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12 Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No. —)					
Maximum AID Financing Available	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
			1,000,000		1,000,000
	B U.S.-Owned Local Currency				

13. Mission References

14A. Instructions to Authorized Agent

Per HB13, Ch.4 and Delegation of Authority 452 dated May 15, 1985, negotiate an Operational Program Grant with Agricultural Cooperative Development International (ACDI) according to the attached proposal.

14B. Address of Voucher Paying Office

USAID/Costa Rica, via FRLC

15 Clearances—Include typed name, office symbol, telephone number and date for all clearances

A. The Project Officer certifies that the specifications in the statement of work or program description are technically adequate.	Phone No 3483	B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.	Date 8/30/89
	Date 3/7/89		
Ross Wherry, RDO		Jim Van den Bos, PRO	
C. William Baucom, RDO	Date 3/7/89	D. Funds for the services requested are available	Date 3/31/89
John Johns, EXO	3/27/89	CONT:JAVila	3/31/89
E. Lorraine Simard, PRO	Date 3/4/89	PDO: RGarland	3/19/89
Douglas Tinsler, DDIR		RIA: L. S. ...	

16. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to

Signature: N/A Date: _____

17 For the Agency for International Development

Signature: *Carl Leonard* Date: 3/31/87

Title: Carl Leonard, MDIR

*See HB 3, Sup. A, App. C, Att. B, for preparation instructions. Note: This completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL

50 F. STREET, N.W., Suite 900
Washington, D. C. 20001

ACDI COSTA RICA COUNTRY PROGRAM PROPOSAL

**"COOPERATIVE DEVELOPMENT SERVICES FOR COSTA RICA"
1989-1992**

SUBMITTED TO:

**Rural Development Office
Agency for International Development
San José, Costa Rica**

March , 1989

COOPERATIVE DEVELOPMENT SERVICES FOR COSTA RICA

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Specialist

Frank Astacio - Coffee Credit Advisor

Jorge Cespedes - Cooperative Management Specialist

Patricia Chaves - Administrative Director

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ACDI COSTA RICA COUNTRY PROGRAM PROPOSAL "Cooperative Development Services for Costa Rica" 1989-1992

I. EXECUTIVE SUMMARY

Agricultural Cooperative Development International is the overseas development arm of U.S. agricultural cooperatives. It is affiliated with the National Council of Farmer Cooperatives, which represents over two thousand U.S. agricultural cooperatives with about one million farmer members. Since 1983 ACDI has successfully implemented three projects in Costa Rica. These are Bancoop, the most successful new private bank in Costa Rica, the Fedecoop coffee improvement and diversification credit program, and Coopecalifornia, a new worker-owned cooperative which produces palm oil for domestic consumption. This proposal would broaden the scope of ACDI's program in Costa Rica to add responsiveness to the technical assistance needs of a number of agricultural cooperatives involved in non-traditional exports by extending the current OPG 515-0227 for three years.

ACDI's active role in advising Bancoop ended in 1986. Nevertheless, ACDI has a continuing close relationship with Bancoop, and houses its regional office at Bancoop. ACDI currently has two full-time adviser positions in Costa Rica, one assigned exclusively to the coffee improvement and diversification program, and a second position split between three activities: advising Coopecalifornia, regional activities in Latin America and administering ACDI's centrally funded projects in Costa Rica such as the Farmer to Farmer program and the Innovative Approaches to Computer Use project.

The first area of need to be addressed by the new program is to continue assisting in the coffee improvement and diversification program of Fedecoop, which has administered an AID-funded loan trust since 1985. Continued technical assistance will help both Fedecoop and its affiliates collect the program's loans in an efficient and timely manner. These loans have been made to coffee farmer members of Fedecoop affiliate cooperatives for crop improvements (disease-resistance, higher yields, higher quality) and for diversification (macadamia, caña india, etc.). With most of the funds loaned out by 1986, the next phase is to assure a high rate of repayment and proper use of the reflows to achieve an equitable distribution of the benefits among Fedecoop's expanding membership, which now accounts for half the coffee production of Costa Rica. An important secondary goal is the strengthening of Fedecoop's affiliates' management and administrative abilities. Given the amount of A.I.D. investment in the program (aprox. \$20 million) the continuation of this activity is an excellent investment.

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The second area of need is the strengthening of cooperative management and marketing, for both the coffee cooperatives and other export oriented cooperatives who make requests. This service will target cooperatives which are involved in exporting non-traditional agricultural products. By creating a team of advisors with a mix of skills and the flexibility to focus on critical areas of need, ACDI will assure that the resources invested in cooperatives will have a lasting, stabilizing effect. This component of the project is aimed at cooperatives which are past the start-up phase and need to consolidate their operations, assuring good performance in all technical areas such as accounting, production, purchasing, inventory, member relations, etc. Important elements in this assistance will include training activities for management employees and boards of directors.

The third area of need is in providing a range of services for fledgling export-oriented cooperatives, defined as those under five years old. The cooperatives targeted for this assistance will also be those involved in exporting non-traditional items. ACDI includes umbrella organizations in this definition of fledgling cooperatives.

The new proposed structure would include the following positions and activities: 1) a 75 percent time cooperative development/marketing advisor/chief of party, 2) a full-time adviser to be assigned 50% to carry the coffee credit program through the crucial phase of collecting and re-cycling the original funds, and assigned 50% to working with the management of export oriented cooperatives and the non-coffee export programs of Fedecoop and its members; 3) a half-time management/credit advisor with extensive banking, economics, and cooperative background, 4) an administrative director assigned to coordinate team activities, manage the office and assist with overall project administration.

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II. Statement of the Problem

A. Costa Rican Cooperatives

Before beginning an in-depth discussion of the problems and needs of Costa Rican export cooperatives, it is important to place the present movement in historical perspective. This section will present a brief outline of the cooperative movement in Costa Rica up to the present, analyze its current needs and opportunities, and place cooperatives in the context of the ongoing development of the Costa Rican economy.

1. Early History

The Costa Rican cooperative movement is relatively new, yet it has developed very rapidly in the post World War II era. Although a few cooperatives were organized in Costa Rica in the 1920's and later, there was no significant movement until the mid-1950's. All of the more than 20 cooperatives organized prior to 1947 eventually failed, with one exception. In 1947 a cooperative office was established within the National Bank. From 1953 to 1969, 248 new cooperatives were organized with the office's assistance, of which only 33 failed.

2. The 70's: Explosive Growth

The cooperative sector has continued its strong growth since 1969. As of 1987, 18 years later, approximately 362,000 working age individuals belonged to cooperatives, or about 30% of the economically active population (1). It can be estimated that there are now 128 agricultural cooperatives with approximately 40,500 members (2). In addition there are many agricultural cooperatives organized under the separate law of associations which are not included in this figure. The most important recent expansion is in the sub-sector of agricultural cooperatives dedicated to exports of non-traditional items including fruits and vegetables, ornamental plants, seafood, and other products. Many of the older cooperatives have established new departments in non-traditional exports as well, such as Coopenontecillos venture in seafood exporting and Fedecoop's diversification into macadamia.

While in 1969 about 18% of Costa Rican cooperatives were agricultural (3), today the figure is at least 22%. One source has estimated that since the early 1970's Costa Rica has seen an average of 50 new cooperatives of all types every year (4). If we assume that 22% of these are agricultural, then there has been a steady stream of 11 new agricultural cooperatives, almost one per month, for more than 15 years. Clearly this would account for more than the current number of agricultural cooperatives,

possibly double the 128 now identifiable. These trends imply that the recent disappearance rate for new agricultural cooperatives is about one out of two. Additionally, some of the agricultural cooperatives still in existence have failed and are waiting to be closed down by INFOCOOP, the government cooperative agency.

3. Cooperatives in Crisis

One report has classified 102 cooperatives of all kinds, or about 18% of the total of 580, as currently in crisis. This source places agricultural cooperatives at the top of the list, and the savings and loan and other financial cooperatives second. Agricultural cooperatives in crisis appear to represent one and half to two times their proportion of all kinds of cooperatives. An undetermined number of cooperatives are waiting to be placed on the crisis list. The percentage of cooperatives in rural areas on the crisis list is about double that of the San Jose area (5).

The rapid growth of cooperatives in the 1970's was encouraged by the formation of INFOCOOP and various related institutions, and aided by grants and soft loans from AID and the European community, as well as legislated transfers from various Costa Rican government sources. For example, in 1975 AID gave INFOCOOP a 40-year soft loan of \$3.3 million to develop new cooperatives (8). At the root of this development effort is the admirable goal of Costa Rica's leadership to promote education, democracy, and economic self-help at the local level as a means of assuring equitable prosperity and political stability. The effort has produced part of the desired results. The cooperative movement in Costa Rica is among the most dynamic and fastest growing in Latin America, and the top fifty cooperatives in Costa Rica are models for the rest of the region. The challenge today is for the cooperative movement to address the problems affecting the other 90%.

4. Strains on the Cooperative System

Adding to the strains of rapid growth are the many responsibilities placed on INFOCOOP and its sister institutions. These include financing cooperatives, promotion, skills training, cooperative education, technical assistance, feasibility studies, supervision of cooperative activities (including law enforcement and tax collection), accounting and management audits, and promoting computer usage. INFOCOOP has a professional staff of about two dozen to cover 580 cooperatives, and is also charged with organizing about 50 new cooperatives per year, closing down another 30, ministering to 70 ailing ones, and helping over 200 which are under five years old and are therefore not fully established.

A Costa Rican researcher, Guillermo Paz, writing in February,

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1988, puts the strain on the cooperative system in perspective. His analysis of the managerial and educational needs of agricultural cooperatives showed that only 35% of the managers have university educations, and that 23% have only primary educations. Most alarmingly, he found that in 1987 more than 70% of cooperative managers had salaries under 25,000 colones per month (about \$350 in 1987). This puts managers in the same category as taxi drivers and bank tellers. He found boards of directors to have less education than managers, especially in agriculture, and more than half of board members have less than 5 years of involvement in cooperatives. Paz concludes:

Without a doubt, the management of the cooperatives is in serious difficulties...(with) a high percentage of (cooperative) businesses facing liquidation or operating poorly. Also, an additional number require assistance in highly sensitive administrative areas, while the educational levels and experience of the members is low... The growth of the cooperative movement magnifies the administrative difficulties in the cooperative structure, and at the same time tells us that the educational and other necessities required by the cooperatives have outgrown the delivery capacity of the responsible institutions. This situation, if other alternatives are not sought, can become the seed of an eventual collapse of the cooperative system. (7)

5. Eighties Cooperative Development: The Lending Gap

The formation of Bancoop in 1983, with funding from AID and technical assistance from ACDI, was a major step forward in providing financial and development services for cooperatives. Bancoop has taken the approach recommended by ACDI: to avoid high-risk lending until the bank is established, to concentrate on creating a successful track record as a well rounded, well managed bank, and to set up a separate division to manage high-risk lending of loan funds obtained from non-Bancoop sources. This division is Unibanc, where the ACDI program is currently housed.

Unibanc was formed to lend to new and expanding agricultural cooperatives which do not qualify under Bancoop's more stringent requirements. In 1988 Unibanc surveyed over 200 cooperatives to determine how many were potential borrowers and found that approximately 92 were "of interest". In two years, however, Unibanc has made only a handful of loans representing a small portion of the funds available. In the opinion of the Unibanc manager there is large gap between the borrowing needs of these cooperatives and their potential to repay the loans, and the gap can only be filled over time through provision of a whole range of developmental services, focusing on the strengthening of

management, planning, and operational skills. In his words, "Our challenge is not to make loans but to build cooperatives into worthy borrowers (6)"

The lending gap between agricultural cooperatives and credit sources in Costa Rica is unusual, since there is more credit available than capacity to properly utilize it, and this fact places the Costa Rican cooperative movement at an historically important crossroads. There is growing pressure from some sectors of the movement to make funds available to cooperatives with fewer strings attached, and alternative institutions which may do this are being discussed. Easy credit has not proved successful in shoring up inadequate management in the past. The increasing export market orientation of the Costa Rican economy and other structural adjustments render this alternative particularly dangerous. Competing in the world market calls for stronger management, better marketing, and improved leadership, particularly in those cooperatives involved in implicitly high risk and complex non-traditional exports. Clearly the success or failure of a model cooperative movement is in the balance.

B. Nontraditional Exports and Agricultural Coops

Costa Rican agricultural cooperatives of all kinds possess the needs described in this proposal. However, those cooperatives involved in non-traditional exports have the greatest potential to have an impact on the Costa Rican balance of payments, rural development, and ultimately the living standard of all Costa Ricans.

Non-traditional exports have had a dramatic impact on the Costa Rican economy in recent years. As shown in Table 1, overall exports of non-traditional products for 1988 have increased by 35% in the five years since 1984, from \$400 million to \$541 million. While non-traditional exports to Central America and Panama have fallen by 38% in the same five year period, non-traditional exports to the rest of the world, primarily the U.S. and Europe, have increased by 134% from \$171 million to \$400 million. Traditional exports, on the other hand, have remained stagnant in the same five-year period, rising only 6% and declining slightly in both 1987 and 1988. It is clear that non-traditional exports to the U.S. and Europe are the only bright spot in the Costa Rican export picture. Without the non-traditional exports, Costa Rican exports would be stagnant, the economy and government would be considerably less stable, and international assistance needs would be much greater.

Table 1.

EXPORTS BY PRINCIPAL PRODUCTS, 1984-1988
 (Value in millions of U.S. dollars,
 volume in thousands of units indicated,
 unit value in U.S. dollars)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987*</u>	<u>1988**</u>
Traditional Exports	597.3	591.0	689.6	641.8	636.1
Coffee	267.3	315.8	391.9	330.0	333.4
Volume (in 100 lb bags)	2,457.0	2,683.0	2,035.0	2,950.0	2,778.0
Unit value (per MT)	108.8	117.7	190.9	111.9	120.0
Bananas	251.0	208.0	216.8	237.7	252.5
Volume (MT)	1,020.0	851.0	941.0	980.0	1,010.0
Unit value (per MT)	246.1	244.4	230.4	242.6	250.0
Beef	43.5	53.7	69.8	57.2	37.6
Volume (in 100 lb. bags)	20.5	27.2	35.2	26.0	16.0
Unit value (per 100 lbs.)	2,123.0	1,974.0	1,980.0	2,200.0	2,350.0
Sugar	35.3	13.5	11.1	16.9	12.6
Volume (in 100 kg bags)	2,231.0	968.0	1,660.0	1,677.0	970.0
Unit value (per 100 lbs)	15.9	14.0	6.7	10.1	13.0
Nontraditional exports	400.2	348.0	396.2	471.8	540.9
to Central American CM	193.0	143.5	98.9	98.0	101.0
to Panama	36.3	28.9	41.7	37.0	39.9
to rest of the world	170.9	175.6	255.6	336.8	400.0
Total Commodity Expts. FOB	997.5	939.0	1,085.8	1,113.6	1,177.0
Drawback Value Added	26.1	35.0	37.3	40.0	47.5
Total Exports	1,023.6	974.0	1,123.1	1,153.6	1,224.5

Source: Central Bank of Costa Rica and IMF

Notes: * Preliminary

** Forecast

A substantial portion of non-traditional exporting is done by agricultural cooperatives, many of which are young and subject to the problems described in this proposal. A steady trickle of new cooperatives are being organized to export non-traditionals. Precise figures are not available, but a conservative estimate of 60 cooperatives involved in this activity could grow to 80 or more in the next three years. As more small farmers move towards non-traditional crops, many will look to cooperatives as the solution to complex and expensive marketing infrastructures. According to interviews with leaders of these cooperatives, their greatest needs are in the areas of management, planning, training, finance, selling, and above all, what the chairman of an exporters committee termed "our most important need, knowledge of the product requirements in export markets: packaging, shipping, handling, quality, grading, and delivery requirements." This statement applies to Fedecoop and its affiliates as well as the federation looks for outlets for its newly diversified crops and new possibilities for high quality coffee.

III. ACDI Strategy and Solutions

The proposed ACDI project personnel would work on a case-by-case "functional team" basis, meaning each technical assistance assignment would require a different staff combination as determined by the project's management. The activities to be undertaken by these teams fall into three broad categories: management and marketing consulting, training, and start-up assistance. Staff time allocations will of course depend on each cooperative's needs and the project's resources, but an approximate outline of the project's staff allocation is set forth in Appendix IV. Before these activities can take place, however, the best potential clients must be identified.

A. Client Identification

ACDI will use a selection process to identify those cooperatives in need of technical assistance. Important criteria to be considered will be the potential impact on exports of a given cooperative, the willingness of the cooperative's board and management to consider substantive changes, and the general business vs. social orientation of the organization. Some clients may be chosen despite the lack of an immediate short-term impact, as demonstration effects can be quite powerful. In terms of their managerial and organizational strengths and weaknesses, however, the cooperatives will be analyzed and scored according to the criteria set forth in Appendix V. Cooperatives with very high scores would not be included in the program as they would already be well on their feet, nor would those with very low

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scores, as technical assistance is virtually impossible without at least the basic framework of a cooperative. Potential clients fall into several broad categories:

- * Established cooperatives which are struggling with an export program, possibly through a new division. These have excellent potential for monetary impact and usually somewhat lower risk.
- * Fledgling cooperatives (defined as under five years old) which are dedicated to one narrow product range and may have a weaker support base and a longer list of problems than the established cooperatives. This is the largest group of potential clients, with risks and impact potential varying on a case-to-case basis.
- * Umbrella associations. These can accelerate development by spreading information and attacking bottlenecks, such as transportation or inspection requirements, and by doing research and advertising. This benefits of all producers, not just cooperative members.

Potential new clients will be evaluated for their stage of development, organizational strength, management strength, marketing ability, and potential for monetary export impact. Given AID's large investment in the coffee credit project, and ACDI's unique knowledge of Fedecoop and its affiliates, special emphasis will be given to improving individual cooperatives' management and assisting the federation in developing marketing strategies for newly diversified products, in addition to the assistance provided by the coffee credit advisor.

It is important to point out that ACDI's track record and successful Farmer-to-Farmer program have produced a list of requests for management and marketing assistance from Costa Rican cooperatives. Due to lack of staff resources and other contractual commitments, ACDI has been unable to respond in the appropriate fashion described below. This clear interest has been a major factor in ACDI's decision to submit the current proposal. Some of the products for which ACDI currently has requests include fruits, vegetables, berries, nuts, seafood, and ornamentals. Other potential requests could involve spices, foliage, and root crops.

B. Management and Marketing Consulting

Management and marketing consulting has the goal of producing an action document which becomes the guide for the cooperative's use in carrying out new projects and improving current practices. As requests are made by cooperatives, the appropriate staff team will be assigned to meet with the cooperative's management and board to design the process of researching and producing the action document. An outline is approved by ACDI and cooperative management and a deadline is set. The completed document is discussed by ACDI and cooperative management, presented to the board, modified based on their comments, and put in final form. If the document indicates a need for implementation and the board adopts the plan, ACDI will provide follow-up implementation assistance to management as appropriate. ACDI has found the following types of action documents are the basic building blocks of cooperatives:

- * **Overall Diagnostic Studies**, which offer a comprehensive checklist of indicators of the cooperative's situation and health, but leave in-depth study to one of the other reports listed below.
- * **Feasibility Studies**, designed for start-up operations or for a new project by an existing cooperative. Minimum requirements for such studies would be three years of financial projections with pro-forma financial statements, research on the operational, organizational, and administrative requirements for success, a step-by-step implementation plan, and a plan for financing start-up, long term capital requirements, and operations. Often feasibility studies and the other reports discussed below will require a survey of member needs and their willingness to invest in a proposed new project.
- * **Management Reports**, for improving existing operations. These analyze current problems in specific areas and give management alternative plans for improvement. Examples would include financial, organizational and operational reports, all of which require distinct methodologies.
- * **Marketing Studies**, which give a cooperative both the overall statistical trends in a market, knowledge of its practical inner workings, and access to reliable firms and potential marketing partners, including but not limited to U.S. agricultural cooperatives. This is a key element in the ACDI proposal, since the major thrust is non-traditional exports.

* **Business Plans**, which can utilize some of each of the above and are designed to improve existing operations in a comprehensive way while mapping out the cooperative's future. This is especially useful for focusing a drifting organization and improving its relations with members and creditors alike, and is a powerful hands-on training tool. Cooperative management should learn to perform these plans each year, a practice not usually seen in most Costa Rican cooperatives.

* **Action Plans for Umbrella Associations**. These are distinct from conventional business plans for cooperatives. Umbrella associations carry out programs that assist all producers with production, marketing, research, advertising, logistics and quality improvement. Each umbrella association has unique functions and goals which result from the peculiarities of the product, the needs of producers, and potential methods allowed by the market and local laws. For example, ACDI has been involved in separate discussions about potential umbrella associations for macadamia producers and strawberry producers. Such organizations would fill totally different needs but would follow rather similar broad procedures.

ACDI's member cooperatives and the cooperatives we work with overseas have all experienced periods of contraction and expansion. A general outline of the factors critical to a given cooperative's success is set forth in Appendix VI, "Why Some Cooperatives Fail."

C. Relations with other CDOs in Costa Rica

ACDI will work with other Cooperative Development Organizations operating in Costa Rica as appropriate on a case-by-case basis. The purpose of this kind of coordination is two-fold: in the short run, to multiply the effectiveness of the functional team by accessing experienced local organizations and their personnel, and in the long run, to teach the action plan methodology described above, which is the technical basis for solid cooperative development work.

ACDI is housed at Bancoop/Unibanc but has the freedom and flexibility to choose its project partners from other CDOs as well. One of ACDI's roles will be to jointly with Bancoop/Unibanc sponsor seminars for cooperative development professionals from all active CDOs in Costa Rica to promote information exchange, distribution of technical publications and training materials, and to help contribute a better focused and

coordinated CDU approach to the considerable problems of the cooperative movement in Costa Rica.

D. Elements of a Feasible Export Project

The cooperative development work of ACDI encompasses the whole set of developmental needs of a new export project to be undertaken by a cooperative or umbrella association. Starting with the analysis of the feasibility of the project, including its economic, human, political, and operational aspects in the local context, ACDI then makes a decision to assign staff to provide developmental services. There is a specific set of conditions that ACDI looks for to indicate the potential for success. These include:

- * **Economic feasibility** - defined as the ability to pay back loans from project proceeds in close to the normal length of time for similar businesses, generate improved incomes for the members, maintain the facilities for the future, build member equity, and withstand contingent developments. A key element is a study of the potential market and the availability of reliable marketing channels. Another important element for ACDI is the member's commitment to invest his own resources, however meager, in the enterprise as a show of faith and assurance of continued positive participation.
- * **Human feasibility** - in terms of benefits to a sizable group of farmers or members (not just a select few), existence of a core leaders with experience in organizations and the business to be undertaken, and acceptability to the local community.
- * **Political feasibility** - defined as support or at least tacit acceptance by local political leaders, as well as fitting into the country's plans for such activities, and hopefully political support of cooperatives in general and the project in particular.
- * **Operational feasibility** - in terms of availability of key elements such as capable managers, trained technicians, necessary inputs, services, and infrastructure.

If these elements are in place and the needed resources are available, ACDI trains project personnel in: 1) the specific elements needed to start the business activity of the project, 2) contractual and legal elements in the activity, 3) operational

requirements for the on-going activity, 4) the rights and responsibilities of members under the law and local practice, leading up to the writing of by-laws with member participation, 5) assistance in hiring staff and orienting them to the operating requirements for the activity, 6) ongoing management assistance and 7) training for the board of directors.

The overriding concern of ACDI during the above process is that a project have the appropriate mix of member participation and strong management needed to survive. Participation must be strong from the beginning to insure that members support their organization and that it is responsive to their needs, within the limits of economic feasibility. Management must be strong to provide sound economic planning, efficient operations, and good personnel management. It must be willing to work closely with the board in order to achieve success. Other important concerns of ACDI include good relations between the project, the community, and its business associates, and developing extra services for the members.

E. Training for Cooperatives and Umbrella Associations

Project training activities will also have an action focus. Based on the research cited above, it is clear that effective training must focus on upgrading cooperative managers and boards of directors. Though easier said than done, effective upgrading requires toughness, solid technical analysis, and the will to challenge the ultimate caretakers of the cooperative: the board of directors. ACDI does not have the time, the mandate, nor the logical responsibility to provide overall philosophical training to large groups of rank and file members. Costa Rican institutions have emphasized that type of training and handle it quite well. The critical need is in training leaders to plan and implement, with the goal of getting a specific cooperative on its feet and running. ACDI will focus on this area while encouraging the cooperatives to have their own internal training programs using other available institutions. The following techniques are key to action-focused training and will form the foundation of the project's efforts in this area.

- * **Management Recruitment and Evaluation Skills for Boards of Directors.** Few Costa Rican cooperative managers are trained or compensated in keeping with the scale of their business, and most boards of directors lack the skills to evaluate them. Although there are a few outstanding individual managers who have risen from the community and learned by doing, for each of these there are several ailing cooperatives which took this gamble and lost. This is the principle weakness of young

cooperative movements world-wide and is still a problem in the U.S.

- * **Goal Setting for Boards of Directors.** Boards must learn to demand information about where their coops stand and where they are going. And they must have a vision of the next three to five years of operations, and not be as concerned about the next three to five days or weeks, which are the problem of the manager. As the board sets written goals for management, it must learn to reward performance and sanction failure. This means learning to fire as well as hire, a bitterly difficult lesson for boards made up of farmers, especially in a small community. ACDI walks a thin line between teaching and intervention in this area, but there is no avoiding this key issue. Diplomacy and toughness are called for.

- * **Skill Training for Managers.** Managers are best recruited already trained, but this is usually not the case in Costa Rica. Even the best managers usually need some kind of supplemental training, as do key members of a cooperative's staff. This skill training must be designed for the individual and avoid the usual pitfall of becoming an excuse to make trips and go to conferences. Usually administrative skills training can be found locally and the board simply needs to mandate that training takes place. ACDI can help most by getting this message to the board. ACDI will be utilizing its training resources from its other projects to complement the current proposal (Farmer to Farmer, Innovative Approaches), as well as potential resources available from the Consejo Agropecuario Agroindustrial Privado (CAAP) and USAID Costa Rica.

Export Marketing Training. ACDI can be especially useful in providing export marketing hands-on training opportunities. ACDI member cooperatives are interested in providing some of this hands-on training and are willing to explore joint marketing programs when Costa Rican quality controls meet their minimum standards. A good example of this type of training would be the recent ACDI-organized trip to California and Hawaii to explore macadamia production and marketing, and an upcoming trip to Salinas, California, to explore vegetable production and marketing.

F. Coffee Credit Functions

The coffee credit position will be dedicated 50% of the time to the crucial collection and recycling phase of the \$20 million Fedecoop loan program. The remaining 50% will be dedicated to work with non-traditional exporting cooperatives as described above, along with the other professional staff.

The coffee credit function will include the following responsibilities:

- 1) Monitoring the collection and re-lending methods of the Fedecoop credit project, producing written reports with relevant statistics for use by USAID/RDO.
- 2) Continuation of credit training activities using Fedecoop training resources.
- 3) Increased reporting to and coordination with the Fedecoop general manager as part of the ongoing effort to assist in the consolidation and modernization of the overall Fedecoop management structure.
- 4) Assistance to local cooperatives in the improvement of their management, in coordination with new Fedecoop initiatives toward re-structuring, merging, or streamlining troubled local cooperatives.
- 5) Fostering and maintaining good will and smooth working relationships between Fedecoop, ACDI and AID.

The ACDI relationship with Fedecoop is to be formalized in a mutual assistance agreement incorporating the above functions during March 1989. This will be similar to the existing agreement between Bancoop and ACDI.

The work of the Coffee Credit position will be supervised

**Administrative Director
Patricia Chaves Castro**

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Dec 1981-Jun 1982 **ITCO-CATIE's Project, Río Frio de Sarapiquí,
Heredia. A governmental farmer settlement program
for 120 families. Assistance to small farmers in
dairy production. Investigated tropical grass
varieties and their influence on milk production.**

OTHER

Bilingual (English-Spanish)

Using of telex B-15

**Using of MicroSoft Excel, Macwrite, Word Perfect, Lotus 123 Computer
Programs.**

PERSONNEL - ACDI

Robert C. Flick, Senior Vice President/Projects

Education

Mr. Flick earned a Bachelor of Science degree in Forestry from Syracuse University and Bachelor of Science (wood products engineering/physics) from the State University of New York, College of Environmental Science and Forestry at Syracuse in 1965. He also attended the Interamerican University in Barracitas, Puerto Rico, where he successfully completed 1,270 hours of Latin American Studies and Spanish. Since joining ACDI, Mr. Flick has completed the Graduate Institute of Cooperative Leadership at the University of Missouri, an AID Project Design and Evaluation Seminar and a J. Price Gittinger Economic and Financial Analysis of Agricultural Projects workshop as well as many other short courses relating to the design, implementation and evaluation of agricultural development projects.

Experience

In 1965, Mr. Flick was employed as a product research and development engineer with Koppers Company in central Ohio. Later that same year he joined CARE, Inc. as an overseas representative, serving in Egypt, Colombia (two tours), Sri Lanka, Dominican Republic and Ecuador prior to returning to the U.S. in 1978. In several CARE assignments, Mr. Flick was assistant country director in charge of CARE's socio-economic and rural development programs as well as Director for Program Development and Administration.

Since leaving CARE in 1979, Mr. Flick served as a Washington-based consultant prior to joining ACDI in early 1980 as project officer for Latin America and the Caribbean. Flick has written numerous operational program grant proposals, project evaluations and monographs on various technical papers and addresses both in the U.S. and abroad. He was named senior vice president/projects in 1987 and is in charge of all ACDI project activities including the development, implementation and monitoring of ACDI's projects in all regions.

Language: Fluent Spanish



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Michael P. Skelly, Project Assistant, Latin America/Caribbean

Education

Mr. Skelly earned a Bachelor of Arts degree in economics from the University of Notre Dame in 1984. He spent the 1982-83 academic year at National Taiwan University in Taipei, Taiwan.

Experience

After graduating from Notre Dame, Mr. Skelly was named field director for the Congressional campaign of the Honorable Jim Olin. From 1985-1987, Skelly worked with the U.S. Peace Corps as a cooperative advisor to fishermen's marketing associations, a credit union and a worker-owned mechanical workshop in Costa Rica. He helped the organizations' management and directors improve their management and accounting systems and to develop marketing activities and outlets. He also supervised implementation of several revolving production loan funds. Other work experiences include pig farming in Ireland, a summer internship with Congressman Olin and teaching reading in the Higher Achievement Program in Washington, D.C.

Mr. Skelly's responsibilities as Project Assistant for Latin America and the Caribbean include proposal writing and project design, ongoing project monitoring, and the recruitment of candidates for overseas assignments. He acts as a liaison between project and home office personnel, and is responsible for all backstopping for projects in Latin America. Other responsibilities include developing participant training programs, controlling budgets, and liaising with other CDO's, PVO's, and funding agencies.

Languages: Fluent Spanish, some Chinese.

Appendix III. AID BIODATA SHEETS FOR PROPOSED PERSONNEL

CONTRACTOR EMPLOYEE BIOGRAPHICAL DATA SHEET

(Submit in duplicate to contracting officer)

DD FORM 101, 12-1974
Approval Expires May 1978

1. NAME (Last, First, Middle)
 Mr. Ms. Mx. **Jorge Ceppedes**

2. ADDRESS
 P.O. Box 3696-1000
 San Jose
 Costa Rica

3. TELEPHONE NO.
 374-00-27

4. MARITAL STATUS Other (Specify)
 Married Single

5. DATE OF BIRTH
 San Jose, Costa Rica

6. CITIZENSHIP (If not U.S. citizen, give citizenship)
 Costa Rican

7. CONTRACTOR'S NAME

8. CONTRACT NO.

9. POSITION UNDER CONTRACT

10. PROPOSED SALARY

11. COUNTRY OF ASSIGNMENT

12. DURATION OF ASSIGNMENT

13. NAMES AND AGES OF DEPENDENTS TO ACCOMPANY (if applicable)
 Anabelle Hatt (33)
 Jorge Ceppedes (3)

14. EDUCATION (Include all secondary, business college or university training)

NAME AND LOCATION OF INSTITUTION	MAJOR SUBJECTS	CREDITS COMPLETED		TYPE OF DEGREE	DATE OF DEGREE
		SEMESTER HOURS	QUARTER HOURS		
Saint Francis College	Diploma				
Univ. Rafael Landivar	B.S.				
INCAE	M.S.				

15. EMPLOYMENT HISTORY

1. Give last three years. Continue on reverse to list all employment related to duties of proposed assignment.
 2. Salary definition - basic periodic payment for services rendered.

Exclude bonuses, profit-sharing arrangements, commissions, consultant fees, extra or overtime work payments, over-cost differential, or quarters, cost of living or dependent education allowances.

POSITION TITLE	EMPLOYER NAME AND ADDRESS	DATES OF EMPLOYMENT (Mo., Yr.)		SALARY	
		FROM	TO	DOLLARS	PER
self-employed consultant, see below					

16. SPECIFIC CONSULTANT SERVICES (Give last three years)

SERVICE PERFORMED	EMPLOYER NAME AND ADDRESS	DATES OF EMPLOYMENT (Mo., Yr., Tr.)		DAILY RATE
		FROM	TO	
Management Consulting	COFISA (Coopcalifornia R.L.)	1984	date	\$160
	COFISA (various projects)	1983	date	\$38/hour
	Laborateries Luz	1982	date	\$30/hour

17. LANGUAGE PROFICIENCY

LANGUAGE	SPEAKING			READING			WRITING			UNDERSTANDING		
	Flu.	Good	Fair	Flu.	Good	Fair	Flu.	Good	Fair	Flu.	Good	Fair
	English		X				X		X			
Spanish			X			X			X			X

18. SPECIAL QUALIFICATIONS (Honors, professional societies, special licenses, publications, research, special skills, and relevant education not previously mentioned, use reverse side of form, if necessary)

19. CERTIFICATION:
 To the best of my knowledge, the above facts as stated are true and correct.

SIGNATURE OF EMPLOYEE: *Jorge Ceppedes*

DATE: Nov. 5, 1980

Cooperative Development Services for Costa Rica

Appendix IV. Proposed Staff Time Allocation

	TITLE	% TIME		ACTIVITY BREAK DOWN			
		TOTAL	Coffee Credit	Umbrella Org.	T.A. Export	T.A. Management	Proj. Administ
EA1	Coop. Development Marketing Spec. (Chief of Party)	75%	5%	20%	20%	20%	10%
EA2	Coffee Credit Spec.	100%	50%	20%	20%	10%	
LH3	Cooperative Management Spec	50%	-----	10%	10%	30%	
LH4	Administrative Director	100%	-----	10%	20%	5%	65%
LH5	Secretary	100%	10%	10%	10%	10%	60%
TOTAL POSITIONS		4.25	0.65	0.7	0.8	0.75	1.35

LH=Local Hire
EA= Expatriate Advisor

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Appendix V - Cooperative Evaluation Criteria

CRITERIA	CATEGORY A (3 POINTS)	CATEGORY B (2 POINTS)	CATEGORY C (1 POINT)
1. OPERATIONAL PERFORMANCE			
A. The cooperative has been in operation for	Five or more years	Two to five years	Less than two years
B. Records and books are kept in accordance with the standard method	Books and records exceed these requirements	Books and records meet these requirements	In process of meeting these requirements
C. All records, including minutes of the board meetings and general assembly meetings, business transactions, coop official documents, financial records and reports, and correspondence are securely maintained and filed	Excellent record	Average record	In process of meeting this requirement: mostly done according to cooperative law
D. An open membership policy is followed	Communicated & followed	Not very well communicated	In process of communicating
E. Increase in membership	Promoting the open membership to key good prospective members	Applications & acceptances of new members	Considering plans for open membership
F. Current list of members and their membership status according to function	For all members	Only for part of members	Only for the charter members
G. General Assembly meetings are held	Annually on time	Yearly but not within legal time frame	Once every two years
H. Board meetings are held	Monthly or more	Once every two months	Only when there is a need to
I. Minutes of last board meeting are read in every board meeting	Always	Sometimes	Only when there is a need to
J. Board Decisions are followed up by management	Always	Sometimes	Only when mgmt. is told repeatedly

Cooperative Development Services for Costa Rica
Appendix V - Cooperative Evaluation Criteria

CRITERIA	CATEGORY A (3 POINTS)	CATEGORY B (2 POINTS)	CATEGORY C (1 POINT)
II. MANAGEMENT			
A. There are realistic one-year and longer-term plans that are achievable within the resources of the cooperative, including 1. Specific goals 2. Facility & equipment plan 3. Marketing plan 4. Financial plan	Board and manager have ability to continue planning process	At least a one-year plan has been prepared; board and manager have ability to prepare plan	Board and manager need assistance in such plans
B. There is an annual budget that is achievable within cooperative resources and contributes to cooperative goals	Has budget; board and manager have ability to prepare budget prior to the end of the fiscal year	Has budget; budget was prepared after end of last fiscal year	In process of preparing budget (needs help)
C. There is a cost control plan to keep expenses in line	Has such a plan and budget is not monitored	Has such a plan but budget is monitored	In process of developing such a plan
D. Level of personnel training in relation to positions held: 1. Board of Directors 2. Manager 3. Bookkeeper 4. Others	Has plans for almost all to receive some training in cooperative management or operations	Has plan for all key management personnel to receive some training	Considers planning for a personnel training policy
E. Job descriptions for the Chairman, Manager, Secretary, Bookkeeper & other key personnel, & employment contracts signed with non-elected personnel	Required	Some have job descriptions others are being prepared	Starting preparation
F. Enforcement of credit policy for member loans, and debt account. Credit policy criteria are based on: each member's needs; each member's character and ability to pay	Required (if loans are made)	A credit policy exists but not strictly followed	There are plans to form policy (if member loans are made)
G. The treasurer has a special cash book which is audited by the board of directors	Required and audited monthly	Required and audited quarterly	Audit procedure deficient in process of implementation

Cooperative Development Services for Costa Rica
Appendix V - Cooperative Evaluation Criteria

CRITERIA	CATEGORY A (3 POINTS)	CATEGORY B (2 POINTS)	CATEGORY C (1 POINT)
	In a safe	In the cooperative safe	With the treasurer
	a bank/in the cooperative safe or kept with the manager (treasurer)		
I. Cash disbursements policy	Well spelled out & always followed	Spelled out but not yet followed	Working on establishing cash disbursements policy
J. Credit collection enforcement	Board decision/with enforcement by appropriate means	Board decision/warning	Board decision (sometimes followed-up)
III. FINANCIAL CONDITION AND PERFORMANCE			
A. Financial capacity to regularly pay expenses	Has a quick ratio of 1 to 1 or more	Has a quick ratio of less than 1 to 1 but payroll is usually met	Payroll often paid late
B. Level of net margins achieved in operations	Surplus earned in each of the last three years, with an average annual return usually exceeding typical passbook rate	Surplus earned in two of the last three years, with an annual return less than passbook rate	Need changes in operating or special assistance before firmly establishing
C. Cooperative capacity to service L.T.D. and current cash flow needs	During the next 12 months for cash flow and/or borrowing capacity (current ratio 1.5 to 1)	Current ratio 1 to 1	Current ratio less than 1 to 1
D. Increase in members equity	Increase for the last three years	Increase for two of the last three years	Increase last three years
E. Control of losses due to bad debt (applicable to cooperatives extending credit)	No bad debt losses on loans in the past fiscal year	Bad debt losses under two percent	Bad debt losses threaten the cooperative
F. Accounts receivable listed by age	0 to 30 days 31 to 60 days 61 to 90 days Above 90 days	0 to 60 days 60 to 90 days	Aged accounts receivable system being implemented

**Cooperative Development Services for Costa Rica
Appendix V - Cooperative Evaluation Criteria**

CRITERIA	CATEGORY A (3 POINTS)	CATEGORY B (2 POINTS)	CATEGORY C (1 POINT)
G. Financial reporting to the board of directors (income & expense statement)	Monthly	Quarterly	Every six months
H. Selection of cooperative auditor	By members	Delegation to the board by members	The board selects an auditor
I. Cooperative handles funds prudently, uses all available resources to collect money due, pays debts by due date	Required	Usually	Cash flow problems cause repayment delays
IV. BUSINESS OPERATIONS			
A. The cooperative is directed and managed so as to provide services authorized by the General Assembly	Completely	Partly	Developing capabilities provide such services
B. Board and manager regularly review cooperative operations to consider adding new services or deleting those which are not profitable and are no longer required by members	Ongoing	A monthly review	A yearly review
C. Services of the cooperative are made known to members and others (marketed) by all available means: General Assembly meetings, advertising, etc.	To all members and key good prospectives	Such activities are understood but improvements are needed	A marketing program is being considered

Cooperative Development Services for Costa Rica
Appendix V - Cooperative Evaluation Criteria

CRITERIA	CATEGORY A NO SCORE	CATEGORY B NO SCORE	CATEGORY
<u>V. FACILITIES AND EQUIPMENT</u>			
A. Facilities sufficient and appropriate to meet the service needs of the cooperative	Required	Minor deficiencies noted has resources needed to correct	Not adequate. Plans are being initiated that will lead to solutions
B. Long term plan in place to assure need for facilities is anticipated and set on a timely basis	Plan & execution	Plan	Intend to discuss plan
C. All facilities and equipment properly maintained and operational	Ongoing maintenance	Occasional maintenance	Maintenance procedure being developed to assist criteria is set this year
D. Office and buildings sufficient in size and location to accommodate staff and permit efficient conduct of present cooperative business	Required	Shortcomings being corrected	Deficiencies being studied. Additional capital may be required

APPENDIX VI

Why Some Cooperatives Fail, and What to Do

Most of the primary reasons for cooperative failures in the U.S. are applicable to those of Costa Rica. They are: failure to do the things that successful corporations do, or overdoing those things to the detriment of the members interests and thereby weakening the cooperative's main purpose: service to its members.

Randall Torgerson, USDA's Administrator for cooperatives, recently published a list of elements which lead to cooperative failure. Most of the list, summarized below, applies very well to Costa Rica.

1. Inadequate communication and education programs involving the cooperative's membership.
2. Failure to maintain a strong balance sheet and major equity position by the owner-members of the cooperative.
3. A board of directors which is either overly involved in day to day management or fails to give clear policy direction to management.
4. A manager who is unwilling to make business decisions, or lacks business training, or moves the cooperative toward becoming like a corporation, in that it loses its member-service orientation.
5. Lack of budgeting and long-range strategic planning looking to a 3- to 5- year time horizon.
6. Conflict of interest positions (or nepotism) by either board or management that acts as a breeding ground for mistrust and divides membership.
7. Absence of adequate compensation or incentive programs that attract and keep the best management affordable.
8. Lack of leadership development within management and the board that paves the way for orderly succession, rather than exclusive reliance on one strong leader.
9. Failure to recognize the changing makeup of production agriculture and competition that require a larger organizational territory for the cooperative through merger, consolidation, or acquisition.
10. Loss of market share due to lack of aggressive marketing and maintenance of cost-effective programs

Cooperative Development Services
for Costa Rica
Why Some Cooperatives Fail

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11. Betting the company through taking speculative marketing

Clearly, a cooperative cannot continue to exist without the active support of farmer members, yet the cooperative must adapt to the imperatives of the market and convince the members to do so as well. This is the crux of cooperative survival. Torgerson states:

Cooperatives need to be cognizant of issues that may lead to these causes (of failure). In many cases, effective policies can preclude the demise of a cooperative due to recognition of these factors. The responsibility to constantly educate is one of the best preventative measures to organizational success over the long pull.

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Appendix VII

1. Paz Carcamo, Guillermo, Necesidades Generales de Capacitacion del Sector Cooperativo, p.1
2. Paz Carcamo, et. al., p.14
3. Torres, Jim, et al., First Draft Report on Recommendations for the Cooperative Sector of Costa Rica, October 1969, p.5
4. Paz Carcamo, p.1
5. Paz Carcamo, p.4
6. INFOCOOP, Doce anos de Fomentar el Cooperativismo Costarricense, p.3
7. Conversation with Jorge Will, Manager, Unibanc, 1987
8. Paz Carcamo, p.9

Appendix VII. ACDI CORPORATE CAPABILITY STATEMENT

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ACDI Capability Statement**

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ACDI is governed by a board of directors nominated by the member organizations, one from each. They meet at least semi-annually to determine the broad policy of ACDI and to review progress. Many of them take an active interest in ACDI's work and are of considerable help in locating appropriate experts for training programs.

Overseas Activities

Since 1962, ACDI has provided long-term technicians and short-term consultants for a variety of agricultural, credit and agribusiness projects in Asia, Africa and Latin America and training in the U.S. for over 500 participants from 20 countries. Currently, ACDI is engaged in 18 development projects in 11 countries employing 32 resident experts.

Since its inception in 1968, ACDI has engaged in more than 125 long- and short-term projects and studies in 44 countries and the U.S. We also have arranged specialized technical training programs and support services in the U.S. for over 500 participants in the past five years. The willingness of our member organizations to host these trainees and provide them with relevant work experience in institutions parallel to their own gives ACDI a unique advantage in providing technical assistance to agricultural supply, marketing, processing and credit organizations. Members normally do not charge for orientation and guidance for ACDI overseas participants, and only modestly for extended on-the-job training and classroom instruction, adding greatly to the cost effectiveness of ACDI assistance.

Member organizations also have designated a panel of experts to serve as ACDI's Technical Resources Group. These are professionals with a great depth of knowledge in fields such as pesticides, fertilizers, grain varieties, oil-seed cultivation, dairy development and produce storage. They respond to queries from the field for technical help on particular local problems and help ACDI provide short-term technical consultants.

Automation/Computer Technology

In 1983, ACDI computerized its operations including the accounting, budgeting, project management, recruiting and administrative functions. A four-person Technical Services Group (TSG) provides systems analysis, computer programming, data base management, computer system management and information system processing and keeps ACDI on the forefront of office automation. ACDI also has introduced computer capabilities into its field operations and has begun advising overseas cooperatives on the



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ACDI Capability Statement

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selection, implementation and use of computer systems and software. TSG has assisted several projects including: 1) installing a computerized cooperative accounting system and hookup with an international marketing database in Honduras; 2) evaluating BANCOP's system in Costa Rica; 3) designing a system for Panama's cooperative marketing federation; 4) developing an inventory system for the Tonga Cooperative Federation; and 5) reviewing computer requirements of the Uganda Agricultural Finance Agency.

ACDI is part of a consortium which owns and operates CARINET, a computer conferencing network based in ACDI's headquarters offices and utilizing New Jersey Institute of Technology's EIES main computer is a less expensive means of communication than either telex or long-distance telephone. There currently are 120 CARINET members located in Africa, the Middle East, Asia, Latin America, Europe and the Caribbean and the system is easily accessible by computer via a simple modem/telephone hook-up in more than 70 countries.

ACDI's technical services are available within the context of ACDI's long-term projects and also can be supplied through consultants in computer system design and selection, software analysis and selection as well as custom software design and programming.

Brief descriptions of some of ACDI's past and current projects which include direct assistance to farmers, farmer cooperatives, farm-related business and farm credit institutions as well as short-term studies, workshops and seminars, are listed below.

Cooperative Development Assistance

Bolivia - "La Merced"

In 1979 ACDI launched a three-year project with a large, successful multipurpose cooperative in Santa Cruz to expand its loans to small farmers into a viable credit program under a USAID funded Operational Program Grant (OPG). The project achieved remarkable success as the loan portfolio was more than quadrupled, delinquency reduced to less than 5% and member savings increased more than five fold. The campesino credit department continues to operate an ever growing portfolio with low delinquency rates in a difficult economic environment. The final evaluation, performed by outside independent evaluators, rated the project as one of the most successful AID-funded credit projects they had ever seen.



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Bolivia

ACDI provided three members of a large cooperative development team which worked with the National Community Development Service in Bolivia. In addition to a long-term farm credit advisor, a cooperative management and financial controls advisor and a training officer, ACDI provided consultants on sub-project design. The project helped form cooperatives which continue to operate with assistance from the Federation of Savings and Loan Cooperatives (FENACRE)

Colombia

ACDI assigned a dairy specialist to a dairy marketing cooperative to help with member education and management improvement. He helped members negotiate a sharp price increase for their milk after they had replaced as cooperative president the local dairy processing plant owner. He also persuaded members to capitalize part of their marketing return, enabling the cooperative to purchase its own processing plant and assuring members a strong market while providing low cost dairy products to consumers.

Ecuador - Regional Farm Supply Cooperative

In 1984, ACDI was asked to provide assistance to two Ecuadorians who wished to visit U.S. farm supply cooperatives. Visits were arranged and USAID subsequently requested that ACDI provide assistance to the Camera de Agricultura de la I Zona in forming a regional agricultural farm supply cooperative. An ACDI advisor assisted with the organization of that institution and helped it to market \$3.5 million in farm supplies. The contract was expanded and extended to provide assistance in preparing farm supply sector studies in the seven Andean provinces served by the recently created regional cooperatives and in the preparation of a five-year development plan.

Guatemala - FECOAR

From 1971 through 1976, ACDI cooperative development advisors devoted nine person-years to the establishment of a network of six regional cooperatives with a membership of over 15,000 highland Indian small farmers. Through the project, the coops provided members with a full package of services, from technical production advice through supply, credit, marketing and collective savings. ACDI's advisors trained federation and local managers, field agents, accountants, and warehousemen, coached elected officials and board members in sound cooperative policies and procedures, and left behind a financially sound

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complex which successfully handled over \$1 million of credit and \$2 million of sales annually and built up over \$1 million of paid-in capital and reserves. Unfortunately, political violence

cooperative group in the country

Guatemala - Resettlement

ACDI provided two cooperative development officers to plan and implement a project of landclearing and resettlement of 5,000 small farmers in northern Guatemala. They assisted FECOAR to recruit settlers for the newly opened area and organized a food-for-work program to assist initial settlement. Again, political violence cut the project short and many settlers fled the region.

Honduras - DIFOCOOP

In 1975, the Honduran Government again turned to ACDI for assistance in cooperative development. Two specialists spent two years each developing training programs in accounting and cooperative management for the Department of Cooperative Development. They helped establish the Department's training division, trained trainers in needed follow-up work, and developed an ongoing system to help over 400 peasant association and cooperative farm leaders make a success of post-land reform enterprises. During 1980, ACDI supplied over ten months of technical assistance to the Department of Cooperative Development and A.I.D. relating to the Regional Cooperative Development Project.

Honduras - FECOAGROH

ACDI provided cooperative management technicians to help organize 32 local cooperatives and FECOAGROH, the national farm cooperative federation, with \$1,500,000 worth of fertilizer and seed on credit. This resulted in an increase in corn yields from 15 to 60 bushels an acre. "Plan Reto," a guarantee of minimal yield increases for those trying the new inputs, was backed by ACDI non-A.I.D. funds. No farmer ever claimed compensation from the fund and this fact supported rapid growth in the use of these improved inputs by traditional small farmers. A.I.D. funding was terminated after disruptions caused by the "soccer war" and successive years of drought escalated a serious debt collection problem.



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Philippines

advisor worked with the Central Bank's Cooperative Finance section and provincial cooperative banks on investment sub-loans to agricultural marketing cooperatives and a senior management advisor worked with those cooperatives and the central marketing organization. Short-term consultants developed management appraisal and marketing information systems and advised on central marketing facilities.

Uganda

ACDI's largest and most complex effort at cooperative development was in Uganda from 1963 to 1973. During that period, 15 resident experts and three consultants in cooperative education, management, credit and banking spent 88 person-years strengthening and expanding a complex of Uganda cooperative apex and subsidiary organizations including the Central Union and its member producer cooperatives, a farmer-owned production credit system, a rural savings and loan system, the Cooperative Development Bank, poultry and pig processing plants, and the extension training wing of the Cooperative College. Building on the existing base of an active cooperative department; an urban savings and loan network, fourteen small agricultural cooperative training centers and the College were created.

Marketing Assistance

Panama - Cooperative Marketing

In June 1985, ACDI signed a contract to establish a marketing credit and infrastructure fund at the Panamanian Agricultural Development Bank to help the Panamanian Institute of Cooperatives organize a management development center and the Federation of Agricultural Cooperatives (COAGRO) create a marketing development center.

Funds were made available to upgrade marketing infrastructures and increase training opportunities. With disbursement of the first \$1.5 million, coffee cooperatives constructed wet processing facilities and for the first time began marketing their members' coffee. UCAPE, the melon cooperative, completed its winter export program with 160,000 cartons and made plans to handle 200,000 during the next season. Direct benefits from this assistance to these and other cooperatives reached at least 2,000 farmers and their families before the project which was cut short due to political difficulties.

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Honduras - Model Cooperatives

cooperatives to serve local farmers. Some of these regional cooperatives now market members' winter fruits and vegetables in the U.S. during the winter "window" and others began to diversify production into chilies and other cash crops.

Jamaica - Agricultural Marketing Project

As a sub-contractor with RONCO, ACDI worked with the Ministry of Agriculture's Marketing Extension division by providing a Producer Marketing Organization specialist to help establish field packing stations, owned and operated by farmer groups (PMOs). The farmers now market the produce processed in these stations both locally and overseas.

Under different A.I.D. funding, ACDI produce marketing and cooperative development advisors assisted the Christiana Potato Growers Association, a 14,000 member cooperative in central Jamaica, with the operation of their potato, yam and other vegetable washing, packing and storage facilities. They helped develop an overall market strategy and aggressive marketing program which has been incorporated into the Ministry's marketing project to provide technical and management assistance to new producer marketing organizations in central and western Jamaica.

Credit Institution Assistance

Colombia

ACDI provided technical and management consultation and training to FINANCIACOOP, the Cooperative Financing Institute in Colombia. The Senior Vice President of the Springfield Massachusetts Bank for Cooperatives and the former Rural Development manager of the Chilean Bank for Cooperatives, together with other specialists supplied repeated short-term consultations on credit management and loan review problems. ACDI also arranged for on-the-job and short-course training in the U.S. for FINANCIACOOP directors and officers.

Guyana

ACDI provided 70 person-months of technical assistance to the Guyana Cooperative Agricultural and Industrial Development Bank (GAIBANK), the Guyana Marketing Corporation (GMC) and the Extension Division of the Ministry of Agriculture as part of a \$9 million effort to improve food production and distribution



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systems. Following a major diagnostic study ACDI advisors and consultants worked with all three organizations preparing procedures and training manuals and conducting formal and on-

computer system.

Philippines

This project was aimed at improving cooperative finance and marketing systems and involved establishing a Cooperative Finance Group in the Central Bank of the Philippines to facilitate lending by Cooperative Rural Banks to Area Marketing Cooperatives.

Kenya

Eight ACDI credit officers worked 23 person-years in Kenya, from 1972 to 1980, to help the Agricultural Finance Corporation (AFC) improve its operations. Initially, they worked "on the line" as area supervisors reviewing branch operations; providing on-the-job training to branch managers and staff; and recommending simplified procedures, improved criteria and, where warranted, decentralization. As a result of these efforts, many branch managers now have increased loan approval and delinquency foreclosure authority and collections have substantially improved; processing time has been radically reduced; and greater volume is being handled with little increase in staff.

Participant Training

In the past three years, more than 400 cooperative, farm credit and agribusiness leaders have participated in U.S.-based long- or short-term academic and technical training programs. These ACDI programs, consisting of three major elements, are designed to combine practical experience with classroom theory and are tailored to each participant's needs and job situation. The three program components are:

- 1) Academic and technical instruction
- 2) On-the-job training
- 3) Home stays with farmer members

When feasible, both short- and long-term trainees experience all three elements during their stay in the U.S. ACDI's members, 39 cooperative and credit institutions, contribute considerable time and funds by hosting the trainees and providing them with relevant work experience.

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Classroom instruction is provided by these members as well as other organizations giving the participants a chance to develop skills and attitudes directly related to the developing country environment.

useful learning environment and allows the participant to apply theoretical concepts to practical situations. Participants work with American counterparts having similar job responsibilities.

Homestays with cooperative member farm families offer participants an opportunity to study the U.S. agricultural cooperative system firsthand. While living on a farm, they accompany farmers on their daily rounds; help with chores; attend meetings of local government and civic organizations; develop an understanding of a farmer-member's responsibilities; and observe the effects of cooperatives and the farm credit system on a farm family. The cultural exchange between U.S. families and program participants serves as a rich learning experience for both.

All ACIDI-sponsored trainees receive full administrative support throughout their training programs including prearranged lodging, regular payment of tuition, maintenance and travel allowances, personal counseling and complete arrangement of on-the-job training as well as re-entry seminars and preparations for academic participants.

Training Assistance

Participant Training in the U.S.

ACDI's training assistance involves on-the-job training, short technical courses and long-term academic programs. Many participant training programs are integral parts of technical assistance projects and, in some instances, training is the only concern. ACIDI's long-term efforts in Uganda, Burma, Costa Rica and Egypt contain extensive training programs covering a wide range of methodologies and fields of study while many other programs are custom-designed to address the needs of a specific group.

Costa Rica - Cooperative Banking

For three years ACIDI furnished technical assistance and training to the newly established Banco Cooperativo Costarrecense (BANCOOP). Twenty bank managers participated in short-term training programs at numerous U.S. farm credit and academic institutions and two others attended third country

**Cooperative Development Services
for Costa Rica
ACDI Capability Statement**

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programs. ACDI also arranged management and board relatic training for the bank's board of directors; organizing a program which included attendance at a Springfield Bank for Cooperatives

and five senior managers also attended a two-week seminar on bank management in Miami put on by INCAE, the Central American Management Institute and Harvard Business School.

Kenya - Cooperative Training

This sub-project was a component of the A.I.D.-funded Agricultural Sector Support Project. In addition to planning and conducting in-country training programs for Cooperative College staff and students, ACDI assisted the college with feasibility studies, evaluations, curriculum development and textbook procurement and production. ACDI also arranged for long-term undergraduate and graduate academic programs for 20 Kenyans and study tours to the U.S. for 14 others, including the Commissioner for Cooperatives

Tanzania - Rural Development Bank

Early in this ten-year project which was designed to expand the ability of the Tanzania Cooperative and Rural Development Bank (CRDB) to provide rural loan services, emphasis was on long-term overseas training programs rather than on short-term in-country activities.

From 1975 to 1984, approximately 60 Tanzanians received associate, bachelor or master's degrees from U.S. colleges and universities, primarily in the areas of management and banking. Several other individuals attended short courses and seminars, often coupled with practical, on-the-job training at a diverse range of U.S. and third country training facilities. Homestays with cooperative member farm families also were sometimes a part of the programs. CRDB's chairman and managing director attended Harvard University's International Senior Managers Program while others were hosted by U.S. agricultural cooperatives and farm credit institutions and the ILO/Italy training facility.

Costa Rica - Cooperative Input Supply Store Managers

ACDI, contracted by USAID/Costa Rica under the Central American Peace Scholarship (CAPS) Project, custom-designed two months of specialized training in the U.S. for a delegation of 20 cooperative input supply store managers. Program components included:

- 1) cross-cultural orientation;

Cooperative Development Services
for Costa Rica
ACDI Capability Statement

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- 2) a two-week supply store management workshop;
- 3) three weeks of on-the-job training with American
- 4) living with cooperative member farm families for two weeks; and
- 5) a debriefing.

The program provided the participants with:

- o on-the-job study of cooperative service, sales, marketing, credit, and related areas;
- o skills and knowledge needed to increase effectiveness ... assisting rural people to organize cooperatives;
- o opportunities to observe American cooperatives with a view to adapting relevant techniques to their own organizations;
- o a chance to study cooperative member recruitment and education as well as communication/education methods used by U.S. extension services; and
- o an opportunity to live with a typical U.S. farm family, and to meet and discuss with others in parallel fields of work.

INCAE - Central American Cooperative Leaders

The Central American Institute of Business Administration (INCAE) in Costa Rica, with financial support under the Central American Peace Scholarship Program, contracted ACDI to provide a three-week program for 40 cooperative leaders from Costa Rica, El Salvador, Guatemala, Honduras and Panama who represent non-traditional fruit and vegetable cooperatives.

Based upon areas of interest identified by participants, the delegation was divided into four groups. Individualized programs provided them with opportunities for on-the-job observation and study of cooperative sales, marketing, member recruitment and education with a view to adapting relevant techniques to their own organizations. The experience of working and discussing these and related subjects with U.S. farmers gave participants an opportunity to learn about fruit and vegetable marketing needs.

Guatemala - Apple Growers

USDA's Office of International Cooperation and Development contracted ACDI to design and deliver a four-week training program for 24 Guatemalan apple growers. The program provided participants with the opportunity to work with and observe a wide range of American apple growers, managers, packers, processors, buyers and shippers who had responsibilities similar to those of

the Guatemalans. Activities and facilities observed included harvesting procedures, equipment, fruit handling, transportation.

ACDI/USDA Small Farmer Credit Policy and Administration Course

Under contract to USDA, ACDI conducts this annual six-week course for developing country agricultural credit officials who supervise loans to small farmers. The course focuses on the role of small farmer credit programs in developing the agricultural sector, and includes formal classroom instruction and field trips to observe and practice administrative techniques used in making and collecting loans. Topics include major credit policy issues, borrowing and lending principles, financial institutions, markets and structures, credit behavior, lending and supervisory techniques and an examination of production economics. The course seeks to develop participants' knowledge and skills in:

- 1) the role of credit programs in economic development;
- 2) implementing the principles of lending and borrowing;
- 3) evaluating mechanisms to reduce the risks and costs of credit programs; and
- 4) weighing alternative policies and tradeoffs.

American Institute of Free Labor Development (AIFLD)

ACDI arranged a four-day cooperative management observational tour at ACDI member organizations for a delegation of 23 campesino leaders from Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Peru.

Egypt - Small Farmer Production and Agricultural Production Credit

The goal of ACDI's Small Farmer Production and Agricultural Production Credit Projects in Egypt has been to assist the Principal Bank for Development and Agricultural Credit to increase the income and productivity of small farmers who own less than five acres. From 1980 through 1988, 140 Egyptian farm management extension specialists, veterinarians, financial analysts, credit officials, village bank managers and trainers participated in individualized training programs involving various aspects of the integrated farm management support system in the U.S. Many received actual field experience and were accompanied by English/Arabic speakers who also were knowledgeable in their fields of expertise.

Pakistan - Agribusiness Management and Marketing

with a month of intensive academic instruction at Tuskegee University, the program concluded with two weeks of on-the-job training. Each participant's OJT was spent at a company which chosen to match the product area of his or her organization and training interests. For each site, "hands-on" arrangements were made with counterparts having similar work responsibilities. An important aspect of the program is its focus on management and marketing practices and the ways in which they might be adapted to agribusinesses in Pakistan.

In-Country and Third Country Training

ACDI-arranged training programs in host or third countries range from the university to the village level and cover subjects such as training of trainers, management development for middle and senior staff, technical training in banking, accounting and other financial practices. Others range from produce, cash crop, livestock and poultry production, handling, and processing to machinery construction, use and maintenance. ACDI also provides training to professionals in warehousing, storage and distribution, marketing, transportation and womens' development. Recipients of training assistance have included high government officials, private enterprise business people, college and university staffs, and farmers and operators of various types of plants (i.e., agricultural processing, industrial, etc.). Locally-based training offers the advantages of lower cost, an opportunity to emphasize particular areas of need and the ability to address problems as they arise. Below are listed those projects which comprise ACDI's recent major training efforts overseas.

Egypt - Small Farmer Production Project (SFPP)

The Small Farmer Production Project (SFPP) provided training for junior to senior level officers of the Principal Bank for Development and Agricultural Credit (PBDAC) at the Cairo headquarters and district and local branches, as well as to government extension officers and other officials, farmers and departmental training staffs. Management development, planning and assessment courses and on-the-job training gave bank staff the skills needed to replicate the project's success.

HC

Uganda - Food Production Support Project (FPSP)

As a major component of FPSP, training encompassed a variety of participants, from university students, storekeepers, and farmers, to managers from local cooperatives, coffee and cotton processing plants and transportation unions. Programs involved management training, marketing, public relations, safe driving and training of trainers. More than 12,000 Ugandans participated in these ACDI training activities. A primary training advisor and a management development consultant identified counterparts at project outset and worked closely with them to ensure continuation of training at project end.

Kenya - Cooperative Training

This cooperative training and education sub-project began in 1980 and is a component of the broad-based Agricultural Sector Support Project. It included an evaluation of Kenyan cooperative education and training and of sector manpower requirements and a feasibility study of expanding the Kenya Cooperative College. In addition, the advisors and consultants provided technical assistance to the Ministry of Cooperative Development in management and credit training and audio-visual techniques.

Tanzania - Rural Development Bank

From 1975 to 1986, ACDI assisted the Tanzania Cooperative and Rural Development Bank (CRDB) to strengthen its credit and financial management operations to enable it to provide efficient and timely service to small farmers. These farmers produce much of Tanzania's food and generate the bulk of its foreign exchange. In-country training programs evolved from an occasional course to a well-planned and executed program of seminars, workshops and on-the-job training programs held at numerous sites and conducted by ACDI staff and consultants.

Workshops and Seminars

Every two years ACDI holds a major regional workshop the purpose of which is to bring together senior operating personnel and officials of interested government agencies to discuss common problems, review regional issues and exchange information that can benefit them and the institutions they represent. The workshops held in Latin America include:

Latin American Regional Seminar for Fruit and Vegetable
Marketing Cooperatives

Panama, co-sponsored the event. The primary participants were from ten Latin American countries and the majority of them were managers of agricultural supply cooperatives whose members produced fresh fruits and vegetables for domestic markets. During the workshop, participants discussed the complexities of marketing perishables and listened to technical presentations from several ACIDI advisors and staff persons as well as from selected experts in the industry.

Chile - Cooperative Leadership Development Program

This program, comprised of two regional seminars, developed a training capability among selected officials of Chilean cooperative organizations. These officials in turn conducted numerous cooperative courses in the field designed to stimulate new interest and increase membership in the cooperative movement. The program employed a unique "cooperative-to-cooperative" approach in that technical assistance was provided directly to Chilean cooperatives from the U.S. cooperative community independent of government involvement. It promoted cooperatives as democratic, business-oriented institutions.

Central American Workshops on Agricultural Cooperatives

The first ACIDI/AID Central American Workshop on Agricultural Cooperatives was held in Guatemala in 1972 and was attended by 53 cooperative leaders and staff from eight Central and South American countries. The purpose of the seminar was to discuss experiences and problems and to make suggestions for improving cooperative performance.

As a follow-up to the first workshop and at the request of those participants, a second workshop was held in Guatemala in July 1975. ACIDI discussion leaders guided participants in exploring the problems of international cooperative fertilizer supply, small farmer credit, internal controls and the leadership responsibilities of directors and management.

ACDI Member Organizations and Directors

ACDI is a non-profit membership organization affiliated with the National Council of Farmer Cooperatives. 20 of which farm supply, processing and marketing cooperative members and eight of whose farm credit bank members are also members of ACDI. They have created ACDI as their joint agency for overseas cooperative development consultation. ACDI's member/owner organizations are:

- | | |
|--|----------------------|
| 1. AGWAY, Inc. | Arthur J. Fogerty |
| 2. American Institute of Cooperation | David C. Thomas |
| 3. Associated Milk Producers, Inc. | William Lenschow |
| 4. CENEX | Dixie L. Riddle |
| 5. Central Bank for Cooperatives | Jon F. Greeneisen |
| 6. CF Industries, Inc. | Lawrence Devereux |
| 7. Countrymark, Inc. | Harry L. Ditty |
| 8. Dairylea Cooperative, Inc. | Clyde E. Rutherford |
| 9. Farm Credit Banks of Baltimore | J. Howard Settle |
| 10. Farm Credit Banks of Jackson | James L. Toft |
| 11. Farm Credit Banks of Louisville | Steven J. Montgomery |
| 12. Farm Credit Banks of Omaha | James D. Kirk |
| 13. Farm Credit Banks of St. Louis | Douglas D. Sims |
| 14. Farm Credit Banks of Spokane | Duane Marshall |
| 15. Farm Credit Banks of Springfield | Clifford I. Busekist |
| 16. Farm Credit Services of St. Paul | R. Lee Ormston |
| 17. Farmland Industries, Inc. | Robert E. Johanson |
| 18. Gold Kist, Inc. | W.W. Gaston |
| 21. GROWMARK, Inc. | Vern J. McGinnis |
| 20. Harvest States Cooperatives | Edward Ellison |
| 21. Indian Farmers Fertiliser Coop., Ltd | M.H. Avadhani |
| 22. Indiana Farm Bureau Cooperative Assn | P. Dean Denhart |
| 23. International Cooperative Petroleum | F.A.A. van Dongen |
| 24. Land O'Lakes, Inc. | Vern Moore |
| 25. MFA Oil Company | Dale H. Creach |
| 26. MFC Services (AAL) | Jerry L. Harpole |
| 27. Mississippi Chemical Corporation | Gene A. Triggs |
| 28. MSI Insurance | Gordon E. Lindquist |
| 29. National Cooperative Business Assn. | Frank Sollars |
| 30. National Cooperative Refinery Assn. | Larry E. Williams |
| 31. National Council of Farmer Coops. | Wayne Boutwell |
| 32. National Grange | Edward Andersen |
| 33. National Farmers Union | Cy Carpenter |
| 34. Nationwide Insurance | Patrick S. Roberts |
| 35. Seald-Sweet Growers, Inc. | J.W. Holford |
| 36. Southern Farmers Association | Robert P. Dixon |
| 37. Southern States Cooperative, Inc. | Carroll Gilbert |
| 38. Sunkist Growers, Inc. | Curtis W. Anderson |
| 39. Tennessee Farmers Cooperative | Vacant |
| 40. Universal Cooperatives, Inc. | Al J. Oukrop |

and evaluated by the Chief of Party, who will also maintain a relationship with the General Manager of Fedecoop. The Coffee Credit adviser will be housed at the ACDI office rather than the Fedecoop office, in order to make the new split responsibilities manageable.

IV Project Resources

A. Project Personnel

As the essential thrust of ACDI's proposed project is providing hands-on technical assistance and training to coffee and other export oriented cooperatives, the capabilities and skills of our proposed personnel are of critical importance. The two long-term expatriate advisors ACDI proposes for this project bring with them many years of agricultural and cooperative development experience.

Steve Huffstutlar has almost 20 years experience with agricultural cooperatives both in the U.S. and in Latin America. For eight years, he organized, managed and provided technical assistance to farmworker produce cooperatives in California. Beginning in 1977 he spent seven years with the USDA's Agricultural Cooperative Service, conducting feasibility and marketing studies, organizing and holding training courses, and evaluating the performance and operations of client cooperatives. Prior to his work in California, Steve was an agricultural and community development Peace Corps Volunteer in Bolivia.

He has been in Costa Rica since 1984, helping former United Brands workers organize into a highly successful oil palm cooperative and providing technical and training assistance to other cooperatives and farmer organizations. Some of his accomplishments include installing a computerized accounting system, training and assisting the general manager and board of directors, and helping design major improvements in member housing. His work with the cooperative has been acclaimed by the local USAID Mission and independent evaluators alike.

Frank Astacio has worked for almost three years as ACDI's advisor on the AID-funded FEDECOOP coffee credit and technification project. In addition to his considerable experience and skills in agricultural credit, he possesses intimate knowledge of the project's internal dynamics, strengths, and weaknesses. These capabilities will be of critical importance as the project continues into the loan collection phase both at the individual cooperative and federation level. Mr. Astacio's experience with individual FEDECOOP affiliates place him in the ideal position to identify their training, management, and

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technical assistance needs, both with respect to their traditional and newly diversified crops.

These expatriate advisors will be supported by a highly qualified local staff and supervised by personnel in ACDI/Washington with many years of cooperative development experience in Latin America. Mr. Jorge Cespedes has provided expert management consulting services to a wide range of international and domestic clients, including several cooperatives. Patricia Chaves is currently the coordinator of ACDI's Farmer to Farmer program, and has considerable field experience as an agronomist and in a variety of export-oriented businesses. The resumes of the expatriate advisors, Washington staff, and some of the local technicians that will be involved in the project can be found in Appendix II.

B. Farmer to Farmer Program

Under a subcontract to Volunteers in Overseas Cooperative Assistance, this year ACDI ran a very successful project in which 22 U.S. farmers, most of them with over 20 years experience in agriculture, spent one to two months living and working with their Costa Rican counterparts. ACDI's contacts with the U.S. agricultural community enabled us to recruit experienced and knowledgeable farmers, all but one of whom spoke Spanish. In the next few weeks ACDI will be submitting a proposal to the Mission's training department to extend this program for three years. An extension of FTF will be a perfect complement to the proposed coop development program as it will permit the project to access the human and technical resources of the U.S. agricultural community at a very low cost.

C. Innovative Approaches

Under a centrally funded grant from AID, ACDI is currently implementing a project to help agricultural cooperatives in six countries take advantage of advanced technologies in the areas of computers, electronic communications, and international marketing information. Costa Rica is one of the project's target countries, and a preliminary study of the possibilities in this area has been made. In the next two years, training and technical assistance will be given in the above areas to a selected group of cooperatives in Costa Rica. Innovative Approaches' emphasis on information access and management will prove especially useful to cooperatives involved in non-traditional exports, as timely and accurate information, both in the market and internal management areas, is critical to success in the dynamic world of international trade. ACDI will make every effort to involve target export cooperatives in this

exciting new project

D. Other New Initiatives

ACDI is a member of the Overseas Cooperative Development Committee (OCDC), a consortium of cooperative development organizations. OCDC is currently taking the lead among PVO's in developing a framework whereby banks with non-performing debts in developing countries can donate them to U.S. PVO's for their work overseas. An OCDC mission recently visited Costa Rica and held talks with government officials, AID personnel, local PVO's, and cooperative leaders. At ACDI's initiative, BANCOOP was approached to take the lead in managing any resources generated through this effort. Although many issues remain to be resolved, preliminary indications from U.S. banks, the Costa Rican government, the U.S. Treasury, and other parties are quite positive. ACDI would be a logical recipient of local currency obtained through this mechanism, and these resources could be used within the context of this project.

E. Local Contacts and Resources

An important resource that ACDI brings to bear in the proposed project is the wealth of contacts established from years of work in Costa Rica. Since its very inception, BANCOOP has worked closely with ACDI, and plans call for housing the project's offices within UNIBANC, the technical assistance arm of BANCOOP. Under the coffee credit component of the current OPG, ACDI has built close ties with FEDECOOP and its affiliates, the Ministry of Agriculture, the National Learning Institute, INFOCOOP, and others. ACDI's Farmer to Farmer program has helped extend our contacts to a great number of agricultural cooperatives, and the current Innovative Approaches project has cemented relationships with others. Our proposed advisors have between them many years experience in Costa Rica. This network of ACDI contacts will leverage maximum benefit from the grant resources.

ACDI's recent project efforts in Costa Rica have also involved key linkages with other Mission-supported projects, such as the recent F.T.F volunteer who worked closely with EARTH. The proposed project would clearly involve tying non-traditional exporting cooperatives with other Mission initiatives, making the grant resources an import complement to other AID activities. Possibilities for accessing local resources, in addition to those detailed elsewhere in this proposal, might include Banco Nacional de Costa Rica technical assistance resources, C.A.A.P. technical assistance efforts and others.

V. Project Management Plan

A. Internal Organization

The project's chief of party/marketing/cooperative development specialist will be actively involved in the project's technical assistance efforts as well as be responsible for the activities of the two other long term advisors and most short term consultants. After preliminary meetings with potential participating cooperatives, he will assign a team of project personnel to work with the cooperative and will designate a task force leader. Although the coffee credit advisor will work primarily with Fedecoop and its affiliates, he will be called upon from time to time to assist other participating cooperatives in credit analyses and in other limited areas. For an approximate breakdown of how the project's staff will allocate their time among the project's different activities, please see Appendix IV. These numbers will of course vary during actual project implementation, but they do provide an idea of ACDI's preliminary estimates of client needs.

In the interest of improved communications with ACDI/Washington, AID, and participating cooperatives, the coffee credit advisor will report directly to the project's chief of party. The project's administrative director will coordinate logistics such as vehicles, communications, accounts, and other details. Given her wide field and employment experience, it is quite likely that she will be called upon to work directly with beneficiary coops in specific areas.

B. Monitoring and Supervision

The project's chief of party will work under the supervision of ACDI's projects division. All of the individuals in this office have considerable experience in Latin America, and the individual most closely involved in the project has worked with the Costa Rican cooperative movement (see resumes). Two supervisory visits will be made by ACDI/Washington staff annually, as well as one visit by ACDI board members, all of whom have many years of cooperative experience. Every effort will be made to tie supervisory visits with other central staff trips so as to reduce costs. The chief of party will make two consultative visits to ACDI/Washington during the course of the project.

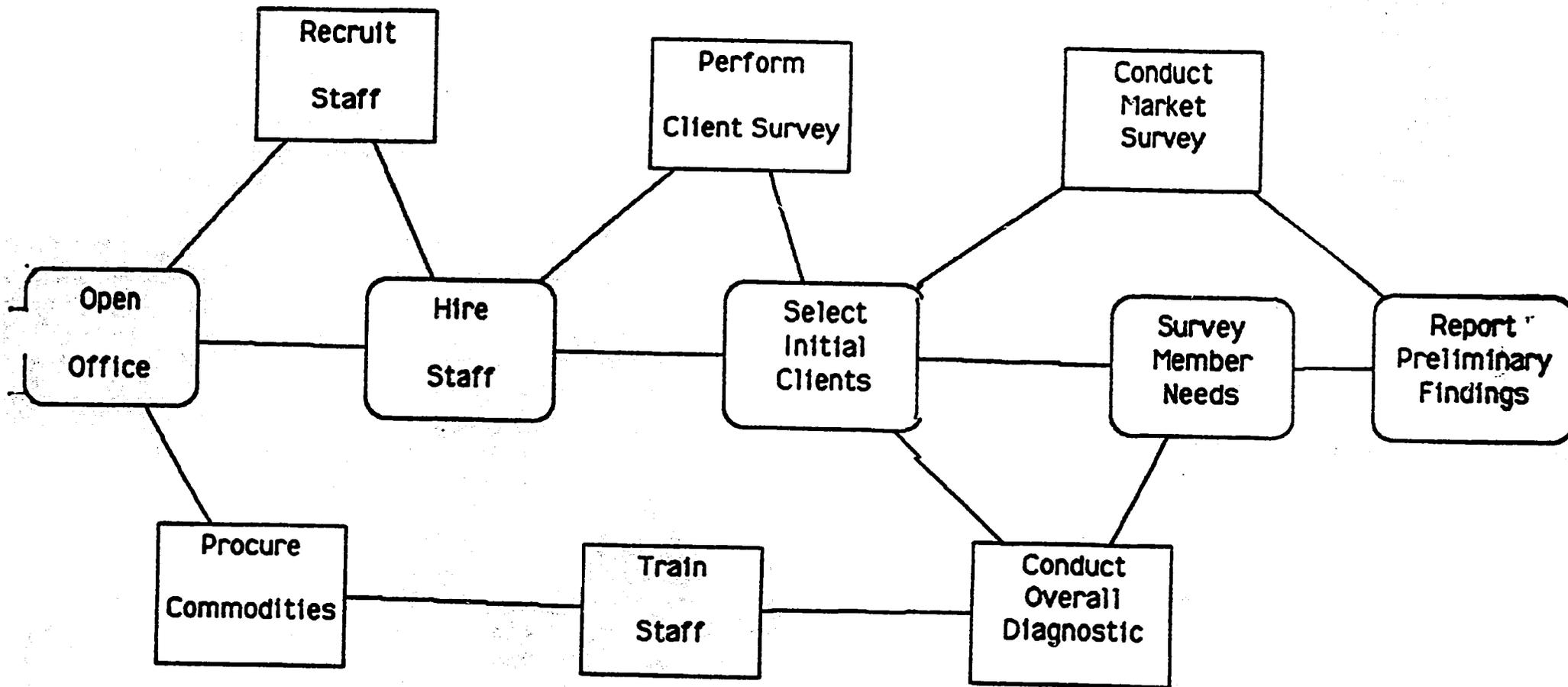
All full-time advisors will prepare quarterly and annual reports detailing improvements in the status of beneficiary cooperatives, problems encountered, proposed solutions, completion of the previous quarter's objectives, and plans for the following quarter. Farmer to Farmer volunteers, and

participant trainees will all prepare and submit to the chief of party reports on their respective activities. An evaluation will be made of the project's overall progress during the early part of the second year of the project. USAID will provide a project manager who will make periodic visits to the project, will coordinate with the C.O.P. on all project related issues, and will receive project progress reports.

C. Timing

ACDI's current OPG expires in April of 1989. It is important that no break in assistance to FEDECOOP occur and that the C.O.P.'s work continue without interruption in order to avoid repatriation costs. Project start-up is therefore contemplated to coincide with the expiration of the current OPG.

**D. ACDI Costa Rica Country Program 1989-92
 Pert Chart of Start-up and Typical Client Service Events**

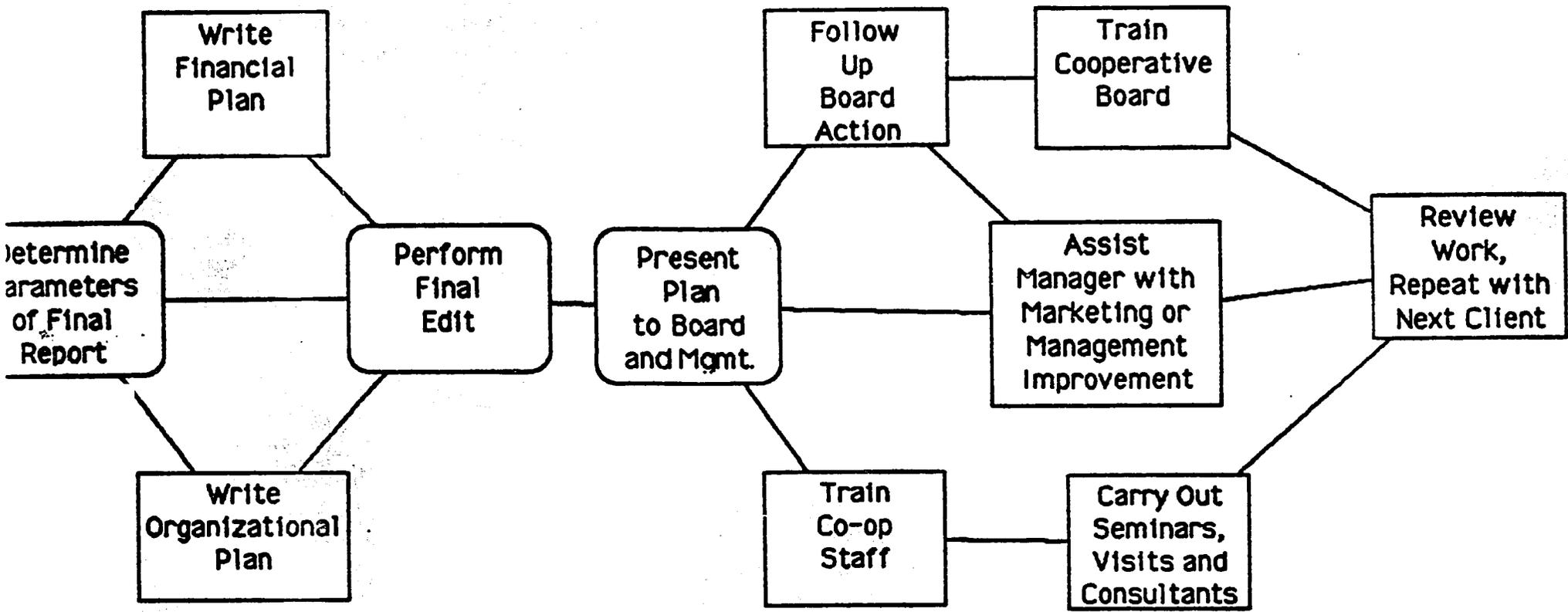


April 1989

**June 1989
 Begin Services**

**Time required for services will
 vary --see logframe**

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APPENDIX V.

E. LOGICAL FRAMEWORK

<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATORS</u>	<u>MEANS OF VERIFICATION</u>	<u>IMPORTANT ASSUMPTIONS</u>
<u>Program Purpose</u>			
1. Increase non-traditional exports by agricultural cooperatives.	1. Increase in volume of non-traditional exports by cooperatives.	1.a. Annual operating statements of cooperatives b. Central Bank export report	1. Continued international demand for non-traditional products
2. Improve management strength of agricultural cooperatives	2.a. Improved stability (term in office) of managers b. Improved financial condition	2.a. Field visits and surveys b. Cooperative financial statements	2. Continued demand for services by cooperatives
3. Improve export marketing ability of cooperatives	c. Improved member support	c. Cooperative activity reports and records	3. Continuation of coffee credit program by Fedcoop-AID
4. Continue assisting coffee diversification credit programs	3.a. Improved gross sales and net margins of exporting cooperatives b. Successful new marketing cooperatives	d. Outside evaluations e. ACDI supervisory visits f. A.I.D.-R.D.O. evaluations	4. Continued demand by farmers for new cooperatives and umbrella associations.
5. Assist in formation and improvement of start-up umbrella associations and other export cooperatives.	4. Adequate repayment performance by coffee cooperatives 5. Formation of new cooperatives and umbrella associations		

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APPENDIX V.

E. LOGICAL FRAMEWORK

<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATORS</u>	<u>MEANS OF VERIFICATION</u>	<u>IMPORTANT ASSUMPTIONS</u>
<u>Program Goals</u>			
<p>1. Survey cooperatives exporting non-trationals and establish technical assistance relationships with those with high impact or high demonstration potential.</p> <p>2. Identify new crops or products with high potential for impact or demonstration effect, start experimental plots and trial marketings.</p> <p>3. Train cooperative staff in export marketing using U.S./ACDI marketing contacts.</p> <p>4. Train managers and boards of directors in better management techniques.</p> <p>5. Produce written action documents for use by cooperative management.</p> <p>6. Monitor Fedecoop credit program, provide training and technical assistance.</p> <p>7. Organize and guide new umbrella associations and export cooperat.</p>	<p>1. Survey analysis of 50-60 export cooperatives.</p> <p>2. 4-6 principal clients chosen for major work each year, 12-20 chosen for minor assistance each year.</p> <p>3. Plant material imported and distributed to experimental stations or cooperatives, collect written results.</p> <p>4. Export marketing training provided to 4-6 coop. each year.</p> <p>5. Management training provided to 2-6 cooperatives each year.</p> <p>6. 6-10 management consulting reports per year.</p> <p>7. Fedecoop credit program repayment levels and export performance.</p> <p>8. Umbrella associations and new cooperatives organized and advised.</p>	<p>1. Review of documents produced</p> <p>2. Field trips and evaluations by AID-RDO.</p> <p>3. ACDI supervisory visits.</p> <p>4. Interviews with cooperatives.</p> <p>5. Financial statements of cooperatives.</p> <p>6. Fedecoop credit program reports.</p> <p>7. Evaluations of new organizations, review of their own reports.</p>	<p>1. Program is carried out to meet perceived needs of clients, and expose other needs.</p> <p>2. Client cooperatives accept need for improvements and new products.</p> <p>3. Cooperative personnel receiving training have key roles to play.</p> <p>4. Written reports will be implemented or utilized.</p> <p>5. Fedecoop credit program retains current structure.</p> <p>6. New organizations are needed and have viable potential roles in market.</p>

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APPENDIX V.

E. LOGICAL FRAMEWORK

<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVELY VERIFIABLE INDICATORS</u>	<u>MEANS OF VERIFICATION</u>	<u>IMPORTANT ASSUMPTIONS</u>
Inputs (See Narrative and Budget)			
1. Management and marketing consulting services.	1. Appropriate personnel hired and trained.	1. Project monitoring by ACDI-AID/RDO.	1. OPG agreement extended by AID by 3/31/89.
2. Coffee credit technical assistance.	2. Office opened, equipment procured.	2. Project reports (ACDI C. R.)	2. Favorable evaluations and audits.
3. Training services.	3. Action documents produced.	3. Review of documents produced	3. ACDI provides inputs on a timely basis.
4. Administration	4. Training services provided.	4. Interviews with cooperatives, project records.	4. Funding timed to allow inputs to be put in place as required.
	5. Project administered.	5. Project financial reports (ACDI Washington).	

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COFFEE CREDIT ADVISOR
CRISTOBAL FRANCISCO ASTACIO REYES

PROFESSIONAL HISTORY

1955 to 1969 Assistant Manager and Branch Manager,
Dominican Republic, Agricultural Bank.

July 1970 Assistant Coordinator, PA-AID Credit Program
in the Agricultural Bank.

February 1972 General Coordinator, PA-AID Credit Program in
the Agricultural Bank.

July 1975 Coordinator, Arthur D'Little, Inc.,
Counterpart in the reorganization of credit
structure of the Agricultural Bank of the
Dominican Republic.

June 1975 General Coordinator, PIDAGRO, general
coordinator of the credit component of
PIDAGRO. An integrated rural developing
program financed by the INTERAMERICAN
DEVELOPMENT BANK.

April 1976 Advisor, Ecuador, Arthur D'Little, Inc.,
Short term advisor to the Banco Nacional de
Fomento del Ecuador, contracted by ARTHUR
D'LITTLE, INC.

July 1977 Assistant Manager, Agricultural Bank of the
Dominican Republic, management of the Credit
and Operation Department of the Agricultural
Bank of the Dominican Republic.

January 1978 General Manager, Agricultural Bank of the
Dominican Republic, management of the Credit
and Operation Department of the Agricultural
Bank of the Dominican Republic.

November 1978 Bonus and Stock Manager, Dominican Republic,
manager of the Construction Bank of the
Dominican Republic.

April 1980 International Sales Manager, Netherlands
Antilles and Caracas, Venezuela, Chantilly
Investments, Inc.

April 1982 Credit Advisor, Honduras, AID-IHCAFE, Credit
Advisor to the AID-IHCAFE Coffee Project in
Honduras.

- October 1984 Credit Advisor, Ecuador, USAID Mission, Short term Coffee Credit Advisor to USAID Mission in Ecuador.
- April 1986 Credit Advisor, AID-FEDECOOP, advisor to AID-FEDECOOP Coffee Project. Contracted by Agricultural Cooperative Development International (ACDI).

EDUCATION:

- March 1956 Banking and Business Diploma. Commercial Institute Uladislao Guerrero, San Pedro de Macoris, Dominican Republic.
- November 1963 The Ohio State University, Columbus, Ohio. Agricultural Credit Special Course. Diploma. Best Grades in the foreign group of credit students.
- January 1973 Designing, Analysis and Evaluation of Agricultural Projects. Washington, D.C., and Alburquerque, New Mexico. Special training with the sponsorship of USAID Mission in Santo Domingo, Dominican Republic.

PUBLICATIONS:

- March 1972 Grain Sorghum. Its importance as corn substitute for both poultry and livestock feeding methodology. Formal introduction in the credit system of the Dominican Republic with the collaboration of Texas A&M University.
- November 1972 Cacao credit project. Total and partial renovation, including modern processing techniques.
- April 1973 Financial policy on fattening young steers in both confinement on feed-lots and pasture fertilization. Positive impact on beef cattle exports.
- February 1974 Design, Analysis and Evaluation of the first Coffee Project ever approved by any USAID Mission. Foreign exchange, tax revenue and rural employment derivations.

- July 1975 Collection Manual. Modern methodology on best credit repayments.
- December 1975 Banking Supervision systems. Techniques for finding weaknesses on loan supervision and fund administration.
- November 1976 The importance of the Agricultural Credit in the Dominican Republic. Its relation to local marketing system of agricultural commodities.
- April 1979 Basic incentives to foreign investors and repatriation of native capital.
- July 1981 Insurance of Agricultural Crops. Advantages to farmers and lending institutions
- January 1983 AID-IHCAFE Coffee Credit Manual for small farmers of Honduras
- October 1984 Collection Manual for Coffee borrowers
- December 1984 Credit Manual for Coffee Cooperatives of Honduras.
- July 1985 Diagnosis and Parameters of Coffee credit project feasibility in Ecuador
- December 1985 Preliminary evaluation of Coffee Project in Costa Rica.
- July 1986 Credit Analysis technology in coffee loans. Its subsequent implementation in the Coffee Cooperative model of Costa Rica.
- November 1987 Repayment methodology for credit borrowers of coffee cooperatives of Costa Rica. Advantages derived from the local marketing model through the coffee federation.
- February 1988 The Paratecnitian role in coffee loans.
- May 1988 The MACADEMIA NUTS credit model. Its promising marketing future.

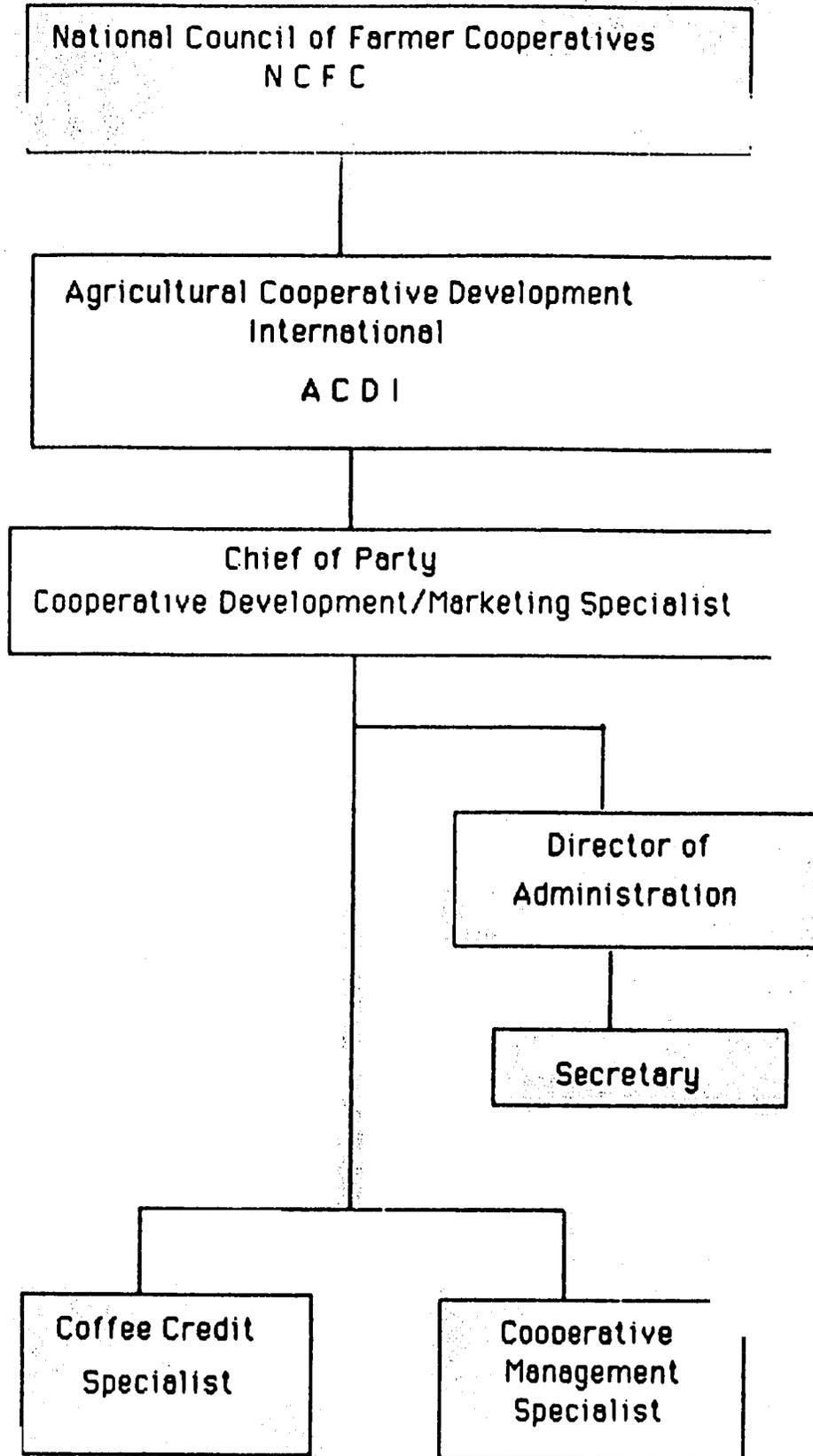
APPENDIX V.

E. LOGICAL FRAMEWORK

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Outputs			
1. Staff hired and in place	1. Five professional staff on board 90 days from start.	1. ACDI field reports	1. Quality personnel hired with little turnover.
2. Survey of export cooperatives completed and printed	2. Survey available 150 days after start.	2. Review of documents produced	2. Cooperation of cooperatives surveyed/ assisted.
3. New crops plant material made available	3. Plant materials arrive 120 days into program and yearly according to season.	3. Interviews with cooperatives	3. Reasonable plant importation procedures by GOCR.
4. Management assistance and training delivered	4. Management assistance via action document at rate of 4-6 per year.	4. Project records	4. Timely funding
5. Marketing assistance and training delivered	5. Marketing training and assistance at rate of 4-6 per year.	5. Central Bank export records	5. Fedcoop program continues as structured.
6. Action documents printed and distributed to cooperatives	6. Minor assistance to 12-20 cooperatives per year.	6. Fedcoop financial reports	6. Need for umbrella association and other cooperatives.
7. Coffee credit assistance provided and reports distributed	7. Coffee credit financial performance indicators.	7. Evaluations by ACDI-AID-RDC	
8. Umbrella associations and other new cooperative start-up services provided.	8. Umbrella associations and new cooperatives operating appropriately, according to of development.		

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**COSTA RICA COUNTRY PROGRAM
1989-1992
ORGANIZATIONAL STRUCTURE**



Appendix I. PROJECT COSTS

Budget
Budget Explanation
Counterpart Contributions

Cooperative Development Services for Costa Rica
Table 1. 1989-1991 Budget Summary

	1989	1990	1991	TOTAL
1. Salaries	\$73,600	\$77,280	\$81,144	\$232,024
A. Coop Dev Mktg Spec. 75%	\$35,100	\$36,855	\$38,698	\$110,653
B. Coffee Credit Spec. 100%	\$38,500	\$40,425	\$42,446	\$121,371
2. Payroll added costs	\$14,220	\$17,064	\$20,476	\$51,760
A. Coop Dev Marketing Spec.	\$7,020	\$8,424	\$10,108	\$25,552
B. Coffee Credit Spec.	\$7,200	\$8,640	\$10,368	\$26,208
3. Allowances	\$27,475	\$28,709	\$34,191	\$90,375
A. Housing	\$24,675	\$25,909	\$27,204	\$77,788
B. TQA	\$0	\$0	\$5,187	\$5,187
C. Ed/Ed travel	\$800	\$800	\$800	\$2,400
D. Other	\$2,000	\$2,000	\$1,000	\$5,000
4. Transport	\$2,000	\$0	\$5,000	\$7,000
A. Air Freight	\$2,000	\$0	\$2,000	\$4,000
B. POY	\$0	\$0	\$3,000	\$3,000
5. Travel	\$8,378	\$5,293	\$9,835	\$23,506
A. In Country	\$2,720	\$2,992	\$3,291	\$9,003
B. ACDI	\$1,200	\$1,300	\$1,400	\$3,900
C. In Lat America	\$858	\$1,001	\$1,144	\$3,003
D. Home Leave	\$3,600	\$0	\$4,000	\$7,600
E. In U.S.	\$0	\$0	\$0	\$0
6. Per diem	\$11,564	\$12,490	\$13,446	\$37,500
A. ACDI superv.	\$1,400	\$1,500	\$1,600	\$4,500
B. In country	\$9,196	\$9,990	\$10,814	\$30,000
C. In Lat America	\$968	\$1,000	\$1,032	\$3,000
D. In U.S.	\$0	\$0	\$0	\$0
7. Commodities	\$23,677	\$1,179	\$737	\$25,593
A. Vehicle	\$10,000	\$0	\$0	\$10,000
B. Office furniture	\$3,168	\$634	\$190	\$3,992
C. Computers	\$4,909	\$545	\$547	\$6,001
D. Audiovisual	\$600	\$0	\$0	\$600
E. Copymachine	\$3,000	\$0	\$0	\$3,000
F. Telephone system	\$2,000	\$0	\$0	\$2,000
8. Consultants	\$0	\$8,000	\$0	\$8,000
A. Fees	\$0	\$0	\$0	\$0
B. Travel	\$0	\$0	\$0	\$0
C. Per diem	\$0	\$0	\$0	\$0
D. Misc.	\$0	\$0	\$0	\$0
E. Evaluation	\$0	\$8,000	\$0	\$8,000

Cooperative Development Services for Costa Rica
Table 1. 1989-1991 Budget Summary

	1989	1990	1991	TOTAL
9. Training	\$0	\$0	\$0	\$0
10. Other	\$20,251	\$21,727	\$22,492	\$64,470
A. Vehicle op/ins.	\$4,444	\$4,667	\$4,889	\$14,000
B. Vehicle Maint.	\$3,500	\$3,733	\$3,967	\$11,200
C. Tel/telec.	\$3,077	\$3,333	\$3,590	\$10,000
D. Supplies	\$960	\$994	\$1,046	\$3,000
E. Office Space	\$7,500	\$8,000	\$8,000	\$23,500
F. Misc.	\$770	\$1,000	\$1,000	\$2,770
11. Local Staff	\$56,843	\$59,685	\$62,669	\$179,196
A. Salaries	\$41,796	\$43,886	\$46,080	\$131,762
1. Management/credit spec 50%	\$21,996	\$23,096	\$24,251	\$69,343
2. Administrative Director	\$12,000	\$12,600	\$13,230	\$37,830
3. Secretary	\$4,200	\$4,410	\$4,630	\$13,240
4. Messenger/Janitor	\$3,600	\$3,780	\$3,969	\$11,349
B. Payroll added costs 36%	\$15,047	\$15,799	\$16,589	\$47,435
12. Sub-total	\$238,008	\$231,427	\$249,990	\$719,424
13. ACDI admin 39%	\$92,823	\$90,257	\$97,496	\$280,576
14. TOTAL	\$330,831	\$321,683	\$347,486	\$1,000,000

Cooperative Development Service for Costa Rica

Appendix I - Project Costs

Budget Explanation

1. **Salaries** - Coop Development/Marketing Specialist (Chief of Party) is funded 75% in this project, and 25% by ACDI Washington as Regional Representative, at no cost to AID Costa Rica Mission. Payroll Added Costs and Allowances for Chief of Party are likewise reduced by 25% in this budget. Salaries have been increased 5% for the second and third years to take care of normal salary adjustments.
2. **Payroll Added Costs** - Fringe benefits paid by ACDI include pension, health and life insurance, medical evacuation, DEA insurance, sick leave, FICA, etc.
3. **Allowances** - Housing is calculated at the current AID rate for Costa Rica of \$14,100 for the two expatriate advisors. TGA is calculated at \$50 a day during the third year of the project for 30 days for both advisors and the two family members. Educational travel is contemplated for the one eligible dependent under the project. Other allowances include provisions for curtains, replacement and repair of household effects furnished under the previous OPG.
4. **Transport** - Transport costs are budgeted for air freight during home leaves and for shipment of personal vehicles at the beginning and end of the project.
5. **Travel** - 1133 kilometers a month of in-country travel by local staff at an initial cost of \$.20 (cost per kilometer increased by 10% each year) are contemplated throughout the project. Two supervisory trips per year will be made by ACDI headquarters staff. Travel is also contemplated by local staff within Latin America to accompany participating coop officials on study trips. Home leaves would take place in years one and three of the project.
6. **Per Diem** - 307 in-country travel days per year by staff at an average cost of \$30 per day are contemplated in the first year, with an increase in cost of 8.5% in subsequent years. 11 Days per year at \$88 per year within Latin America, with 3.3% annual increase in cost.
7. **Commodities** - In addition to the two vehicles currently used under the current OPG, the purchase of a pick-up is contemplated for use by project staff. Office furniture in addition to that already purchased by ACDI will be required for new project staff. Two computers and their respective printers and software will be purchased, along with other office equipment mentioned.
8. **Consultants** - Mid-term evaluation is only consultant item in

**Cooperative Development Services
for Costa Rica
Appendix I - Project Costs
Budget Explanation**

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this budget. ACDI will provide some consultants from its other projects and other sources (see text).

9. **Training** - As mentioned in text, ACDI will facilitate and participate in training financed by other ACDI projects and counterpart institutions.

10. **Other** - Vehicle operation and insurance are contemplated for the three project vehicles. Vehicle maintenance will be somewhat high for the two vehicles financed under the original grant as they will be six years old by project's end. Miscellaneous costs include temporary services, printing, publications and others. All other costs are self-explanatory.

11. **Local Staff** - As explained in the proposal, several long term staff members will be hired locally. Payroll added costs are based on Costa Rican legal requirements of approximately 36% of salary.

13. **ACDI Administrative** - ACDI is required to charge 38% administrative allocation on all AID-financed projects. A copy of the latest AID-approved overhead certification letter is on file with the AID Costa Rica mission Controller's office.

Note that some minor costs included in this budget may in fact be covered with remaining funds from the previous OPG, but only with prior permission of AID Costa Rica after submission of revised budgets for both OPGs.

Cooperative Development Services for Costa Rica

Appendix I, Counterpart Contributions

Budget Line Items	ACDI	COUNTERPART	AID	TOTAL
1. Salaries	\$6,000		\$232,024	\$238,024
A. Coop Dev Mktg Spec. 75%			\$110,653	\$110,653
B. Coffee Credit Spec. 100%			\$121,371	\$121,371
C. ACDI supervising travel time	\$6,000			\$6,000
2. Payroll added costs	\$2,280		\$51,760	\$54,040
A. Coop Dev Marketing Spec.			\$25,552	\$25,552
B. Coffee Credit Spec.			\$26,208	\$26,208
C. ACDI supervising travel time	\$2,280			\$2,280
3. Allowances			\$90,375	\$90,375
A. Housing			\$77,788	\$77,788
B. TQA			\$5,187	\$5,187
C. Ed/Ed travel			\$2,400	\$2,400
D. Other			\$5,000	\$5,000
4. Transport			\$7,000	\$7,000
A. Air Freight			\$4,000	\$4,000
B. POV			\$3,000	\$3,000
5. Travel			\$23,506	\$23,506
A. In Country			\$9,003	\$9,003
B. ACDI			\$3,900	\$3,900
C. In Lat America			\$3,003	\$3,003
D. Home Leave			\$7,600	\$7,600
E. In U.S.				\$0
6. Per diem			\$37,500	\$37,500
A. ACDI superv.			\$4,500	\$4,500
B. In country			\$30,000	\$30,000
C. In Lat America			\$3,000	\$3,000
D. In U.S.				\$0
7. Commodities	\$11,000	\$20,000	\$26,593	\$56,593
A. Vehicle		\$15,000	\$10,000	\$25,000
B. Office furniture	\$4,000	\$2,000	\$3,992	\$9,992
C. Computers	\$7,000	\$3,000	\$6,001	\$16,001
D. Audiovisual			\$600	\$600
E. Copymachine			\$3,000	\$3,000
F. Telephone system			\$2,000	\$2,000
8. Consultants			\$8,000	\$8,000
A. Fees				\$0
B. Travel				\$0
C. Per diem				\$0
D. Misc.				\$0
E. Evaluation			\$8,000	\$8,000

**Cooperative Development Services for Costa Rica
Appendix I. Counterpart Contributions**

	ACDI	Counterpart	AID	TOTAL
9. Training	\$20,000	\$18,000		\$38,000
A. Travel		\$9,000		\$9,000
B. Per Diem		\$3,000		\$3,000
C. Tuition/fees	\$20,000	\$5,000		\$25,000
D. Materials		\$1,000		\$1,000
10. Other		\$17,500	\$64,470	\$81,970
A. Vehicle op/ins.		\$7,000	\$14,000	\$21,000
B. Vehicle Maint.		\$5,000	\$11,200	\$16,200
C. Tel/telec.		\$1,000	\$10,000	\$11,000
D. Supplies		\$2,000	\$3,000	\$5,000
E. Office Space		\$2,000	\$23,500	\$25,500
F. Misc.		\$500	\$2,770	\$3,270
11. Local Staff		\$15,000	\$179,196	\$194,196
A. Salaries			\$131,762	\$131,762
1. Management/credit spec 50%			\$69,343	\$69,343
2. Administrative Director			\$37,830	\$37,830
3. Secretary			\$13,240	\$13,240
4. Messenger/Janitor			\$11,349	\$11,349
B. Payroll added costs 36%			\$47,435	\$47,435
C. FEDECOOP support staff		\$15,000		\$15,000
12. ACDI Board Trip	\$17,500			\$17,500
A. Travel	\$5,000			\$5,000
B. Per Diem	\$2,500			\$2,500
C. Directors Fees	\$10,000			\$10,000
13. Innovative Approaches	\$75,000			\$75,000
A. Computers	\$15,000			\$15,000
B. Training Courses	\$25,000			\$25,000
C. Travel and Per Diem	\$10,000			\$10,000
D. Technical Assistance	\$20,000			\$20,000
E. Other	\$5,000			\$5,000
14. Farmer to Farmer	\$350,000			\$350,000
A. Volunteer time	\$175,000			\$175,000
B. Travel and per diem	\$125,000			\$125,000
C. Program support	\$50,000			\$50,000
15. Sub-total	\$481,780	\$70,500	\$719,424	\$1,271,704
16. ACDI admin. 39%	\$187,894		\$280,576	\$468,470
17. TOTAL	\$669,674	\$70,500	\$1,000,000	\$1,740,174
18. Percentage	38.48	4.05	57.47	100.00

Cooperative Development Services for Costa Rica

Appendix I - Project Costs

Counterpart Contributions

ACDI recognizes that an important element of any future grant will be the counterpart resources provided by beneficiary cooperatives and by ACDI itself. In no small measure, the willingness of these cooperatives to expend their own resources is an important measure of their commitment to the goals of the program. The following chart and explanation give an indication of the other resources ACDI expects to marshal during the grant period.

1. **Salaries** - ACDI will cover the cost of staff time during supervisory visits.
2. **Payroll Added Costs** - ACDI will cover payroll added and fringe benefits paid to headquarters staff during visits.
7. **Commodities** - FEDECOOP will provide a vehicle to the coffee credit advisor. ACDI and beneficiary coops will provide some office furniture and computers.
9. **Training** - Beneficiary cooperatives and second level coops will be expected to cover a significant portion of in-country training courses, as well as the cost of staff time during absences. The estimated value of on-the-job and other participant training provided by ACDI member coops is \$20,000.
10. **Other** - Vehicle operation and insurance for the coffee credit advisor will be provided by FEDECOOP. Beneficiary coops will be expected to cover some communications, supplies, and other costs.
11. **Local Staff** - FEDECOOP will provide secretarial and other support services for the coffee credit advisor throughout the life of the grant.
12. **Board Trip** - During the second year of the project, the ACDI board of directors will visit the project. All of the board members have years of experience in cooperative and agricultural development, and their visit will provide an excellent forum for the exchange of ideas and experiences.
13. **Innovative Approaches** - The estimated total value of computers, training courses, travel and per diem and other services and costs provided by this project is \$75,000.
14. **Farmer to Farmer** - The estimated value of this project, including volunteer time, would be \$350,000.

Appendix II. RESUMES OF PROPOSED PROJECT PERSONNEL

Steve Huffstutlar - Chief of Party, Coop Development
Specialist

Frank Astacio - Coffee Credit Advisor

Jorge Cespedes - Cooperative Management Specialist

Patricia Chaves - Administrative Director

COOPERATIVE DEVELOPMENT SPECIALIST

STEVEN C. HUFFSTUTLAR

PROFESSIONAL HISTORY

1984-
present

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL
Cooperative Development Specialist and Regional
Representative, San José, Costa Rica

Helped organize former employees of United Brands into a highly successful oil palm cooperative using 4000 acres of land purchased from the company by the workers. Organized membership (now totaling 111), installed computerized accounting system, trained and assisted general manager and board of directors, assisted in designing major improvements in member housing, assisted in opening of cooperative grocery store. Cooperative harvested its first sizable production from new palm plantings in 1987, and continues to operate within its annual budget and to stay below long-term projected operating costs.

1977-
1984

U.S. DEPARTMENT OF AGRICULTURE
Agricultural Marketing Specialist, Cooperative
Development Division, Agricultural Cooperative
Service

Provided technical assistance to agricultural cooperatives in performance of feasibility studies, including computerized cash-flow projections, pro forma statements of operation, balance sheets, and changes in financial position. Provided ongoing managerial assistance, negotiated marketing contracts, recruited personnel, evaluated financial and accounting systems and performance and operations of cooperatives. Performed research on structures and methods used by cooperatives serving small farmers. Coordinated with other agencies and advisers to cooperatives.

1975

COOPERATIVA CENTRAL

Assistant Executive Committee (Business Manager) of a strawberry and vegetable production and marketing cooperative owned by 65 farmworker families in Salinas, California.

Advised the Executive Committee, made up of farm members, on managing a 250 acre strawberry farm on leased land, and formulated long-range plans for expansion and diversification on 700 acres of purchased land. Responsibilities included financial and organizational planning, land search and evaluation, marketing contract negotiation, technical assistance liaison, and input purchasing.

Administrator/Planner, Técnica Incorporada, a regional cooperative development organization. Responsibilities included training program design and development, set up and structure of the corporation, writing a successful experimental farmer-to-farmer peer training proposal to provide training and technical assistance to new farmworker cooperatives. Administered training contract and use of training funds exceeding \$200,000 per year, taught cooperative management and strawberry farming in the classroom and the field, scheduled and supervised peer-trainer activities.

1971-
1973

TRABAJADORES ADELANTE, INC.

Economic Development Specialist, for a farmworker community organization administering contracts with federal agencies serving farmworkers in the Salinas, California area.

Taught classes in cooperative farming for unemployed farmworkers in a four-county area. Organized the Cooperativa Central as a class activity, negotiated its purchase of a strawberry farming business, wrote feasibility study, business plan and financial projections, and obtained loans of \$450,000 from the Bank of America, the Opportunity Funding Corporation, and the U.S. Office of Economic Opportunity. Bank loans were re-paid by the third year.

1968- PEACE CORPS, Bolivia, Agricultural Technician in
1970 the Community Development Program, organized a
chain of cooperative agricultural supply stores.

EDUCATION:

Bachelor's Degree in Political Science,
specializing in public administration and
international development, University of
California, Berkeley. 1968.

California State University at Hayward, graduate
work in public administration and international
development. 1973-1980.

PUBLICATIONS:

"The Role of Low-Income Producer Cooperatives in
Rural and Human Resource Development: California
Cases and Experiences," co-authored with Dr.
Refugio I. Rochin, monograph published by the
University of Davis, Small Farm Center, March
1983.

"California's Low-Income Producer Cooperatives,"
co-authored with Dr. Refugio I. Rochin, article
published in California Agriculture, research
journal of the University of California Division
of Agricultural Sciences, March-April 1983.

"Can Low-Income Producer Cooperatives Survive in
California's Ag Climate?", co-authored with Dr.
Refugio I. Rochin, article published in Farmer
Cooperatives, monthly journal of the U.S.D.A.
Agricultural Cooperative Service, March, 1983.

Numerous unpublished marketing and feasibility
studies.

COOPERATIVE MANAGEMENT SPECIALIST

JORGE CESPEDES GUTIERREZ

EDUCATIONAL BACKGROUND

- 1964-1968** High School Graduate
Saint Francis College, San José, Costa Rica
- 1969-1973** B.S. Economics
Jesuita Rafael Landivar University, Guatemala
Thesis title: "Necessity of Implementing a
Cooperative Policy in the Agricultural Sector
of the Central American Common Market".
- 1973-1975** MBA; Banking and Finance
INCAE, Managua, Nicaragua
- 1979-1980** Law School, first year
Complutense University, Madrid, Spain

WORK EXPERIENCE

- Dec 1987-to present** President of ACCION INC. Branch in Costa Rica,
the biggest lender to microbusinesses in the
country, with a portfolio of 1,200 loans.
- Nov 1981-to present** President of Jorge Cespedes y Asociados, S.A.;
Provide management consultation in the fields
of cooperative organization, foreign commerce,
business organization, financing, common trade
market; private-public sector relationships, and
others.

The following is an illustrative list of the Jorge
Cespedes y Asociados clients:

-COOPECALIFORNIA R.L.



Agricultural Cooperative
Development International

- CEFA
- S.C. Johnson of Central America
- 3M Centroamericana
- AIPA (Industrial Association of Paper Products)
- COFISA Bank
- Mallon Corporation
- Laboratorios Luz
- Las Espuelas Hotel
- Bahia Flamingo Hotel
- CAAP (Private Agri-Industrial Council)
- COOPECALIFORNIA R.L
- Laboratorios Internacionales S.A.
- Asociación Avance Microempresarial
- Club Unión, S.A.
- Moore Business Forms
- NPFQ Numar Processed Food Group
- MARTEC

Aug 1980-Oct 1981 **Vice-Minister of Economy, Industry and Commerce of the Republic of Costa Rica; in charge of the Central American Common Market, design of foreign commercial policies and responsible for Bilateral Agreements with Panamá, Dominican Republic, Venezuela and Mexico.**

Jul 1979-Jul 1980 **CENPRO (Export and Investment Promotion Center); Director of the Commercial Office in Madrid, Spain; responsible for identification of new markets for non-traditional products in Spain and the European Economic Community and promotion of European investment in Costa Rica.**

May 1978-Jun 1979 **Personal Assistant to Rodrigo Carazo, President of the Republic of Costa Rica. Acted as liaison between the President of the Republic and the productive sectors of the country.**

Dec 1975-Apr 1978 CEFA (Pharmaceutical Central Ltd.) Marketing
Manager. Designed and executed marketing and
sales strategies for cosmetics and consumer
products.

DIRECTORSHIPS

- Liga Agrícola Industrial de la Caña de Azúcar de Costa Rica
- Instituto del Café de Costa Rica
- Junta de Defensa del Tabaco
- Comisión Asesora Industrial
- Comité Nacional de Normas y Medidas
- Substitute Director to Central Bank of Costa Rica
- Substitute Director to Corporación Costarricense de Desarrollo (CODESA)
- Substitute Board of Director's President to CENPRO.

ACADEMIC EXPERIENCE

- 1988** **Professor: Finance I**
Interamerican University of Puerto Rico, Regional
Office in Costa Rica
- 1977** **Tutorial Professor in Autonomous University of**
Central America (UACA), Costa Rica
- 1976-1977** **Professor: Systems Control**
University of Costa Rica

ADMINISTRATIVE DIRECTOR

PATRICIA CHAVES CASTRO

EDUCATION

1971-76 Saint Clare College, Costa Rica
1977-81 University of Costa Rica, Zootechny School
Dec 1982 Agricultural Engineer Degree
Membership to Agricultural Engineer's College of Costa Rica

PROFESSIONAL EXPERIENCE

March 1988- Administrative Assistant. Agricultural Cooperative Development International (ACDI), Regional Office in San José, Costa Rica. Responsible for Farmer to Farmer Program: identified and evaluated new cooperatives to integrate into program, introduce and guide U.S. volunteers, acted as field coordinator to volunteers, was responsible for Farmer to Farmer budget. Also responsible for office accounting and assisting Regional Representative in his duties.

Oct 1987 "Coffee Stock Verification 1987 in Costa Rica", Director in Costa Rica for International Coffee Organization, London. At conclusion of work determined coffee export quota for Costa Rica. Supervised four persons.

May-Nov 1987 Manager of Agri-Commercial Division of SGS (Société Générale de Surveillance) in Costa Rica. Responsible for quality control of agricultural and chemical products, mainly coffee and cardamom. Supervised three persons.



Agricultural Cooperative
Development International