management capacity of its members constrained them from fully exploiting their land.

The FUSADES program, or "model" was carried out in an environment of political uncertainty and physical insecurity, with land tenure in a state of flux. Private agribusiness operators no longer had control over the most basic agricultural resource: land.

## **IMPACT**

The most important accomplishments of the Project were the following:

- a) The Project supported the development through credit, technical assistance and market identification, of a small but healthy export industry for flowers and ornamental plants, which currently exports about \$3.0 million annually.
- b) The Project supported the development, primarily through the credit fund of two food processing plants exporting frozen and canned foods, which draw on the agrarian reform cooperatives and other small producers for most of their raw material inputs. Exports from these two companies are approximately \$2.0 million annually.
- c) The Project supported the establishment of two shrimp larvae production facilities, which export between \$1.0 and \$1.5 million annually.
- d) The Project funded FUSADES' construction and operation of a modern analytical laboratory for product quality control which also has the capability to produce significant quantities of planting stock through tissue culture techniques.
- e) The Project financed most of the cost of establishing and operating a farm wholly-owned by FUSADES which currently produces and exports fresh pineapples to specialty markets in the United States. The farm also serves as a demonstration center for commercial crop production.
- f) The Project generated new technology for NTAE production which has been adopted on a limited basis in El Salvador.

## CONCLUSIONS

- a) DIVAGRO did not establish an on-going program for the continued development of NTAEs. The successful enterprises which resulted from the Project have a modest impact on income, employment and foreign exchange earnings but they hardly justify seven years of effort and an investment of \$33 million.
- b) The DIVAGRO "model", or program for NTAE sector development which supported the private sector in all aspects of non-traditional crop production, post-harvest handling, processing and marketing was valid. However, when it realized the agribusiness environment prevailing in El Salvador at that time was not conducive to implementing its program, DIVAGRO lacked the initiative or will to adapt it to the prevailing conditions.
- c) While the ornamental horticulture industry was well suited to FUSADES' strategy for NTAE development, its potential is limited. On the other hand, large-scale agroindustry like the Del Tropic freezing plant provided a model that combined the entrepreneurial focus of FUSADES with the land and productive capacity of the Agrarian Reform cooperatives. The option of combining post-harvest entrepreneurship with the productive capacity of the cooperatives was not pursued by DIVAGRO.
- d) FUSADES disagreed with two important USAID-initiated policies which constrained Project implementation, but did not vigorously attempt to change either of them. These were the restriction on non-traditional crop production for local markets, and the requirement that DIVAGRO develop an aquaculture industry based on cultivated shrimp.
- e) La Colina Farm is a FUSADES-owned commercial enterprise whose principal function is to generate income to support the institution. This activity comes at the expense of DIVAGRO's development function.

## LESSONS LEARNED

Since the Project has ended it would be superfluous to make recommendations, thus a look at lessons learned:

- a) The implementing organization should have the flexibility to modify its strategy for carrying out a project, or the project should be redesigned when unalterable obstacles make it impossible to implement it as originally designed.

b) There is no substitute for effective USAID project monitoring. Even under the Cooperative Agreement mode of implementation, an involved project officer is a valuable input into the process.

c) USAID and/or the implementing organization should be prepared to either terminate or make wholesale revisions to projects which cannot be implemented as designed. FUSADES' senior managers are unanimous in their belief that their NTAE program was not viable under the civil war conditions and political instability during the 1980s and the early 1990s. Why, then, did the Project continue?

#### **RESPONSE TO REVIEWER'S COMMENTS:**

The draft evaluation report was circulated to USAID Officials as well as to the management and staff at DIVAGRO who were involved in implementing the Agribusiness Development Project. In most cases the final report was modified as appropriate to include the additional information provided by the reviewers. In other cases the comments received are simply quoted in footnotes to the relevant sections of the report. In all cases the evaluation team has attempted to fairly reflect the comments of the reviewer in the final evaluation report.

## I. INTRODUCTION

### A. PROJECT BACKGROUND

The Agribusiness Development Project (ADP) (No. 519-0327) began on September 29, 1987 with an initial AID funding of \$20 million, including a \$10 million credit line, and with a five-year project life. The project completion date was originally set for September 30, 1992. A Cooperative Agreement was written with the Salvadoran Foundation for Economic and Social Development (FUSADES) to carry out the project, which funded the Foundation's support to private-sector efforts to increase the production and export of non-traditional crops. FUSADES' counterpart contribution was set at \$11.0 million.

In July of 1989 the project life was extended for an additional two-year period and project funds were increased by \$13 million, bringing the total USAID grant to \$33 million. In August of 1993 the Credit Fund was reduced to \$5.6 million, with \$4.4 million re-allocated to FUSADES to provide additional technical assistance. The completion date of the amended project was originally set for September 30, 1994, but later was extended to March 31, 1995. A further "informal" six-month extension was granted until September 30, 1995 in order to complete the final evaluation and close-out audit.

The goal of the Project was to increase employment and foreign exchange earnings and the Project purpose was to increase the production and export of non-traditional agricultural products. To this end, the Project provided technical assistance, training, and credit resources to individuals and private enterprises. Only traditional export crops such as cotton, coffee, sugar and marine shrimp were excluded from Project assistance.

Agricultural research was also a key element; four agricultural experimental farms were established and in operation for most of the life of the Project. These farms carried out field trials on crop varieties and demonstrated growing selected crops using the latest production technology. Project amendment No. 4, dated July 31, 1989, authorized the construction of a quality assurance program (QAP) laboratory and an aquaculture experiment station to complement and broaden the Project's scope of action. In-house technical assistance was provided to producers and exporters to help solve a range of production and marketing problems, such as contracting for international transportation, establishing quality control procedures and the safe use of pesticides. International experts were contracted to carry out feasibility studies, to provide specialized technical assistance and to complete marketing studies for new export products.

FUSADES was created in 1983 with the aim of promoting economic and social development as a means of improving the standard of living for all Salvadorans. The foundation functions as a study and research center and as a development facility in the economic and social arenas. Business and social programs are carried out by its members on a voluntary basis.

The foundation's activities are financed in part by member contributions, but principally by support from national and international organizations. FUSADES was chosen as the implementing organization for the Project based on its status as a private foundation, on satisfactory past performance in implementing other agro-related projects for USAID and in part by default, since there were no other organizations judged to have adequate administrative and technical capability to implement this Project.

DIVAGRO, the agricultural diversification department within FUSADES, was the program unit responsible for implementing the Agribusiness Development Project. This organization previously implemented the private sector components of USAID's Agrarian Reform Sector Support Project (No. 519-0265) and its Water Management Project (519-0303).

DIVAGRO was charged with carrying out three elements of agricultural diversification:

- a) Developing and promoting new exportable agricultural commodities;
- b) promoting investment in the production and processing of non-traditional agricultural exports (NTAEs), and
- c) providing technical assistance to producers and processors of NTAEs.

It was planned that after the Project ended, DIVAGRO would leave behind companies and producing groups with substantially improved capabilities to grow, process and ship NTAEs. Additionally, it was assumed that the composition of FUSADES' membership would provide a direct conduit to the entrepreneurs of the agribusiness sector and stimulate their interaction with the Project, thus increasing its chances of success.

Performance objectives of the original four-year project were set at \$21.3 million in foreign exchange earnings, and 6,000 person-years of employment to be generated by Project-assisted enterprises over the life of the Project (LOP). However, when the Project was amended, the export projections were revised upward in light of reported previous success and the expected impact of expanded technical assistance. Expected Project accomplishments were increased to the following:

By the end of 1994:

- a) Employment generation would be 12,600 jobs (full-time equivalents).
- b) There would be 23,300 hectares in NTAE production,
- c) foreign exchange earnings would be \$49 million annually, and

d) \$12 million would have been saved by import substitution resulting from the local sale of NTAEs which failed to meet export standards.

Attached Table 1 compares Project objectives with actual accomplishments over the LOP, as amended, and Table 2 compares the authorized LOP level of funding with actual expenditures.

## B. PREVIOUS EVALUATION

### 1 Mid-term Evaluation

In June, 1992 a mid-project evaluation was carried out by the consulting firm Management and Business Associates of Miami, Florida. Major findings and recommendations of the evaluation were the following:

- a) DIVAGRO's performance in achieving log frame targets met expectations through the time of the mid-term evaluation.
- b) The evaluation team found that planning for the quality assurance laboratory (QAT) was deficient in that the organization had neither a business plan nor a marketing strategy. It was recommended that QAP develop a business plan with a detailed market analysis and a strategy for cost recovery on a fee-for-service basis.
- c) The team concluded that the agribusiness credit component of the Project was an effective means of generating rural employment, especially for women. It was recommended that DIVAGRO play a more active role as intermediary between FIDEX (FUSADES' export finance department), other sources of credit and the agribusiness community
- d) It was recommended that DIVAGRO undertake a commercial venture of its own, through an independent subsidiary, to better link itself to the market in which it worked.
- e) The team recommended that DIVAGRO develop a strategy of marketing itself to the broader donor community to ensure that funds would continue to be available to maintain core services.
- f) During the 30 months which remained from the mid-term evaluation until the project completion date, the evaluators recommended that DIVAGRO focus on the following activities:

- Restructuring the organization in matrix form, similar to that of a consulting company whose work is organized around projects. This would permit greater responsiveness to client demands and provide closer linkage between market-defined NTAE products, field research at the demonstration plot, and technical assistance provided to producers.
- Implementing tactical and strategic measures aimed at achieving self-sufficiency.

## 2. Final Evaluation of FUSADES

A final evaluation of FUSADES was also done by the firm Marketing and Business Associates in June, 1995, which examined the several components of four USAID Projects implemented by the foundation:

- a) Project 519-0327 - Credit component of the Agribusiness Development Project;
- b) Project 519-0303 - Credit component of the Water Management Project;
- c) Project 519-0287 - Private Sector component of the Industrial Stabilization and Recovery Project, and
- d) Project 519-0336 - Private Sector Initiatives Project in support of business associations.

The evaluation of the Agribusiness Development Project was made to assess the impact of FUSADES' loan portfolio on the creation of agribusinesses and its contribution to NTAE development. The evaluation team noted USAID development assistance carried out through FUSADES totaled approximately \$115 million by the end of 1994, and concluded that the foundation played an important and possibly crucial role in sustaining and strengthening democratic institutions during the civil war. Further, it was felt that USAID's support to the foundation had an impact on the transition to peace, strengthening of democratic institutions and building a strong post war recovery.

Agribusiness loans were administered by FIDEX, the Export Finance Department within FUSADES. The evaluation team concluded that the weaknesses demonstrated in the sample of investment projects examined were due to El Salvador's general lack of comparative advantage for the development of NTAEs. While it was felt that El Salvador could possibly succeed in some NTAE niche markets, it was felt that the country's disadvantages vis a vis Guatemala, Nicaragua or Costa Rica accounted for its limited agricultural loan portfolio.

According to the evaluators, a lesson learned from the experience with NTAE development in El Salvador is that the "suitability" of a country for a specific project should be carefully assessed and reviewed prior to committing economic, financial and personal resources to it.

A second lesson learned was related to program sustainability. The evaluators expressed their belief that USAID should consider devoting a portion of its yearly budget to building an endowment to assure continued funding of foundations such as FUSADES. The team felt that FUSADES would be in a difficult situation when USAID support ended and was gambling on the success of one project, La Colina, in order to survive.

## II. ANALYSIS

### A. SUITABILITY OF PROJECT DESIGN AND IMPLEMENTATION STRATEGY

Agribusiness assistance addressed six requirements for developing export-oriented agriculture: a) credit, b) market access, c) transport, d) product quality control, e) production technology transfer and f) the creation of an enabling business environment.

**Credit:** The credit line was an essential component of the project. In view of the public control of the Salvadoran banking system, the designers evidently concluded that banks would give priority for agricultural loans to the reform sector rather than to the entrepreneurial sector which was the target group in the FUSADES model. The credit line, supported by technical assistance funded under the project, was designed for such lending.

The Project provided a \$5.4 million loan fund, initially \$10 million, to be made available to eligible firms or individuals. This activity made investment and working capital credit available to domestic and foreign investors to stimulate the establishment of new or expanded agribusiness operations. The fund furnished loan financing to specific projects in colones and dollars. USAID credit guidelines established a minimum loan level, in the combined amount of foreign exchange and local currency, of \$50,000. Credit funds were managed by FIDEX, which during the life of the project was converted to a commercial bank, BANFIDEX, among whose largest shareholders are past and present members of the Board of Directors of FUSADES.

**Market assistance** was provided to exporters of NTAE products through market intelligence and analyses; establishing contacts with and screening foreign brokers and importers; and by providing product specifications required by foreign markets. DIVAGRO's Miami representative provided on-going contacts with U.S. and other foreign buyers, and assisted in negotiations between them and Salvadoran producers.

**Transportation** assistance was provided by negotiating service agreements with both air and sea freight carriers and by facilitating transport logistics and documentation for exporters during the early stages of their export activity.

**Quality assurance** of non-traditional exports was provided by the construction of a QAP laboratory to ensure that fresh fruit and vegetable exports conformed to established tolerance levels for chemical residues.

**Production technology transfer** was provided through the development of technology packages, including economic and feasibility analyses; research and validation for NTAE crops; commercial testing of suitable varieties; and, on-farm demonstrations. Entrepreneurs and companies were assisted in a wide variety of products in several commodity lines by providing needed inputs at one or more stages. The package of technical/technological assistance was individually tailored to the needs of each client. The DIVAGRO program unit was the focal point for providing these types of varied assistance, either by contracting short term consultants or directly through its own technical staff. Short term training for individuals and groups involved in activities that contributed to the Project's goal and purpose were financed under the Cooperative Agreement.

**Creation of a favorable business environment:** With the support of FUSADES, DIVAGRO lobbied for a favorable legislative climate through informal relations with those government agencies whose operational mandates had an impact on diversification activities. In addition, marketing data and technical information were shared with government officials, who were frequent participants in DIVAGRO's seminars. In addition, FUSADES used its Economic and Social Studies Department (DEES) to study economic development problems in El Salvador and to recommend policy initiatives conducive to economic growth and strategies for export and investment.

Project designers further planned that the Agribusiness Development Project would serve the needs of small farmers through linkages with projects which were positioned to reach the agrarian reform cooperatives. These projects included Agrarian Reform Financing, Cooperative Production and Marketing Rural Small Enterprises and Rural Enterprise Development. Participation of women-owned and operated farms in the Project was to have taken place through outreach to the Agrarian Reform cooperatives.

The integrated project design, with its components for credit, production technology transfer and export marketing assistance, was highly suited to the accomplishment of Project goals and objectives. Furthermore, DIVAGRO's implementation plan drew on the highly successful agricultural diversification efforts of Fundacion Chile, the Chilean export promotion agency, which was contracted early-on by DIVAGRO to help develop that plan.

**B. PROJECT IMPACT****1. NTAE Investment Projects**

The most successful areas of NTAE investments were the production and export of flowers and ornamental plants, and the support of agroindustrial operations. Over the course of the Project, DIVAGRO assisted a total of 50 investment projects. FIDEX made 42 loans to 16 entrepreneurs and private companies, for a total of \$5,547,584. In general the portfolio has performed well, although in dollar terms the loans with major problems are among the largest disbursed. The following is a summary of the performance of DIVAGRO-assisted projects by agroindustrial group.

**Flowers and ornamental plants:** Of the 24 projects assisted by DIVAGRO,

- five requested financial assistance through FIDEX, one of which is in arrears,
- one has been abandoned, and
- over 95% have expanded operations.

**Agroindustry:** Of the 9 projects assisted,

- five requested financial assistance through FIDEX, one of which defaulted on a \$1.7 million loan,
- eight continue to operate at the same or expanded levels.

In contrast, the experience with newer and/or riskier activities, which did not attract the same category of entrepreneurs fared considerably worse.

**Melon production and export:** Of the 11 melon production and export projects,

- five requested financial assistance through FIDEX, three of which defaulted on the loan, and one paid the loan but ceased operations,
- eight are no longer operating, and
- one has reduced its area of production.

**Aquaculture:** Of the 6 aquaculture projects,

- all requested financial assistance through FIDEX, of which two were rejected, two are in receivership, one is seriously in arrears and one is current.
- Two are presently operating.

Of the thirty-six enterprises which continue to operate, only two are large operations, Del Tropic and Bon Appetit, which produce frozen and canned foods, respectively. Both look to the agricultural sector, and in particular to the cooperative sector, for most of their raw materials. Del Tropic has a limited capacity to provide technical guidance and assistance to producers and normally acts in liaison with CLUSA or other technicians who work directly with the cooperatives. The enterprises that produce and export ornamental plants are self-contained. There is little or no exchange of technology within the group, and no spill over of technology to outsiders. A similar situation exists with respect to the two facilities which produce and export shrimp larvae.

Table 3, at the end of this Annex, summarizes the current status of DIVAGRO-assisted projects. Attached Table 4 summarizes the current loan portfolio.

## 2. Other Impact on NTAE Promotion Activity

Over the life of the Project, four agricultural and one aquaculture experimental stations were to have been established. The latter, which was contemplated for freshwater shrimp, never materialized. Whether the plan was abandoned for lack of interest, lack of resources or its technical inappropriateness in El Salvador is not clear; each reason appears in relevant documentation. Of the four agricultural experiment stations, only one remains: La Colina. However, while there is some investigative and validation work carried out on vegetables for the local market and ornamental plants for planting stock, with field days held to demonstrate crops and technology, the farm is a FUSADES owned commercial enterprise whose principal function is to generate income to support the institution.

In this role, La Colina has embarked on an innovative pineapple export program which air freights field-ripened fruit to buyers in the USA. Currently, about 1,000 20-lb boxes are shipped weekly, which command double the price of traditional pineapples. Both demand and production capacity are expanding. The production activity is complemented by a modern packing facility which has enough installed capacity to receive product from other producers, if this were to be developed. On a much smaller scale, the farm also generates income from exports of watermelon and ornamental plants, and from vegetable sales to local supermarkets.

As in the "Fundacion Chile" model, it was initially planned that DIVAGRO would provide a full range of export services to promote NTAEs, including the certification of export quality. This quality assurance program was to have been developed along the lines of the "Good

Housekeeping seal of approval" in the United States, where an independent organization certifies the quality of consumer items. It was in this context that the QAP laboratory was conceived and constructed. While there was a perceived need for laboratory services, the design capacity and cost of the laboratory were not based on an assessment of the magnitude of those needs, nor of the potential demand for services. As it now stands, the QAP laboratory is donning the mantle of a "white elephant". The laboratory is actively promoting its services to industry and agriculture in El Salvador and regionally in Central America. It is capable of carrying out soil, water, foliage, microbiology and pesticide residue analyses, and a tissue culture unit is available for propagating high-value plant varieties. At present, there is inadequate demand to cover operating costs, although the FUSADES sustainability plan projects that the laboratory will be self-financing in 1997. FUSADES is contemplating the possibility of its achieving viability by fomenting government regulations which would force the private sector to use its services. While some case can be made for increased monitoring of the quality and purity of food products for health reasons, there is a real danger of a situation evolving where make-work regulations are instituted on a national level to enable FUSADES to earn sufficient income to pay the operating expenses of the laboratory.

### 3. Gender Impact

The Social Analysis Update section of the amended project paper for the Project extension does specifically identify women as being one of the targeted populations, as agricultural workers, owners and operators of small farms and as the primary labor force in processing plants. However, no specific objectives nor targets were set according to gender.

Project monitoring data, as reported in the Semi-Annual Reports (SARS) were dis-aggregated by gender. According to these reports, FUSADES activities in the area of NTAEs had created 27,346 full time job equivalents by the end of the Project in March 1995. If the figures are accurate, the impact was more than double the number of jobs planned for. Of the total jobs created, 64 percent were reportedly held by women.

The evaluation team did not have access to data which could confirm these figures, so the reader should exercise caution in interpreting project monitoring data from DIVAGRO. However, the team visited a number of DIVAGRO-assisted projects and the findings from these visits are reported below.

One exporter of ornamental plants reported that 90 percent of approximately 80 full-time, permanent employees were women. In general, they were spouses of nearby coffee plantation workers who provided a much-needed second income, which was actually about 50 percent larger than their husband's minimum wage income. These women were considered skilled workers who would perform each of the tasks required at the farm, including cutting, classification, packing, and weeding ornamental plants. We were told that there was little

turnover among these employees. In addition, approximately 150 other employees were hired during peak labor periods for tasks such as weeding which could be done by unskilled workers. When asked why women were such a large proportion of the work force, the manager responded that he found that women were more conscientious than men in working with the delicate ornamental plants.

The team also visited two production facilities for shrimp larvae. These were heavily male operations and each factory employed only one female employee.

A company exporting frozen vegetables reported that approximately 70 percent of food handlers in its plant are women, while nearly all of its stevedores are men. The plant's quality assurance manager is a woman, as is the assistant manager for administration, as well as several supervisors.

The team was told by several of the businesses visited that women were actively sought to fill positions, particularly in the packaging and handling of final products.

FUSADES itself was included in the analysis of gender impact because of its unique character as both a promotor and as a participant in both the production and export of NTAES. The "Quality Assurance Program" laboratory reported some 32 employees at the time of the team's visit. About two-thirds of its employees were women. The same proportion of women was found among both professional and non-professional employees. When asked whether project activities may have affected the way women and men are perceived, one female professional indicated that women had traditionally been prominent among laboratory staff because of the low pay scale, and that this was no exception.

SAR reports indicated that some 300 women were employed at La Colina, representing about 65% of the total. However, a brief review of payroll records for the first week of July 1995 indicated that there were 250 men (78%) and 70 women (22%) among the 320 workers employed by the farm. All but two of the women were identified as either packers or laborers. One of the remaining two worked in the kitchen and the other in cleaning.

From the field visits and interviews with executives of the various companies, it is clear that the client businesses producing NTAES and the implementing organization itself (FUSADES) provided numerous employment opportunities for women. In some cases these opportunities were lost when the firms themselves failed.

DIVAGRO has not made special efforts to "target" female beneficiaries. Nevertheless, it was clear that women were critical to the success of the firms producing ornamental plants, which accounted for a large part of FUSADES' portfolio. It seems clear that women do play an important part in FUSADES-assisted activities in El Salvador, although not as large a role as project reports suggest. While the jobs generated for women represent an important

achievement, there is room for improvement in the types of jobs women hold. In nearly each case, they predominated at the lowest levels of the organization.

#### 4. The Formula for Success

This Project provided only limited information which could be used to identify those factors that cause some investments to succeed and others to fail. The investment projects assisted by DIVAGRO can be divided into four categories and ranked in descending of success as follows:

- a) Ornamental plants
- b) Agro-processing
- c) Aquaculture (saltwater shrimp)
- d) Melon production

The production and export of ornamental plants is clearly the most successful area which DIVAGRO supported. This sub-group demonstrates the following characteristics:

- The companies are owned by entrepreneurs who are generally successful in other businesses;
- the companies are financially solid (only 20% requested financing);
- the companies tend to be small, self-contained production/export units (maximum of 50 mananas with the majority between 3-10 mananas), and
- they sell into a relatively stable, high value market.

The unique characteristics of the processing industries are as follows:

- Multiple owners or partners, with experienced owner-managers;
- their companies financially solid, with high bank credit rating;
- the major part of their raw materials was purchased from other producers, and
- they sell into a stable, low value market.

For the aquaculture activities the following held true:

- These projects were generally developed by individuals or by families with little or no experience in aquaculture;
- their companies were completely dependent on project financing;
- final products were sold into fluctuating, developing markets, and
- the investors relied heavily on technical assistance for project design and implementation.

Finally, the melon deals can be described as follows:

- These projects had many different modes of ownership and participation, although most participants had previous experience in melon production and export;
- the entrepreneurs were dependent on project financing for both operating and investment capital;
- market prices were erratic and uncertain; and
- the shippers exported a both their own products and those purchased from outsiders.

The experience gained from the investments in non-traditional agricultural products confirms the following elements for success:

- a) Competent management and technical expertise;
- b) the ability to produce reasonably high yields of export-quality product;
- c) favorable market conditions, and
- d) adequate financial support.

The failed investment projects experienced one or more of the following difficulties:

- a) Poor market conditions, (low prices and fluctuating demand);
- b) inadequate financial support, in many cases due to the inexperience and ineptitude of FUSADES/FIDEX in financing development activities, and

c) inadequate financial reserves (Agricultural investments are often risky and the balance sheet must be viewed in the medium and long run, as long as management and markets are judged to be sound).

### C. PROJECT MANAGEMENT

DIVAGRO's approach to the development of the NTAE sector focused primarily on the agroindustrial phase of the production/marketing chain, with emphasis on crop post-harvest handling or processing operations. Preference was given to self-contained operations such as the production and export of ornamental plants or shrimp larvae, where the producing company also exported its own products, and to certain processing operations where the factory controlled an amount of production sufficient to ensure a base level of exports, which often was supplemented by outside purchases. In general, DIVAGRO did not work to create linkages between processors or exporters with contract growers.

DIVAGRO's program fully placed responsibility for success squarely on the agribusiness entrepreneur. The process of establishing a new enterprise was the following:

- a) An individual or company expressed an interest in a production and export activity that was eligible for assistance under Project guidelines.
- b) If the applicant did not have a feasibility plan for his project, one was elaborated by staff technicians or contracted by outside consultants in collaboration with the entrepreneur.
- c) DIVAGRO provided technical assistance and training to the applicant in his field of endeavor.
- d) Loans were provided to approved applicants.
- e) The applicant's project was monitored by a DIVAGRO technician who, depending on the project and the technician, also provided technical assistance.
- f) Modifications to the project were made at the discretion of the owner.
- g) DIVAGRO provided services for locating markets and buyers, and assistance in export documentation.

The success of the FUSADES approach was dependent on the selection of capable and responsible entrepreneurs, who identified viable projects, who were financially secure, and who had gained considerable business and management experience, albeit in different industries. Projects ran into trouble where the entrepreneur had inadequate technical skills,

when poor harvests and/or prices caused heavy losses, and in a few cases, when the individuals involved were dishonest.

DIVAGRO did not provide comprehensive technical assistance to the assisted projects, and "hand holding" was minimal. Neither did DIVAGRO create institutions, nor mechanisms to provide on-going assistance to producers and exporters of NTAE crops, for which DIVAGRO had the mandate and responsibility to promote and develop.

#### D. WHY GREATER IMPACT WAS NOT ACHIEVED

The DIVAGRO model is a valid one and could well have played an important role in the development of NTAEs, but in spite of the resources at its command, its high caliber of personnel and its mandate to develop the sector, it failed to do so. In light of the economic upheaval that resulted from ten years of war, FUSADES' strategy of looking to the entrepreneurial class for stability, expertise and resources was eminently reasonable. Certainly, this group was needed to make its contribution to recovery.

FUSADES directors and key administrators interviewed by the evaluation team held similar views with regard to the project's focus and mission and were unanimous in their recognition of the poor results obtained, and the reasons for the lack of success.

The Agribusiness Development Project was essentially a domestic investment promotion activity focused on the rural sector. Its targeted population was private businessmen, and present and past agribusiness operators. FUSADES' Project managers believed that the development of agroindustry was key to the development of an NTAE sector, and that private operators experienced in agribusiness would be the driving force behind agroindustrial development. However, given the business environment prevailing in El Salvador at that time, especially in the rural sector, private operators were reluctant to invest in agriculture.

There were a number of reasons why there was not greater interest in agribusiness investments:

- a) The lack of personal security in rural areas.
- b) The uncertain investment climate which prevailed at the time.
- c) The uncertainty of private land ownership under Phase III of the Agrarian Reform Program.
- d) The best agricultural lands were held by the Agrarian Reform cooperatives.

e) The absence of government policies encouraging investment in non-traditional agriculture.

An additional factor contributing to the general decline in agriculture at the time was that within the cooperatives themselves, the lack of financial resources and the limited management capacity of its members constrained them from fully exploiting their land.

The dilemma faced by DIVAGRO in implementing the Project was that the players with financial resources and entrepreneurship generally would not invest in NTAE development, while those who controlled the land could not invest, due to their inherent weakness and limited resources.

The team believes that this was a difficult, but not an impossible situation. It called for DIVAGRO to look to innovative solutions, some of which would have required it to ignore the general hostility of FUSADES' members toward agrarian reform and to synthesize the reality of agricultural production by rural cooperatives into a viable economic program. However, DIVAGRO failed to act to overcome this dilemma. It spent a considerable amount of money and lost seven years' of opportunity in its attempts to promote agricultural investments to a reluctant constituency.

Another deficiency in Project implementation was that DIVAGRO never developed a plan which would enable it to make the transition from an NTAE/agribusiness project to an NTAE/agribusiness program. It did not identify the intended beneficiaries of technology transfer, thus it did not develop technology appropriate to the new productive sector; nor did it develop a sustainable methodology for technology transfer that could survive beyond the PACD.

**What is the legacy of the Agribusiness Development Project after seven years of effort and thirty-three million dollars in expenditures?**

- FUSADES has a showcase farm which seems to be well positioned in the specialty pineapple market, which produces and exports small amounts of other fresh products and has a foothold in the local quality vegetable market.
- There is a small, healthy export industry involving ornamental plants, two reasonably secure agro-processors and two laboratories producing and exporting shrimp larvae.
- A quality assurance laboratory is now operating that can make an important contribution to NTAEs through its tissue culture operation. This will require

an innovative approach for market identification, and is likely to require a long term effort to ensure success.

- An NTAE market information service is presently available. However, it can be effective only with increased demand for its services. This will depend on relatively sophisticated clients, and/or significant input from FUSADES personnel to guide the commonplace user.

### **What did the Agribusiness Development Project not leave behind?**

- Functioning institutions or mechanisms to provide continued support to the NTAE sector.

## **E. SUSTAINABILITY OF PROJECT BENEFITS**

The sustainability of the NTAE program must be analyzed from three points of view: a) The sustainability of FUSADES as an institution, since policy dialog, economic analysis and market information will continue to be carried out by the parent organization, b) the sustainability of DIVAGRO as the agricultural diversification arm of FUSADES and c) the sustainability of DIVAGRO-assisted projects and enterprises.

### **1. FUSADES**

As recommended by the mid-term evaluation, over the past two years FUSADES has taken a serious look at different means to ensure the sustainability of its work. In late 1993, the foundation hired the InterAmericas Consulting Group of Miami, Florida to help it develop a self-sufficiency plan. After an intensive process of analysis FUSADES redefined and reconfirmed its mission and goals, identified program areas consistent with those goals, identified projects suitable for the various program areas, and defined the organization's role in each project. The size and scope of the organization were defined in light of its mission and goals, and projections were made of the amount of funds that would be required to support the organization.

The financial projections indicated that FUSADES could register a \$500,000 deficit in 1995, which was expected to grow progressively larger. It was concluded that and that a cost reduction strategy was necessary, and that FUSADES' self-sufficiency depended on its ability to recover costs by charging fees for commercial services. The foundation's staff was reduced from 291 people at the end of 1993, to the present level of 249 employees. FUSADES' President recently confirmed that the foundation is now financially self-sufficient and is currently operating at a positive cash flow. An important part of FUSADES' income comes from interest earned from a Bahamian trust of approximately \$20.0 million. The trust was capitalized with funds from the credit components of the USAID Water Management,

Agribusiness Development and Industrial Stabilization and Recovery projects. Interest earned from trust and loan balances provides a reasonably secure income which the foundation uses to cover part of its operating costs. Other income is derived from service fees and member contributions.

## 2. DIVAGRO

As recommended by the mid-term evaluation, DIVAGRO has created a commercial agricultural enterprise which is expected to provide financial self-sufficiency and to act as a "development nucleus" by demonstrating commercial farming practices. La Colina ostensibly will be sold to private investors after the operation proves viable. DIVAGRO developed the La Colina farm by purchasing 350 m<sup>2</sup> of land and consolidating all material and equipment from the other demonstration farms. Project funds were used to finance on-farm infrastructure.

DIVAGRO's financial self-sufficiency is riding on the success or failure of La Colina, although its likelihood of success appears high. The farm is well managed by an expatriate pineapple technician, has apparently reached financial break-even and is debt-free. As an agro-enterprise La Colina seems to be in good financial health, but its role as a development mechanism has been abandoned.

## 3. DIVAGRO-Assisted Projects and Enterprises

The modus operandi of DIVAGRO was "laissez-faire". The surviving enterprises are generally sound and their sustainability is a function of the hazards of business rather than any fatal, internal flaw. Of fifty NTAE projects supported by DIVAGRO, a total of thirty-six continue to operate and are considered sustainable.

## 4. FUSADES' support to future NTAE development

FUSADES will most likely support NTAE development in the future through the activities of DEES, its Department of Economic and Social Studies. This Department promotes trade and economic policies which favor exports, and is presently developing a "position paper" on recommended policies for agricultural development in El Salvador. In addition, PRIDEX, the commercial information center, will be able to provide general market information and market intelligence on foreign NTAE markets. The agribusiness loan portfolio, currently administered by the Banco Salvadoreño, will also be available to fund agricultural and agribusiness projects oriented to export markets. However, additional agribusiness loans which may be made by the custodial commercial bank will surely become more "commercial" and less "developmental". A developmental loan facility for NTAEs no longer exists in El Salvador.

DIVAGRO has evolved into a commercial farming operation whose future role is expected to be almost entirely profit oriented, and its activities in NTAE development will likely be minimal. With La Colina fully operational, most of the DIVAGRO staff is employed at the farm, with many others supporting the operation from DIVAGRO's office in San Salvador. Extension services and technical assistance to NTAE producers are presently carried out by two DIVAGRO agronomists with limited experience, but with some training in the production of ornamental plants and vegetable crops. Conceivably, DIVAGRO's minimal activity in extension and TA may be eliminated entirely if the organization runs into economic difficulty.

### III. CONCLUSIONS AND LESSONS LEARNED

#### A. CONCLUSIONS

a) Based on DIVAGRO's quarterly reports, the Project exceeded the objectives for job creation and the number of hectares of NTAEs grown. However, it was not clear in project documents if the desired number of hectares was continuous, sustained production or the cumulative total amount over a seven year LOP. Annual foreign exchange earnings from NTAEs in 1994 were only 17% of the annual objective for NTAE exports, and earnings from aquaculture exports were only 52% of the Project objective for the same year. DIVAGRO did not monitor annual foreign exchange savings which resulted from the local sale of un-exported NTAE products. The value of the FIDEX loans disbursed under this Project amounted to 55% of the original objective.

b) While some economic benefits were derived from the Agribusiness Development Project, these benefits were not broad-based, as currently required by USAID Strategic Objective No. 2. Over the life of the Project, some thirty-six sustainable NTAE projects were developed with DIVAGRO's assistance. None of these projects was initiated directly with small farmers or cooperatives, although melon exporters and the food processing plants assisted by DIVAGRO receive considerable amounts of product from those sources. While linkage with small farmers was not an explicit requirement of the Project, this omission is inconsistent with current USAID strategic objectives.

c) DIVAGRO did not establish an on-going program for the continued development of NTAEs. The successful enterprises which resulted from the Project have a modest impact on income, employment and foreign exchange earnings but they hardly justify seven years of effort and an investment of \$33 million.

d) The DIVAGRO "model", or program for NTAE sector development which supported the private sector in all aspects of non-traditional crop production, post-

harvest handling, processing and marketing was valid. However, when it realized the agribusiness environment prevailing in El Salvador at that time was not conducive to implementing its program, DIVAGRO lacked the initiative or will to adapt it to the prevailing conditions.

e) The FUSADES team responsible for the FIDEX lending mechanism was generally inexperienced in agribusiness lending. The organization's performance in financing NTAE development investments was grossly ineffective. Additionally, DIVAGRO could not or would not intervene in the interest of supporting flagging investments.

f) While the ornamental horticulture industry was well suited to FUSADES' strategy for NTAE development, its potential is limited. On the other hand, large-scale agroindustry like the Del Tropic freezing plant provided a model that combined the entrepreneurial focus of FUSADES with the land and productive capacity of the Agrarian Reform cooperatives. This option was not pursued by DIVAGRO.

g) FUSADES disagreed with two important USAID-initiated policies which constrained Project implementation, but did not vigorously attempt to change either of them. These were the restriction on non-traditional crop production for local markets, and the requirement that DIVAGRO develop an aquaculture industry based on cultivated shrimp.

h) La Colina Farm is a FUSADES-owned commercial enterprise whose principal function is to generate income to support the institution. DIVAGRO's development function has been superseded by La Colina's profit-making activity.

## B. LESSONS LEARNED

Since the Project has ended it would be superfluous to make recommendations, thus a look at lessons learned:

a) The implementing organization should have the flexibility to modify its strategy for carrying out a project, or the project should be redesigned when unalterable obstacles make it impossible to implement it as originally designed.

b) There is no substitute for effective USAID project monitoring. Even under the Cooperative Agreement mode of implementation, an involved project officer is a valuable input into the process.

c) USAID and/or the implementing organization should be prepared to either terminate or make wholesale revisions to projects which cannot be implemented as designed. FUSADES' senior managers were unanimous in their observation that the

NTAE program carried out was not viable under the civil war conditions and political instability of the 1980s and the early 1990s. Why, then, did the Project continue?

**TABLE 1                      AGRIBUSINESS DEVELOPMENT PROJECT**  
**COMPARISON OF PLANNED AND ACTUAL**  
**ACCOMPLISHMENT OF PROJECT OBJECTIVES**

ITEM	PLANNED PERFORMANCE	ACTUAL PERFORMANCE <sup>1</sup>	COMPARISON (%)
Full-time equivalent jobs created	12,600	17,696 (F) 9,650 (M)	217%
Hectares of NTAEs	23,000	29,106	126%
Annual foreign exchange earnings	\$49,000,000	\$8,300,000 (Avg. 92-94)	17%
Annual foreign exchange savings	\$12,000,000	Not Monitored	NA
Annual aquaculture exports	\$3,000,000	\$1,575,000 (in 1993/94)	53%
NTAE crops produced and exported	15	20	133%
New products and technology	30	38	127%
Foreign investment promoted by DIVAGRO	12	14	117%
No. of pest control programs established	1	1	100%
No. of market MI developed	1	1	100%
Total FIDEX loans disbursed (Project 519-0327)	\$10,000,000 (Reduced to \$5.6 million)	\$5,547,584	55%
FIDEX loans disbursed to aquaculture	\$4,000,000	\$1,812,200 (seriously in arrears)	45%
Extension to agribusinesses	40	150	375%
Extension to cooperatives	20	175	875%
Extension to farm families	11,000	9,680	88%

<sup>1</sup>The following observations were made by the USAID/El Salvador Gender Specialist on the data presented in this table: "The employment data provided by Divagro raises several questions for me. First, more than twice as many "full-time equivalent" jobs were created as were planned. It is unclear whether this difference was due to inaccurate projections or some other factor since the land dedicated to NTAE production is only 20% larger than was initially projected. If the increased labor demands are due to intensification of production, then this should be discussed in the report.

From my perspective, however, an even more important issue is the amount of employment that it is estimated was generated for women, i.e., 64%. Although it is unquestionable that women predominate in post-harvest stages of NTAE including processing and packaging, and for the harvesting of select NTAE products, for many agricultural products these stages account for somewhere between a third and a quarter of the total labor input. The percentage is higher for products like coffee and ornamental plants, but considerably lower for other products like cantaloupe. Hence, unless women predominate as field laborers as well, it is highly unlikely that the cited proportion of female employment could be achieved. The report needs to provide substantiation for these claims.

My concern is that the reported amount of employment for women generated by NTAE is inaccurate and unrealistic, distorts future projections, and could not be achieved in the agricultural sector with the possible exception of projects dedicated to work with ornamentals, flowers, and plants."

TABLE 2

## AGRIBUSINESS DEVELOPMENT PROJECT

## COMPARISON OF PLANNED AND ACTUAL EXPENDITURES

(\$000)

ITEM	USAID		HOST COUNTRY		TOTAL	
	PLAN	ACTUAL (1)	PLAN	ACTUAL (2)	PLAN	ACTUAL
ASSISTANCE TO NTAE PROJECTS						
T/A and Studies	5,963	7,096	2,000	731	7,963	7,827
Training	2,337	1,058	900		3,237	1,058
Credit Line	10,000	5,600	4,500	7,866	14,500	13,466
<b>SUBTOTAL</b>	<b>18,300</b>	<b>13,754</b>	<b>7,400</b>	<b>8,597</b>	<b>25,700</b>	<b>22,351</b>
INSTITUTIONAL SUPPORT						
Operating Support	12,850	13,918	3,500	1,287	16,350	15,205
Buildings and Equipment	2,000	2,832	100	521	2,100	3,353
Purchase Land; Infrastructure; La Colina Initial Expenses				5,629		5,629
Evaluations and Audits	400	179			400	179
Overhead; Program Management		2,316				2,316
Contingency	850	1			850	1
<b>SUBTOTAL</b>	<b>14,700</b>	<b>19,246</b>	<b>3,600</b>	<b>7,437</b>	<b>18,300</b>	<b>26,683</b>
<b>TOTAL PROJECT</b>	<b>33,000</b>	<b>33,000</b>	<b>11,000</b>	<b>16,034</b>	<b>44,000</b>	<b>49,034</b>

(1) Amounts obligated through June 30, 1995

(2) Information reported by DIVAGRO.

Note: DIVAGRO converted local currency expenditures into U.S. \$ by using an average exchange rate U.S.\$1.00 = \$C5.00

**TABLE 3 AGRIBUSINESS DEVELOPMENT PROJECT****LIST OF AGRIBUSINESS PROJECTS SUPPORTED BY DIVAGRO**

NAME OF PROJECT	LOCATION	PRODUCT OR INDUSTRY	TYPE OF ASSISTANCE	PRESENT STATUS
Cerro de Flores	Ataco, Ahachapan	Ornamental plants	FIDEX	Expanding
Exotica Farms	Atecozol, Sonsonate	Ornamental plants	FIDEX	Functioning
Analex	Corral Blanco, Zapotitan, La Libertad	Ornamental plants	FIDEX	Expanding
Riveras Tropicales	Fca. El Canelo, Los Naranjos, Sonsonate	Ornamental plants	FIDEX	Expanding
El Salvador Protea Farms	Volcan San Salvador, San Salvador	Ornamental plants	TA	Functioning
CAPOSA	Sonsonate	Ornamental plants	TA	Expanding
Vivero Xochicali	Zapotitan	Ornamental plants	TA	Expanding
Ornamentals de El Salvador	Carretera a Frontera de Guatemala, Ahuachapan	Ornamental plants	FIDEX	Reduced Prod.
CAFECOYO	Ateos, La Libertad	Ornamental plants	TA	Expanding
Granja Solis	Carretera a Acajutla, Sonsonate	Ornamental plants	TA	Functioning
EXPORTAGRO	Santa Ana	Ornamental plants	TA	Not operat
Vivero Sta. Ma.	Caluco	Ornamental plants	TA	Functioning
Canizales	Los Naranjos	Ornamental plants	TA	Functioning
Follajes el Sauce	Metapan	Ornamental plants	TA	Expanding
Finca el Jordan	Coatepeque, Santa Ana	Ornamental plants	TA	Expanding
COEX	Hda. coyuta, Candelaria la Frontera	Ornamental plants	TA	Expanding
Cristiani Burkard	Fca. el Carmen, San Vicente	Ornamental plants	TA	Expanding
La Colina	San Juan Chiquito, Santa Ana	Ornamental plants	TA	Expanding
Baldochi-Duenas	Valle de Omoa, Chalchuapa, Santa Ana	Ornamental plants	TA	Expanding
Vivero el 98	N/A	Ornamental plants	TA	Functioning
Enzo Giammtei	San Julian, Sonsonate	Ornamental plants	TA	Functioning
La Selva Tropical	Camino a Chalchuapa, Santa Ana	Ornamental plants	TA	Functioning
Vivero los Ejidos	Entre Ataco y Apaneca	Ornamental plants	TA	Functioning
Flores y Follajes	San Miguel	Ornamental plants	TA	Functioning
El Salvador Fresh	Cara Sucia, Ahuachapan	Melons	TA	Decreasing
Agroproductores	Rosario del la Paz, la Paz	Watermelon	TA	Expanding
El Rico Melones	Hda. Los Tihuilotes, Usulután	Melon	TA	Closed
Casvel	San Luis Talpa, La Paz	Melon	TA	Closed
Frutas S.A.	Cara Sucia, Ahuachapan	Melon	TA	Closed
La Cosecha	Coop. Sta. Rita, Comalapa, La Paz	Melon	TA	Closed
Mauricio Castillo	N/A	Malanga	TA	Closed
FRUVEX	Cara Sucia, Ahuachapan	Melon	FIDEX	Functioning
MELOPAC	Cara Sucia, Ahuachapan	Melon	FIDEX	Closed

NAME OF PROJECT	LOCATION	PRODUCT OR INDUSTRY	TYPE OF ASSISTANCE	PRESENT STATUS
CAPECA	Hda. Nancuchiname, Usulután	Melon	FIDEX	Closed
EXSALVA	Comalapa, La Paz	Melon	FIDEX	Closed
MACONDO	Comalapa, La Paz	Melon	FIDEX	Closed
Agrícola Samayoa	Sonsonate	Processing Marigold	FIDEX	Functioning
AGROTEC	La Libertad, La Paz	Loofa	FIDEX	Functioning
Quality Foods	Zapotitán, La Libertad	Frozen Foods	FIDEX	Closed
Del Tropic Foods	Ateos, La Libertad	Frozen Foods	FIDEX	Expanding
Bon Appetite	Ateos, La Libertad	Processed Foods	FIDEX	Expanding
Agroconsa	Zapotitán, La Libertad	Sesame	TA	Functioning
La Portada	Metepán, Santa Ana	Broom Sorg.	TA	Functioning
ALDEMASA FOODS	Santa Ana	Processed Foods	TA	Functioning
Las Delicias	Ahuachapán	Shrimp	FIDEX	Closed
Oceanica	N/D	Shrimp	FIDEX	Funct.
PESCANOVA	Libertad	Shrimp	FIDEX	Funct.
Diadema	Santa Ana	Processed Foods	TA	Functioning
Banana Tropic	N/D	Bananas	FIDEX	Functioning
INGAPO	N/D	Plantains	FIDEX	Functioning

Source: DIVAGRO

TABLE 4

**AGRIBUSINESS DEVELOPMENT PROJECT**  
**DIVAGRO/FIDEX (519-0327) LOAN PORTFOLIO**

(\$000)

CLIENT	PRODUCT	NO. OF LOANS	AMOUNT APPROVED	AMOUNT DISBURSED	STATUS
Las Delicias	Shrimp	4	845.6	281.3	Canceled
Riviera Trop.	Ornamentals	1	35.2	35.2	Paid
Soc. Agr. Samayoa	Processed Marigold	14	811.8	811.8	Current
Oceanica	Shrimp	6	730.9	730.9	Arrears
INGAPO	Plantain	2	88.5	88.5	Paid
CASVEL	Melons	1	6.7	6.7	Paid
Agroexport ANALEX	Ornamentals	2	197.5	197.5	Refinanced Current
CIMMARON	Ornamentals	1	175.0	175.0	Paid
MACONDO	Melons	1	119.5	119.5	Paid
Topsy	Ice Cream	2	1,300.0	1,300.0	Arrears
PESCANOVA	Shrimp	3	800.0	800.0	Current
Pacif. Exp.	Melons	1	50.0	50.0	Arrears
Banana Tropic	Bananas	1	798.3	798.3	Refinanced Current
Ornmentels	Ornamental plants	2	199.0	199.0	Refinanced Arrears
Salv. Fresh	Melons	1	50.0	50.0	Current
Nelly Avilez	Ornamentals	1	80.0	80.0	Current
<b>TOTALS</b>		<b>43</b>	<b>6,288.00</b>	<b>5,723.70</b>	

Note: Total disbursements include refinancing

## APPENDIX

### RESPONSE TO THE MID-TERM EVALUATION RECOMMENDATIONS

In 1994 FUSADES instituted a dramatic change in its strategy and structure of DIVAGRO. The central focus of the new strategy was a consolidation of activities into its commercial/demonstration farm, La Colina. In the face of the termination of the USAID project that had funded 80% of its operations over the previous four years, the principal rationale behind this retrenching was to achieve self-sufficiency for DIVAGRO and generate surplus income to support unprofitable activities of FUSADES. Toward that end DIVAGRO has,

1. eliminated its four experimental farms and associated costs operations;
2. reduced staff and personnel expenses; and,
3. dedicated the vast majority of its resources to productive, income-generating activities.

FUSADES and DIVAGRO officials maintain that *La Colina*, as a commercially viable agribusiness, doubles as a demonstration unit of production, processing and marketing technology for the crops grown on the farm (presently including pineapple, tomatoes, cucumbers, sweet corn and ornamentals). Yet, as a result of DIVAGRO adopting this strategy for its own long-run survival and institutional sustainability, it has reduced its capacity to provide services to present and potential clients. Basically all resources are dedicated to the commercial operation of *La Colina*, relegating promotion and support of NTAEs to a part-time concern of two extension agronomists.

This abrupt and far-reaching change in strategy places the recommendations of the mid-term evaluation in an entirely different light. In large part, many of the major findings and recommendation are now either inappropriate or irrelevant. The following review of those recommendations indicates their current status:

#### A. Organizational Issues

A.1.1. Recommendation: DIVAGRO adopt a matrix organization design, built around the market-driven model recommended by the evaluation team, in which technical assistance provides the needed link between the research and marketing.

A.1.2. Current Situation: The DIVAGRO diversified research activity on experimental farms has been abandoned, and all "research" is directed at those crops which *La Colina* hopes to produce commercially, either for the export and/or the local market. For those

crops there is little initiative to disseminate technology to perspective producers and/or investors.

A.2.1. Recommendation: QAP needs a business plan which targets identified markets.

A.2.2. Current Situation: QAP is very concerned about finding a self-financing strategy. It has developed a business plan, but its major problem is a lack of demand for the services which supposedly would have been the basis for generating the laboratory's income. In 1994 it was projected that the laboratory would earn 3.2 million colones from chemical and biological analyses (2.9 million) and technical assistance and training (0.3 million); actual income generated from those sources totaled about 1.0 million colones. It has been projected that the QAP will be 50% self-sufficient in 1996 and 100% in 1997. There is little reason to believe that these goals will be reached, given the slow development of demand in the agricultural and agribusiness sectors, and the lack of legal requirements for quality control inspections and testing for export products.

In order to be able to reach the level of income projected from quality control inspections of exports laws or decrees must be formulated and instituted. The real questions that must be asked are:

1. Is an outside organization more appropriate for quality control than the industry itself (eg. producers and exporters)?
2. If so, is a bureaucracy like DIVAGRO the appropriate institution? The presence of the laboratory has little to do with visual pre-export inspection.
3. Is an inspection function of DIVAGRO proposed because of need on the part of the NTAE sector, or need to cover the laboratory's costs?

A promising area for future income generation is the tissue culture section of the laboratory in the production of cloned planting material. However, commercial success will be subject to identifying and promoting appropriate crops and selling first the idea of using cloned material, and then the product, to an as yet non-existent population of growers.

A.3.1. Recommendation: A DIVAGRO manager should spend 25% of his time in tracking results attributable to its activities.

A.3.2. Current Situation: A moot question given the concentration on *La Colina* activities, with little concern about outreach and off-farm impact.

A.4.1. Recommendation: DIVAGRO needs a sustainability plan.

A.4.2. Current Situation: FUSADES contracted a consulting firm from Miami to produce a sustainability plan. It is that plan which advocates the strategy of "polos de desarrollo", eg. La Colina, and three other primary areas of focus:

- agroindustry promotion and development
- training and technical assistance
- identification of alternative sources and mechanisms for financing sector development.

A.5.1. Recommendation: Committees should be set up to support primary and secondary priority activities and on an individual project basis.

A.5.2. Current Situation: Again, the primary, secondary and tertiary activities are all *La Colina*.

A.6.1. Recommendation: Eliminate data bases which have no relation to log frame objectives.

A.6.2. Current Situation: DIVAGRO has continued to improve its data base system, especially in the sense of consolidating its information program in PRIMEX, where shared personnel, equipment and software provide services to FUSADES' agricultural and industrial sector clients. Also, in light of the end of the USAID project, the requirements of the log frame are of little consequence. The data bases installed and maintained should respond to the needs of current and potential users.

## **B. Technology Generation and Transfer Issues**

B.1.1. Recommendation: Establish crop-specific teams for technology generation and transfer, with an on-farm focus, complemented by a committee composed of agribusiness, farmers and DIVAGRO personnel.

B.1.2. Current Situation: The technology generation function as envisioned no longer exists. The overriding criteria are to add to La Colina's productive base if necessary.

B.2.1. Recommendation: Institute farm-base research methodology, with participation of producers and/or agribusiness to share costs and reduce time for converting research results into client recommendations.

**B.2.2. Current Situation:** A strategy for farm-based research is inappropriate for the *La Colina* model. It is held by DIVAGRO that the activities on the farm are indeed demonstrations of commercial agriculture that can be adopted by interested farmers.

**B.3.1. Recommendation:** Increase cooperatives in client base to achieve a greater multiplier effect.

**B.3.2. Current Situation:** *La Colina* does not have a client base.

**B.4.1. Recommendation:** Calculate economic justification of plant propagation activities.

**B.4.2. Current Situation:** Plant propagation is one of the most promising activities for future income generation and specialty crop production. However, sufficient demand does not exist at present to achieve economies of scale and determine commercial pricing. In addition, the principal client of the laboratory's production is *La Colina*, which does not always pay as a commercial client would.

## **C. Marketing Issues**

**C.1.1. Recommendation:** Limit DIVAGRO activities to priority crops identified.

**C.1.2. Current Situation:** This recommendation was overtaken by events once the *La Colina* model was adopted.

**C.2.1. Recommendation:** Establish limit to free T.A. and graduation to paid services.

**C.2.2. Current Situation:** The few clients who continue to use DIVAGRO technical assistance are charged for the services. But, technical assistance is not a full-time activity for DIVAGRO technicians and there is in reality little demand for it. The successful enterprises which were previously assisted by DIVAGRO have outgrown its technicians, and are much more capable in their narrow specialties than DIVAGRO. Among these ex-clients there is no incentive to pay for the level of services that DIVAGRO could offer.

**C.3.1. Recommendation:** That DIVAGRO take equity position in projects it identifies and implements.

**C.3.2. Current Situation:** DIVAGRO is no longer identifying and implementing projects.

**C.4.1. Recommendation:** Quality control services should be provided for all priority products as needed, on a cost recoverable basis.

**C.4.2. Current Situation:** There is little demand and less legal obligation for quality control of fresh and frozen agricultural exports. The canning plants are clients of the QAP and provide it with a large portion of the samples sent for analysis. The crops produced in Salvador are less demanding than those of the Guatemalan Highlands, and in-field controls practiced in the use of chemicals all but eliminated the need for frequent testing. In addition, clients in importing countries prefer that testing be done in that country. Unless the QAP can gain an international reputation for quality it is unlikely that it will be able to compete in importing countries.

**C.5.1. Recommendation:** Combine various data bases and information services, and improve the distribution in major market countries of crop-availability reports for Salvadoran products.

**C.5.2. Current Situation:** DIVAGRO has unified its information services in PRIDEX and is negotiating with various sources to improve the quality and applicability of its information service, including a more complete data base for agriculture.

# **ATTACHMENT VI**

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Audit of USAID/El Salvador Donation Agreement  
N° 519-0327 Agroindustrial Development**

**For the three months period ended March 31, 1995**

**(With Independent Auditors' Report Thereon)**

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Audit of USAID/El Salvador Donation Agreement  
N° 519-0327 Agroindustrial Development**

**For the three months period ended March 31, 1995**

**TABLE OF CONTENTS**

	<u>Page</u>
Transmittal Letter and Summary	
Background	1
Objectives of the Audit	2
Scope of Audit	3
Audit Results	3
Fund Accountability Statement	
Independent Auditors' Report	6
Fund Accountability Statement	8
Notes to the Fund Accountability Statement	9
Internal Control Structure	
Independent Auditors' Report	15
Audit Findings	17
Compliance with Agreement Terms and Applicable Laws and Regulations	
Independent Auditors' Report	25
Follow-up on Prior Audit Recommendations	26
Counterpart Contributions	
Independent Auditors' Report	34
Counterpart Contributions	35
Notes to the Counterpart Contributions	36
List of Recommendations	38

Peat, Marwick, Mitchell & Co. (Latin America), S. A.

Ave. Olímpica 3324  
San Salvador  
El Salvador

Apartado Postal 1276  
San Salvador  
El Salvador

Teléfonos: 224-0963 224-1351  
TELEFAX (503) 298-3354

July 17, 1995

Fundación Salvadoreña para el Desarrollo  
Económico y Social (FUSADES)  
San Salvador

Dear Sirs:

This report presents the results of the financial and closing audit of the USAID/El Salvador Donation Agreement N° 519-0327 Agroindustrial Development, managed by the Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES), for the three months period ended March 31, 1995.

### BACKGROUND

The Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES), is a non-profit public utility institution, organized under the laws of El Salvador in the year 1983, as an entity whose primary objective is to develop all types of activities which tend to strengthen the security and the economic, social, intellectual and physical well being of the inhabitants of El Salvador, under the lineage of economic and individual freedom. For this purpose, FUSADES has obtained aid from international organizations, the most important being the United States Agency for International Development (USAID), with which the Foundation has subscribed the Donation Agreement N° 519-0327-A-00-7575-00 Agroindustrial Development.

This Agreement was signed on September 29, 1987 with a committed amount of US\$33,000,000. Its main objective is to provide support to the Agroindustrial Development Project, consisting of providing technical assistance, training and loans to private enterprises, for the production of non-traditional agricultural products for export. The duration of the Agreement expired on March 31, 1995. FUSADES would provide a counterpart contribution of US\$11,000,000 (25%), out of the total for the Project.

Fundación Salvadoreña para el Desarrollo  
Económico y Social (FUSADES)

The amount in colones committed and used from the Donation Agreement at March 31, 1995, is as follows:

<u>Agreement N°</u>	<u>Name</u>		<u>Committed Amount</u>	<u>Amount used</u>	<u>Amount Available</u>
519-0327	Agroindustrial Development	¢	<u>245,632,099</u>	<u>241,817,496</u>	<u>3,814,603</u>

The amount committed corresponds to US\$33,000,000, that cover Agreement N° 519-0327, and that was recorded at different exchange rates.

A summary of the counterpart contribution brought forward at March 31, 1995 is as follows:

<u>Agreement N°</u>	<u>Name</u>		<u>Budget</u>	<u>Counterpart Contribution</u>	<u>Contribution Unforeseen</u>
519-0327	Agroindustrial Development	¢	<u>55,000,000</u>	<u>80,168,785</u>	<u>25,168,785</u>

### OBJECTIVES OF THE AUDIT

We were contracted to perform a financial and closing audit of the fund accountability statement of Agreement N° 519-0327 Agroindustrial Development, managed by FUSADES, for the three months period ended March 31, 1995.

Our audit was performed in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States (1994 Revision), and the Guidelines for Financial Audits Contracted by Foreign Recipients, and consequently included an examination of the accounting records and other auditing procedures which we deemed necessary under the circumstances, with the objective of determining whether:

- a) The fund accountability statement for the Agreement presents fairly the revenues received, the costs incurred and the reimbursements made for the three months period ended March 31, 1995.
- b) The internal control structure used by FUSADES was adequate for Agreement's purposes.
- c) FUSADES complied with the Agreement's terms, applicable laws and regulations, which might affect the fund accountability statement.
- d) FUSADES has taken adequate corrective actions on prior audit report recommendations.

The counterpart contributions present fairly in all material respects, the amounts of the counterpart contributed by FUSADES and participating groups at March 31, 1995.

Fundación Salvadoreña para el Desarrollo  
Económico y Social (FUSADES)

### SCOPE OF AUDIT

The scope of our audit included the following:

- We selectively examined the documentation necessary to familiarize us with the Agreement, such as: Review of the Agreements and their Amendments, Sub-Agreements, Third Party Contracts, Budgets and Implementation Letters, Circulars A-122, A-110, A112, A-133, etc.

The scope of our audit included the following procedures:

- Selective review of the documentation that supports the disbursements of the Agreement in order to determine if the fund accountability statement presents fairly in all material respects, the financial activities of the Agreement and to determine if the disbursements are supported by adequate documentation and if they are reasonable and permissible according to Agreement's terms, applicable laws and regulations.
- Study and evaluation of the internal control structure related to the activities of the Agreement.
- Review of the compliance by FUSADES with the Agreement's terms, applicable laws and regulations.
- Verification if FUSADES has taken adequate corrective action on prior audit report recommendations.

During our examination we were alert to situations or transactions that could have indicated fraud, abuse, or any other illegal disbursements.

### AUDIT RESULTS

#### Fund Accountability Statement

The fund accountability statement was prepared on the basis of cash receipts and disbursements which differs from generally accepted accounting principles.

In our opinion, the fund accountability statement presents fairly in all material respects the income received, the costs incurred and reimbursements made to the Agreement N° 519-0327 Agroindustrial Development, managed by FUSADES, for the three months period ended March 31, 1995, in accordance with the accounting basis described above.

Fundación Salvadoreña para el Desarrollo  
Económico y Social (FUSADES)

Internal Control Structure

In planning and performing our audit of the fund accountability statement of the Donation Agreement managed by FUSADES, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the internal control structure.

Our evaluation identified the following reportable conditions.

- 1) The fund accountability statement shows reconciling items that are over one year old.
- 2) There are costs which were rejected by USAID pending analysis.
- 3) For some vehicles, the established controls were not complied with.
- 4) There are counterpart contributions that have not been recorded.
- 5) Observations related to information technology.

Compliance with Agreement Terms, and Applicable Laws and Regulations

As a part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement we performed tests of FUSADES' compliance with certain provisions, Agreement terms and applicable laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our test of compliance indicate that, with respect to the items tested FUSADES has complied in all material respects, with Agreement's terms, and applicable laws and regulations, and with respect to the items not tested nothing came to our attention that caused us to believe that FUSADES had not complied, in all material respects, with those provisions.

Follow - up on Prior Audit Recommendations

We conducted a follow-up of prior audit recommendations, and except for the points described below, FUSADES has taken adequate corrective actions on prior audit recommendations, except for the following:

Fundación Salvadoreña para el Desarrollo  
Económico y Social (FUSADES)

Internal Control Comments

- 1) The fund accountability statement shows reconciling items that are over one year old.
- 2) There are costs which were rejected by USAID pending analysis.
- 3) For some vehicles, the established controls were not complied with.
- 4) There are counterpart contributions that have not been recorded.
- 5) Observations related to information technology.

Counterpart Contributions

On March 31, 1995, there is an amount of \$168,000 equivalent to ¢843,000, as counterpart contribution to the loan granted for \$80,000 equivalent to ¢702,400, which has not been informed as counterpart contribution.

Management Comments

Draft of this report was discussed with representatives from USAID/El Salvador and FUSADES. Management's comments were obtained in writing and were included in each audit finding.

*KPMG Peat Marwick*

Peat, Marwick, Mitchell & Co. (Latin America), S. A.

Ave. Olímpica 3324  
San Salvador  
El Salvador

Apartado Postal 1276  
San Salvador  
El Salvador

Teléfonos: 224-0963 224-1351  
TELEFAX (503) 298-3354

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

For the three months period ended March 31, 1995

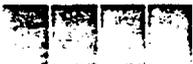
**Independent Auditors' Report**

To the General Assembly  
Fundación Salvadoreña para el Desarrollo  
Económico y Social (FUSADES):

We have audited the fund accountability statement of the Donation Agreement N° 519-0327 Agroindustrial Development managed by FUSADES, for the three months period ended March 31, 1995. The fund accountability statement is the responsibility of FUSADES' management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

Except as indicated in the third paragraph, we conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States (1994 Revision ) and Guidelines for Financial Audits Contracted by Foreign Recipients. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement principally related with rejected costs by USAID/El Salvador and costs that covered financing to users. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall fund accountability statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We do not have an external quality control review by an unaffiliated audit organization, as required by paragraph 33 of chapter 3 of Government Auditing Standards, because no such quality review program is offered by professional organizations in El Salvador. We believe that the effect of this departure from the financial audit requirements of Government Auditing Standards is not material because we participate in the KPMG worldwide internal quality control program, which requires the KPMG El Salvador office to be subjected, every three years, to an extensive quality control review by partners and managers from other KPMG offices.



As described in note (1), it is the policy of FUSADES to prepare the fund accountability statement on the basis of cash income and disbursements, therefore, certain income and the corresponding asset is recognized when received and not when earned and certain expenses are recognized when paid and not when the obligation is incurred. This accounting basis differs from generally accepted accounting principles.

In our opinion, the fund accountability statement referred to above presents fairly, in all material respects, revenues and costs incurred and reimbursements for the three months period ended March 31, 1995, in conformity with the basis of accounting described in note (1).

This report is intended solely for the use of FUSADES and the United States Agency for International Development (USAID). This restriction is not intended to limit the distribution of the report which is a matter of public record.

*KPMG Peat Marwick*

San Salvador, July 11, 1995.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Fund Accountability Statement**

**Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development**

**For the three months period ended March 31, 1995**

<u>Concept</u>	<u>Amount</u>
<b><u>Income</u></b>	
Income accumulated to December 31, 1994	¢ 221,954,326
Income during the period	<u>1,899,825</u>
Income accumulated to March 31, 1995	<u>223,854,151</u>
 <b><u>Disbursements</u></b>	
Disbursements accumulated to December 31, 1994	230,561,293
Disbursements during the period:	
Rotating credit fund (note 5)	<u>702,400</u>
Disbursements accumulated to March 31, 1995	<u>231,263,693</u>
Balance pending to liquidate (note 3)	¢ <u><u>(7,409,542)</u></u>
 <b><u>Direct Purchases Made by USAID/El Salvador</u></b>	
Balance at beginning and end of year	¢ <u><u>10,553,803</u></u>

See accompanying notes to the fund accountability statement.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

For the three months period ended March 31, 1995

Notes to the Fund Accountability Statement

(1) Summary of Significant Accounting Policies

a) Basis for Presentation

The fund accountability statement has been prepared on a cash basis. Under the cash basis accounting method, income is recognized when cash is received and not when earned, and expenses are recognized when paid and not when the obligation is incurred.

The cash basis accounting method is a comprehensive basis of accounting not in conformity with generally accepted accounting principles. Therefore, the fund accountability statement does not pretend to reflect the financial information of the Agreement in accordance with generally accepted accounting principles.

Disbursements are made up of payments for operational expenses and for the acquisition of capital assets.

b) Property, Furniture and Equipment

Property, furniture and equipment are carried at cost. Assets acquired at less than ¢500 are expensed and not capitalized. Repair and maintenance are directly expensed. Property, furniture and equipment received in donation are recorded at market value and are credited to an equity account.

Depreciation is recorded directly to an equity account and is calculated on a straight line basis, using depreciation tables determined by FUSADES' management.

In accordance with generally stipulated obligations of USAID, when the Agreement becomes final, it must be informed of all the items costing over US\$1,000 that were purchased with funds from the Agreement and how those items will be used; as USAID is empowered to approve the property title of the items that the donor has acquired.

c) Severance Pay

Salvadoran legislation in effect since April 1994, requires that all employees dismissed without due cause are entitled to severance pay equivalent to one month's salary (up to a maximum of four times the minimum salaries) for every year worked. FUSADES has adopted the practice of paying severance pay to all its employees on an annual basis, at which time the expense is recognized.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

Notes to the Fund Accountability Statement

d) Donations

Cash donations received and designated by the donors to benefit a specific program are recognized as income in the fund accountability statement.

e) Accounting Period

The income and disbursements included in the Fund Accountability Statement cover the period from January 1 to March 31, 1995.

(2) Operations

FUSADES was organized in 1983 as a non-profit institution of public utility focused on strengthening the overall development of the inhabitants of El Salvador under a system of economic and individual freedom.

In order to achieve its objective, FUSADES managed the following project financed with funds of Agreement signed with USAID/El Salvador. As of March 31, 1995, the description of the Donation Agreement managed by FUSADES is the following:

Donation Agreement N° 519-0327-A-00-7575-00 Agroindustrial Development

This Agreement was signed on September 29, 1987 with a committed amount of US\$33,000,000. Its main objective is to provide support to the Agroindustrial Development Project, consisting of providing technical assistance, training and loans to private enterprises, for the production of non-traditional agricultural products for export. The duration of the Agreement expired on March 31, 1995. FUSADES was provided a counterpart contribution of US\$11,000,000 (25.00%), out of the total for the Project.

(3) Advances to be Liquidated

The composition of advances to be liquidated at March 31, 1995 is as follows:

Cash of Agreement (note 4)	¢ 1,197,674
Exchange differential (a)	(4,180,741)
Accounts payable	(6,995,317)
Travel expense advances	140,182
Disbursements not claimed to USAID/El Salvador	1,124,137
RPI/HAC pending liquidation	(335,935)
Transfer between agreements (b)	1,747,040
Other	<u>(106,582)</u>
	¢ <u>(7,409,542)</u>

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

Notes to the Fund Accountability Statement

- a) Exchange rate difference primarily due to exchange rate increase from ¢5.00/US\$1.00 to ¢7.97/US\$1.00 in 1992.
- b) Transfers to open new bank accounts of Agreements N° 519-0287 and N° 519-0323. Since originally cash from these Agreements were controlled in bank accounts of Agreement N° 519-0327.

FUSADES has nine months after the Agreement's closing date to liquidate the total debt with USAID/El Salvador. The amounts mentioned before, except amounts in cash, correspond to internal accounting corrections pending analysis by FUSADES

(4) Cash

The cash detail at March 31, 1995, is as follows:

Current account	¢	249
Funds in custody		<u>1,197,425</u>
	¢	<u>1,197,674</u>

The funds in custody equivalent to US\$136,381 reimbursed to USAID/El Salvador in July 1995.

(5) Rotating Credit Fund

Summary of credits granted during 1995, and the accumulated balances are as follows:

		<u>Credits Issued</u>	<u>Balances</u>
N° 519-0327	Agroindustrial Development	¢ <u>702,400</u>	<u>38,195,860</u>

Credits granted under this agreement were managed by BANFIDEX, S.A. The expiration dates are from one to ten years, with grace periods of up to 30 months, and various amortizations of capital and interest (monthly, quarterly, semiannually and annually). Interest rates range between 15% and 20%. On April 1995, the loan portfolio was transferred to be administered by Banco Salvadoreño, S.A.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

Notes to the Fund Accountability Statement

(6) Property, Furniture and Equipment Net

A detail of property, furniture and equipment purchased with funds of the Agreement at March 31, 1995, is as follows:

	<u>Amount</u>
Furniture and equipment	¢ 647,481
Office equipment	113,669
Computer equipment	923,276
Communication equipment	993,765
Telephone	11,342
Audio visual aids	32,659
Air condition	544,066
Other	717,417
Vehicles	2,547,088
Agricultural equipment	10,215,669
Laboratory:	
Equipment	9,208,630 (a)
Building	<u>7,165,013 (b)</u>
	¢ <u>33,120,075</u>

(a) Includes an amount of ¢8,812,908 of equipment acquired directly by USAID/El Salvador.

(b) Includes an amount of ¢1,740,895 from payments directly made by USAID/El Salvador.

For purposes of presenting the utilization of funds, purchases of real estate, furniture and equipment are included as disbursements in liquidations presented to USAID/El Salvador.

In accordance with generally stipulated obligations of USAID, when the Agreement becomes final, it must be informed of all the items costing over US\$1,000 that were purchased with funds from the Agreement and how those items will be used; as USAID is empowered to approve the property title of the items that the donor has acquired.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

Notes to the Fund Accountability Statement

In October 1994, FUSADES informed to USAID/El Salvador of purchases of furniture and equipment with a cost over US\$1,000, since the original date of termination of the Agreement was September 30, 1994, and from that date until March 31, 1995, no purchases were made.

(7) Donation Agreement

The amounts in colones committed and used at March 31, 1995, are detailed as follows:

<u>Committed Amount</u>	<u>Amount Used</u>	<u>Amount Available</u>
¢ 245,632,099	241,817,496	3,814,603

The amounts used were recorded at different exchange rate during the Agreements.

The specific programs that were financed with Agreement funds were the following: Hacienda La Colina, Laboratorio de Calidad Integral, Diversificación Agroindustrial (DIVAGRO) and the fund of investment and development of Export (FIDEX) that resulted in the creation of the Bank for the Promotion of Investment and the Development of Exports, S.A. (BANFIDEX, S.A.), in which FUSADES has a participation in the equity of ¢7,500,000, acquired with own funds.

(8) Tax Exemption

FUSADES is except from income taxes according to resolution issued on September 11, 1984 by Dirección General de Contribuciones Directas, now Dirección General de Impuestos Internos. Furthermore, on January 7, 1985 according to resolution issued by the Ministry of Health and Social Assistance, FUSADES was exempt from all kind of taxes.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development**

**Notes to the Fund Accountability Statement**

**(9) Exchange Rate Mechanisms and Currency**

The fund accountability statement is expressed in colones (¢), the official currency of El Salvador.

On July 11, 1989 the Junta Monetaria de El Salvador adopted Agreement JM - 18/89 by which it was established that, as of July 25, 1989, it would recognize two foreign exchange markets: the fixed rate market and the banking market. In the fixed rate market the rate will be maintained at ¢5.00 per US\$1.00. In the banking market, the exchange rate is not pegged and is intended to reflect the supply and demand for foreign exchange for commercial transactions channeled through banks. On December 31, 1994, the average exchange rate in the banking market was ¢8.78 per US\$1.00.

Beginning April, 1990, the State authorized the establishment of foreign - exchange houses that can buy and sell U.S. dollars without any restrictions as to the type of transaction. On December 31, 1994 the average exchange rate stood at ¢8.78 per US\$1.00.

Peat, Marwick, Mitchell & Co. (Latin America), S. A.

Ave. Olímpica 3324  
San Salvador  
El Salvador

Apartado Postal 1276  
San Salvador  
El Salvador

Teléfonos: 224-0963 224-1351  
TELEFAX (503) 298-3354

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development**

**For the three months period ended March 31, 1995**

**INTERNAL CONTROL STRUCTURE**

**Independent Auditors' Report**

We have audited the fund accountability statement of the Agreement N° 519-0327 Agroindustrial Development, managed by FUSADES, for the three months period ended March 31, 1995, and have issued our report thereon dated July 11, 1995.

Except for not conducting an internal control quality review through an unaffiliated entity, as described in the fund accountability statement, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States (1994 Revision), as well as with the Guidelines for Financial Audits Contracted by Foreign Recipients. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

In planning and performing our audit of the fund accountability statement of the Agreement for the three months period ended March 31, 1995, we considered the internal control structure of FUSADES in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance on the internal control structure.

The management of FUSADES is responsible for establishing and maintaining an adequate internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the fund accountability statement in accordance with the basis of accounting described in note (1) to the fund accountability statement. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Control environment
- Accounting systems
- Protection of assets and records
- Purchasing and disbursement procedures
- Property and equipment control, especially vehicle use

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We observed certain matters involving the internal control structure and its operation that we considered to be reportable conditions as established by the American Institute of Certified Public Accountants. Reportable conditions are those which came to our attention in relation to deficiencies in the design or functioning of the internal control structure which, in our opinion, could adversely affect the capacity of the organization to record, process, summarize, and present financial information consistent with the assertions of management in the fund accountability statement. These reportable conditions are summarized below:

- 1) The fund accountability statement shows reconciling items that are over one year old.
- 2) There are costs which were rejected by USAID pending analysis.
- 3) For some vehicles, the established controls were not complied with.
- 4) There are counterpart contributions that have not been recorded.
- 5) Observations related to information technology.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily detect all matters involving the internal control structure that could constitute material weaknesses and consequently would not necessarily disclose all reportable conditions that could be considered material weaknesses as described above. However, we believe that none of the reportable conditions described above constitute a material weakness.

This report is intended for the information of FUSADES and the United States Agency for International Development (USAID/El Salvador). This restriction is not intended to limit the distribution of this report, which is a matter of public record.



San Salvador, July 11, 1995.

FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)

Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

For the three months period ended March 31, 1995

INTERNAL CONTROL STRUCTURE

AUDIT FINDINGS

1) The Fund Accountability Statement Shows Reconciling Items that are Over One Year Old

Condition

The fund accountability statement as of March 31, 1995, shows reconciling items that were issued in 1992, as follows:

From 1992

Component in colones	¢	<u>(173,685)</u>
Component in dollars	US\$	<u>195,003</u>

From 1993

Component in colones	¢	<u>(740,948)</u>
Component in dollars	US\$	<u>108,024</u>

Criteria

If there are any cash reconciling items in the fund accountability statements, they should be the items that are being investigated and that correspond to recent months.

Cause

An analysis of old reconciling items has not been made, in order to register it as expenses or as income, or to transfer it as FUSADES' funds, whatever the case may be.

Effect

There is a risk that as these reconciling items were cash disbursements used for purposes that are not included in the Agreement, and that, as they are old documents, it will be difficult to proceed with their analysis and their screening.

Recommendation

There must be a procedure to guarantee that the reconciling items are analyzed on a monthly basis, and screened in due time.

Management Comments

Regarding these reconciling entries, the following are the accounting adjustments that FUSADES will make during 1995 which will be transferred and paid with own funds which are not related to any outstanding obligation with AID.

2) There are Costs which Were Rejected by USAID Pending Analysis

Condition

In 1995, USAID/El Salvador rejected costs presented by FUSADES until December 31, 1994, for reimbursements which covered items such as costs that had not been estimated, items that did not comply with the agreement objectives, costs in excess, etc. The detail is as follows:

Component in colones	¢	1,000,868
Component in dollars		<u>1,284,471</u>
	¢	<u>2,285,339</u>

Criteria

FUSADES must settle with USAID/El Salvador, all the costs that comply with the established objectives in every Donation Agreement, specifying each in the estimates that are forwarded to USAID/El Salvador. If a cost does not comply with these requirements it must be identified in the internal review processes of the expenses.

Cause

The procedures to review costs from the Agreements that are presented for settlement to USAID/El Salvador, do not identify costs that have not been included in estimates that were sent on a previous date to the Mission, nor those that are not established in the Agreement's objectives.

Effect

There are questionable costs for an amount of ¢2,285,339, from December 31, 1994, pending reimbursement to the USAID/El Salvador.

Recommendation

The current amounts of rejected costs by USAID/El Salvador must prove that they are eligible or else, be reintegrated to the Agreement.

Management Comment

The costs have been submitted to USAID, for approval, but their decision is still pending; therefore they will not be paid until the Agreement comes to an end, and the amounts to be reimbursed to AID can be assessed.

3) For Some Vehicles, the Established Controls were not Complied with

Condition

We noticed the following situations in the case of vehicles purchased with AID funds.

a) Loss weekly reports

Description

Jeep Cherokee, blue color, P 171-258, used by Laboratory

For this vehicle nothing was recorded in the weekly reports from January 2 to January 6, 1995, nor from January 9 to January 13, 1995.

During the week of February 20, 1995 the kilometers shown are 77,565, but there is no additional information on its use. Besides we did not receive several weekly reports because they were misplaced.

b) Reports that do not specify the use of vehicles yet show distances traveled in kilometers.

<u>Date</u>	<u>Description</u>	<u>Initial/ Departure Kms. Traveled FUSADES</u>	<u>Kms. Traveled Returning to FUSADES</u>	<u>Kms. Traveled and Date of Next Departure</u>	<u>Kms. Traveled with no Explanation as to Place and Destination</u>
	Jeep Cherokee c/blue P-171-258				
7/02/95	Trip from FUSADES to Santa Tecla	76.783	76.810	76.817 el 10/02/95	7
13/03/95	Trip from Santa Tecla - Oirsa	78.151	78.167	78.200 el 14/03/95	33

b) Vehicles that were not controlled during 1995.

<u>License Plate</u>	<u>Mark</u>	<u>Color</u>
P-168-279	Cherokee	Ligth Beige
P-154-629	Comanche	White
P-171-259	Cherokee	Brown
P-189-438	Comanche	White
P-246-339	Cherokee	White
P-38-157	Blazer	Blue
P-150-592	Blazer	Golden Brown
P-189-437	Comanche	White
P-154-630	Wrangler	White
P-246-342	Pick-up Ford F-250	Ochre
P-171-256	Cherokee	Blue
P-171-257	Cherokee	Blue
P-246-797	Cherokee	Blue
P-154-631	Cherokee	Beige
P-246-338	Cherokee	Red
P-246-341	Pick-up Ford	Blue
P-150-593	Blazer	Gray
P-153-312	Mits/Pick-up	Red

### Criteria

There must be a control sheet for the daily use that is given to every vehicle, specifying date of departure and date of entry, the kilometers traveled, the destination, the name of the person who was responsible for the vehicle, and other comments indicating why the vehicle was used, including the kilometers recorded when departing and the kilometers recorded when returning, this has to correspond to the kilometers recorded on each trip.

### Cause

Lack of knowledge or negligence on the part of the person responsible of describing the use of the vehicle on the report.

Effect

There is a lack of adequate control on how vehicles purchased with Agreement's funds are used; this situation could bring about the use of vehicles for purposes that are not included in the Donation Agreement, and might be liable to sanctions on the part of USAID/El Salvador.

Recommendation

We recommend to continue filling-out the control form, to make sure that vehicles are used for Agreement's purposes.

4) There are Counterpart Contributions that have not been Recorded

Condition

We noticed that the amount delivered by Nelly Avilés de Redaelli for an amount of \$168,600 (¢843,000), as counterpart contribution for the loan of \$80,000 (¢702,400), has not been recorded by FUSADES as counterpart contribution.

Criteria

Donation agreement and standards provisions in section-21 of costs participation (equivalents) indicate that FUSADES must contribute an amount which is at least equal to the percentage of the donations total expenses. These amount is identified as agreement's counterpart and it must be recorded in due time.

Cause

The amount pertaining to the counterpart contribution for agreement was not calculated in due time.

Effect

FUSADES has not given to USAID/El Salvador the total amount that the counterpart contributed by Donation Agreement N° 519-0327.

Recommendation

FUSADES must adjust the counterpart reports made in 1995, in order to reflect the total contributed amount.

### Management Comment

When reviewing the counterpart contribution of Agreement N° 519-0327, we noticed that as of March 31, 1995 the minimum amount that the Agreement stipulated is in excess; therefore, we did not think it was adequate to record it, but if in USAID's opinion it should be recorded, we can include it.

### 5) Observations Related to Information Technology

#### Condition

We noticed the following situations related with FUSADES' information system:

- a) Internal audit does not carry out periodical reviews in the data processing area as part of the administrative performance.
- b) In order to obtain security from a logical viewpoint, there are no rules for the users to change their access codes, and no adequate controls have been implemented in order to start and to monitor changes in these codes.
- c) As for as physical security is concerned, the Data Processing Department is sharing their facilities with other departments and there are no access restrictions for personnel that does not belong to the department.
- d) A formal plan of recovery in case a disaster provokes a lasting interruption of the data processing services has not been established.

#### Criteria

In the area of information technology where all information related to costs from the donation Agreement is processed, FUSADES' income and personal funds must follow the corresponding procedures in order to insure the following:

- a) Independent reviews from internal audit.
- b) Adequate procedures to insure logical and physical security that includes periodical changes in the users' codes, as well as restrictions of access to personnel that does not belong to the data processing department.
- c) Adequate procedures to prevent contingencies such as plans of recovery in case of disaster.

#### Cause

The Administrative and Accounting Procedures Manual does not take into account the possibilities we describe in the former paragraph (criteria) into consideration; likewise, there is no initiative to define such matters nor to evaluate their impact in FUSADES, external controls on the part of the officers that are involved.

### Effect

The following are effects that have been identified:

- a) If there are no internal audit reviews concerning the procedures that are used to summarize, calculate and classify the information processed in the data processing department, evaluations are not made from an independent point of view.
- b) If there is no logical security for the changes of the user's code of security the codes that are in use are liable to be disclosed, and more than one user could have access to them thus making ineffective the controls of access to the system, the protection to the institution's information and the Donation Agreements.
- c) If there are no provisions to have physical security, the outcome may be a loss in productivity due to interruptions caused by people who enter the area; and there is also a risk of loss of equipment.
- d) If there is no formal plan of recovery in case of disaster, it would not be possible to recover. The entire information in time to continue processing the Foundation's operations.

### Recommendation

The adequate procedures must be complied with in the area of information technology in order to guarantee the following:

- a) Independent reviews made by internal audit should be made and in order to comply with this and a member of internal audit should be trained in the area EDP (Electronic Processing Data) to review the organization, the logical and physical security as well as the information processes.
- b) Adequate procedures of logical and physical security that include periodical changes for the users. The system can be programmed as well in order to delete the users codes. Likewise, the system can be programmed to delete the passwords automatically, thus forcing the users to change the passwords and the programming for illegal access. Included in the physical security, access must be restricted to personnel that do not belong to the data processing department; a door must be placed at the entrance of the department and an electrical system must be installed to secure the door and reduce traffic into the data processing department.
- c) Adequate procedures to prevent contingencies such as, plans of recovery in case of disaster, including an evaluation of FUSADES' vulnerability to face disaster; evaluating the impact that an interruption of services would have on the users; deciding which are the necessary resources to set into motion the recovery plan; deciding which is the strategy that will be followed in order to prevent and/or face a disaster, development of a detailed plan, including responsibilities, chronographs of action, and identification of important duties for recovery in case of disaster, as well as design of plans for the tests and upkeep of the plans.

## Management Comments

- a) Within the administrative practices, the duties of the internal audit does not include making periodical reviews of the Data Processing Department.

Regarding the comments on the RIG's audit mentioning that internal audit does not audit processes of the Data Processing Department, we wish to inform you that, at present, we are in contact with consultants in order to receive the adequate training to acquire knowledge on technology information audit "around the machine", as a first step, to continue with an analysis of the process to perform the audit "of the computer through the computer" training for technology information audit will take place the second semester this year.

- b) It has not been established that the users should change periodically their access codes, and adequate controls to start and monitor changes in those codes have not been implemented, in order to obtain logical security.

There are starting and monitoring controls to allow users to change their password, and the terminal that does not enter an incorrect password after five attempts to enter the system.

Nevertheless, the above policy might reinforce in some measure the passwords confidentiality; therefore, we will implement this and other procedures to avoid having more than one active session with the same ID and the same password.

- c) Concerning the physical security, the data processing shares their facilities with other departments and there are no access restrictions to personnel that does not work in that area. This situation might generate a decrease in productivity due to the interruptions made by people visiting the area; and there is also a risk of losing equipment.

It is necessary that the users come to the department to discuss every angle of the maintenance applications (changes or additions), to the existing applications. It is possible, these discussions should take place in other areas in order to avoid decreases in productivity as mentioned before.

Our recommendation to build an electrical door could help to avoid the above mentioned situations, but as it is an investment that cannot be included in this year's budget the possibility of assigning extra funds to this end will be explored.

- d) A formal plan of recovery in case a disaster causes an extended interruption in the data base services has not been established.

There are all the necessary elements to recover information and continue with the operations, as the existing information back-up plan is designed to function on a daily, weekly and monthly basis.

Besides, GBM de El Salvador gives information processes services in a computer which is similar to the installed base.

The data base personnel is trained to react in case of disaster, and they know what their roles and responsibilities are, but there is not written document on this matter; and it will not be prepared until 1995.

Peat, Marwick, Mitchell & Co. (Latin America), S. A.

Ave. Olímpica 3324  
San Salvador  
El Salvador

Apartado Postal 1276.  
San Salvador  
El Salvador

Teléfonos: 224-0963 224-1351  
TELEFAX (503) 298-3354

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development**

**For the three months period ended March 31, 1995**

**COMPLIANCE WITH AGREEMENT TERMS AND  
APPLICABLE LAWS AND REGULATIONS**

**Independent Auditors' Report**

We have audited the fund accountability statement of the Donation Agreement N° 519-0327 Agroindustrial Development, managed by FUSADES, for the three months period ended March 31, 1995 and have issued our report thereon dated July 11, 1995.

Except for not conducting an internal control quality review through an unaffiliated entity, as described in our fund accountability statement, we conducted our audit in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States (1994 Revision), as well as with the Guidelines for Financial Audits Contracted by Foreign Recipients. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

Compliance with Agreement terms and laws and regulations applicable to Agreement is responsibility of FUSADES' management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of FUSADES' compliance with certain provisions of Agreement terms and laws and regulations. However, our objective was not to provide an opinion on the overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests of compliance indicate that, with respect to the items tested, FUSADES has complied, in all material respects, with the provisions referred in the third paragraph of this report, and with respect to the items not tested, nothing came to our attention that caused us to believe that FUSADES had not complied, in all material respects, with those provisions.

This report is intended for the information of FUSADES and the United States Agency for International Development (USAID). This restriction is not intended to limit the distribution of this report, which is a matter of public record.



San Salvador, July 11, 1995.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

For the three months period ended March 31, 1995

**FOLLOW-UP ON PRIOR AUDIT RECOMMENDATIONS**

**INTERNAL CONTROL COMMENTS**

1) **The Fund Accountability Statement Shows Reconciling Items that are Over One Year Old**

**Condition**

The fund accountability statement as of March 31, 1995, shows reconciling items that were issued in 1992, as follows:

**From 1992**

Component in colones	¢	<u>(173,685)</u>
Component in dollars	US\$	<u>195,003</u>

**From 1993**

Component in colones	¢	<u>(740,948)</u>
Component in dollars	US\$	<u>108,024</u>

**Criteria**

If there are any cash reconciling items in the fund accountability statements, they should be the items that are being investigated and that correspond to recent months.

**Cause**

An analysis of old reconciling items has not been made, in order to register it as expenses or as income, or to transfer it as FUSADES' funds, whatever the case may be.

Effect

There is a risk that as these reconciling items were cash disbursements used for purposes that are not included in the Agreement, and that, as they are old documents, it will be difficult to proceed with their analysis and their screening.

Recommendation

There must be a procedure to guarantee that the reconciling items are analyzed on a monthly basis, and screened in due time.

Management Comments

Regarding these reconciling entries, the following are the accounting adjustments that FUSADES will make during 1995 which will be transferred and paid with own funds which are not related to any outstanding obligation with AID.

2) There are Costs which Were Rejected by USAID Pending Analysis

Condition

In 1995, USAID/El Salvador rejected costs presented by FUSADES until December 31, 1994, for reimbursements which covered items such as costs that had not been estimated, items that did not comply with the agreement objectives, costs in excess, etc. The detail is as follows:

Component in colones	¢	1,000,868
Component in dollars		<u>1,284,471</u>
	¢	<u>2,285,339</u>

Criteria

FUSADES must settle with USAID/El Salvador, all the costs that comply with the established objectives in every Donation Agreement, specifying each in the estimates that are forwarded to USAID/El Salvador. If a cost does not comply with these requirements it must be identified in the internal review processes of the expenses.

Cause

The procedures to review costs from the Agreements that are presented for settlement to USAID/El Salvador, do not identify costs that have not been included in estimates that were sent on a previous date to the Mission, nor those that are not established in the Agreement's objectives.

Effect

There are questionable costs for an amount of ¢2,285,339, from December 31, 1994, pending reimbursement to the USAID/El Salvador.

Recommendation

The current amounts of rejected costs by USAID/El Salvador must prove that they are eligible or else, be reintegrated to the Agreement.

Management Comment

The costs have been submitted to USAID, for approval, but their decision is still pending; therefore they will not be paid until the Agreement comes to an end, and the amounts to be reimbursed to AID can be assessed.

3) For Some Vehicles, the Established Controls were not Complied with

Condition

We noticed the following situations in the case of vehicles purchased with AID funds:

a) Loss weekly reports

Description

Jeep Cherokee, blue color, P 171-258, used by Laboratory

For this vehicle nothing was recorded in the weekly reports from January 2 to January 6, 1995, nor from January 9 to January 13, 1995.

During the week of February 20, 1995 the kilometers shown are 77,565, but there is no additional information on its use. Besides we did not receive several weekly reports because they were misplaced.

b) Reports that do not specify the use of vehicles yet show distances traveled in kilometers.

<u>Date</u>	<u>Description</u>	<u>Initial/</u> <u>Departure</u> <u>Kms. Traveled</u> <u>FUSADES</u>	<u>Kms. Traveled</u> <u>Returning to</u> <u>FUSADES</u>	<u>Kms. Traveled</u> <u>and Date</u> <u>of Next</u> <u>Departure</u>	<u>Kms.</u> <u>Traveled with no</u> <u>Explanation as to</u> <u>Place and Destination</u>
	Jeep Cherokee c/blue P-171-258				
7/02/95	Trip from FUSADES to Santa Tecla	76.783	76.810	76.817 el 10/02/95	7
13/03/95	Trip from Santa Tecla - Oirsa	78.151	78.167	78.200 el 14/03/95	33

b) Vehicles that were not controlled during 1995.

<u>License Plate</u>	<u>Mark</u>	<u>Color</u>
P-168-279	Cherokee	Ligth Beige
P-154-629	Comanche	White
P-171-259	Cherokee	Brown
P-189-438	Comanche	White
P-246-339	Cherokee	White
P-38-157	Blazer	Blue
P-150-592	Blazer	Golden Brown
P-189-437	Comanche	White
P-154-630	Wrangler	White
P-246-342	Pick-up Ford F-250	Ochre
P-171-256	Cherokee	Blue
P-171-257	Cherokee	Blue
P-246-797	Cherokee	Blue
P-154-631	Cherokee	Beige
P-246-338	Cherokee	Red
P-246-341	Pick-up Ford	Blue
P-150-593	Blazer	Gray
P-153-312	Mits/Pick-up	Red

### Criteria

There must be a control sheet for the daily use that is given to every vehicle, specifying date of departure and date of entry, the kilometers traveled, the destination, the name of the person who was responsible for the vehicle, and other comments indicating why the vehicle was used, including the kilometers recorded when departing and the kilometers recorded when returning, this has to correspond to the kilometers recorded on each trip.

### Cause

Lack of knowledge or negligence on the part of the person responsible of describing the use of the vehicle on the report.

Effect

There is a lack of adequate control on how vehicles purchased with Agreement's funds are used; this situation could bring about the use of vehicles for purposes that are not included in the Donation Agreement, and might be liable to sanctions on the part of USAID/El Salvador.

Recommendation

We recommend to continue filling-out the control form, to make sure that vehicles are used for Agreement's purposes.

4) There are Counterpart Contributions that have not been Recorded

Condition

We noticed that the amount delivered by Nelly Avilés de Redaelli for an amount of \$168,600 (¢843,000), as counterpart contribution for the loan of \$80,000 (¢702,400), has not been recorded by FUSADES as counterpart contribution.

Criteria

Donation agreement and standards provisions in section-21 of costs participation (equivalents) indicate that FUSADES must contribute an amount which is at least equal to the percentage of the donations total expenses. These amount is identified as agreement's counterpart and it must be recorded in due time.

Cause

The amount pertaining to the counterpart contribution for agreement was not calculated in due time.

Effect

FUSADES has not given to USAID/El Salvador the total amount that the counterpart contributed by Donation Agreement N° 519-0327.

Recommendation

FUSADES must adjust the counterpart reports made in 1995, in order to reflect the total contributed amount.

### Management Comment

When reviewing the counterpart contribution of Agreement N° 519-0327, we noticed that as of March 31, 1995 the minimum amount that the Agreement stipulated is in excess; therefore, we did not think it was adequate to record it, but if in USAID's opinion it should be recorded, we can include it.

### 5) Observations Related to Information Technology

#### Condition

We noticed the following situations related with FUSADES' information system:

- a) Internal audit does not carry out periodical reviews in the data processing area as part of the administrative performance.
- b) In order to obtain security from a logical viewpoint, there are no rules for the users to change their access codes, and no adequate controls have been implemented in order to start and to monitor changes in these codes.
- c) As for as physical security is concerned, the Data Processing Department is sharing their facilities with other departments and there are no access restrictions for personnel that does not belong to the department.
- d) A formal plan of recovery in case a disaster provokes a lasting interruption of the data processing services has not been established.

#### Criteria

In the area of information technology where all information related to costs from the donation Agreement is processed, FUSADES' income and personal funds must follow the corresponding procedures in order to insure the following:

- a) Independent reviews from internal audit.
- b) Adequate procedures to insure logical and physical security that includes periodical changes in the users' codes, as well as restrictions of access to personnel that does not belong to the data processing department.
- c) Adequate procedures to prevent contingencies such as plans of recovery in case of disaster.

#### Cause

The Administrative and Accounting Procedures Manual does not take into account the possibilities we describe in the former paragraph (criteria) into consideration; likewise, there is no initiative to define such matters nor to evaluate their impact in FUSADES, external controls on the part of the officers that are involved.

## Effect

The following are effects that have been identified:

- a) If there are no internal audit reviews concerning the procedures that are used to summarize, calculate and classify the information processed in the data processing department, evaluations are not made from an independent point of view.
- b) If there is no logical security for the changes of the user's code of security the codes that are in use are liable to be disclosed, and more than one user could have access to them thus making ineffective the controls of access to the system, the protection to the institution's information and the Donation Agreements.
- c) If there are no provisions to have physical security, the outcome may be a loss in productivity due to interruptions caused by people who enter the area; and there is also a risk of loss of equipment.
- d) If there is no formal plan of recovery in case of disaster, it would not be possible to recover. The entire information in time to continue processing the Foundation's operations.

## Recommendation

The adequate procedures must be complied with in the area of information technology in order to guarantee the following:

- a) Independent reviews made by internal audit should be made and in order to comply with this and a member of internal audit should be trained in the area EDP (Electronic Processing Data) to review the organization, the logical and physical security as well as the information processes.
- b) Adequate procedures of logical and physical security that include periodical changes for the users. The system can be programmed as well in order to delete the user's codes. Likewise, the system can be programmed to delete the passwords automatically, thus forcing the user's to change the passwords and the programming for illegal access. Included in the physical security, access must be restricted to personnel that do not belong to the data processing department; a door must be placed at the entrance of the department and an electrical system must be installed to secure the door and reduce traffic into the data processing department.
- c) Adequate procedures to prevent contingencies such as, plans of recovery in case of disaster, including an evaluation of FUSADES' vulnerability to face disaster; evaluating the impact that an interruption of services would have on the users; deciding which are the necessary resources to set into motion the recovery plan; deciding which is the strategy that will be followed in order to prevent and/or face a disaster, development of a detailed plan, including responsibilities, chronographs of action, and identification of important duties for recovery in case of disaster, as well as design of plans for the tests and upkeep of the plans.

## Management Comments

- a) Within the administrative practices, the duties of the internal audit does not include making periodical reviews of the Data Processing Department.

Regarding the comments on the RIG's audit mentioning that internal audit does not audit processes of the Data Processing Department, we wish to inform you that, at present, we are in contact with consultants in order to receive the adequate training to acquire knowledge on technology information audit "around the machine", as a first step, to continue with an analysis of the process to perform the audit "of the computer through the computer" training for technology information audit will take place the second semester this year.

- b) It has not been established that the users should change periodically their access codes, and adequate controls to start and monitor changes in those codes have not been implemented, in order to obtain logical security.

There are starting and monitoring controls to allow users to change their password, and the terminal that does not enter an incorrect password after five attempts to enter the system.

Nevertheless, the above policy might reinforce in some measure the passwords confidentiality; therefore, we will implement this and other procedures to avoid having more than one active session with the same ID and the same password.

- c) Concerning the physical security, the data processing shares their facilities with other departments and there are no access restrictions to personnel that does not work in that area. This situation might generate a decrease in productivity due to the interruptions made by people visiting the area; and there is also a risk of losing equipment.

It is necessary that the users come to the department to discuss every angle of the maintenance applications (changes or additions), to the existing applications. It is possible, these discussions should take place in other areas in order to avoid decreases in productivity as mentioned before.

Our recommendation to build an electrical door could help to avoid the above mentioned situations, but as it is an investment that cannot be included in this year's budget the possibility of assigning extra funds to this end will be explored.

- d) A formal plan of recovery in case a disaster causes an extended interruption in the data base services has not been established.

There are all the necessary elements to recover information and continue with the operations, as the existing information back-up plan is designed to function on a daily, weekly and monthly basis.

Besides, GBM de El Salvador gives information processes services in a computer which is similar to the installed base.

The data base personnel is trained to react in case of disaster, and they know what their roles and responsibilities are, but there is not written document on this matter; and it will not be prepared until 1995.

Peat, Marwick, Mitchell & Co. (Latin America), S. A.

Ave. Olímpica 3324  
San Salvador  
El Salvador

Apartado Postal 1276  
San Salvador  
El Salvador

Teléfonos: 224-0963 224-1351  
TELEFAX (503) 298-3354

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**  
Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development

March 31, 1995

COUNTERPART CONTRIBUTIONS

Independent Auditors' Report

To the General Assembly  
Fundación Salvadoreña para el Desarrollo  
Económico y Social (FUSADES):

We have audited the fund accountability statement of the Donation Agreement N° 519-0327 Agroindustrial Development, managed by FUSADES, for the three months period ended March 31, 1995. We conducted our audits with the objective of forming an opinion of the fund accountability statement. The counterpart contribution schedule as of March 31, 1995 as shown on the enclosed page is presented in order to perform an additional analysis, and it must not be considered as part of the fund accountability statement. This information has been subject to audit procedures which were applied to the audit of the fund accountability statement, and in our opinion it presents fairly in all material respects in relation to the fund accountability statement, except for the comments made on paragraph three in this report.

On March 31, 1995, there is an amount of \$168,000 equivalent to ¢843,000, as counterpart contribution to the loan granted for \$80,000 equivalent to ¢702,400, which has not been informed as counterpart contribution.

This report is intended solely for use and information of Fundación Salvadoreña para el Desarrollo Económico y Social (FUSADES) and International Development Agency (USAID). This restriction is not intended to limit the distribution of the report which is a matter of public record.



San Salvador, July 11, 1995.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development**

**Counterpart Contribution Schedule**

**March 31, 1995**

Counterpart contribution budget (note 2)	¢	<u>55.000.000</u>
Counterpart contributed:		
Cash (note 3)		31,155,929
In kind (note 3)		<u>49.012.856</u>
Total		<u>80.168.785</u>
Excess of counterpart contribution	¢	<u>25,168,785</u>

See accompanying notes to counterpart contribution schedule.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Notes to the Counterpart Contributions Schedule**

(1) Period

The counterpart contributions schedule shows contributions by FUSADES and other participating groups, accumulated as of March 31, 1995.

(2) Counterpart Contributions Budget

The total budget as of March 31, 1995, arises when applying to the amounts from the Agreement, the percentage that is derived from the relation between the counterpart contributions obliged by FUSADES, and the amount established by USAID/El Salvador.

Standards Provisions for Non-American and Non Governmental Donors stipulate that the donor must donate at least a percentage of the donation's total expenses. This percentage is shown in each donation agreement managed by FUSADES as follows:

<u>Obliged USAID</u>	<u>Obliged FUSADES</u>	<u>Total</u>	<u>% Counterpart</u>
US\$ 33,000,000	11,000,000	44,000,000	25.00%

The above mentioned contribution can be made either by FUSADES or by other groups that participate in the program that will be developed. The committed amount by FUSADES is US\$11,000,000 (¢55,000,000), at an exchange rate of ¢5.00 per US\$1.00, according to AID's operating manual (see note 4).

(3) Counterpart Contribution Made

As of March 31, 1995, the detail of the counterpart contribution made by FUSADES is shown as follow:

Cash donations

Own funds	¢	18,901,528
Users contributions for technical assistance		3,656,071
Contributions of loans' users		<u>8,598,330</u>
		<u>31,155,929</u>

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Notes to the Counterpart Contributions Schedule**

Donation in kind

FUSADES' building	1,154,728
DIVAGRO Laboratories	1,450,650
Meetings	879,985
Contributions from loan users	26,262,620
Cost of Hacienda Amulunga	6,000,000
Cost of fixed assets in La Colina	<u>13,264,873</u>
	<u>49,012,856</u>
 Total at March 31, 1994	 ¢ <u>80,168,785</u>

The total amount contributed's ¢80,168,785, at the exchange rate authorized by USAID/El Salvador (¢5.00 per \$1.00 dollar, see note 4), equivalent to \$16,033,757, which is in excess of \$5,033,757 (equivalent to ¢25,168,785) to the committed counterpart \$11,000,000 (equivalent to ¢55,000,000).

(4) Exchanges Regulations and Monetary Unit

The counterpart contributions schedule is expressed in Colones (¢), the monetary unit of El Salvador.

On July 11, 1989 the Junta Monetaria de El Salvador adopted Agreement JM-18/89 by which it was established that, as of July 25, 1989, it would recognize two foreign exchange markets: the fixed rate market and the banking market. In the fixed rate market the rate will be maintained at ¢5.00 per US\$1.00. In the banking market, the exchange rate is not pegged and is intended to reflect the supply and demand for foreign exchange for commercial transactions channelled through banks. On March 31, 1995, the average exchange rate in the banking market was ¢8.78.

Beginning April, 1990, the State authorized the establishment of foreign - exchange houses that can buy and sell U.S. dollars without any restrictions as to the type of transaction. On March 31, 1995 the average exchange rate stood at ¢8.78 and ¢8.67 per US\$1.00, respectively.

For the purposes of the counterpart contributions report to USAID/El Salvador, FUSADES uses the exchange rate at the date the Agreement was signed in accordance with what is established in AID's procedures manual. Consequently, the rate of exchange used for the counterpart contributions report of Agreements N° 519-0327 is of ¢5.00 for US\$1.00 at March 31, 1995.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development**

**For the three months period ended March 31, 1995**

**LIST OF RECOMMENDATIONS**

**INTERNAL CONTROL COMMENTS**

**Recommendation N° 1:**

**There must be a procedure to guarantee that the reconciling items are analyzed on a monthly basis, and screened in due time.**

**Recommendation N° 2:**

**The current amounts of rejected costs by USAID/El Salvador must prove that they are eligible or else, be reintegrated to the Agreement.**

**Recommendation N° 3:**

**We recommend to continue filling-out the control form, to make sure that vehicles are used for Agreement's purposes.**

**Recommendation N° 4:**

**FUSADES must adjust the counterpart reports made in 1995, in order to reflect the total contributed amount.**

**Recommendation N° 5:**

The adequate procedures must be complied with in the area of information technology in order to guarantee the following:

- a) Independent reviews made by internal audit should be made and in order to comply with this and a member of internal audit should be trained in the area EDP (Electronic Processing Data) to review the organization, the logical and physical security as well as the information processes.
- b) Adequate procedures of logical and physical security that include periodical changes for the users. The system can be programmed as well in order to delete the users codes. Likewise, the system can be programmed to delete the passwords automatically, thus forcing the users to change the passwords and the programming for illegal access. Included in the physical security, access must be restricted to personnel that do not belong to the data processing department; a door must be placed at the entrance of the department and an electrical system must be installed to secure the door and reduce traffic into the data processing department.
- c) Adequate procedures to prevent contingencies such as, plans of recovery in case of disaster, including an evaluation of FUSADES' vulnerability to face disaster; evaluating the impact that an interruption of services would have on the users; deciding which are the necessary resources to set into motion the recovery plan; deciding which is the strategy that will be followed in order to prevent and/or face a disaster, development of a detailed plan, including responsibilities, chronographs of action, and identification of important duties for recovery in case of disaster, as well as design of plans for the tests and upkeep of the plans.

**FUNDACION SALVADOREÑA PARA  
EL DESARROLLO ECONOMICO Y SOCIAL (FUSADES)**

**Audit of USAID/El Salvador  
Donation Agreement N° 519-0327 Agroindustrial Development**

**For the three months period ended March 31, 1995**

**FOLLOW-UP ON PRIOR AUDIT RECOMMENDATIONS**

**Recommendation N° 1:**

**There must be a procedure to guarantee that the reconciling items are analyzed on a monthly basis, and screened in due time.**

**Recommendation N° 2:**

**The current amounts of rejected costs by USAID/El Salvador must prove that they are eligible or else, be reintegrated to the Agreement.**

**Recommendation N° 3:**

**We recommend to continue filling-out the control form, to make sure that vehicles are used for Agreement's purposes.**

**Recommendation N° 4:**

**FUSADES must adjust the counterpart reports made in 1995, in order to reflect the total contributed amount.**

**Recommendation N° 5:**

The adequate procedures must be complied with in the area of information technology in order to guarantee the following:

- a) Independent reviews made by internal audit should be made and in order to comply with this and a member of internal audit should be trained in the area EDP (Electronic Processing Data) to review the organization, the logical and physical security as well as the information processes.
- b) Adequate procedures of logical and physical security that include periodical changes for the users. The system can be programmed as well in order to delete the users codes. Likewise, the system can be programmed to delete the passwords automatically, thus forcing the users to change the passwords and the programming for illegal access. Included in the physical security, access must be restricted to personnel that do not belong to the data processing department; a door must be placed at the entrance of the department and an electrical system must be installed to secure the door and reduce traffic into the data processing department.
- c) Adequate procedures to prevent contingencies such as, plans of recovery in case of disaster, including an evaluation of FUSADES' vulnerability to face disaster; evaluating the impact that an interruption of services would have on the users; deciding which are the necessary resources to set into motion the recovery plan; deciding which is the strategy that will be followed in order to prevent and/or face a disaster, development of a detailed plan, including responsibilities, chronographs of action, and identification of important duties for recovery in case of disaster, as well as design of plans for the tests and upkeep of the plans.

Antiguo Cuscatlán, 18 de Enero de 1996

INGENIERO  
RAFAEL CUELLAR / A.I.D.  
PTE.

Estimado Ing. Cuéllar:

Hago referencia a su solicitud telefónica del día Martes 16 de Enero, en la cual Ud. solicitó ciertos datos relacionados con Ventas e Ingresos de La Colina.

Por este medio le hago llegar dicha información. Espero que ésta le sea útil. Si llegara a necesitar algo adicional, favor comunicarme para recopilarle esa información adicional.

Muy Atentamente,

  
Luis E. López  
Analista Financiero

c.c. Guillermo de la Guardia  
Archivo

## EXPORTACION DE SANDIA DURANTE 1995

	CON SEMILLA	SIN SEMILLA	TOTAL
# DE CAJAS	6,290	5,327	11,617
# DE LIBRAS	451,608	379,570	831,178

## EXPORTACION DE PIÑA DURANTE 1995

	CHESTNUT HILL	FRESH ONE	TOTAL
# DE CAJAS	28,232	46,660	74,892
# DE LIBRAS	564,640	933,200	1,497,840

	Miles de ¢
VENTA DE PIÑA (LOCAL)	1,577
VENTA DE PIÑA (EXTERIOR) *	1,650
VENTA DE SANDIA	1,448
VENTA DE MAIZ DULCE	500
VENTA DE PEPINO	182
VENTA DE ORNAMENTALES	161
VENTA DE TOMATE	124
VENTA DE CHILE DULCE	37
VENTA DE PLANTAS	71
OTROS	147
<b>TOTAL</b>	<b>5,897</b>

\* F.O.B. SAN SALVADOR



Antiguo Cuscatlán, 02 de Febrero de 1996

INGENIERO  
RAFAEL CUELLAR / A.I.D.  
PTE.

Estimado Ing. Cuéllar:

Por este medio le remito los gastos relacionados con La Colina par el año de 1995. Ellos se encuentran detallados por rubro de gasto y en miles de colones Salvadoreños.

Vale la pena mencionar que estos datos no son los oficiales finales para 1995. Si éstos llegasen a cambiar, le notificaré de ello a la mayor brevedad.

Sin más por el momento me despido de Ud.

Muy Atentamente,

Luis E. López  
Analista Financiero

c.c. Guillermo de la Guardia  
Archivo

**GASTOS DE LA COLINA  
DURANTE 1995  
EN MILES DE COLONES**

<b>ASISTENCIA TECNICA</b>	<b>736</b>
<b>SUELDOS Y PRESTACIONES</b>	<b>933</b>
<b>SERVICIOS, MATERIALES Y SUMINISTROS</b>	<b>2,130</b>
<b>MANTENIMIENTO</b>	<b>1,280</b>
<b>INSUMOS AGRICOLAS</b>	<b>3,269</b>
<b>MANO DE OBRA AGRICOLA</b>	<b>2,441</b>
<b>TOTAL</b>	<b>10,789</b>

**Los gastos de 1995 incluyen la siembra de aprox. 35 Mz. de La Colina II, cuya venta no se realizará hasta finales de 1997; esto afecta los siguientes rubros: Servicios, Materiales y Suministro Mantenimiento; Insumos Agrícolas; y Mano de Obra Agrícola por una cantidad aproximada de €3.82 millones.**

# La Colina Sets Good Example

By Tad Thompson

An \$8 million demonstration project designed to show the way for developing El Salvador's fresh produce exports is proving a success, according to Eduardo Nunez, chief executive director of Fusades.

Fusades, located in modern offices in a suburb of San Salvador, is a private development agency created during El Salvador's civil war to help rebuild the country's wounded economy. The export of fresh fruits and vegetables has been central to accomplishing that goal. Fusades was largely supported until recent years by the U.S. Agency for International Development. As AID funds dwindled with the 1992 peaceful resolution of the Salvadoran conflict and the general global demise of communism, Fusades started the aforementioned demonstration project to create a self-supporting development effort.

The demonstration project is La Colina, a farm in western El Salvador. Pineapple, mangoes, avocados, ornamental plants and there with the latest technology to show the country's growers how such operations can be commercially successful.

Key among "independent growers" courted by Fusades are multinational companies such as Dole, Del Monte or Chiquita. None of these companies have operated from El Salvador. Nunez said if

one of these firms should start an operation there, "they can get good deals from the government." The Salvadoran government is generally encouraging investment from foreign industry; especially agribusiness investment.

La Colina's demonstration commodities production is substantial enough to produce volumes sufficient for commercial export viability. Nunez said the demon-



Showing a Salvadoran pineapple are Eduardo Nunez and Javier Alvarez of Fusades.

stration project targets high quality products with a high value that can withstand the price of air transport. The farm is located in a Central American country not bordering the Caribbean Sea. Its Pacific ports enjoy only limited refrigerated cargo service.

La Colina's complex includes a modern packing house — built large enough to accommodate anticipated production from independent growers — and a training center to teach growers to

duplicate La Colina's cultivation efforts. As La Colina's agricultural economics are calculated to projections by independent growers, Nunez said care is taken to find realistic bottom lines.

Such figures indicate Salvadoran pineapple can be successfully exported. There are 150 hectares (375 acres) of La Colina pineapple production reaching maturity. This fall, the plantation is exporting 5,000 20-pound cases a month. By May 1996, the pineapple production will be at full capacity, with exports of 22,000 boxes per month. All this fruit is shipped by air to Miami, making

Hawaii and El Salvador the only sources of air freighted pineapple.

Fusades' manager of international marketing, Javier Alvarez, said La Colina's pineapple is sold in the U.S. by Fresh 1 Marketing, owned by the Minneapolis, Minnesota-

based brokerage company C.H. Robinson. Alvarez is pleased with Fresh 1 distribution. He notes that most of the U.S. stock can move the pineapple in stock within 48 hours after harvest. La Colina is 90 minutes by truck from San Salvador's airport. Most distribution is to the U.S. Northeast and Midwestern United States. Canada is also a new market for the fruit. Alvarez is enthusiastic about the taste, quality and color of Salvadoran pineapple.

which serves market demand with a 12-month a year presence.

Nunes said this successful, profitable pineapple marketing effort concludes Phase One of the La Colina project. The second phase is for independent growers to produce the same quality of product to maintain the introductory effort of Fusades. To bring growers into the pineapple export business, Fusades has, of course, informed growers of its work. Two new independent farms, equaling the size of La Colina, are to be initiated before the spring of 1996.

At the same time, La Colina expects to be exporting, by jet to the U.S., four or five commodities by mid and late 1996.

Nunes believes certain aspects of the USDA's APHIS are not justified in prohibiting the import of certain fresh produce from El

Salvador. Progress is being made on the U.S. phytosanitary front, however. Avocados and mangoes can now be shipped to the U.S. from El Salvador. The mangoes must undergo hot water treatment. El Salvador's first hot water treatment plant will be built at La Colina as mango trees there reach fruit producing maturity.

Nunes said Fusades has "graduated" from a phase of providing intense technical assistance to Salvadoran melon growers. Alvarez elaborated the number of melon growers in El Salvador has fallen because "a lot of people that shouldn't have been in the business are not."

Nunes said: "Now the really efficient, good producers are in the business." He said these growers are now exporting for them-

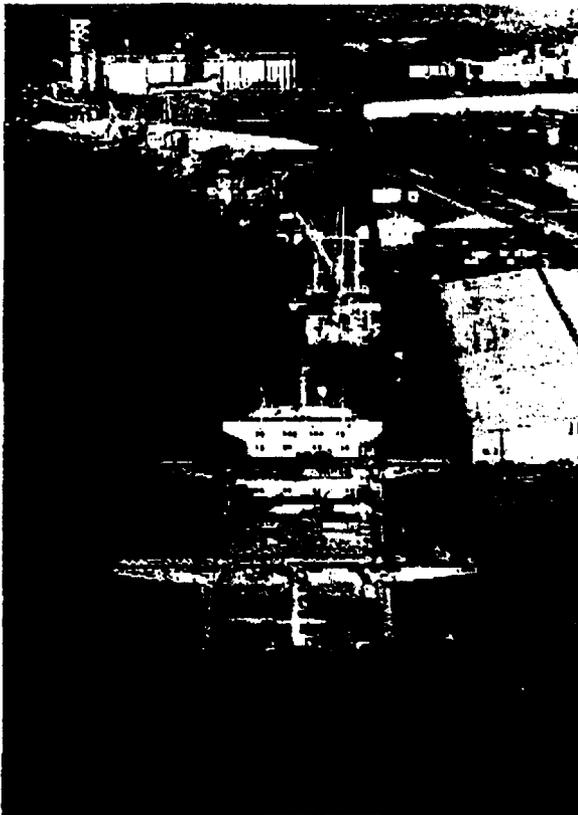
selves. They once sold through another layer of exporters.

From the standpoint of new agricultural investors, a critical factor supporting all the positive demonstration results, is El Salvador's national economy. Nunes said, "El Salvador is booming since the 1992 peace agreements." He describes his country as the most aggressive country in Central America, with the lowest inflation rate and the lowest commercial deficit in relation to the GDP within Central America. Unemployment is down, the national government has been streamlined, and national policy toward business "is very coherent with the private sector."

"These factors will be the key to El Salvador venturing into the 21st century," Nunes said.

# HOUSTON

## THE PORT OF HOUSTON



*We're not a major produce port yet, but we plan to be.*

- Excellent road & rail connections to America's heartland
- Temperature-controlled storage and distribution facilities throughout the city
- Uncongested docks, rail yards and truck terminals



**Port of Houston Authority**

P.O. Box 2562 • Houston, TX 77252-2562

Phone: (713) 670-2400 • Fax: (713) 670-2564

129