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**AGIL FINAL
CONTRACT REPORT
March 2000- December 2003**

**G-CAP
Apoyo a la Generación
de Ingresos Locales
(AGIL)**

Submitted:
December, 2003

Prepared for:
USAID/Guatemala
SO#4
Under Contract to:
Abt Associates Inc.
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Prepared by AGIL Team:
Abt Associates Inc.
AMEG
Santa Cruz y Asociados
Wingerts Consulting
BIDE

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Prepared for:
USAID/Guatemala
Contract # 520-C-00-00-00035-00
SO#4: Income Generation

Prepared by:
AGIL Team

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<p style="text-align: center;">AGIL FINAL CONTRACT REPORT March 2000 – December 2003</p>
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Introduction

The USAID/G-CAP Income Generation Activity Contract (known by the Spanish acronym AGIL) was signed between USAID/G-CAP and Abt Associates in February 2000 for a period of three years, with a projected end date of February 3, 2003. The original contract was implemented by an Abt Associates-led consortium composed of Abt Associates, the International Management and Communications Corporation (IMCC), the American Manufacturing Export Group (AMEG), the International Resources Group (IRG), the Universidad de Valle de Guatemala (UVG), and Wingerts Consulting. A major modification was made to the Abt contract in December 2001 changing it from a Cost Plus Award Fee (CPAF) to a Cost Plus Fixed Fee (CPFF). The change took place effective January 1, 2002. In November 2002, USAID/G-CAP extended the contract for 11 months, with a new contract completion date of December 31, 2003. For this extension period, the make up of the AGIL Consortium has been modified to accurately reflect the specific Scope of Work included in the extension modification and is being implemented by the Abt Associates-led consortium composed of Abt Associates, the American Manufacturing Export Group (AMEG), Wingerts Consulting, Santa Cruz, Salazar y Asociados and the Boston Institute for Developing Economies (BIDE).

A. Original Scope of Work

The Income Generation Activity contributes to achieving the Mission's Strategic Objective No. 4: *To achieve sustainable increases in household income and food security for a significant number of the rural poor in selected geographic areas of the country.* The eleven targeted municipalities included in this SO are: San Mateo Ixcán, Barillas, San Cruz Quiché, Nebaj, San Miguel Uspantán, Chisec, San Pedro Carchá, Ixcán, San Martín Jilotepeque, Rabinal, and La Libertad. The project is a major contributor to achieving two of the targets established for SO #4.

In specific, IG contributes to two of the mission's intermediate results: 1) helping small farmers engage in higher value production and marketing; and, 2) helping microentrepreneurs expand their businesses. Because many of the beneficiaries of USAID/G-CAP activities are extremely poor peasant farmers whose existence depends on the success of agricultural activities, generating sustainable household incomes depends on success in fomenting sustainable agricultural activities. For this to occur, small farmers should use sustainable agricultural production practices, and increase their productivity and sales in the market economy.

The Abt Team provides assistance to the AGIL Program to assist USAID/Guatemala-CAP and SO #4 partners to meet the following broad Strategic Objective targets for rural agricultural producers and micro-entrepreneurs in the 11 targeted municipalities:

1. 20,000 small farmers with increased incomes and employment.
2. 25% average increase in commercial production and sales at the farm level.
3. An average of one full-time employment per farm assisted by the program.
4. 30,000 micro-entrepreneurs in target areas financial and technical needs met.
5. An increase of 10,000 full-time jobs in target geographic areas.

The AGIL Program has five specific CLINS or results:

- CLIN 1: Number of small farmers using defined sustainable agricultural practices to produce coffee, organic crops, and agro-forestry products.
- CLIN2: Number of micro-enterprises receiving technical and financial services.
- CLIN 3: 1) Number of micro-enterprises receiving technical and financial services.
2) Number of jobs created by program-assisted businesses.
- CLIN 4: A uniform results-oriented reporting system for all activities related to income generation is implemented.
- CLIN 5: The Land Fund opens a new “window serving more clients on a sustainable basis, and CONTIERRA designs a plan for its incorporation into the Guatemalan Budget.

Although some changes were made to the original indicators either through the change in contract mechanism or the extension, this final report will report on those indicators in the contract and add information to include the later changes.

B. Priority Areas

The over riding theme of the last year of the AGIL project was to place emphasis on the sustainability of the efforts done during the previous 3 years. Sustainability will be accomplished through primary and secondary groups. Primary groups are those providing direct technical service to businesses e.g. AGILITOS, LeStansa, AMMI and secondary groups are those that provide assistance both financial and technical through other organizations, e.g. NGOs. The principle focus of AGIL will be in *gestión empresarial* – business management at all organizational levels from producer and financial service organization to the NGOs that assist them.

REFLECTIONS OF THE AGIL TEAM ON AGIL'S IMPACT

What was envisioned as a “three-legged stool” approach to development in the Zonapaz rapidly changed and evolved as it was quickly discovered that the stool’s legs not only weren’t connected – there were no legs! The three “legs” of project were: 1) private technical service providers working in the area; 2) organized producers businesses; and 3) rural financial institutions loaning to producer organizations. Much of what AGIL evolved into stemmed from this situation. We immediately embarked on a strategy to be “*agil*” – to have the ability to evolve and change quickly, depending on field conditions. We had to reconfigure our tactics continually, and thus we emerged as a project that was able to deal directly with clients’ needs and to find solutions to their problems. The downside was that there was little connection between the technical/producer “legs” and the financial one, as each part of AGIL was busy trying to develop or strengthen their organizations to obtain mutual benefits. By the time we saw real business enterprises emerging in rural areas—each with a level of development that could enable the three areas of concentration to reap cross benefits—the project ended.

Essentially, AGIL worked with the organizations that existed, in some cases the organizations had to be created from scratch. These organizations certainly bore their share of scars, each a microcosm mirroring the turbulent history of the Zonapaz region. In the face of all the limiting factors at hand, we carried on, and with the circumscribed options available we performed as best we could. At the end of the project we felt we had brought to many organizations a set of technical skills that could boost their competitiveness, and very importantly, that glimmer of “can do” expectation that keeps people motivated to invest the energy and resources required to breach onward.

Through all these difficulties, what held AGIL together was a common philosophy or methodology of “*gestion empresarial*” – a business focus at all levels of the organization including management, administration, internal and external controls, marketing, membership – all necessary steps to reach the goal of becoming profitable institutions. The general AGIL focus was on business management but there are many parts that make up the whole assistance effort:

With producer groups it is necessary to bring about a change in member’s attitude, from that of waiting for an extensionist/social worker/buyer to tell them what to do or to make decisions for them, to that of the groups themselves taking on responsibility and making their own decisions. AGIL assisted in developing this paradigmatic shift in attitude by treating the producers as businessmen and by convincing them to organize themselves into functioning and efficient businesses. Once the producers agreed that it was necessary to become organized, we brought in lawyers to explain the different types of organizational options and to guide them in making a selection of the type of organization they wanted to become. Buyers also were brought in, not to purchase product but rather to explain the different purchasing mechanisms that prevail so that producers could make their own marketing decisions. Local accountants were hired using AGIL funding and proper administration and financial controls were established. Managers and staff were selected locally and received business management

training from AGIL. AGIL invested considerable effort in assisting the boards and management units of the various organizations in devising strategic plans, operational plans, work plans, production plans, and marketing plans.

The third leg of the development stool—rural financial groups—already were in existence as some type of formal organization disbursing credit through a variety of systems. They too had been receiving assistance in a paternalistic fashion: receiving subsidized funding from donor agencies, or receiving funding targeted to certain sectors, usually from organizations whose main concern was accounting only for their funds and not for the business as a whole. Organizations commonly would have separate accounting systems for each donor – but not have a centralized system. Technical assistance normally focused on the strengthening of each agency’s interest—generally of a social bent—but hardly ever touched on the overall financial structure and operational processes.

With weak accounting systems, which provided management, little wherewithal to make business decisions, much of the accounting information was not clear or transparent. Ignorance on the part of the staff in the best-case scenario, and on the darker side, “creative” accounting to purposely hide information, either from the accountant to management or from the manager to his board was prevalent in most of the rural financial organizations with which we dealt.

Although the AGIL team had to chart different directions for introducing vitality into the different types of organizations, it was apparent to introduce change to the organizations and management, the strategy had to focus on a core area of proper business management. To illustrate, software accounting packages were already a very used mode in rural financial institutions. AGIL worked with programmers to include a standardized accounting manual, best practices and internal controls. However, in order for the organization to use the software practically, all its accounting practices had to be either updated, changed significantly, or in some cases, thrown out and redone. Ultimately however, this revamping process could not proceed without first changing the mindset of the staff – instilling real notions of *gestión empresarial*. This was apparent in working with new offices of established AGILITOs, in retrospect we realize more work should have been done at the outset working to bring the prime organization or office into the realm of proper business management. In other words, we spent too much time working on the child when the problem was with the adult.

AGIL was conceived as a program that would provide liaison services to a number of existing projects. Given the above circumstances and the evolution of the project, it became apparent that a direct intervention of technical services and funding needed to be coupled with potential business ventures in order to bring about a positive impact in the formation of client attitudes. A directed grant program became an integral part of this intervention. Funds were used to purchase minimal supplies and equipment to allow women’s artisan groups to break the cycle of selling at low prices to intermediaries and paying high interest rates for working capital loans. Funds were also used as part of an infrastructure program: chicken houses, packing sheds, greenhouses,

irrigation systems and bakeries - rural infrastructure that was simple, yet done with rigid construction practices. These activities were carried out inexpensively by using local supplies and manpower, and because they were simple solutions using simple but effective technology, they were easy to copy. Not only did the grant program become a model, but each individual part or project also became models that could easily be replicated by other institutions. An offshoot of the grants program was that in order to comply with grant regulations and receive funding, the organizations had to develop and enforce internal and external accounting, financial and administration controls and update their accounting procedures, but the changes made to receive a small donation brought repercussions throughout the entire organization – an unplanned way to induce better business practices - *gestión empesarial*.

Although not a part of project design, AGIL was notable in bringing women into enterprise development. Even though, AGIL worked in traditional women areas, such as handicrafts, the effort focused on developing micro enterprises through organizational development, with an emphasis on joint production and marketing, quality control, new and improved designs, cost controls, simple accounting procedures – converting household weaving and sewing for personal use into businesses. The egg production project specifically was designed for women’s groups, and although very trying and frustrating at times, in the long run it will probably one of the most successful AGIL endeavors.

In monitoring and evaluation, AGIL similarly was charged with a formidable task at the onset—linking together an array of a dozen or so disparate USAID partners with markedly different programs. AGIL had to put all of them on the same page of common indicators and reporting formats, while at the same time accelerating the periodicity of reporting cycles and ensuring better quality in data collection and analyses. We developed the uniform-results oriented system that ultimately became a highly automated operation, stepped up the analytical platform into a GIS-based system, and refined the levels of analyses to include gender and ethnic frames and categorical features of activity. Through some qualitative data exercises, we got the partner organizations to improve their abilities to tell a better story of what they do with those with whom they work. The adage, “garbage in, garbage out,” rings true in many monitoring and evaluation systems, but what we attempted in AGIL was to raise the precision of data quality and the level of analytical capability of M&E staffers in the different organizations in order to minimize that dire effluence metaphor. The large USAID partner organizations already had M&E systems in place when we started. With the AGILITOS, the story was far different. But by setting up challenges in the M&E arena, all had to comply M&E regimen. In the case of some of the AGILITOS that responded to all of the AGIL interventions, the level of M&E sophistication expanded notably.

At project end many of the more successful endeavors were in areas where few other development programs had offered services. Having been obligated to work in remote areas brought a blessing to those selected communities, for if AGIL had been offered a choice at project outset, few of the communities in which we ended up working in would have been selected.

RESULT #1

IR#1 Indicator: Number of small farmers using defined sustainable agricultural practices to produce coffee, organic crops and agro-forestry products.

AGIL has worked directly with agricultural and non-agricultural producer groups, working through NGO and private sector associations and using the grant program to reach similar groups. Given the downturn in the coffee market since project inception, there has been more emphasis on crop diversification. To a larger extent, we have supported export crops, diversified products (honey, laying hens, dairy cattle, fruits, nuts, etc.) and textile groups. All AGIL effort has been directed towards producer organizations and not individual farmers.

Expected Contract Result #1: A private extension service to increase access to technical services by at least 20,000 small farmers

AGIL has always represented Result 1 as a combination of three interdependent factors:

- 1) government regulatory authority within MAGA;
- 2) sustainable technical service provider organizations; and,
- 3) clients for the technical service provider organizations.

As the project evolved, we ended up supporting technical service provider groups more through the grants program than independent groups and most clients reached were through the grants program, therefore, Result 1 indicators 4 and 5 will be described in detail under Result #2.

Impact Indicators:

1. 20,000 small farmers assisted

As of November 2003, the Abt Associates, Inc. contract, AGIL, directly supported 16,513 farmers. The AGIL program, working in partnership with the dozen partners in the SO, supported 109,292.

2. 25% average increase in commercial production/sales

An example of the techniques and benefits of the AGIL rural enterprise development model is the support of French bean exporters in the village of La Estancia, San Martin Jilotepeque. In late 2000, AGIL technicians met with community leaders, who expressed an interest in improving their income from French bean production. The first step undertaken by AGIL technicians was to assist the producers to ship their produce to the market in bulk, instead of having each farmer pay to accompany his or her production. By doing so, the producers saved Q0.82 per pound in direct and indirect marketing costs, which is highly significant given the average price for French beans in

the nearest market center of Q2.00 per pound. The total savings during the first production cycle from this simple, low-cost initiative are estimated at Q.738,000 (\$92,250).

Building on this experience, AGIL helped link LeStansa directly with a French bean exporter, who was willing to pay Q0.25 per pound above the price in the local market, representing an additional total return of Q225,000 (\$28,125) for the LeStansa producers. After successfully managing this level of enterprise, the LeStansa members decided that they could further increase their revenues by an estimated 50% by exporting directly using their own logo and packing materials. The total additional return to the producers from direct export is estimated at Q450,000 (\$56,250), plus a similar amount for enterprise capitalization.

The increased income achieved by the LeStansa members due to AGIL assistance through mid 2003 is Q1,413,000 (\$176,375). This represents an average of Q15,876 (\$1,985) in increased income per member, which is a 174% increase over the municipality's 1999 average rural household expenditures of Q8,484 (\$1,139). Due to AGIL technician training, LeStansa also has a functioning organizational structure, modern accounting system and operating policies, valuable market relationships, and trained competent leadership.

Based on the successful experience with LeStansa, AGIL provided similar assistance to one organization in Uspantán, Quiché, two in Agua Escondida in Tecpán, Chimaltenango, one in San Juan Comalapa, and one in San Antonio Ilotenango, Quiché. The four successful organizations plus LeStansa have now created an umbrella association, the Alianza Agroindustrial y Artesanal Rural (ALIAR), which will provide mutual support services among themselves and other potential rural enterprises after the AGIL project ends. Projected annual net sales for ALIAR from October 2003 thru October 2004 is slightly more than US \$2,000,000.

3. Average of one full-time employment added per assisted farm

Early in the project, USAID decided that this indicator was very difficult to calculate, to track, and to verify so it was dropped. Instead, calculations of employment generation became subsumed under IR2 using an algorithm based on credit disbursement to micro enterprises.

4. A private and sustainable agricultural service industry is established and operational.

See Result #2 below.

5. Strengthen client groups (agricultural producer associations or other client groups)

See Result #2, below.

6. Establish GOG/MAGA's regulatory role

Since the beginning of the project, AGIL has supported MAGA in the creation and implementation of a private sector technical assistance system. The "system" recipients are: the service provider organizations, the client producer groups, and the MAGA Technical Assistance Unit (UAT). The UAT (*Unidad de Asistencia Técnica*) is under the umbrella of the Business Development Unit (*Unidad de Operaciones Rurales – UOR*). MAGA is expanding their nascent extension program through the UTM's (Unidad Técnico Municipal) using *Técnicos Agrícolas Municipales* (Municipal Agricultural Technicians - TAMs). To assist MAGA in this change, Santa Cruz, Salazar & Associates, an AGIL subcontractor, focused on the newly created SUCAT – (Uniform Training System and Technical Assistance - *Sistema Unificado de Capacitación y Asistencia Técnica*).

AGIL has helped develop several instruments to legalize and formalize the UAT and clearly define its role and responsibilities. These include:

- *Acuerdo Ministerial 00931* (Ministry Agreement), which created the UAT;
- *Proyecto de Acuerdo Gubernativo* that amended the Acuerdo to provide for Internal Regulations of UAT;
- Computerized data base system/registry for technical service providers;
- Norms for the administration of the registry system; and, an Operational Manual for internal control of the UAT.

During 2003, through the work of Santa Cruz and Associates, we have been able to complete and expand our contractual obligations with MAGA. The contacts with INCA RURAL of Mexico have been invaluable and their willingness to work closely with MAGA was unexpected. Hopefully, MAGA will be able to take advantage of this situation and also all the hard work that AGIL has put into the office.

RESULT #2

IR#2 Indicator #1: Number of micro-enterprises receiving technical and financial services

AGIL carried out over 300 formal training events reaching over 6600 persons (over 2100 of whom were women). See annex I.

Expected Contract Result #2: (Original) Improved capability of 8-10 financial or technical service providers

- A. Minimum of 8 financial service organizations and producer groups or cooperatives (or other client groups) in target regions strengthened and providing services to expanded client base.

12 new offices were opened in the ZONAPAZ by grantees serving over 18,000 new clients.

Expected Contract Result #2: (Changed 2003) More Micro Enterprises Expanding their Businesses

Contract Result B.2.: Improved capability of up to 30 financial or technical service providers.

AGILITOS

In January 2003, AGIL conducted a review of all 15 of the major grantees (AGILITOS) leading up to close out of grants and also a possible extension. Those grants whose initial purpose had been met (FAFIDESS, COOSANJER, ACT, and PETENLAC) were not considered for a grant extension. Letters were sent to the rest requesting extension proposals and two were rejected as having proposals that did not meet guidelines (IIDEMAYA and ADISA). Field and/or office visits were made to the following organizations: ACODIHUE, ASOCUCH, CESIDE, CIF, VERALAC, IEPADES, MUDE, CENTRO MAYA and FUNDEMI in January and February. Proposals were received by the AGILITOS and meetings were held with members of each organization to discuss their proposal, indicators, and suggest changes that needed to be made. All extensions were approved by February 18. The extensions provided the AGILITOS an opportunity to consolidate activities underway and, in some cases, expand, in a limited fashion, ongoing activities. Those grants that did not receive an extension were “closed out” during in early 2003.

The following is a brief summary of all grants, more detail can be gotten from previous annual or quarterly reports:

1. ASOCIACIÓN DE COOPERACIÓN AL DESARROLLO INTEGRAL DE HUEHUETENANGO “ACODIHUE”

During the life of the grants, ACODIHUE received \$126,253 and provided direct technical assistance to 1,860 producers and formed 92 organizations with a membership of 2,235.

With the initial two grants, ACODIHUE created the Unidad Especializada en la Prestación de Servicios de Asistencia Técnica “UEPSAT” working in Barillas and Ixcán. Under the extension, they consolidated efforts in Barillas. An extensive review of the entire ACODIHUE organization was carried out in early 2003. The effort was focused primarily on the financial structure but also included administrative and technical aspects. These efforts were done in close coordination with the European Community, which has trust funds invested with them. The findings were that unless ACODIHUE got major financial assistance from the EU, the organization would not be sustainable due to poor financial management and administration in the past. If EU continues to support them,

they will also need a full time technical assistance for at least six months. AGIL gave a presentation on the findings to the Manager and Board of Directors of ACODIHUE. These findings were also given to the technicians and executives of the EU to assist them in their decision to provide aid to ACODIHUE. As of year's end, the outcome of ACODIHUE depended heavily on the EU, and no decision had been made.

ACODIHUE is an example of a weakness in using grants to support only a part of the overall organization and not taking the entire business into account. The AGIL supported Barillas/Ixcán offices have had some success providing technical assistance and introducing new crops (añil and canavalia beans), but during 2003 turned into credit agents to help recover the bad loans made at the home office level. For a grant program to be successful, an analysis of the entire business structure should be done before disbursing grants for a portion of the business. (This basic flaw in the grant system – the assumption that the central organizations were strong, has haunted us with other grantees).



2. ACT

ACT received two separate and distinct grants: one to expand operations and the other for an intranet system to connect agencies to the central office. They received a total of \$82,457 for both grants, opened three new agencies, consolidated two exiting agency and disbursed 4,726 new loans of which 47% were to women. The credit operations are self-sufficient. The network system has also been very effective in reducing the: time to update the loan portfolio; communications between management and field staff; and the days needed for credit transaction all of which resulted in lowering transaction costs to the end user.

The original grant was to allow ACT to expand into three new areas: San Martín Jilotepeque, Santa Cruz del Quiché, and Chisec. They also consolidated their offices in Salamá and San Pedro Carcha. ACT uses community banks and solidarity groups to reach their clients, but they also provide technical assistance and marketing of producer crops with an emphasis on vegetables. The grant was very successful, the offices are all self-sufficient and have continued to expand a year after the initial grant was completed.

3. ADISA

ADISA received a grant of \$49,990 with which they organized and supported 6 groups with a membership of over 150 in the commercialization of their products.

ADISA is a community-based organization in San Antonio Ilotenango, Quiché founded in the late 1980's. They used this grant to consolidate and reinforce their strategy for reaching nearby *aldeas* through organization, technical assistance and

commercialization of produce (snow peas, broccoli, asparagus, and blackberries.) They also began a system for manufacturing organic fertilizer. This was considered a successful project, and even though they lost some of the sustainability by not being able to retain all the technicians after project end, the organized groups continue to function and ADISA continues to provide limited technical assistance.

4. ASOCIACIÓN DE ORGANIZACIONES DE LOS CUCHUMATANES “ASOCUCH”



During the life of the grants, ASOCUCH received \$70,930, formed and provided technical assistance to 9 farmer organizations with a membership of 234 – of which 20% were women.

The initial proposal was to open a technical service office in San Mateo Ixtatán; however, at the close of the first grant, ASOCUCH decided to shut down the office awaiting an extension and when an extension was granted they had to start up the office again. This office is in a very difficult place to work and the extension agents did an admirable job given the circumstances. However, the areas that seem to have the most potential are seed potatoes, sheep production and locally produced vegetables – all are long-term projects that can’t be supported by ASOCUCH or pay a fee for services. Under the AGIL grant, the groundwork has been laid and inroads made into areas where no one has provided technical assistance; however, additional funding needs to be found in order for the project to continue. We provided limited legal and logistical assistance in order for the Cooperative Xequel obtained legal charter. Once again, the day that AGIL funds stopped, ASOCUCH management shut down the office in San Mateo – a sure sign that upper management only viewed AGIL as a project, not as something that could assist the entire ASOCUCH expansion efforts. In a rapid strategic planning session done with ASOCUCH members, it was apparent that the cooperative members did not really see the need for the central organization, again a sign that upper management has lived a project mentality – awaiting more donor funds and has no plan for any long range sustainability other than to find more funds.

5. ASOCIACIÓN CENTRO MAYA “ACM”

During the life of the grants, ACM received \$78,800, provided technical assistance to 300 producers, who planted 969 manzanas of sesame and 279 of peanuts. 193 of the producers were members in a legally constituted organization formed by ACM.

Centro Maya, although recently showing improvement, have also had a “project” mentality, instead of concentrating in a specific area, they tend to branch into other areas

outside their expertise, because of a project specific funding. The office in Las Cruces has been somewhat successful, although they still need assistance in marketing of their crops. We aided them with a strategic plan and the development of marketing and credit plans, but again because they are trying to do too much for too many, much of their work has little focus.

6. CENTRAL DE SERVICIOS INTEGRALES PARA EL DESARROLLO “CESIDE”

During the life of the grants, CESIDE received \$64,031 and established 27 community banks with over 678 persons receiving credit from these banks.

The CESIDE office in Santa Cruz Barillas has been running a successful community banking project. AGIL assisted in their financial and administration system at headquarters as well as Barillas office. CESIDE is one of the better micro financial institutions under the program and most took advantage of the AGIL grant and technical assistance. The Barillas office has a delinquency rate that is practically non-existent and their banking operation is self-sufficient.

7. CENTRO DE INTEGRACIÓN FAMILIAR “CIF”



During the life of the grant, CIF received \$74,555 with which they organized 18 agricultural production committees consisting of 953 producers marketing 16 different commodities.

CIF has received technical as well as financial assistance. In 2003, Carlos Herrera, an AGIL consultant, carried out an evaluation of their micro credit system and made appropriate recommendations and gave them hands-on training to correct mistakes. During this period through a partnership, AGIL helped one of their groups in Chichupac install a mini irrigation system, a women's

group install a small coffee roaster and the construction of a laying hen house. We have also worked successfully with CIF staff in demonstration trials and commercial plots for jicama, cashew, and passion fruit.



8. COOSANJER

The COOSANJER cooperative in San Jerónimo, Baja Verapaz received \$49,921 to open (remodeling, purchase offices equipment and supplies, and pay credit advisors) an agency in the nearby town of Cubulco. At the end of the grant, they had 281 clients who received loans and 952 new savings accounts. They loaned a total of Q1,938,000 and had over Q1,600,000 in savings deposits.

This was one of the more successful grants due in part to the very stable main office and the financial and administrative practices of FENACOAC. With practically no outside assistance from the project they established a rural financial institution in a town where none existed and have continued to expand throughout the area as the AGIL project ends.

9. FAFIDESS

This organization received \$37,000 to develop a software system compatible with Pocket PC so that credit agents could reduce transaction time between loan requests and disbursements and to be able to exercise more control over loan portfolio. They purchased the palm pilots, but encountered numerous problems in the connectivity between the palm pilots and the main software system they were using. At grant's end the system was beginning to function. FAFIDESS invested more time and money of their own after the grant end and they now have a workable system called “Maya Credit”, which is planned for release to other micro credit organizations.

10. FUNDACIÓN PARA EL DESARROLLO Y EDUCACIÓN DE LA MUJER INDÍGENA “FUNDEMI/TALITA KUMI”

Talita Kumi received \$76,548 with which they expanded into new areas providing technical services to 3848 producers and 175 groups. 1964 women received technical assistance.

As part of the overall AGILITOS diagnostic effort on technical service providers, a preliminary effort was carried out with Talita Kumi. Based on the results of the diagnostic and weaknesses uncovered, a strategic planning session was held with all technical staff and a plan prepared. From this session, it was noted that the credit and technical assistance offices did not always work hand in hand, so an additional session was given to assist Talita Kumi in the consolidation of the two offices. Talita Kumi has benefited most from the AGIL assistance, due in a large to the direction of Otoniel Gamboa and his willingness to change. This is an association that should be given continued support, but beginning at the top level – encompassing the entire organization and not just picking out parts that seem to benefit the donors wishes.

11. INSTITUTO DE ENSEÑANZA PARA EL DESARROLLO SOSTENIBLE “IEPADES”

IEPADES received \$74,778 to open a technical service office in Chisec. They formed 19 producer groups and attended over 950 producers.

We have been assisting the entire IEPADES organization, not just the Chisec office during this period. We helped them develop a strategic plan and have helped with their financial situation. They seem to be suffering from an identity crisis, on one hand they do socially conscious projects paid for by donor agencies, but feel the need to either turn some activities into profit makers or begin new profit making activities. Strategic and financial plans are in place but not being used as they should be. They have no policies for loan recovery; there is a rift between administration and the operational departments, both of which cause problems in the loan department resulting in high delinquency. After receiving direct technical assistance from AGIL, the IEPADES office in Poptún has changed their loan and credit structure and became a more flexible office. Given the political leanings of IEPADES, it has been somewhat difficult for them to separate technical business aspects with social political ones – until they do, they will not be a viable, self-supporting enterprise.

12. IIDEMAYA (PAF-MAYA)

PAF MAYA, a rural financial institution serving the Mayan communities, received \$50,000 to open an office in Chisec. They disbursed 108 credits for a total of Q1,139,000 about half of the projected amounts.

This was probably one of the least successful of the grants and the office in Chisec was closed. Upon closer analysis, it was determined that PAF MAYA was trying to do too much without really having an idea of how to run a financial institution. On top of this, they picked Chisec, which was an extremely difficult area to begin their expansion efforts. However, since the grant has ended, PAF MAYA staff and management have continued to receive training courses, limited technical assistance from AGIL. They also received one of the licenses for the SIM software program. As of AGIL project end, the PAF MAYA organization based in Carchá is doing well. They have revamped their credit system and having learned from their mistakes in Chisec, are taking more cautious, yet better-prepared approach of expanding their efforts. As an organization they are on the way to becoming successful and are attending the needs of their Mayan constituents. They also recently formed a Maya technical college.

13. ASOCIACIÓN DE MUJERES EN DESARROLLO “MUDE”

MUDE received \$59,341 in grant funds to open an office in San Martín Jilotepeque. At project end, they had 1287 credits with a delinquency rate of 12%.



One of the more successful MUDE offices is the one opened in San Martín Jilotepeque with the AGIL grant. They continue to serve the community and have had no setbacks. The AGIL Micro Finance team offers them specific assistance when needed. As part of their sustainability program, we assisted them by designing a spreadsheet-business/financial plan that can be easily used to allow them to make correct managerial decisions.

14. VERALAC

The VERALAC cooperative received \$50,000 to provide technical assistance to the PETENLAC dairy cooperative.

This was a very difficult grant to administer from the standpoint of VERALAC, in grand part due to the poor organization, lack of leadership, and unsupportive membership of PETENLAC (members were unwilling to deliver milk to the cooperative unless they paid a higher than market price). At the outset, the cooperative was assured that they would have running water and electricity at the main plant, neither of which happened. PETENLAC had an unfounded distrust of VERALAC and were remiss in following direction in all aspects of cheese manufacturing and sales. All that being said, under difficult circumstances after years of existence, the cooperative did manage to produce good quality cheese and begin marketing throughout Peten, something they had only dreamed about before. At project end, they were receiving assistance from Land O'Lakes and continue to make and market their local cheeses.

15. BANRURAL

At USAID request, BANRUARL was granted \$216,787 to establish digital identification and security system. They installed systems in 11 agencies in the Zonapaz, and 6 agencies where Palm Pilot is being used for credit analysis. BANRURAL has continued to install the digital identification in agencies with the goal being to have the system in all agencies. They are at the forefront of this type of technology in Guatemala and have helped them provide better and faster service to their clients.

Small Enterprise Groups:

1. ACOFOP - forest concession group in Petén

ACOFOP is a forest concession association in Petén, experiencing difficulties in getting a loan from BANRURAL for working capital investments. AGIL was asked by USAID to provide financial support, even though they were receiving assistance from Chemonics. Their problems were more serious than just needing a lobbying effort with BANRURAL. AGIL spent time going over their financial statements and ledgers and the financial situation of each concessionaires and made recommendations to BANRURAL and other banking institutions. Their main problems stemmed from a misuse of letters of credit offered by buyers, lack of organizational capacity, preparation and planning prior to harvest. In the rapid assessment carried out by AGIL, ACOFOP was a marginally

profitable operation, but which showed potential for becoming a hugely profitable operation within two or three years. After AGIL initial report, we were not asked to continue our assistance and the organization continues to suffer from lack of guided management.

2. ADIAC (Asociación Integral del Agricultor Cholatense) – a packing shed in Cholá, Uspantán

In 2000, AGIL began working with a group of French bean producers from Cholá, Uspantán, not to produce French beans, but rather snow peas and sugar snap peas. This product shift was the idea of an exporter who was trying to fill a demand for European markets. Unfortunately, the growers had never produced these crops and the exporter was unaware of climatic condition in the Cholá area, and the project was not very successful. The growers went back to producing French beans to sell on the local market thru intermediaries. It occurred to AGIL technicians in late 2002, that we could piggyback Cholá beans onto the successful LeStansa exports. A group of producers from LeStansa went to Cholá and were very impressed with the growers, the growing conditions



(abundant water, little insect pressure) and local knowledge on how to grow beans. A “gentlemen’s agreement” was reached between the growers in Cholá and LeStansa, whereby LeStansa would market up to 220 cuerdas (24 manzanas) of beans with anticipated production of 45,000 boxes from April to June. Six women and 3 men from Cholá spent a week in LeStansa learning how to pack beans, how to supervise and run quality controls. Although AGIL provided limited funding (\$2,500) to build a rudimentary packing shed, the packing season came on faster than anticipated so the Cholá association rented the local town hall and refurbished it (painted the walls, installed fluorescent lights, scrubbed the floors, and put in makeshift packing tables). Plastic boxes and scales were purchased and LeStansa export boxes delivered. The first packing was slated to begin mid April. Members of the Board of Directors of LeStansa, supervisors, a field man, and 4 women packers from LeStansa went to Cholá to assist with the packing.



On Monday, April 14, packing began around 10 a.m., 50 young women and men (mostly women) arrived to begin packing. Among these were the six women who received training in LeStansa and 3 packers from LeStansa to act as supervisors, and to aid with quality controls. By the evening, when the lights were turned on, the entire area around the packing shed had a fair-like atmosphere with people from the aldea gathering outside to watch, admire, and celebrate as nothing like this had ever happened in their village. This activity will continue on an every other day basis until the end of packing. They pack between 1,000 and 1,500 boxes per session. The boxes are transported to Guatemala City once packing is concluded, and normally would be shipped via air the following day to Miami. Under ideal conditions,

beans packed on Monday in Cholá could be on the menu of an upscale Miami restaurant by Friday.

ADIAC also formed part of the initial Alliance and received a small grant for the construction of a packing shed. Unfortunately, the village leader misused some of the funds from payment for the exported product, misled the people and caused general lack of direction of ADIAC. As of project end, we were visited by a new board who stated that the old board had been relieved, new members joined and much of the funds recovered. They may be able to participate someway in ALIAR.



3. ADISOGUA – A packing center in Samacoch, Chisec



A packing center was finished in late September. ADISOGUA has had difficulty in organizing the 30 different communities given the highly politicized atmosphere in Chisec during the election campaigns. They decided to suspend organizational activities until after elections. They have, however, begun exploring the possibility with Rafael Landivar University of starting bamboo demonstration trials and they plan to install a cardamom dryer. They plan on

using the packing shed for a variety of products: locally produced ginger, pacaya, and even corn and beans.

4. AGRISEM - packing shed and laying hens in Cholá, Uspantán

AGRISEM is a similar organization to ADIAC mentioned above, they also work in the Cholá area and exported French beans through the LeStansa connection. This group received a small grant for the construction of a packing shed. Fortunately, it was very successful in its operations, largely in part to strong management and a strong organization. They are a founding member of ALIAR and have the potential to expand operations. As a result of the poor performance of the ADIAC administration, they were also able to provide an outlet for those producers to get a better price for their beans. The group also participated in the chicken/egg project.



5. APAC - computer system located in San Juan Comalapa

This producer organization (and member of ALIAR) that began receiving limited technical and financial assistance at the end of 2002. Is associated with one of the better exporting firms in Guatemala and has received funding and technical assistance from the Chinese Mission. We began to provide limited technical assistance when they became a charter member of ALIAR and we provided them with basic computer equipment.

6. ASDIAES - packing shed and greenhouse (member of ALIAR in Agua Escondida, Tecpán)

This is a group of snow pea producers located in Agua Escondida, Tecpán, and we first provided assistance in organizational development and marketing of their snow pea crops. Later, we provided funding for a packing shed and a green house. We were able to improve local marketing contacts and also helped broker a deal with a local buyer of broccoli, which was also packed locally.



This groupse also was recipient of a model greenhouse in which they planted tomatoes and strawberries.

7. **ASODEMNA - CECI/AID coffee project in San Mateo, Huehuetenango**

AGIL provided follow up to an ongoing but ending CECI project. Through CECI, we assisted coffee growers in an area about a five-hour drive on back roads from San Mateo area – near the Mexican border. CECI provided technical assistance and training in organic agriculture, and funds were to set aside to assist the organization in the organic certification process. They have markets through CECI contacts and with ASOBAGRI, a local coffee-exporting cooperative. Although they will market their coffee, an important aspect was the training in the use of organic, on-farm produced organic fertilizers.

8. **CASA BARILLENSE – sausage/meat processing project in Santa Elena Barillas, Huehuetenango**



AGIL purchased the basic equipment (meat grinder, sausage stuffer and cooker) which was been installed in a special quality control, sanitary correct room; two coolers and a display case are in the retail section}; and, a smoker has been installed in an enclosed patio. They received training from both VERALAC and INTECAP, and are producing a variety of meats for local consumption. In late October, they held an open house for local retail stores. They make a very good Virginia style ham, a variety of

longaniza/chorizo - type sausages and different type of processed meats using chicken. AGIL noted highly favorable comments on taste, quality, and general customer satisfaction. They are purchasing what meat they can from cooperatives member, but will need to increase hog production in order to keep up with anticipated demand. Four of the coop members have received their certificate from Public Health and all operations are conducted according to the Public Health standards. The only drawback suffered is that the 220w lines promised in late May have yet to be installed, so they are using 110 electricity from the cooperative installations – greatly reducing their capabilities. They hope to be at full capacity by late 2003.



9. CHICHUPAC - irrigation and coffee project close to Rabinal (with CIF)

We provided funding to build an irrigation system consisting of 4 kilometers of tubes to bring the water from its source (a natural spring) to a catch basin, where it is then distributed to farmer members to extend their season for planting snow peas. During the first year of AGIL, we supported a university student who helped them in organization and marketing of their crops through a local exporter.



We also provided a coffee mill, toaster and grinder to the women of Chichupac to help them better an on-going coffee processing sales system. The women traditionally purchased coffee in the village and then used manual techniques and considerable hand labor to process the coffee. They hope to raise production from under 30qq to over 150qq during the first year.

10. CHITAPOL – a mini irrigation project in Uspantán, Quiché

The irrigation system was installed and inaugurated in August, 2003. Fifty small farmers have benefited from this project, opening up 6 hectares to irrigation. This project was closely coordinated with Stan McMillen (“don Tano”), the local intermediary for French beans and other produce in the Uspantán area.



11. COOPERATIVA LA RESISTENCIA - training thru VERALAC in dairy production in Ixcán



The cooperative is a large business encompassing a little of everything: African palm production, corn and beans, tropical forest, schools, machinery rental, transport and recently, dairy production. They have a large tract of land devoted to pasture and recently built milking facilities. VERALAC

trained coop members in sanitary procedures for milking and, more importantly, for cream and cheese production. The operations were very clean and the cheese making is done under high standards. The potential for expansion is very good, given the land that they have. VERALAC is assisting the coop in purchasing more breeding stock and also more milk cows. This is a very well run operation.

12. CRS/CARITAS – packing shed, drip irrigation in Pie de la Cuesta, Sipacapa, San Marcos

We assisted a 10-year-old irrigation system in converting part of the irrigated land from sprinkler to drip irrigation. With the help of CRS, we provided funding and technical assistance to construct a small wet processing packing shed. They have a ready market for vegetables and potatoes through the CARITAS marketing system.

13. EMRIGOSAI - sanitary systems; a producer organization in San Antonio Ilotenango



One of the first grantees of AGIL, they received funding to set up in-field latrines, washing facilities, and mini packing stations prior to exporting blackberries. We also provided assistance in asparagus production. During the second year of AGIL project assistance, they had a complete change of Board members, who put their own self-interest above that of the organization, so AGIL no longer provided support. They did receive some support under the ADISA grant.

14. FUDI UTZ - irrigation system in Tecpán

AGIL provided limited support to a hands-on “learn by doing” agricultural technical school to fund the purchase and installation of modern up-to-date irrigation system that will not only serve as a learning tool, but also provide financial support to the school.

15. LESTANSA - packing shed, bakery, egg laying, greenhouse in San Martín Jilotepeque

One of the main organizations receiving support of AGIL, they are mentioned under separate headings.



16. NIJ - insect wax producers in Rabinal

We assisted in a study with AGEXPRONT and the Del Valle University to determine the toxicity of insect wax for possible use on furniture for children. Although the study proved that the product was not toxic, the local group did not follow up, as production was very limited, and AGEXPRONT was unable to expand the production area.

17. REY RABINAL - orange producers in Rabinal

We assisted in finding a national outlet for their genuine Rabinal oranges and subsidized trial shipments. The oranges were well received in Guatemala City, but changes had to be made in production and harvest practices in order to allow for a longer shelf life. To keep costs down, shipments had to be of at least 50,000 oranges, but a buyer would use 50,000 oranges in a week. However, since the oranges were picked ripe they did not have the shelf life to last the week, so either they had to make smaller shipments – raising the price or extend the shelf life of the oranges. When we approached the “producers” to teach them agronomic practices to enhance shelf life, it turned out that most of them had other employment and the orange trees was viewed as a source of extra income without having to expend much effort – they simply sold the ripe oranges off the trees. The project ended there.

18. ASOCIACIÓN SANTO TOMÁS - office building; member of ALIAR

At the same time we began providing technical assistance to ASDIAES, we also began helping this group of snow pea producers located in the area. They were working with the same local buyer, but had received funding from the Chinese Mission for a packing shed. We provided funding for an office and the Chinese Mission provided funding for an office in ASDIAES. A successful producer organization.

19. SHARE/ADIPO – greenhouse, laying hens in Comitancillo, San Marcos



We provided assistance on the construction of a laying hen project based on the successful AGIL models elsewhere and on the construction of a greenhouse.

The two model operations in La Estancia and Pachay may have not have been the

best examples of an egg production facility, as everything ran smoothly, perhaps a result of the proximity to Guatemala City or that they were more



organized, and coherent as groups. The chicken projects in outlying areas needed more handholding, more follow up and the AGIL team had to make numerous visits to the site. After a few minor flaws in construction, organization, care of the hens, and logistics, everything is on track and the project is going well, probably the best of the ten projects. The greenhouse project also suffered from lack of organization and direction and a lack of confidence from the producers in the AGIL building construction. After some needless delays, this project is also completed and should be very successful at bringing vine ripe tomatoes to an area that has never had commercial type planting of tomatoes.

20. TIOXYA - fish ponds in San Martín Jilotepeque



Based on the laying hen model, we assisted a group of farmers in expanding their tilapia farm. They had received minimal assistance from the mayor of San Martín Jilotepeque, the same who donated supplies for the packing shed in La Estancia. He contacted us and we agreed to donate materials for five additional

ponds and 5,000 fry. The farmers will sell live fish in local aldeas or in the town of San Martín Jilotepeque. This project was the last completed by AGIL, but seems to have potential as an income generating activity, as well as bettering the diets of the local people.

Technical Services:

1. ADECONARF, El Naranjo; ASELAP, La Libertad

Using the LeStansa model as a guide, we attempted to develop two retail store/commercial associations in the La Libertad municipality. We were successful in the beginning attempts although not without difficulty given the long distances and cost to put teams in La Libertad. Neither group had any experience in associations and were more accustomed to competing amongst themselves, although the idea of jointing forces for common goals was appealing. We arranged various meetings with counterparts in Tenosique, Mexico, but it was apparent that there were huge differences in scale and

vision between the groups. We eventually discontinued assistance brought on by a variety of factors. The building or not building of a road to connect Naranjo with Mexico became very political and threatened the storeowners. The rise in exportation of illegals to the US through Mexico increased security issues in El Naranjo as well as most of Peten, and finally, we were instructed by USAID to lessen our presence in Peten.

2. **ALIAR** - export vegetable producer organization

AGIL assisted in the creation of a rural alliance of small producers of export crops, known as ALIAR (Alianza Agroindustrial y Artesanía Rural). ALIAR constitutes an expansion of the model of LeStansa, a producer organization in Estancia La Virgen, San Martín Jilotepeque (Chimaltenango), where producers were able to bypass commercial middlemen in regional markets for their French



beans, and now market directly to the United States. With the combination of building a packing center, organizing a management unit, increasing quality of the product, and opening access to markets—all done at relatively low cost—LeStansa became one of AGIL’s “model” project that significantly improved farmers’ income, created numerous jobs, and had a marked impact on enhancing quality of life (including a demonstrated commitment by family participants to invest in education of the community’s youth). The opportunity to incorporate other farmer organizations came, in part, through LeStansa’s Miami broker, who during a visit of producers to the Miami broker’s office, requested a mix of products to go along with French beans, including snow peas and mini vegetables.

AGIL provided assistance to LeStansa and the other interested producer organizations from Tecpán, San Juan Comapala and Uspantán in forming an alliance or federation of producer associations. On September 2, 2003, a one-day workshop was held to introduce other AGIL beneficiaries to the Alliance and the day concluded with the signing of the papers to officially create an alliance of the five organizations: ASDIAES, ASODERE, AGRISEM, Santo Tomás, and APAC. In addition to the active sharing of technical expertise related to production and marketing, the alliance generates constant communication among its members that cultivates innovation in management and financial organization. Plantings began October 1, 2003, with an anticipated export production of over 45,000 ten-pound boxes of sugar and snow peas; over 32,000 of mini vegetables and over 80,000 of French beans a sales value of over \$US 1,000,000.

Members have been looking for an office in Guatemala City and have developed plans for the purchase of land and construction of a packing shed near San Lucas.

This is one of the first types of strictly producer-oriented alliances going direct to export markets. “Alliances” are typically formed by large farm exporter/producer who have all the contacts with the outside market and form “alliances” with individual, intermediaries or producer groups according to market demands. ALIAR will have obstacles to overcome in dealing with these unfair surroundings and prejudices at the Guatemalan banking level, guild and trade associations, funding organizations and shippers/brokers. Strangely enough, the people pushing for this type of organizations are the buyers/brokers in the United States, who claim to be tired of dealing with the traditional Guatemala export system and want to deal directly with producers. ALIAR farmers at present, feel empowered and technically competent to actively diversify production through direct communicative channels that have been opened up with the Miami broker.

3. ANAGUACATE - national avocado organization

We assisted them with a variety of workshops in organic farming and avocado production.

4. CESIDE - cashew commercial/demonstration plots farm in Ixcán and processing of the nut

Cashew seedlings have been planted, nut-processing equipment purchased and temporarily installed in CESIDE offices in Guatemala. Under a grant, we assisted them in setting up a cashew project in Ixcán. In a team visit to the site in late 2003, we were able to verify the work they are doing – and it is going very well. The cashew project has been carried out in a very technical manner with constant follow up. In our interviews



with farmer/participants they were pleased with the CESIDE work and excited about the future prospects of cashew. The equipment that they purchased under the grant, has been set up in Guatemala city on a temporary basis and is functioning well. They already have a local demand for their product that surpasses production. We also assisted in the design of their logo and at project’s end began distributing retail packs to local supermarkets.

5. CIAG - the Guatemalan ag engineer association.

We helped them organize a series of technical workshops devoted to providing new scientific ideas in tropical fruit production, diversification, etc. in the hopes of increasing membership within the organization and providing more technical service organizations.

AGIL sponsored a one-day meeting of the Agricultural Engineers College. This was the first in a series of 12 meetings that the AG College promoted in 2002. This first meeting focused on business management, and presenters included members from the banking community: BANRURAL, BANCAFE, and BCIE as well as SEGEPLAN and AGEXPRONT. AGIL sponsored various meetings with the national CIAG offices – Quetzaltenango and Cobán - to discuss diversification, certification and other issues. This was also a means to updating and expanding the UAT/AGIL database. The College is trying to update its membership files, be more responsive to member demands, and be prepared for eventual signing of TLCs in which the registration/certification of national agricultural extensionists will play a crucial part.

With the assistance of Dr. Fernando Zuluaga of the Mexican Embassy in Guatemala, we brought Dr. Horacio Santoyo of the SAGARPA (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación) to Guatemala for several specialized training sessions and workshops. The lessons learned in Mexico and the similarities with Guatemala in this area are important for AGIL as part of our assistance to MAGA in the development of a certified technical service providers.

6. COKADI - An indigenous association dedicated to providing technical services in a variety of areas.



A multi-focused organization, they began helping AGIL with the laying hen projects. AGIL tried to get them to concentrate only on laying hen projects, but they went through some ups and downs during 2002 suffering from internal squabbles. The Administration fired the three technical staff, promising that they could continue the work; however,

technical assistance to the five AGIL-assisted projects suffered and requests for new lots

of laying hens were not completed. In March, the Board of Directors dismissed the administrative staff for misuse of funds and rehired the three technicians. A sad note on an organization with a well-intentioned social philosophy, but with no business sense to provide for the minimum well-being and financial structure of the institution. However, late in the project, the original technicians returned, the Board was forced out and they were once again providing limited assistance to egg projects.

7. FORESTRADE - International organic trade organization

At the request of USAID, we gave them a grant to purchase vanilla plantings as part of a larger project with Counterpart, USAID and AGEXPRONT. We had no direct involvement with them.

8. FUNDACIÓN AGIL

For most of 2003, AGIL staffers, consultants, and “friends” of AGIL had been discussing options for when the AGIL project terminated. As of project end, they formed a Foundation under Guatemalan laws with twelve initial paying, founding members. They will continue the AGIL legacy or tradition: promoting business organization, assisting ALIAR, the AGILITOS, the chicken and basic infrastructure projects, plus offering training courses and have received an initial grant from USAID through AGEXPRONT.

9. FUNDIT - Guatemala Agricultural Research Foundation

A group of retired or ex employees of ICTA formed a foundation to carry on research efforts. We assisted them in a long-term strategic planning session that helped them focus on the tasks at hand and to build a sound foundation.

10. HORTISOGUA - The Guatemalan Horticultural and Fruit Society

We assisted them in a variety of workshops including the first national congress, peach workshops, sent a group on a technical interchange with Mexican universities and purchased planting material.

11. LAND O LAKES - cheese master to instruct dairy farmers to make cheese

At USAID request, we provided a grant to Land O'Lakes to continue working with PETENLAC. We have had difficulty in executing what should have been a fairly straightforward project/grant. Although Land O'Lakes originally envisioned helping PETENLAC with a cheese Master, they excluded PETENLAC in the original training courses, yet requested that PETENLAC (the agreement is with PETENLAC – not Land O'Lakes) submit reports and sign receipts for activities that had been carried out without PETENLAC. At project's end, the project seemed to be providing some assistance.

12. SELVA NEGRA - A Guatemala tropical plant business that assisted AGIL in providing technical assistance to potential growers in the Peten and Chisec areas.



13. SIEMBRA I - bee farming in Ixcán

The overall SIEMBRA honey operations are very impressive. New operations installed with AGIL funds are done in a very technical and professional manner. Each have 20 to 25 newly constructed hives (made in the community), and a well made warehouse/work room. All hives had



bees and production is expected to begin sometime after the rainy season ends. SIEMBRA has a good local market and is pursuing a long-term export market. We were all impressed with the professional manner of the technical assistance, the familiarity the staff had with the producers – it is obvious that have periodic visits to the sites in spite of long distances and bad roads. They expect to sell 50 barrels to a national exporter in the 2004 season.

14. SIEMBRA II - cattle in Ixcán.

A technology introduction/training project to improve cattle herds in Chisec. The basis of the project is to restrict continual expansion of dairy herds into new lands, by teaching farmers to use a combination feed lot/pasture system. This is a very remote site accessible only by air, or a 6-hour trip and 3-hour walk on bad roads from Chicaman. We interviewed project staff, who go to the site for 20 days at a time. Given the good work that they are doing with bees in the northern Ixcán area, and the fact that VERALAC is providing technical assistance, we have no doubts that this will be a successful project. In essence, the grant paid for setting up a few semi pasture/feed lot operations and the purchase of equipment necessary for hay making operations. Although the project suffered some setbacks due mostly to heavy rains and lack of transportation (the silage chopper has to be disassembled and brought in by small plane), they met all targets.

15. SUN MOUNTAIN - contracted to assist USAID programs and contractors in the interpretation and implementation of Handbook 216 guidelines pertaining to proper pesticides use.

ARTISANS:



During the 2002, at the end of two's years of assistance, the AGIL team, in company with artisans, visited retail sales stores in Guatemala City and Antigua. Although the AGIL artisans make high quality products that would seem to be in demand, they are priced out of the market either through inefficiencies or not controlling costs. Therefore, we have revisited the AGIL artisan model. One of the minor failures of the AGIL program was to erroneously depend on AGEXPRONT to

market the handicrafts. AGEXPRONT, as a guild, and not a development agency, does not provide this service to non-members, but rather through members, and some of the AGIL supported groups were seeking other outlets. Through the showroom and participation in COMFERIA, it is apparent that there are many national purchasers of high quality handicrafts – a market that has not been tapped. We learned that in order to be successful, a focused, well-planned long-ranged project to be established, working on marketing and a market development strategy along with production. AGIL,



unfortunately, concentrated the lion's share of its efforts in production, assuming other organizations would carry out the marketing function, and although successful, much work needs to be done in marketing and the actual sales of product. Clearly, the artisans are unable to compete in the local markets with their current products. They will have to lower costs of production or look for new, more sophisticated markets.

We have assisted several artisans groups during 2003 through limited financial support projects:

1. **Tejidos Guadalupe** in San José Poaquil, Chimaltenango – the whole spectrum of Guatemalan *típicos*: table runners, place mats, pocket books, folder's and crocheted hacky sacks balls.



2. **Dulce Hogar and Grupo de Mujeres de Chicajalaj** (supported by SHARE/ADIPO) in Taltimiche, Comitancillo, San Marcos - bags, pillow cases.



3. **Sastreras Ixiles** (supported by the local mayor) in Cotzal, Quiché - embroidery for local guipils.



4. **Association ADEI** in San Juan Comalapa – weaving and oil paintings.

The financial assistance package consists of a small rotating fund used to purchase basic supplies: thread, cloth, zippers, etc. and a small amount to purchase equipment: sewing machines or looms. As part of the package, AGIL has also provided assistance in accounting and administrative procedures. The reasoning behind the rotating fund is that it is basically an influx of working capital. Small women’s weaving/sewing groups are unable to look for new markets as they depend on the intermediaries for the market, and also for capital in the form of credit or supplies. Groups that want to produce on their own typically pay interest rates of 5%/month – which makes almost any venture unprofitable. With assistance in purchasing supplies for orders already received, the groups are guaranteed a quick turn around on their money which can then be used to help

them find their own markets and not depend on intermediaries and their cash advances. Equipment purchases were made to add to present equipment. All groups have a working center, i.e. they do not work exclusively out of their homes. The equipment is in a central location to be used by all members. Members are paid piecework, but purchase and market as a group. The rotating fund has been very successful and fortunately, the women have been successful in finding markets for their goods.



In the case of San Jose Poaquil, we also experimented with a novel fund called the creative fund. This fund is to promote new ideas, products, designs, and different colors, whatever they image. The basic assumption is that the women come up with new ideas, but a lack of funding prohibits them from simply trying something new. Women with a new idea (not just simply a color change, but, using the crochet techniques to make hacky sack balls to make purses or hats) present their idea to a committee, who then gives them funds to make the model – the association then presents the model in its retail store or to buyers. As this is a fairly new idea and a little strange for the women to use money on an idea, there have not been any revolutionary ideas; however, they have made different types of purses, fancy shawls, hats and different colors and designs for table runners.

CHISEC ECOTURISM:



We provided grants for basic infrastructure (paths, out buildings) for the Candelaria Caves, the Sepalau lakes (plus a row boat), the caves at El Porvenir, and a boat and motor for La Unión. These grants have been completed and are being supervised by Counterpart.

Infrastructure projects:

1. GREENHOUSES

We initiated our greenhouse project with two distinct types: one, an aluminum structure that was set up in La Estancia with tomatoes and seedlings, and the other in Agua Escondida – a wood structure with tomatoes and strawberries. From these initial projects, we set up another in



in Taltimiche with assistance from SHARE. Greenhouses are a very viable alternative to producing specialty crops (vine ripe tomatoes, bell peppers) for the local market. A simple structure does not produce enough commercially viable volumes that could be sent to larger city markets. The major problems we have encountered have been in caring for the plants and the greenhouses. It is a



completely new type of horticulture, and the farmers have to treat each plant as an individual, give it the care it needs as individual tomatoes could produce 25 pounds of fruit over a 6-month period. To farmers used to corn and beans or even snow peas, this type of specialized care is foreign to them. Although the systems are not very expensive



and easy to set up, the caretakers need technical assistance in the beginning and constant follow up thereafter until the producer understand the crop. With technical assistance, it is a very good model to raise incomes and to enhance nutrition in a given area. For example, practically all the tomatoes in Comitancillo come from Jalapa and only when there is excess supply. Local greenhouse tomato production can not only profitably compete with this competition, but also begin to fill an untapped demand for fresh tomatoes.

2. PACKING SHEDS



The first packing shed built with AGIL funds was in La Estancia. Using that model, we built another in Agua Escondida and later on a perfected and simpler model in Cholá. We also did a smaller, more compact version in Sipacapa, but still based on the small building construction techniques. All are in constant use and very much appreciative by the communities. They have served as a means of adding income to the community as outside buyers/brokers now can consolidate loads or do

some in field packing, which allows local employment. The only unsuccessful packing shed, was in an aldea of Cholá, where the community decided they didn't like the AGIL design and decided to build one more to their liking.

They ran out of funds before the structure was a quarter completed and it is a structure that will not ever be used. Once again, for these types projects, even though the people in charge agree with the basic principles, they tend to change plans based on local knowledge and ignore AGIL construction models. One has to have constant oversight or have an in depth knowledge of the group and its leader before launching a project. NOTE: in those cases



where a local qualified bricklayer or mason was available, we have had no problems with the construction and an important side effect was that local bricklayers learned new construction techniques which they rapidly applied to other buildings.

3. BAKERIES



In 2003, during one of many meetings with board members and management the discussion of fresh bread came up. There were about three or four local stores that sold bread that they bought twice a week in the neighboring town about an hour away. They offered only two types of bread. Local villagers also bought bread in the same town during market day and then stored the bread for a week in their homes. Although Guatemalans typically eat tortillas, most definitely have a

“sweet tooth” and eat bread for breakfast and an afternoon snack so the stores did a good business in bread albeit old bread.

Along with board members, AGIL staff conducted a survey of the main village and surrounding areas to determine the demand for fresh bread. AGIL also contacted local manufacturers of bakery supplies and made arrangements for members to work with a bakery in Guatemala City. Using USAID funds AGIL purchased \$5,000 worth of basic bakery equipment - a gas oven, a mixer, baking sheets, and a two week’s supply of ingredients. Funds (\$2,500) were also used to build a small, sanitary structure to be used as the bakery. The organization hired a baker from their village to work side by side with a local producer. After only two months of operation, the bakery produces 10 to 12 varieties of bread, about 3,000 “rolls” a day ready to sell to members and neighbors at 7:00 am and continue on with fresh bread for a late afternoon snack. Bread is sold to the local storeowners, delivered to stores in outlying villages, and sold by the piece at the bakery. Not only is the bakery a profitable operation, the consumption of fresh bread has risen greatly, since the bakery begun during school vacation, members are sure that sales will increase once children return to school and take bread with them for their early morning snack. A how-to bakery kit has been developed so that this activity can expand to other rural areas of Guatemala. An example of an income generating activity providing a service to the community, improving nutrition and putting a smile on the faces of young children eating a piece of warm bread before they go off to school in the morning.

4. LAYING HENS

AGIL has been promoting laying hen projects for two years starting with COKADI/Pachay Las Lomas project. During 2003, we expanded into four more areas: El Rincón and Nueva Concepción in San Martín Chile Verde, Quezaltenango (with a local NGO, ADIT and Peace Corps Volunteer); Taltimiche in



Comitancillo (with SHARE/ADIPO); AGRISEM in Uspantan; and, Xix in Nebaj, bringing a total of 9 (also in Pachay Las Lomas, La Estancia, Chimaltenango, chicken projects; Xetzé, Chajul; Cajixay, Cotzal and Tierra Linda, Chisec.) We have been able to cut costs of the basic infrastructure by adapting the greenhouse structure to laying hen facility.



We are also providing technical assistance to the 5 groups that already have laying hen projects. At the present time, these groups have over 11,000 laying hens and over 350 persons (mostly women) participating in the business.

Although the projects have had some problems with construction, delivery of feed and lack of technical assistance (mostly a result of COKADI's lack of a business focus) – they have proven to be money making projects in all 9 areas. In Tierra Linda, the members used funds generated from the first 1000



to build a second house. During a site visit, it was quite apparent the pride the members have in the project and their willingness to keep supporting it. The members received 1000 chickens and had to carry them from the highway to the coop about one kilometer at 3 o'clock in the morning!

We have helped with accounting controls (the best is La Estancia, as they use the LeStansa computer and an accountant to help them, but most have been able to keep fairly close track of their books). Again, problems stem from lack of follow up from COKADI.

Before beginning the new projects, each group selected 3 to 4 representatives, who then spent 4 to 5 days in either Pachay or LeStansa learning the “chicken business” from the women members. This type of



training is very helpful and successful, so that the new project members know what they are getting into beforehand.

A sidelight of the process has been the marketing of the eggs. In all cases, we conducted a market survey of the nearby towns (Nebaj, Quezaltenango, Chisec, etc.) to

determine the market potential, yet in practically all cases, the eggs stayed within the community or surrounding communities such is the demand for high quality, less expensive eggs. As one of the women's groups claims – “we only sell hot (freshly laid) eggs”. So we have increased the nutritional intake of many of the families in and around



the egg projects.

Given the lack of or erratic support from COKADI, we have had to contact other means of buying hens and feeds and providing technical assistance. Given all the hardships, the projects are still profitable, self-contained activities that produce income generation for the community and better the nutrition. The egg laying projects should be viewed as viable, and reliable projects for NGOs and other donor agencies throughout Guatemala.



5. FISH PONDS

Based on laying hen model, we assisted a group of farmers in expanding their tilapia farm. The farmers will sell live fish in local aldeas or in the town of San Martin Jilotepeque. This project was the last completed by AGIL, but seems to have potential as an income generating activity as well as bettering diet of the local people.

MICROFINANCE:

1. **ADEL IXCAN** - A micro finance organization in Ixcán, working with community banks

We offered limited assistance to Adel Ixcán in the early days, then, at the request of CRS, included them in 2002 as part of an overall CRS package, which included training and some hands-on help in the field, mostly with their financial and credit systems. They were granted a SIM software package.

2. **AMMI** - A MF organization in the Ixil Region using individual loans and solidarity groups

AMMI is an all women's micro finance operation located in Nebaj. They have received extensive assistance from AGIL, mainly due to their willingness to implement new ideas. They were the first organization to adapt the Accounting Manual and were

the guinea pig for implementing policy changes, indicators and ultimately the installed SIM software programs. AGIL assisted them in obtaining an original loan from BANRURAL, since then they have received three more on their own. They are probably the most successful of the micro finance organizations receiving AGIL assistance.

3. APAPTIX - A technical service/credit organization in Nebaj

This organization started out showing promise, but was not much of a technical assistance or credit organization, rather they loaned funds for the purchase of malnourished, unhealthy cows, kept the cows for the time necessary to fatten them up and nurse them to better health, then resell the cows – not really a production oriented organization. They also had a change in the Board of Directors early on, and were not to amenable to project assistance

4. AYNLA - A cooperative in Santa Cruz, Quiche

We assisted them in obtaining a loan from BANRURAL and begin to offer them technical assistance. Upon review of their books, in order to adapt the accounting manual, we discovered that they were using a system of very creative accounting which they were unwilling to admit or change, so we stopped all direct technical assistance to them, instead only inviting them to regularly scheduled training sessions.

5. BANCAFE

We provided assistance mostly in training in the first year of BANCAFE to help them establish their community banking system in Cobán. Micro finance operations are now an integral part of the BANCAFE system.

6. CCIMF (Comité de Cooperantes Internacionales para Microfinanzas)

The Comité de Cooperantes Internacionales para Micro Finanzas (CCIMF) was established in April 2002 as a means to coordinate the assistance provided by the principal international donors assisting the micro finance sector. Membership includes the Inter American Development Bank (IDB), the Central American Bank for Economic Integration (CABEI), the World Bank (IBRD), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), the United Nations Development Program (UNDP), the European Commission (EC), and the United States Agency for International Development (USAID), the Belgian cooperation agency, and the Swedish Embassy. CCIMF was established when several of the donors found that there was duplication of efforts in supporting specific micro finance organizations, and to respond to a common concern about the need for uniform information about the status of the sector.

From the beginning, the multiple donors group asked the AGIL Chief of Party to assume the role of discussion leader and executive secretary of CCIMF, with the support of the respected AGIL technicians specializing in this sector. The accounting manual and list of accounts designed by AGIL and the other financial tools were adopted by CCIMF

as standard instruments for use by all donors. AGIL was subsequently charged with developing a strategic agenda that would become the basis for CCIMF activities during its second year of operation. The CCIMF has also undertaken the publication of a joint Newsletter with current statistics on the micro finance sector in Guatemala, which allows all donors to have a common basis for planning assistance activities. Finally, CCIMF has proven an invaluable vehicle for multi donor review of draft Government of Guatemala laws affecting the sector. AGIL had a significant leadership role in CCIMF and as part of CCIMF and CCI, had an active participation in the VI Inter-American Microenterprise Forum sponsored by IDB. The team also assisted in the writing of the donor agency position paper on micro finance in Guatemala that was delivered by Michael Nebelung of GTZ.

AGIL also actively participated in meetings concerning the development of and dissemination of a Micro Finance bulletin sponsored by MINECO. We continued with our updates of donor agencies programs and training activities. For a variety of political and internal policy issues, it seems unlikely that CCIMF will continue after AGIL project end.

7. COOPERATIVA SANTA CRUZ - a savings and loan cooperative

We assisted them in obtaining a loan from BANRURAL early on in the project. Subsequent efforts to provide technical assistance were met with a tepid reaction from management and board. They preferred to do things their way and were not receptive to outside ideas. We terminated our assistance to them during the second year.

8. CREDIREF - a national credit bureau

Once the initial idea for a bureau was approved by founding members, we provided a consultant, Marcelo Motta, to basically set up the entire structure – he was a de facto general manager/secretariat for the beginning 6 months. After a shaky beginning, they are now a profitable organization providing services to a wide variety of micro finance customers.

9. CRS - a micro finance organization

We began serious conversation with CRS in 2001, in trying to help them convert their technical assistance program into a national organization of microfinance organizations. It became a very difficult and time consuming task for the local manager to convince his superiors and by the work plan of 2003, they still had not decided on anything concrete so we had no major effort with them. They were invited to attend training sessions.

10. FECOAR - a federation of regional agricultural service cooperatives

During the second year we did a study of the cooperatives in the Fecoar system, all of which were in such dire financial straits, that it was impossible for them to function

or to expand operations. Our recommendation was for the government to condone construction loans given after the earthquake of 1976 and loans made to persons who were disappeared during the violence. Unfortunately the government was unwilling to do so, without some type of assistance of political lobbying from Fecoar and they did not want the coops to have their loans condoned as they would have no reasons to be affiliated to Fecoar. It ended in nothing.

11. FUNDAMUJER - a women's micro finance group located in Guatemala

We assisted them with computer equipment and training.

12. HODE - a microfinance organization in Guatemala

We provided them with financial training and in the use of the software accounting package – SIM.

13. REDIMIF - a national network of micro finance organizations

We assisted in the development of a strategic plan and a hands-on business plan. We also trained all REDIMIF members in the use of Accounting manual. We also coordinated with the BID/FOMIN project with REDIMIF.

RESULT#3

IR#2 Indicator #1: Number of micro-enterprises receiving technical and financial services.

Many of the micro finance organizations that received technical and financial assistance are mentioned in detail above. In all, AGIL provided direct technical assistance in varying efforts (training sessions, hand on field work, seminars, etc.) to 43 micro finance institutions. (see Annex II)

Training courses

During 2003, AGIL conducted a series of two separate courses for accountants and managers for four different groups: AGILITOS, REDIMIF BID/FOMIN members, non - REDIMIF BID/FOMIN members, and “other” MFIs during the last period and completed the series this period. The five-day course for accountants concentrated mainly on the use of the accounting manual, internal controls, and fiscal legislation. Sessions revolve around 5 real-life specific case studies. 50 accountants from 39 institutions participated in 4 separate courses. The three-day course for managers and board members were given by outside specialists and covered such topics as: the world of micro finance, MF best practices, delinquency controls, financial laws and regulations, fraud prevention and interpretation and analysis of balance sheets. 38 board members

and 19 managers from 30 different organizations participated. All courses had unprecedented participation. Comments afterwards were that no one had ever given this type of practical, useful courses. We will package this course so that it could be available to other organizations, post AGIL.

IR#2 Indicator #2: Number of jobs created by program-assisted businesses

A. 30,000 micro-entrepreneurs in target areas financial and technical needs met

AGIL has directly worked with 11,403 micro-entrepreneurs and the SO4 team have 128,071 micro-entrepreneurs registered in their programs.

B. An increase of 10,000 full-time jobs in target geographic areas

The number of jobs that have increased directly attributable to AGIL is 3,926 and to the entire SO4 team is 58,375.

C. Improved capacity of BANRURAL and other financial entities

Through a grant to BANRURAL, they installed digital identification software in 11 agencies in the Zonapaz and also provided the credit analysts with PC hand held computer technology to lessen transaction time between bank and client. (see above).

Micro-Finance Computerized System

At the end of the year 2000, the AGIL Program hired a Consultant to design and develop an Accounting Manual that contained a list of accounts, standards for financial best practices, a description of accounts, typical accounting transactions, and basic financial statements. The manual was to be based on Generally Accepted Accounting Principles and International Accounting Standards, and was to be aimed at those institutions providing micro-finance services throughout the country.

In 2001, the AGIL Program again hired consultants to implement the Micro-finance Accounting Manual in several micro-finance institutions working in the rural area, using a computer program known as the Micro-Finance Computerized System (SIM in Spanish). Work was needed to adapt this system to Guatemalan circumstances, since it had been designed for its direct implementation in El Salvador and the concepts and the accounting and credit policies were different. After working for several months during 2001 to adapt the computerized system to Guatemalan organizations, it was installed in three MFIs in the rural area. The results were as follows:

- Migrating the information contained in the MFIs' portfolios and accounting information to the new system was contingent on many factors such as:
 1. If the MFI already used an information system to keep its accounting records, a computer program to transfer said information had to be developed.

2. The AGIL consultants, themselves, had to transfer each MFI's accounting information to the new system, since the technicians trained to handle the new system were not familiar with the accounting aspects applicable to it.
 3. MFIs had credit processes that did not coincide with the ones programmed in the new system, so the new processes had to be adapted to the new system.
 4. In every instance, organizations were not willing to invest financial resources to acquire computer equipment and to hire maintenance and support services, even though the AGIL Program was providing its support by donating the SIM licenses, and financing all the expenses to implement the system.
 5. In every case, MFI personnel evidenced lack of knowledge about the way their organization operated, the documentation flow, and the way to handle their by-laws and their established credit policies.
- Implementation was concluded at the end of 2001, and it became evident that the Accounting Manual designed for the AGIL Program, as well as the operation of the system, were suitable to the organizations in which they were implemented.

In the year 2002, FUNDAMICRO experienced changes in its management, and that affected its policy of providing services to organizations outside the Salvadorian territory. This meant that the AGIL Program could not continue working with said institution, since it no longer complied with the cost parameters for services and support established by AGIL.

In 2003, FUNDAMICRO again experienced changes in its management, and that altered the focus of its policy as to its expansion throughout the Central American area. As a result, talks resumed with FUNDAMICRO, and by August 2003, it was agreed that the experiences and conditions in which the Micro-Finance Computerized System (SIM) had operated, from the beginning of 2001 to January 2002, in those organizations located in Guatemala, would be amply discussed in conjunction with the AGIL Program. It is worth mentioning that FUNDAMICRO accepted its responsibility for not paying timely attention to the failures occurring in the SIM, and that it pledged to co-finance the implementation of said system in those organizations whose licenses were donated by the AGIL Program.

During the August-October quarter, the SIM was revised and final adjustments were made to it, and the results of this effort were deemed satisfactory. Simultaneously, work began in order to gather and revise economic-financial and administrative information (accounting information, credit portfolios, credit regulations and credit policies) for the Asociación de Mujeres Mayas Ixiles (AMMI), with their data as of September 30, 2002. This effort took place in order to prepare the association for the implementation of the SIM, which was completed satisfactorily from November 11 to 12, 2003.

RESULT #4

Expected Contract Result #4: A uniform results-oriented reporting system for all activities related to income generation is implemented.

- A. M&E Reporting System for SO4 partners established and operational
- B. M&E Reporting System for Abt AGIL Results Team established and Operational

AGIL was charged with providing monitoring and evaluation support services for all activities implemented under USAID's strategic objective four. This involved activities of a dozen different institutions primarily in the target regions, but in some cases in other parts of Guatemala. There were two principal types of activities carried out under this project component. The first was collection and presentation of predefined results indicators, allowing USAID to monitor the impact of all programs in achieving its higher order objectives. The second task was to sponsor basic analytical surveys needed to establish baselines and examine issues of particular concern.

The difficult phase for the collection of data on indicators across the SO came at the start up, when many implementers were wary of sharing information, and often lacked a clear commitment to a uniform monitoring system. There were also a number of issues at the commencement of the program, as the indicators used by different organizations lacked common definitions, and therefore could not be simply summed. In some cases, some of the implementers were using data definitions required by their home offices, which made change difficult. Resolution of these issues required considerable effort by the AGIL technicians, and these discrepancies were not fully eliminated until the end of the first year of the three-year AGIL program. Even after uniform data sets were clearly defined and accepted by all parties, obtaining timely reporting required constant follow up throughout the life of the AGIL project. With the completion of AGIL activities, USAID staff will now assume directly the responsibility for collection of the monitoring data. This will be an additional workload at a time when USAID staff is being reduced, and will need the full cooperation of all implementers.

In addition to a lack of awareness of why a uniform results-oriented monitoring and evaluation system needed to be implemented, many SO4 partners initially were uneasy about the role AGIL would play as a leader in developing the so-called "uniformity" in the system. AGIL undoubtedly was the 'new kid on the block,' and many of the organizations already had a long track record working in Guatemala and with USAID. There was a degree of unease related to the scrutiny their own systems would undergo, as AGIL's M&E activities required making the initial diagnoses of each partner's M&E system. Fortunately, through a combination of offering technical assistance in improving partners' systems and through developing an amicable and collegial relationship with the partners, AGIL was able to engender trust and confidence in the partners, and basically the level of compliance and participation in improving the

M&E systems individually, and the effort toward erecting the “uniform system,” went remarkably smoothly.

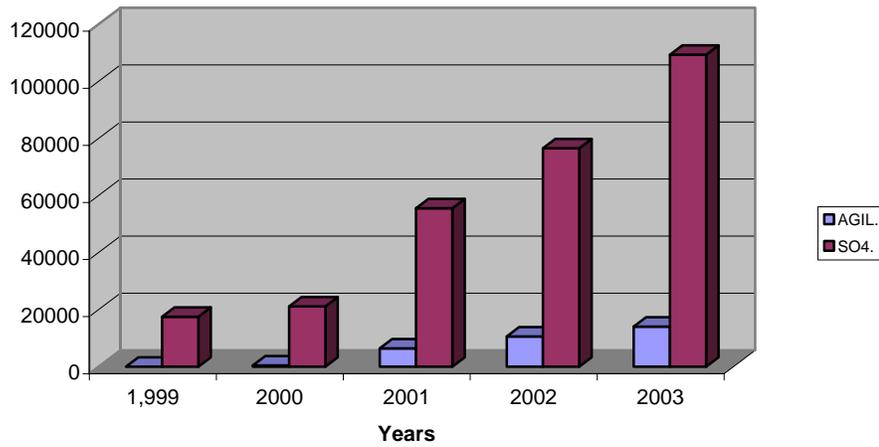
There were numerous indicators AGIL had to track for the entire SO. Briefly, they are as follows:

- 1) Small Farmer Participants (this broken down into (a) small farmers receiving technical assistance, (b) small farmers incorporating improved agro-forestry techniques, and (c) small farmers incorporating higher value crops into their production regimen)*
- 2) Small Farmers with Secure Access to Land (Land Titles Awarded by Fondo de Tierras)*
- 3) Rural Finance Participants (Microentrepreneurs receiving loans through USAID-supported Trusts or through other programs working in the SO4)*
- 4) Employment Generation (At present using an algorithm-generated figure based on credits disbursed)*
- 5) Household Income Changes*
- 6) Public and Private Investment in Market Towns*
- 7) Nutritional Indicators (“Global”, weight-for-age figures obtained from Food-Aid PVOs)*

The M&E Component of AGIL tracked indicators for the project AGIL itself, as well as for the entire SO for USAID. Indicator 5 (household income changes) required tracking through more sophisticated techniques, and is described at greater length below. The rest of the indicators largely consist of counts submitted by the partner organizations, and herein lays the arena for the development of the AGIL uniform results-oriented system. Of this list, the principal indicators were one (small farmer participants) and two (rural finance participants). The gains in number of participants for these two indicators were phenomenal, and it required that the targets be continually reset by the Mission during the Annual Portfolio Reviews. For example, the target of small agriculturalist benefiting under the SO for the year 2002 (set in 1998) was pegged at 25,000. Due to the identification of a much greater number of participants in the various SO programs, in 2002, the target was reset to 60,000, and for 2003 it had to be reset to 103,000.

The following tables and graphs depict the changes of target indicators over the life of the SO.

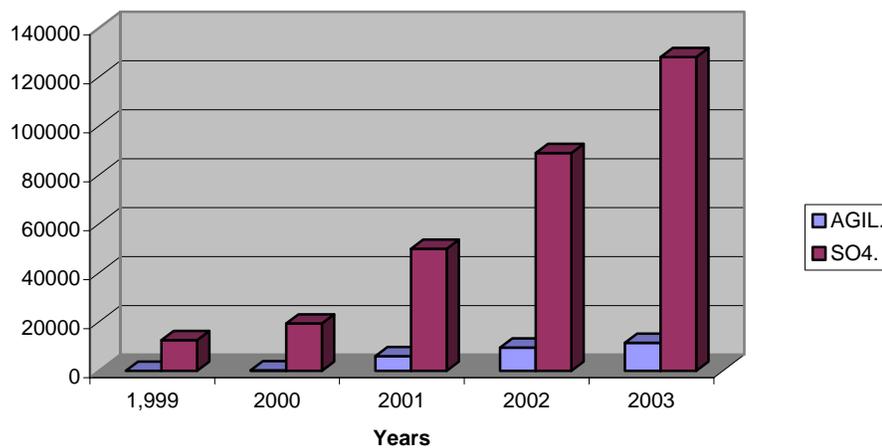
Small Farmers Receiving Assistance, 1999 a 2003



Number of Agriculturalists Participating in Programs from 1999 through 2003

Organizations/ Years	1,999	2000	Annual Percent Increase	2001	Annual Percent Increase	2002	Annual Percent Increase	2003	Annual Percent Increase
AGIL.*		455		6,393	1,305.00	10,595	65.70	14,055	42.80
SO4**	17,500	21,122	20.70	55,489	162.00	76,527	37.90	109,292	21.80

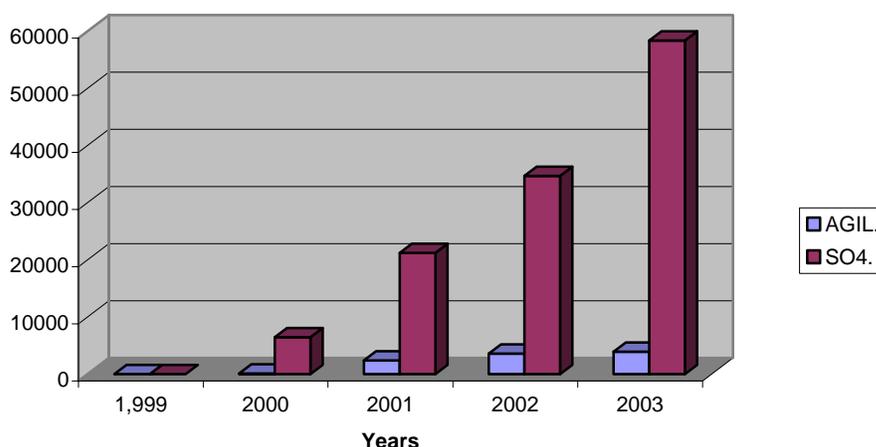
Microenterprises Receiving Credit, 1999 to 2003



Number of Microentrepreneurs Participating in Programs from 1999 through 2003

Organizations/ Years	1,999	2000	Annual Percent Increase	2001	Annual Percent Increase	2002	Annual Percent Increase	2003	Annual Percent Increase
AGIL.*		175		5,957	3,304.00	9,481	59.20	11,403	20.30
SO4**	12,500	19,295	54.40	49,809	158.00	88,915	78.50	128,071	44.00

Growth in Employment Generation 1999--2003



Number of Jobs Created in Programs from 1999 through 2003

Organizations/ Years	1,999	2000	Annual Percent Increase	2001	Annual Percent Increase	2002	Annual Percent Increase	2003	Annual Percent Increase
AGIL.*		109		2,369	2,073.00	3,588	51.50	3,926	9.49
SO4**		6,439		21,191	229.00	34,667	63.60	58,375	68.40

The spectacular growth rate of the SO program was not anticipated by USAID for three reasons: 1) when the funds were allotted to USAID/GCAP to help ensure the implementation of the Peace Accords in 1997, the Mission did not anticipate the expansion of the Food Aid Partners into new zones of the Zonapaz, and therefore, this factor was not directly figured in during the setting of original targets; 3) Guaranteed Trust funds for microcredit programs to BANRURAL and BANCAFE, principally, provided security for the banks much larger than originally conceived, and since the microcredit programs in these two banks cam largely under the impetus of USAID long before the beginning of the Strategy , USAID deemed itself worthy of receiving acclaim

for indicators relating to rural finance in areas outside the Zonapaz, and 3) the efficiency of instituting a comprehensive M&E system across the partner network made it easier to count for the number of participants in the rapidly growing development interventions.

AGIL continued to conduct sample framed field studies using rigorous social science methodology. In 2001, a mid-point ‘barometric reading’ was carried out by revisiting approximately half of the households originally interviewed in the EBF survey. And now, the end line survey to measure the general SO4 impact is delivering results indicating that the state of the rural Guatemalan economy is in worse stead than it was when the first survey was conducted five years ago. Household income is 13.5 percent less than it was then (in real terms, adjusting for inflation), and household expenditures in all areas, including food consumption, clothing, and healthcare are down. All this points to a general slowdown in the Guatemalan economy stemming from the coffee crisis, and policies and investment shortcomings on the part of the national government. The only increase in household expenditures is in the area of education, and this could be a positive change (more value placed on education), or it could be negative (school cost increases are way disproportionate from other expenditure categories).

RESULT#5

IR#2 Indicator #1: More Small Farmers Engaged in Higher Value Production and Marketing

IR#2 Indicator #2: More Micro-Entrepreneurs Expanding Their Businesses

Expected Contract Result #5: The Land Fund opens a new “window serving more clients on a sustainable basis, and CONTIERRA designs a plan for its incorporation into the Guatemalan Budget.

USAID extension request: Technical assistance will continue to be provided to FONTIERRAS for the establishment and operation of a new Land Guaranty Fund, a land rental mechanism, and other actions requested by FONTIERRAS that will increase the sustainability and outreach of their operations.

1. Develop a plan and timetable for FONTIERRAS and CONTIERRA to provide 10,000 small farmers with secure access to land by the year 2003.

Attained counting INTA and earlier Trust Fund. Funding from USAID, donors, budget, and loans.

2. Develop a medium to long-term plan to consolidate FONTIERRAS as a technically and financially self-sustainable institution.

Board actually worsened sustainability by condoning, grace periods even when not needed, plus easy refinancing.

- 3. Establish a Guaranty Fund as provided for in the FONTIERRAS law, through which more and different Windows can be opened to meet the demand for land.**

Board received but did not act on recommendations and is not willing to enforce repayment.

- 4. Establish a cadastre-registry model that can interact with the different registry and cadastre entities that are being established by the Government of Guatemala.**

Deferred until next GOG.

- 5. An institutional strengthening plan for CONTIERRA through which the functional and financial autonomy of the institution can be achieved.**

Plan delivered, autonomy deemed unfeasible by GOG. We concur that soft funding is preferable for now.

Analysis:

- 1) A majority of the Board members at FONTIERRAS act as advocates of groups that appoint them, and are unwilling to require payment for land received. Few care to help small farmers acquire small parcels of their own.
- 2) Rather, they see their role as advocating ever more generous gifts of land bought by the Fund and turned over to organized groups as collective or group farms.
- 3) The FONTIERRAS law promises a subsidy to every beneficiary, but the money is not there. And new groups demand land and subsidies for themselves.
- 4) The Board and the staff now face sit-ins and highway blockades as pressure by organized groups. Each demands budget money and further loan disbursements with which to buy and give land to them. Ahead of all others, jumping the queues.
- 5) The Board has not adopted recommendations to serve individual small farmers with land purchases despite clear language in the law of FONTIERRAS.
- 6) The Minister of Agriculture, who presides at FONTIERRAS Board meetings, was unable to get majority support for rentals or guaranty programs that would be sustainable, so neither has been enacted.

- 7) The Peace Agreements called for tax increases to fund FONTIERRAS. The taxes were not even supported by the parties to the Agreements, and so were rejected by the Guatemalan Congress.
- 8) State banks hold some land seized as collateral for unpaid debts of commercial farmers. Bank officers intend to sell it to similar clients, and show no will to offer the land in small parcels that yeomen farmers could afford to buy.
- 9) It is not possible to fund the transfer of land with a bond issue when there is no history of successful collection of existing mortgage debt, and no penalties for debtors who refuse to pay for the land received.
- 10) Guatemala does have a successful mortgage guarantee program (FHA) serving individual buyers who buy condominium apartments or houses with significant down payments and rigorous collection procedures.

Recommendations:

- 1) Work with the new Government to lower expectations of subsidies and of loans that are continually rolled over, thus giving land outright to organized groups.
- 2) Explore mechanisms to encourage landowners to subdivide underutilized farms into parcels to be sold on credit to individual buyers, with down payments. This has been highly successful in urban fringe areas in El Salvador.
- 3) Explore “rent to own” models enabling tenants to buy the land they till.
- 4) Assist the new Government to design new “windows” giving priority to buyers who forego subsidies and grace periods. The present program is generous but unfunded. We need to serve the “bankable poor”
- 5) Help the new Government decide how to deal with opportunists that resort to measures of force to try to jump to the head of the applicant lines.
- 6) Organize study tours in Central America to learn how others achieve deal with opportunists. Costa Rica, for example, had to create a mechanism to exclude those who seize land from all future programs and benefits.
- 7) Fund technical assistance to groups that want to individualize member rights and responsibilities, providing full title and security to those who actually pay.
- 8) Require state banks to offer foreclosed land for sale in parcels and on credit, but with 20% down payments and effective mechanisms leading to fully negotiable registered title when early installments have been paid faithfully.

- 9) Integrate land market mechanisms with the next Government's plans for further reform in the land Registry.
- 10) Analyze the portfolio of loans made by the Land Fund, to identify factors that led some groups to more success than others, in sustainability and profitability.
- 11) Convene the parties to the land component of the Peace Accords, to rethink the promises perceived, and to identify and secure funding for sustainable land market transfers.