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NATIONAL COMMUNITY DEVELOPMENT SERVICE

AND

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BY

ROBERT R. NATHAN ASSOCIATES, INC.

MAY 15, 1978

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I. INTRODUCTION

This is the second Annual Report prepared by the RRNA/DAI Advisory Group pursuant to Contract GOB/AID-511-97 between the Servicio Nacional de Desarrollo de la Comunidad (SNDC) and Robert R. Nathan Associates, Inc. (RRNA). It summarizes the activities of the Group from May 15, 1977 to May 15, 1978.

II. METHODOLOGY EMPLOYED

The methodology employed by the Adviser Group during its second year has stressed the following elements:

1) Coordination between the SNDC and other institutions, and within the SNDC itself; and integration of the assistance offered by the Advisory Group. It was recognized at the outset that CROFOC would not succeed without coordination between SNDC, Banco del Estado, INALCO and IBTA; between the various Departments in the SNDC National Office; between the National Office and the Regional Offices; between these and the Zonal Offices; and between the Zonal Offices and the Campesino Organizations. This need has been consistently emphasized in the Group's communications with the SNDC. As an effort to help the SNDC in this regard, the Group has had numerous coordinating and integrating meetings of its own - with frequent and salutary involvement of key SNDC staff members.

2) Respect for the SNDC's recently-implemented descentralization. Whenever appropriate during the year the Group has encouraged National Office personnel to involve Regional and Zonal Offices in the processes that lead to important decisions. The Group's own heavy reliance upon its Regional Advisers has served as a model in this respect.

3) Sensitivity to the fact that the CROFOC Program represents the SNDC's first experience in projects which require repayment by communities of the financial assistance provided. The changeover from a grant-providing community development agency to an organization involved in large part in the provision of a revolving loan fund is not easy. The CROFOC Program requires far more stringent monitoring and evaluation than the community development activities previously undertaken by the SNDC.

4) Flexibility in the use of the Group's resources, according to SNDC priority needs at the time. During this second year, the highest SNDC priority has been the initiation of the Integral Cooperatives; the Group's resources have correspondingly been channelled in those directions.

5) Technical assistance to SNDC through working as a team with the Group's SNDC and INALCO counterparts. The Counterpart-team approach has maximized the opportunity for informal transfer of knowledge and skill between the Group and SNDC, and has guaranteed coordination between the two.

6) Involvement of RRNA/DAI/ACDI technicians as advisors, not as executives. By serving as catalysis, and by providing technical and moral support to its counterparts, the Group has imparted its knowledge and support to the SNDC and INALCO, without jeopardizing the role of those institutions as decision-makers and implementers of those decisions. This is especially important to the long-range goal of strengthening SNDC's and INALCO's institutional capability.

7) Documentation of recommendations. Infrequent written communications with SNDC counterparts (including the SNDC Director), as well as in Quarterly Reports presented to the SNDC ans USAID, the Group has documented its analysis of existing problems and its recommendations for dealing with them.

8) The need for evaluation and constructive criticism of the Group's work. In an effort to get 'feedback' on how the SNDC views the Group's performance - and to demonstrate to the SNDC the benefits that accrued from an atmosphere that promotes such criticism - the Group has requested and received SNDC evaluation of its work.

III. ACCOMPLISHMENTS, PROBLEMS AND SUGGESTIONS

A. CROFOC PROGRAM

1. Integral Cooperatives

Goal Established in Joint Work Plan: Three Integral Cooperatives with a total membership of 1500.

By far the principal emphasis in this second year of technical assistance has been on the development of Integral Cooperatives. As of the middle of the reporting year (Dec. 1977) two Integrals, Cochabamba Ltda. and Tahuantinsuyo Ltda., were fully functioning: by the end of the reporting year their total membership was approximately 1500. They both showed a net profit as of Dec. 31, 1977, after only a few months of operation. In assisting in this development, the Group's Activities were focused on the following aspects:

a) planning of the use of SNDC and Advisory Group resources in the cooperative's development;

b) promotion of the idea of an Integral Cooperative among potential members;

c) development of draft by-laws and internal regulations for use by the Cooperatives;

d) establishing the Organizing Committee, and subsequently, the Administration, Credit and Training Committees and providing the necessary training for Committee members;

e) setting up, providing training in, the Cooperative's accounting system;

f) assisting the fledgling organizations in developing applications for CROFOC credit, including the necessary Feasibility Studies, and the all-important decisions as to what inputs to use;

g) stressing the need for adequate agricultural technical practices on the part of members, through use of "packages of practices", demonstration plots, etc.;

h) Encouraging the involvement of other government and private agencies in all of the above activities.

Especially noteworthy have been the efforts of the Tahuantinsuyo and Cochabamba Advisers to provide capitalization for their cooperatives through such economically-sound mechanism as direct importation of fertilizer, and obtaining distributorships for insecticides, bottled gas, kerosene, cement, etc. These activities should provide the Tahuantinsuyo Cooperative with a margin of almost $ 150,000 this year.

Also of tremendous importance for the Tahuantinsuyo Cooperative have been the information and contacts provided by the Adviser there that will eventually enable members to diversify their production, making them more efficient and less vulnerable to climatic and market vagaries.

The Joint Work Plan called for the establishment of 3 Integral Cooperatives, the third being in Los Yungas. The RRNA/DAI Regional Adviser in La Paz spent many weeks on this activity, along with his SNDC counterparts. Unfortunately, the project has not borne fruit, due to the fact that:

a) the existing Cooperative Central in the area is bankrupt, has outstanding debts to the Banco Agricola, and has lost the confidence of its member cooperatives; and

b) the SNDC and INALCO have not developed a strategy to deal with this difficult situation, although the decision is apparently still to develop an Integral Cooperative in the area.

The Advisory Group is now heavily involved in the selection of new areas for Integral Cooperatives, having participated in each of the

four Study teams formed for this purpose in April, and the four follow-up teams established in May.

The Minister of Agriculture has ordered that two new Integrals be inaugurated by July 24. If this instruction had come in January, rather than April, it would have been entirely feasible. It must be remembered that the steps listed at the beginning of this section for the development of Integral Cooperatives are very time-consuming. During most of last year the SNDC made the mistake of dragging its feet on the Tahuantinsuyo Cooperative development, then rushing at the last minute to meet an arbitrarily - established inauguration date (November). This proved very damaging to the new Cooperative. Circumstances are developing to provide a repeat of that unfortunate experience in the case of the two new Cooperatives to be formed by July 24. The SNDC and USAID must do everything possible to avoid these situations through better and earlier planning.

There is a current danger that domestic and/or international political considerations will determine the location of the two new Integral Cooperatives to be formed; the SNDC and USAID should resist these pressures to the utmost.

2. Mini-Cooperatives

Goal established in Joint Work Plan: Assist in the development of approximately 60 Agricultural Cooperatives (total membership, approximately 1800).

During the year in question the SNDC granted CROFOC Credit to 33 agricultural mini-cooperatives, with a total membership of approximately 1200. In addition, the SNDC and the Advisory Group continued to work with approximately 20 other organizations (with a total membership of approximately 700) that received credit the first CROFOC year and were still paying it off.

The Group's activities in this regard consisted primarily of assisting these Cooperatives with their administration (especially accounting) and in developing their applications for CROFOC credit. However, the Group's - and SNDC's - resources are not sufficient to solve the administrative and technical problems of all these cooperatives. Therefore, the objective of this activity must be to develop the mini-cooperatives so that they may eventually form part of Integral Cooperatives.

What is lacking, however, are the criteria to determine which groups and areas have the potential to become Integral Cooperatives.

Since SNDC staff resources are limited, the above-mentioned criteria must be established , to avoid technicians working with organizations in areas that will not in the long run form part of Integral Cooperatives. The development of these criteria should take highest priority.

3. CROFOC Program Management

Due in part to the efforts of the Advisory Team, CROFOC program management has improved. At the National level, the Team proposed, and the SNDC accepted, a system whereby the Funds' "cash-flow" situation can be readily ascertained. The SNDC has also implemented the Team's proposal for an improved accounting-statistical system for the Fund. Other proposals by the Team - such as that to establish a Marketing Information Service, presented to the SNDC in August, 1977-still have not been implemented. At the Regional level, the Group has played a leading role in carrying out evaluations of the results of the CROFOC program. These evaluations must be done periodically and at the National, as well as the Regional levels. Especially to be recommended is an evaluation of exactly why some loans were not paid off on schedule.

A problem at the Regional and Zonal level continues to be the relative lack of mobility of SNDC technicians; they are still not visiting the field with sufficient frequency. (For a more detailed discussion of this subject, and of Technical Assistance problems in general, see the Group's First Annual Report).

B. SNDC Administration

1. Communications

Internal communications have improved, although still deficient in many aspects. Due in part to prodding from the Advisory Group, more frequent, meetings between the National Chief of Operations, on the one hand, and Department Chiefs, Regional Chiefs and Zonal Chiefs, on the other hand, are scheduled; due to his key position, the National Chief of Operations must attend these meetings without fail. Minutes of the Consejo Técnico meetings are now typed and distributed, but the decisions taken are still not clear enough, nor are the designations of persons responsible and time-limits. (The Group also drew up communications guidelines for the Training Department).

Examples of problems remaining are the following:

1) Many meetings in the National Office take place in an atmosphere of extreme reticence, with subordinates being afraid to speak up to their superiors. Meetings should be conducted in

a manner calculated to promote, not discourage, discussion. The Advisory Group would welcome the opportunity to assist SNDC on this problem.

2) Inter-personal relations in the National Office, although superficially good, are often undermined by the tendency of some to spread malicious rumors about their colleagues. To overcome this problem, the Group recommends more meetings of key personnel in "retreat-type" settings, where, through candid-often personal-discussions, mutual trust and respect can be established.

2. Internal and External Coordination

Coordination within the SNDC continues to be a problem. For example, one of the factors impeding the development of the coffee cooperative in Los Yungas was that for several months early in 1978 the National Office waited for the La Paz Regional Office to take the initiative, whereas the latter felt it had been instructed (at least implicitly) to do nothing on the matter for the time being. Coordination between the National Office and other Regional Office is no better.

Within the National Office improvement is also necessary. From the point of view of CROFOC, the key Department of the SNDC is the Department of Campesino Organizations. For the program to be effective, this Department must coordinate its work closely with the Departments of Training and Promotion, and Rural Infrastructure. This coordination is not occurring. It is recommended that weekly meetings between these Departments be held.

Periodic Work Plans at all levels of the SNDC would help. If developed jointly between Departments, these would meximize the efficient use of shared resources (eg. vehicles) and minimize the possibilities of duplication. The Work Plans developed jointly by the RRNA/DAI Team and its counterparts have been helpful in this respect.

External coordination continues weak. The SNDC National Office has the attitude that its sister agencies are not effective and that, consequently, it must work alone. When the Advisory Group attempted to promote in-service training courses for SNDC personnel in 1) Administration, and 2) Agricultural Practices, with the Public Administration Institute (ISAP) and the Consortium for International Development (with IICA), respectively, one of the most predominant reactions in the National Office was that the SNDC did not need the help of these other institutions. This unfortunate attitude is not so strong at the Regional and Zonal levels, where personal relationships between technicians of different agencies often lead to good work coordination. In both

Cochabamba and the Pampas de Lequezana, the RRNA/DAI Advisors have been instrumental in involving agencies like INTA in the development of the Integral Cooperatives, to the definite advantage of the Cooperatives.

3. Other SNDC Administrative Matters

The SNDC administration is improving, but many problems remain. The Advisory Group provided a Short-Term Specialist in Administration to recommend modifications in the Berthin Manuals. Unfortunately, his recommendations of October, 1977 have not yet been implemented. The Group also recommended some changes in the SNDC's system of accounting for CROFOC, which changes are in the process of being implemented.

Old problems - mentioned in more depth in the Group's Quarterly Reports - continue to plague the SNDC:

a) the fact that the Treasury generally provide only 3 quarters of funding for 4 quarters of activities; and that the first quarter's funds invariably arrive 3-5 months late;

b) the lack of adequate transportation for technicians at all levels; it now appears that the new vehicles will be available in June, a full two years after the ordering process began;

c) the tendency on the part of National Office decision-makers to take personnel decisions in an arbitrary manner, without adequately consulting intermediate - level supervisors, especially Regional Chiefs, to whom the SNDC's Personnel Manual gives the responsibility for personnel decisions in their Regions; and

d) deficiencies in the art of supervision in the SNDC; training is needed in such supervisory skills as goal-setting, systematic and periodic follow-up on established goals, positive reinforcement for subordinates when warranted, etc.

A new potential problem - created by current political circumstances - is the danger of SNDC vehicles, per diem funds plus other resources being diverted to political purposes. Since USAID is providing so much support for the SNDC, it should insist to the GOB that these diversions not take place.

The new USAID loan for Rural Infrastructure will create many new problems for the SNDC. In the first place, it was planned for approximately $ 10 million, but at the last minute - apparently

because of international political considerations - it was increased to $ 15 million, with no change in the planning. The SNDC top staff is simply too thin to be able to handle adequately all the problems attendant to a program of that magnitude, coming, as it does so soon, on top of the CROFOC and German Irrigation Programs. As a minimum first step to deal with this, a competent Deputy for the National Chief of Operations should be hired.

The Department of Training and Promotion, with the significant help of the RRNA Rural Promotion Advisor, has recently made great strides in planning the future use of the SNDC's promotors, and in training them, to meet the demands of the new loan. This activity should now be strengthened with systematic follow-up on the courses offered.

The Advisory Group also suggests the following steps in preparation for the new loan:

a) that the Advisory Group's proposed Global Operations System - presented in September, 1977, but never adequately considered by the Consejo Técnico -- be resurrected and implemented, in whole or in part, as a part of the new Rural Infrastructure Program; and

b) that USAID disbursements be tied to equipment arrivals, to avoid the situation in CROFOC, where the equipment is arriving two years after the program's start.

C. Training and Promotion

Goal established in Joint Work Plan: 22 in-service training courses benefitting 522 employees; and 50 courses for campesino leaders, benefitting approximately 8500 people.

During the period in question, 18 in-service training courses and 21 campesino leader courses were held, affecting 631 and 1310 persons respectively.

The Advisory Group participated actively in the following courses:

1) Feasibility Study Preparation.

2) Cooperative Accounting (2 courses), for which a comprehensive manual was prepared.

3) Administrative Seminar.

4) Four courses for Women's Program personnel.

5) Courses for GAB leaders in both Cochabamba and Tahuantinsuyo.

6) Cooperative Auditting.

7) Four courses for promotors, both male and female.

All of these courses require follow-up. Especially critical is the follow-up to the Feasibility Study and Cooperative Accounting courses. Before this is attempted, however, the criteria for selecting possible future Integral Cooperative areas should be defined (See Section III. A.2. of this report).

Many additional courses are required:

1) Audio-visual aides and non-formal education, for Training Center personnel.

2) Refresher courses on agricultural technical packages, for Regional and Zonal personnel.

3) Cooperative Development, for Regional and Zonal personnel where it is anticipated that Integral Cooperatives will be formed.

4) Administrative theory and practice, perhaps with the help of ISAP, for SNDC administrators.

The Advisory Group offers its help on all of these courses.
Other long-standing training problems, mentioned in earlier reports of the Group, are as follows:

1) The need for personnel changes in the Training Department and in the Training Centers, to obtain people with experience more relevant to the CROFOC Program.

2) The need for better utilization of the existing Training Centers before new ones (for example, Saavedra and Challapata) are formed.

3) The need to develop a training evaluation system, perhaps using some aspects of the Michigan State proposal as a base: and

4) The need to complete the revisions of the campesino leader training curriculum proposed by the Advisory Group in early 1977.

On the positive side, largely through the efforts of the RRNA Rural Promotion Adviser, the Rural Promotion Program has achieved a much clearer definition. Through Work Plans, Work Manuals, and Technical Bulletins - and a comprehensive program evaluation - the Program now has a focus, and its personnel know what is expected of them and, by

and large, have the tools to meet their expectations.

D. I N A L C O

The INALCO Adviser has continued to work closely with the INALCO Director as his counterpart, helping him with such difficult problems as relationships with the Cooperative Federations, etc. In addition, he continued training INALCO's auditors (through courses, on - the job training in the office, and field visits) in the auditting system which he developed and which INALCO accepted. He helped both the Administrative and the Cooperative Auditting Short-Term Specialists in their activities while in Bolivia. Most recently he has provided accounting assistance to SNDC technicians in the La Paz Region.

The SNDC - INALCO agreement of August 1976 (a condition precedent to the AID CROFOC loan) calls for INALCO to provide administrative, accounting and auditting assistance to CROFOC cooperatives. None of this is happening. If the condition precedent was meant as anything other than a 'paper exercise", USAID (as well as the SNDC) should bring pressure to bear for INALCO to comply with those commitments.

Another INALCO-planned activity which is not being carried out due to budgetary limitations is the cooperative census. The general low level of activity at INALCO has made it impossible for the RRNA Adviser to fulfill this and some other aspects of his Job Description.

E. RRNA/DAI ADMINISTRATION

Goals established in Joint Work Plan: 12 Long-Term Advisers and 3 Short-Term Advisers.

Since early February, 1978, the Group has had 12 Long-Term Advisors on board. During the period in question 4 Short-Term Advisors have been provided in Marketing, Administration, Cooperative Auditting, and Coffee Production.

Washington backstopping was provided by 1) a visit to the project by the firm's founder and President, Robert R. Nathan; 2) two visits to the project by the firm's Vice-President, Robert H. Johnson; and 3) numerous substantive commentaries by the firm's personnel in Washington regarding the evolution of the project in Bolivia.

All too much time was spent in the past year on drafting, negotiating and processing 2 contract amendments required to add additional funding to the technical assistance contract. In the future these funding increments will be handled - as they should have been in the past - by an exchange of letters.

Another time - consuming activity of questionable value has been report - writing -- trip reports, quarterly reports, meeting reports, etc.

These reports are potentially valuable sources of information to SNDC and USAID. However, judging by the amount of "feedback" and/or action that results from them, they apparently receive little consideration by these entities. It is recommended that after each Quarterly Report and Group Meeting Report the SNDC and USAID meet with the Chief of Party to discuss the recommendations contained therein.

The Group has continued to hold internal coordinating meetings - frequently with the salutary participation of SNDC counterparts. Because the need in the second year was not so great, these meetings have been less frequent than the first year.

At the urging of the Group itself, SNDC and USAID carried out a formal, joint evaluation of the Group's work during the period in question.

The administrative team in the RRNA/DAI La Paz Office has improved markedly. The Administrative Assistant, Customs Assistant, two secretaries, messenger and driver are all performing their duties efficiently. The same is true of the 4 secretaries in the Regional Offices.

Vehicles are still a problem. The Central Office vehicle spends almost 50% of its time in the repair shop. Despite clear wording in the SNDC-RRNA contract to the contrary, the Oruro and La Paz Regional Advisors were effectively not provided with vehicles: the Cochabamba and Sucre Advisors were partially provided vehicles. If the project is to get its money-worth from the Advisory Group, this situation must be remedied.

Finally, priority must be given to filling the following three vacancies:

1) Chief of Party.

2) Regional Adviser, Oruro-Sucre.

3) Integral Cooperative Advisor, Tahuantinsuyo.

RAG:CS