

Agriculture
Cooperative Development
International

ASSESSMENT OF COOPERATIVE
ORGANIZATIONS IN THE PROPOSED
NORTHERN ZONE DEVELOPMENT AREA
OF COSTA RICA

AND

STRATEGIES FOR THEIR
INCORPORATION INTO THE PROJECT

November, 1982

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PREFACE

This report is presented by Agricultural Cooperative Development International (ACDI) in accordance with the requirements of Contract No. PDC-0100-I-05-2067-00 with the Agency for International Development (AID). The principal focus of the body of the report is related to the existing and potential role for cooperatives in the development of northern zone of Costa Rica as stated in the Scope of Work. An additional section, related to broader issues of development opportunities for AID as stated in Item No.6 and concluding paragraphs of the Scope of Work is also included.

The ACDI team wishes to acknowledge the generous and helpful assistance provided by the USAID Mission to Costa Rica during this assignment.

David Fledderjohn

Kris Merschrod

November, 1982

GUIDE TO ACRONYMS AND SPANISH TERMS

Asentamiento	Farms or properties settled by the Agrarian Development Institute. May be operated as collectives or individually in parcels or in mixed systems.
BNCR	National Bank of Costa Rica (GOCR)
BOCR	Bank of Costa Rica (GOCR)
Cámara de Agricultores	Farmers' Association
Cantón	A political and administrative subdivision of provinces, roughly equivalent to a county in the U.S.
CNP	National Production Council (GOCR)
DINADECO	The Community Development Agency (GOCR)
Distrito	District - Subdivision of "cantón" roughly equivalent to a township in the U.S.
FEDECOOP	Federation of Coffee Cooperatives
GOCR	Government of Costa Rica
IDA	The Agrarian Development Institute (GOCR)
IRDP	Integrated Rural Development Plan
MAG	Ministry of Agriculture and Livestock (GOCR)
OFIPLAN	Central Planning Office (GOCR)
Precarista	Illegal squatters occupying privately owned lands. Literally "those in a precarious situation".
RUTA	Regional Office for Technical Assistance in Planning - A U.N. and World Bank Office.
Tico	Costa Rican

CONTACTS MADE BY ACDI DURING ASSIGNMENT

General Background:

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Robert Moffett	AID/IDA

Cantón La Cruz:

Carlos Torres	MAG-Regional Supervisor
Roberto Fierro	IDA-Regional Supervisor
Tomás Alemán	Coop. "Juan Santamaría"
Various Farmers	Sta. Cecilia, San Dimas, Juan Santamaría
Julio Salas	IDA and farm supply dealer

Cantón Upala:

Jesús _____, Carlos Fuentes.	IDA Agronomists, Llano Azul
Max Ruiz	BNCR, Upala
Pedro Alvarez	Cooperative, Llano Azul
Adolfo Rodríguez	Municipal Secretary
-----	Municipal "Executive"
Guillermo Vargas	MAG, farm supply dealer
Anselmo Villalobos	Leading rice grower
Francisco Chiu	Chinese agricultural mission
Various Farmers	Llano Azul, El Fósforo

NORTHERN ZONE PROJECT TEAM

October 20, 1982

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INTRODUCTION AND SUMMARY

As stated in the objective of the assignment for the ACDI team, the consultants did preparatory reading, interviews with AID and government officials, and two extended field trips, to determine the feasibility for utilizing cooperatives "as the principal mechanism for channeling AID resources in implementing the proposed northern zone development project". A study of the only two cooperatives functioning in the "cantons" of La Cruz and Upala revealed that together they are serving fewer than 50 farmers. The "Juan Santamaría" organization is a producers' collective operating a cattle ranch and salt making facility on an expropriated property. The "Llano Azul" cooperative, also located on a land reform property is operating a tiny consumers' store and is nearly defunct. Neither of these organizations offers significant possibilities for expansion nor replication in the context of the proposed development project.

Set in the general description of the two "cantones," Section IV suggests guidelines for a pre-cooperative assistance strategy based upon service needs and opportunities observed in the field. Group action techniques are mentioned in the areas of production credit, technical assistance, harvesting and marketing.

In order to incorporate the details and observations of this work into a project identification document for the northern zone development project, Kris Merschrod stayed on at the Rural Development Office of AID/Costa Rica.

The use of specialized radio technology as a component of development is recommended. The report concludes with comments on the agricultural potential of the area and the need for research, extension and diversification as essential components of a development program for the area.

The final section treats issues and recommendations of the team which go beyond the cooperative focus. The invasion of private lands by squatters and the response by the government is discussed as a critical issue in the orderly settlement of the region.

I. TERMS OF REFERENCE AND SCOPE OF WORK

The Government of Costa Rica has proposed an Integrated Rural Development Program (IRDP) for the northern zone of Costa Rica. This zone consists of the "Cantons" of Upala and La Cruz, and the project proposal contains components for social and economic development ranging from institutional development in health, education, and agricultural extension to infrastructure projects including roads, agro-industries, wharves, offices and housing.

The ACDI team was asked to review the project from the perspective of cooperative potential and cooperatives as a mechanism for providing essential services to the farm population. The ACDI team was also asked to suggest strategies for using cooperatives in this manner and to identify and describe the organizations which exist in the area, areas of endeavor, and ways in which those organizations might be expanded to support the development project.

Annex I is the actual, detailed "Scope of Work" given to the team. The specific questions posed in the "Scope of Work" are answered in this report. In addition, the report includes observations on the IRDP, and alternatives for the AID Mission to consider with regard to the Northern Zone.

II. DESCRIPTION OF THE METHODS AND ACTIVITIES USED TO ANSWER THE QUESTIONS POSED IN THE SCOPE OF WORK

The first task of the team was to gather information on the IRDP and to discuss the project with personnel in the agencies which developed the project. The principal document "Proyecto de Desarrollo Integral de la Zona Norte de Costa Rica" and its 15 annexes and maps were reviewed with careful regard for the possible role which cooperatives could play in the execution of the project. These, the proposed project and its history of development were discussed with the AID

Mission Director, Daniel Chaij, AID Rural Programs Director, Erhardt Rupprecht, Alfonso Ramirez, responsible for the project in OFIPLAN and with Francisco Proenza of the RUTA office.

In addition to the above, the following information was studied for the project area:

1. Soil and land use maps
2. Population and migration statistics
3. The cacao census conducted by MAG in 1981 to identify and quantify cacao production and the use of modern agricultural practices
4. IDA report on title litigation in the area ("Precarismo")
5. OFIPLAN maps and field notes from project preparation
6. The questionnaires used by OFIPLAN to survey farmers in the region in 1981 (Approx. 200 interviews)
7. The 1981 study by Russell Desrosiers on the "Possibility of Rehabilitating and Diversifying the Cacao Industry in Costa Rica"

After reviewing the above material the ACDI team visited the Cantones of La Cruz and Upala (in that order) to talk with farmers on land settlement projects (See Annex II), discuss the MAG and IDA programs with local representatives of those GOCR agencies, talk with members of existing cooperatives, "pre-cooperatives", and community organizations. Farm supply stores were visited as well as the marketing board (CNP) installations in Upala. The main themes discussed were: marketing, processing, storage, crop potential, coverage of services, production bottlenecks, and the organization of the farmers and their communities--always with relation to cooperatives and the role that they might play in re-

solving problems and contributing to the general development of that zone. Of prime concern was the level of social organization which might serve as a basis for cooperative development.

LA CRUZ

La Cruz is the "canton" which makes up the western half of the IRDP. This part of the Province of Guanacaste has two sections which are unlike the remainder of the dry tropical province. One section is the area around the settlement Juan Santamaría which has a moist costal breeze and low alluvial valleys which keep the pastures fairly green in the dry season. The other section is the district of Santa Cecilia which receives rains from the Atlantic weather patterns during all but 2 months of the year.

The district town of La Cruz is located on the Pan-American Highway about 20 kilometers from the Nicaraguan border. The population of the town itself is about 3,000 and the whole "canton" has about 11,500 people (8 inhabitants/Km²). The land distribution in the "canton" is skewed (Index of Dissimilarity is 69.6)* and the average farm size is 290.7 Has. It is predominantly extensive cattle farming and not suitable for small, subsistence farming systems. During the early 1970's there was a net out-migration of 2.87%; whether this has changed remains to be seen. La Cruz has schools, phones, mainline electricity local government offices, clinic, bus transportation and trucking to the capital city, police and judicial offices and two banks. There is one agricultural supply house which is run by a partnership - a veterinarian and a MAG agronomist. They established the store to compete with the nearest supply source which is 55 kilometers away in Liberia. The national marketing board (CNP) does not have an office in La Cruz and this service is provided from the Liberia office. The MAG and IDA services are centralized in Liberia and Cañas.

(*) This index represents the percent of land which would have to be redistributed to achieve equality.

In the Canton of La Cruz, the "Juan Santamaría" settlement project of IDA was visited. This settlement, located near Cuajiniquil (571 inhabitants), was described as a "production cooperative" engaged in the production of beef, salt, and fish. It is one of the settlements described in Annex 12 of the IRDP to be developed by new investments in the salt, fish and cattle activities. This settlement is described in this report in the section covering cooperatives.

The "San Dimas" settlement north of La Cruz was the second area visited. This is one of the oldest (1964) settlements in the IDA system. It consists of small holders (approximately 30 families) without cooperative or community organizations. They have an average of 34 hectares each and have most of the land in pastures with very little grain production. Compared with "Juan Santamaría", it has less favorable agricultural conditions.

The third area of La Cruz that was visited is climatically different from the remainder of Guanacaste and the Canton of La Cruz. This is the district of Santa Cecilia, east of the village of Santa Cecilia, on higher ground and out of the shadow of the Guanacaste Mountain Range. This area resembles some of the Upala "canton" in soils and precipitation. The distribution of land in the Santa Cecilia district is much more equitable (Dissimilarity Index = 29.5) than the remainder of the "canton". It is a small farmer district of intensive rather than extensive agriculture.

Santa Cecilia is at the end of a rough road about 27 kilometers east of the Pan-American Highway from La Cruz. Bus service reaches the town twice daily and truckers come there seeking produce around harvest time. The farmers said that while finding a buyer was not a problem prices were about 2/3 the level offered in La Cruz or Liberia. The population of the Santa Cecilia district is slightly more than 3,000

people and in the community of Santa Cecilia there are 1,200 people. The farmers visited are located about three kilometers east of the village of Santa Cecilia on a couple of abandoned cattle farms*.

Telephone, police, school, communal hall, and shops are established in Santa Cecilia proper. At the present time this town is a breakpoint for agricultural products with commodities coming from the surrounding communities. If and when the road to Brasilia and on to Upala is completed, the status of Santa Cecilia will probably change because the area toward Brasilia will no longer have to send their products by horse to Santa Cecilia and the town will be less important. It will become a stop on a road rather than a terminal.

UPALA

The Canton of Upala in the Province of Alajuela is presently served by a partially paved road from Cañas on the Pan-American Highway. The population of the Canton is approximately 28,000 people; the Upala community has 2,300 people (13 inhabitants/Km²). Because the Canton produces more beans (1,348 MT in 1980-81); a considerable corn and rice surplus (756 MT and 9,563 MT respectively in 1980-81); and 46% of Costa Rica's cacao, the commerce going through Upala, San José, Delicias, and the other districts is much greater than the commerce of La Cruz. Thus the number of stores and services is also greater. Public services of MAG, IDA, the National Production Council and the Ministry of Health have larger staffs in Upala than in La Cruz.

(*) These farms are referred to as "abandoned" because, although they are fenced, the fields are overgrown and secondary growth has become predominant. The settlers who have cleared the land have planted a few hectares of rice and corn with some beans. Some have begun tropical fruit tree crops and have mixed vegetable gardens. Even though they have settled illegally and the title question is known to the authorities, they seem confident that IDA will provide titles for them and their efforts will not be lost. See the discussion of "precarismo" later in this report.

Land distribution in the "canton" of Upala is more equitable (Dissimilarity Index of 45.5) and the average farm size of 62.47 Has. is much smaller than in La Cruz. Of course the dry climatic conditions which made extensive agriculture necessary in La Cruz do not exist in Upala. There is considerable rainfall during the whole year with barely a dry season in which to harvest and prepare land. This humidity problem has production implications, for beans in particular, because drying services are not available.

In general, the agricultural sector is much more dynamic than in La Cruz. However, only one agricultural supply house has been established in Upala. It is approximately 4 years old and was established by the present MAG representative. His reasoning for starting the firm was similar to the partners in La Cruz - the supplies were needed and the shipping and pricing from Liberia or the capital city were high. There is also an association of farmers which has become involved with the marketing problems in the area as well as the supply of fuel to its members. The association also includes rice producers and they have been working on a project idea of polishing and drying rice for local consumption. There is talk of forming a producers' cooperative which will be described later in the report.

The municipality of Upala has a slaughterhouse and butchers who provide reasonably sanitary meat cuts for local consumption. They have begun a general market place for other retail agricultural trade as well as shops for consumer articles.

There are three banks in Upala, but the number of loans and the amount of loans is not as high as one would imagine to warrant three banks. For example, the Banco Nacional de Costa Rica has about 125 current accounts and about 1,000 loans.

Generally Upala is an up-and-coming place. Migration into the Canton is positive and during the early 1970's the rate was 6.8%. With the

improvement in the road in recent years it is probable that the rate has increased and with the proposed connecting road to La Cruz the area will surely attract more people.

The map in Annex II is traced in red to show the route of visits to communities and settlements. They are as follows:

Llano Azul - the IDA settlement which has a consumer cooperative (described later), 568 inhabitants, small farmer individual parcels, basic grain production with tendency toward cattle farming, and some farmers putting in tree crops of mango, avocado, citrus and achiote.

Colonia Puntarenas - a breakpoint for surrounding farm production, truck and "taxi" service, only a bar and store and two houses, small holder production, 273 inhabitants.

Quebradón - a few houses by the side of the road with one small shop, in Las Delicias district, 366 inhabitants, rice and cacao production.

Santa Clara - another collection of houses along the road to San José (Upala) with similar characteristics as the above communities, 520 inhabitants

San José - the main town of the San José district. This town is the end of a bus route to Upala. It is also an important breakpoint for agricultural products from the other side of the Pizote river. Mechanized rice production is in the area as well as cacao production. The MAG/cacao report notes 32 Has. of cacao in the town and the questionnaires from the two indicate that contract labor is used in cacao production. The Pizote river goes to Lake Nicaragua and is navigable. The district has approximately 4,500 inhabitants and the town of San José has 700 inhabitants.

El Fosforo - a small group of houses along the road to Las Delicias, 280 inhabitants scattered in small holdings producing rice, cacao and subsistence grain and root crops.

Delicias - the head town of the district with 274 inhabitants. The total population of the district is 4,400 inhabitants. Delicias is the last town on the road toward the town of Mexico to which cars or trucks may travel. Thus it is a breakpoint and has considerable infrastructure for a town this size. Notable are the number of cacao drying facilities and stores. There is a school and delegation from the "canton" as well as police, immigration offices and a jail. It appears to be a border town with Nicaragua eventhough the actual border is some distance away.

Moreno Cañas - in the district of Delicias with 427 inhabitants, a school, shops, etc. Mainly cacao production and survey questionnaires showed that hired labor is employed on the farms. There are 25 cacao farmers and 133 Has. of cacao. Drying racks are common. Cattle are also produced extensively. Most farms are subsistence type with cacao as a small cash crop. A few "large" cacao farms of 30 and 40 Has. make the average cacao farm seem considerable for the area, but most are just 1-3 Has. farms.

Las Milpas - There are 247 inhabitants in this community and one notes that, compared with the previously mentioned towns, this is a higher altitude area with less cacao and more cattle and grains. Nevertheless, there are 60 Has. of Cacao here among 6 holders.

Aguas Claras - is the head town of the District. 4,000 people in the district and 622 people in the town. This is located on higher, rolling, volcanic slopes and the predominance of cattle production and several large holdings is apparent. There is a large dairy farm there producing approximately 2,000 liters of milk a day (but converted to cheeses). The road is very rough here.

Las Armenias - is an old IDA settlement mostly in cattle production. There are approximately 27 families here on 20 hectare parcels. This settlement does not have a town nor community center although it does have a school which was established after the bridge toward Aguas Claras was washed out. Just off the settlement lands is a small shop and bar (intoxicating beverages are not permitted to be sold on settlement lands). IDA has an office there with an "administrador" in residence, but he is not an extension man and does not seem to do more than serve as a link with the Upala IDA Office.

Summary of the Field Trips to La Cruz and Upala

There is a significant difference in the two cantones from a development perspective. Except for the District of Santa Cecilia, the Canton of La Cruz is arid and sparsely populated; this is in direct contrast to the Canton of Upala. Along with the climatic differences are soil differences and accompanying farming systems. The land distribution and average farm size indicate that La Cruz is not a small farmer region except for the District of Santa Cecilia. Upala is a small-holder area of very diverse cropping patterns and cattle farming.

It should also be kept in mind that La Cruz has a very slow population growth rate and had a negative migration balance during the early 1970's. The major growth in La Cruz will take place in the Santa Cecilia District which, for planning purposes, should be treated as a Canton of Upala - an area of new opportunity and settlement.

From an ecological perspective, the potential to support increased population density is definitely greater in Upala than in La Cruz.

The major, immediate, obstacle to the development and settlement of the two "cantones" is the lack of roads. Even for the small development potential pockets in La Cruz such as Cuajiniquil, access roads are poor even though they are close to the main highway.

The La Cruz-Upala highway planned in the IRDP is only a first step in the development of access roads. To fully develop the agricultural potential of the project area, additional lateral access roads are necessary.

Processing, storage and marketing facilities in the region are limited and inadequate for the current volume and potential agricultural production. This has already had a negative impact on cacao production and also for basic grains dependent upon seasonal and yearly climatic conditions and local pricing. As is usual, in developing areas where communication and transportation are inadequate, the farmers off the roads and at the extremes of the system complain of low prices at the gate. It should be pointed out that it is not only the very small producer who complains of the inadequacy of the system; all complain about the inefficiencies. As production in the area increases the poor road system will only exacerbate the problem of marketing. At the present time the Upala District is the logical place to develop a central market town; in time, as the road to La Cruz is built and eventually to Los Chiles, the Upala District will become even more important and larger. Just where the flow of agricultural products along the La Cruz-Upala highway will change direction is difficult to determine. This will depend upon the services offered at each pole and the communities beyond them. The flow of basic grains outside the project area will probably go toward the capital city for the most part, with a small amount staying in Guanacaste Province. The cacao and cattle will probably go through Upala and Cañas toward external markets. In general, most of the region will ship through Upala and south because of the longer road via La Cruz.

III. BRIEF SUMMARY OF EXISTING COOPERATIVE ORGANIZATIONS

An examination of existing cooperatives in the "cantones" of La Cruz and Upala, as specified in the Scope of Work, revealed that only two organizations are functioning. Both cooperatives were formed by initiatives of IDA and are operating in settlement projects ("asentamientos") currently being assisted by IDA.

Cooperative "Juan Santamaría"

This "asentamiento" located in La Cruz, was formed in 1979 by IDA on a 3,600 hectare property formerly owned and operated by Nicaraguan dictator A. Somoza. The cooperative was formed with 19 families to operate cattle raising and salt making enterprises previously established on the property. Eight women (wives) are also currently members although they have no active projects in the organization. Forty-four holders of individual plots on sloping sections of the farm are not part of the cooperative and mainly run cattle by extensive grazing of marginal land. The cooperative group now manages 200 head of beef cattle on some 645 hectares of improved pastures developed in alluvial pockets of flat land on the ranch. Because these lands maintain a fair level of productivity during the extended dry season neither hay nor silage is put up for off-season feeding. The previous owner, however, ran a more intensive operation as shown by the existence of feedlots, silos and a barn. Former workers who now make up the membership of the cooperative, commented that, previously, the ranch carried more than 3,000 head of cattle with some 30 permanent families and up to 70 occasional workers.

The salt production enterprise, was also part of the previous farm operation. Using the traditional technology of evaporation of sea water in tidal ponds, concentrating tanks lined with tile and black plastic, cooperative members work the facility during 2 1/2 months per year and produce sea salt by finishing the evaporation process in 6 crude, wood-fired ovens. Salt production could be increased several times by increasing the area of evaporation ponds, repair of deteriorated ponds and more extensive use of black plastic liners to boost the rate of evaporation.

Salt production now employs five cooperative members full-time during the dry season. Other members also contribute by cutting and hauling firewood for the ovens and handling finished salt for storage in a large shed prior to sale. Unfortunately, the cooperative does not

have a permit to iodize their salt and therefore must sell the product for animal use only. Nevertheless, the salt operation provided gross sales of \$5,800 in 1981.

This workers' cooperative shows a fair degree of basic organization for the routine operation of the farm. After an unsatisfactory experience with the first manager, the elected president took over the position. His role is that of coordinator/administrator but he does not appear to be a forceful leader. Production plans and division of labor are discussed in regular meetings and IDA staff visit the cooperative occasionally to give technical advice in cattle management and to intercede on behalf of the group with the BNCR, its sole supplier of credit. An IDA bookkeeper also maintains the accounts of the group yet the manager appeared to understand mainly the "cash on hand" aspect of the cooperative's finances.

The cooperative is currently maintaining regular salaries for members of about \$15 per week. No figures were available to estimate the general financial position of the cooperative yet the manager did mention that they had sufficient cash on hand to make a payment of \$11,500* due to the Bank shortly. The IDA supervisor nevertheless suggests that the group should "pay about half" of their current obligations. This may account for, in part, the fact that a loan application for \$57,600** to the BNCR for increasing the cattle herd, pending for nearly three years, has not been resolved. The reason given to the cooperative by the Bank, however, is that "the Bank does not have the capital to lend".

(*) 600,000 in September, 1982 currency equivalent

(**) 3,000,000 in September, 1982 currency equivalent

Llano Azul Cooperative

This organization, located in the IDA settlement of Llano Azul of Upala, is so feeble that it is practically insignificant. Some lessons from its history, however, may be applicable to future considerations of the use of the cooperative technique in the development zone.

In 1978, the idea of forming a cooperative among the 117 beneficiaries of the Llano Azul settlement was discussed among leaders and IDA (then ITCO) staff. Two ideas of collective production of milk and hogs were discarded in favor of starting up a consumers' cooperative. A legal charter was obtained in 1980 and 56 founding members signed up. No initial capital contribution was required, however, a source of start-up capital was discovered in AID. A donation of \$1,500 from a "self-help fund" served to buy some building materials and stock the store with some merchandise. The store is located on the land parcel and homesite of the principal promoter, a controversial and vocal leader of the beneficiary group.

Currently, the cooperative is nearly defunct. About 24 members remain active and patronize the store which carries a small inventory of miscellaneous consumer items only. Members claim that the store should sell cheaper and give credit as the private competition does. Because of the location of the cooperative store, it is more convenient for many members of the community to take the bus to Upala where a wider variety of commerce is available. The leader of the group is now promoting a collective credit scheme whereby the remaining active members would plant 15 1/2 hectares of corn on a piece of land of the "asentamiento" although he admits that several members "have problems with the Bank". The outlook for this project is not bright, particularly since the principal promoter and leader of the group is suspect in his motives and there is some suspicion that he may have had something to do with the failure of a credit union in the town of Upala some years ago. This happened following the disappearance of some \$29,000 and has soured many in the area on the idea of cooperatives.

Other Farmers' Organizations

"Centro Agrícola Cantonal"

This group, observed only in Upala, is promoted by the MAG representative in the area. Mainly through his leadership and enthusiasm, a project was proposed to establish a small mill to process rice for the local market of Upala. When this proposal was rejected by authorities managing the 027 AID Project (because a used mill was contemplated), a new proposal was generated to produce nursery stock for tree crops including cacao. At this time, six hectares of land have been obtained from IDA on the La Cruz-Upala highway at Llano Azul. Seed stock will be obtained from CATIE for this nursery. The project will be managed by MAG and mainly financed by a "donation from AID* of \$10,000". No details of the number nor type of farmers participating in, or benefiting from, the proposal were obtained.

"Cámara de Agricultores"

This group was organized mainly by MAG initiative to bring together the principal producers of the Upala area to market their cacao more advantageously. This group appears to be somewhat loosely-knit and charges a regular monthly dues to its members of \$1.00. The cacao marketing and export idea has not been fully developed, but they have approached FEDECOOP, unsuccessfully, to work with them. The "Cámara de Agricultores" is now operating a fuel supply service - obviously for farmers who own vehicles and maintain mechanized operations, mostly in rice. There is some movement to convert their group to a cooperative at the present time.

(*) Small farmer projects component of Loan 027.

"Cámara Nacional de Productores de Granos Básicos"

This national organization of grain producers has affiliates in both La Cruz and Upala. Although mainly a defense and representation body, it has also entered into the farm supply business in close collaboration with the National Production Council (CNP). Using CNP facilities for storage and retail sales outlets, the "Cámara" has undertaken direct importation and distribution of fertilizers and herbicides, principally for rice. In Liberia, some 55 kilometers away, two members have taken over the operation which sells a limited amount of inputs in the La Cruz area. In Upala, no sales by the "Cámara" have been developed to date. According to one source, the cozy relationship between the "Cámara" and the CNP have ended with the recent change of government and it is not likely that the group will continue its input supply activity - at least with CNP contributions.

Community Development Organizations

The Community Development Agency (DINADECO) maintains a feeble effort to stimulate community development projects in Upala. With virtually no resources other than two promoters who make occasional visits to small towns, the agency is attempting to stimulate "Development Associations" in these towns to undertake such projects as small village infrastructure and collective production projects. Currently, for example, there is an effort to organize 40 farmers in the production of 100 hectares of corn in Canalete to provide not only some income but also experience hoped to lead to a pre-cooperative. Although DINADECO professes the self-help principle in mobilizing local resources, the staff frequently explained that many proposed projects have been stalled for lack of outside help.

IV. PERSPECTIVES FOR COOPERATIVES IN THE DEVELOPMENT STRATEGY FOR LA CRUZ AND UPALA

As should be evident from the description of existing cooperatives in the previous section, there is virtually nothing in either of the two "cantones" worthy of consideration for expansion. The two cooperatives are nothing more than isolated and rather inept attempts at cooperative action and neither show much promise for growth or even survival without considerable continued support and subsidy from IDA or other sources. The collective production scheme being tried at the Juan Santamaría "asentamiento" is a unique case in which the organization is operating a previously capitalized enterprise and is probably not replicable in any other case in the development zone. Cooperatives, if applicable at all in the setting of La Cruz and Upala, are more likely to contribute in a service capacity, such as the proposed cocoa marketing idea, than in the difficult role of operating collective production.

Other aspects of the general situation in the two "cantones" would indicate that the cooperative opportunity or potential, particularly as a development tool, is limited at the present time.

- The farming population is small, widely scattered in small settlements and diverse in terms of background, farming activities, land tenure situation and economic position. It is therefore difficult to conceive of a cooperative enterprise designed to serve a common need with a significant volume of operations to make economic viability possible.
- Even though the area has many of the characteristics of a frontier setting, it was noted in interviews that the population maintains a mentality of heavy dependence upon government as the prime source and mover of development assistance. Somehow

the pioneer spirit of self-help, and "help-your-neighbor" does not appear to have predominated among the people*.

This is probably a by-product of generous GOCR programs in other areas of the country and more specifically the paternalistic policies of IDA in land colonization in the development zone.

- In this same vein, it is difficult to conceive of cooperative service organizations operating in a context of subsidized government programs. Admittedly government programs of the area are imperfect, incomplete and limited in geographic coverage but they do cover the credit and grain marketing needs to a considerable extent with subsidized operations. Interestingly, in the area of supply where the GOCR does not participate, private initiative has moved in to provide the service. From field visits it also becomes clear that the majority of cases in which there is a service deficit are those in which there is little hope of cooperatives filling the gap and circumstances are such as to preclude them in a development strategy at this time. Such is the situation of those farmers of the target group which are practically inaccessible by road and those in an extra-legal land tenure situation ("precaristas").

In the opinion of the consultants, neither La Cruz nor Upala offers conditions favorable to formal cooperative development at this time. Although the cooperative technique has been used successfully in other countries to facilitate social integration and the provision of essential services in frontier settings, it would appear that the circumstances

(*) Some attribute this to the fact that, until about six years ago, Upala for example, was a Nicaraguan fringe because most economic activities developed along rivers flowing into Lake Nicaragua.

found in the two "cantones" are sufficiently adverse as to discourage investments in formal cooperative institution building. Rather than contemplating cooperatives as the "leading edge" of development in this case, it is considered more prudent to consider cooperatives - one of the more sophisticated, delicate or higher forms of organization - as a technique to "follow" other development interventions. These interventions should, in the opinion of the team, be oriented under some guidelines derived from field observations:

1. Cost effectiveness - Organized groups can enhance the efficiency of development programs simply by reaching more farmers through economies of scale. Given the current reductions in budgets of government programs especially, it is urgent that more cost-effective group methodology be explored.
2. Cohesion - Farmers in a similar situation of felt needs, opportunities and service requirements need to be encouraged (or required) to organize themselves in some degree as a condition for external assistance. Only through such "practice" in organized group action, will the social fabric be woven which is so necessary for orderly, harmonious development and formal cooperation.
3. Self-help - The marked degree of dependency and passivity on the part of farmers noted in field interviews was particularly disturbing. This mentality even extended to government functionaries who frequently commented something to the effect that "AID is our only hope". If the projected development zone is expected to contribute to the national economy and the residents to lead satisfying, productive lives, what appears to already be practically a tradition of begging, must be modified*.

(*) In none of the group projects visited, including cooperatives, could the team detect a significant contribution of resources by participants. It was particularly disheartening to hear the most enthusiasm expressed for projects in which "AID donations" were involved.

From these guidelines, specific suggestions and examples of what might be called a "pre-cooperative" strategy may be cited.

1. Group credit schemes - Group lending, requiring collective and common responsibility from borrowers have had mixed success in Central America and other parts of the world. Experiments on trials with this technique could be attempted, especially in those settings in which a degree of community organization and authentic leadership are emerging. Beyond routine annual production credit, modest capital projects could be financed for groups to share. Examples of this could be: a breeding bull, small equipment such as a stationary thresher, a plant nursery, a cacao fermenting facility, motorized spraying service.
2. Farmer groups for technical assistance - Informal groups with common interests or problems could be encouraged by the extension service to organize themselves for field visits, technical orientation in short courses given by experts, collective purchase of key inputs, and group management of trials or experiments.
3. Marketing - Simple pooling of production at the time of sale for economies of transportation and advantages in bargaining could be encouraged. Although the economic advantage might not be spectacular at the outset, exercises such as this should provide valuable experience.
4. New ventures - Group participation in the implementation of new technologies or production alternatives can often contribute not only to more rapid learning and adoption but also to risk sharing. A good example of this is in the proposed (IRDP - Annex 12) beekeeping activity for women on "asentamiento" farms in La Cruz .

5. **Leading farmers** - The case of the "Cámara de Agricultores" in Upala presents an interesting possibility for pre-cooperative action. In this instance, leading, innovating and experienced farmers who also represent the top decile of the farm population in terms of economic position, are showing initiatives in the areas of processing and marketing of rice and cacao. Further investigation could reveal the possible feasibility of including farmers of lesser means in the proposed services. In the experience of the team, this strategy does not often work but it might be found that the circumstances of Upala, particularly where cacao is produced by some 600 farmers of all sizes, merit attempting a "leader-follower" approach to organizational development. Obviously, the success of this strategy depends upon free access by small farmers to organizations developed by such groups as the "Cámara de Productores de Upala".

6. **Cooperative orientation** - Although the development zone is far from unique in this regard, there is a dearth of sound, practical cooperative orientation and advice available to the farm population. As a result, the cooperative concept, if understood at all, is mixed with myths, half-truths and misconceptions. Nobody gets very far in the cooperative field on education alone but some straight talk on cooperative practices and limitations should contribute to the eventual acceptance and support of the cooperative technique. It is further suggested that one important part of the cooperative orientation curriculum should be "an overview of cooperative problems and failures in Costa Rica" - even if the subject must be taught by a foreigner!

V. OBSERVATIONS

A. The Precarista Problem

"Precaristas" are people who have moved onto lands and begun to farm it without the permission of the legal owner. This problem has been

handled in a rather unique way by the Costa Ricans and is described in the following section called "The Tico Solution".

IDA has prepared a study of the "precarista" problem and has ranked the districts with an index based upon the number of farms in the area and the number of complaints and land claims in each. It should be pointed out that this index is limited to the claims filed by "precaristas" asking that the land be provided to them and by the complaints filed by the land owners. Thus in reality the index understates the problem, and to varying degrees by district, depending upon the isolation and level of agricultural development of the district. In areas which are intensely farmed and the amount of land left to secondary growth is small, the problem is not understated, but in areas such as Upala, where most of the land is not accessible and the area under cultivation or pasture is small, the understatement is greater. It is difficult to estimate the degree of understatement, but from the 200 questionnaires used by OFIPLAN in the area, over 30% of the people interviewed did not have title to their land; these people were on parcels near the roads according to those who conducted the survey. Further in from the roads the untitled use of land may be greater.

The "precarista" problem will probably increase with the penetration of the roads and with wider awareness of the development project. For IDA the impact of the roads will be greater pressure to acquire land and distribute it among the "precaristas". In the past, the owners of similar lands also have pressured IDA to buy the land from them for distribution. It is not clear whether this will change as the land becomes more accessible, but if the land owners do change their approach and demand that the "precaristas" be evicted, this will be a major change in rural politics.

Given the present and not short-term economic crisis in Costa Rica, it is doubtful that IDA will be able to acquire the land which will be in litigation because of the increased accessibility and the public awareness of the project. It is possible that some people may attribute

the unrest in the area to its proximity to Nicaragua, but one should keep in mind that those Costa Ricans flowing into the project area will be mainly from other parts of the country and not local residents.

Another aspect of the immigration to the development project area may well be Nicaraguan. The area has always had a strong Nicaraguan population inflow. The trade via the rivers and the lake made the area part of the Nicaraguan trade system. Costa Rica has always offered better social services than neighboring parts of Nicaragua. For example, the fees for people not covered by the Costa Rican health services are symbolic and Nicaraguans in the area did not have alternatives in their home country. While it is possible that the improved health and educational services in post-revolution Nicaragua will take some pressure off, it is most likely that the Costa Rican services in that area south of Lake Nicaragua will be the best available as the project develops. Thus immigration from Nicaragua may remain the same as in the past or increase. This is another impact of the proposed project. At the present time there are Nicaraguan hired workers, as there have been in the past, working on the large and medium size farms. Commonly one hears that the Nicaraguan labor is hard working and less expensive than Costa Rican workers because the employer does not pay the social service fees for foreigners. There is little reason to believe that this hiring practice will change as farming becomes more intensive and profitable in the area due to project improvements. If the economic condition of Nicaragua declines, even greater immigration is probable. As in the past, some of these Nicaraguan workers will choose to remain and will take up parcels. Estimates of the proportion of the population in the project area who are of Nicaraguan decent varies to as high as 60%. OFIPLAN estimates that 13% of the current population is actually Nicaraguan.

In summary, the "precarista" problem will increase with the project and will be a problem which has direct implications for IDA and the project's geopolitical objective.

B. The "Tico Solution"

As mentioned in the previous section, Costa Rica has adopted a unique approach to the problem of people invading land owned by others. The Costa Rican constitution holds the right to property ownership to be inviolate. Expropriation without compensation is not permitted. This is not unique in Central American terms, but the uniqueness is in the handling of land invaders in a judicial rather than military or paramilitary manner.

This manner is the "Tico Solution" whereby the land owner makes a formal complaint to the authorities denouncing the invasion. The authorities investigate the situation and if they find that the occupying families have resided there and established crops, they are not removed immediately. At the same time, the families make a claim with IDA asking that the lands be given/sold to them. The case then goes into the judicial system and IDA may enter into negotiations with the landowner. In many cases the owners petition IDA to buy the land from them because it has become invaded. It then becomes a question of price. There have been cases of violence, but they are not common.

The reason for this solution, as compared to the violent solutions in the neighboring countries, is probably explicable in historic, economic and political terms and the solution of buying the lands has been the basis of the "land reform" system in Costa Rica. Its continuation depends upon the ability of IDA to acquire such lands and the political disposition of the country to be patient with the process. This is mentioned in view of the "precarista" problem as described before and with awareness of the current political tension between the present administration of Costa Rica and the Government of Nicaragua. For example, if the "precarista" problem, which is a probable effect of the project, is viewed as a result of Nicaraguan inspiration, it may increase tension between the countries. Furthermore, the reaction to the "precarista" problem in this context may be to abandon the "Tico Solution" in favor of a more forceful solution especially as the current internal economic

crisis continues. Such a result would be a lamentable side effect for the project, but the possibility should be kept in mind as the project is developed. The "Tico Solution" must be seen as one of the adaptive mechanisms of the Costa Rican society to relieve internal tensions and as such should not be ignored nor allowed to fall aside.

C. The Use of Radio

In reviewing different proposals for developing the northern border zone, it is suggested that one of the components needed there is improved radio coverage to settling and established families. Although there may be varied motivations behind this, from the perspective of development priorities, it would seem that radio technology which has been developed, perfected, and found to be an effective way to bring about the adoption of improved agricultural practices, should be considered. In fact, if we put ourselves into the situation of the pioneer farmer of the border zone who is living in relative isolation, often experimenting in agricultural production with little advice or supporting services, it is fairly easy to predict that he will be much more interested in and receptive to, radio messages directed to his immediate concerns of productivity and survival than he will be to such material as the relative merits of the Nicaraguan and Costa Rican systems of government, comparisons of culture, tradition and ideologies. There is a fairly wide experience in Central America ranging from government sponsored programs, specialized radio schools and parochial stations, to the more sophisticated efforts exemplified by the AID sponsored "Basic Village Education Project (BVE)". This project, carried out in the early 70's by the Academy for Education Development in collaboration with the University of South Florida in the Indian region of Momostenango and Mestizo setting of Quezada, was carefully monitored and voluminous material is available on the history and effectiveness of this radio medium. In a word, it was successful and it would seem prudent to consult this effort in the context of the proposed integrated development for the Northern Zone of Costa Rica, especially in light of its cost effectiveness which was carefully measured by project managers and researchers.

It would seem particularly worthwhile to consider a specific, regional radio facility and programming as a means to expand and complement other components of the projected development of the area. There are obvious complementarities in agricultural extension, for example, and the creative use of radio could also be worked into project components such as credit, marketing, health programs as well as contribute to the general social integration of the development zone.

D. The Administration and Execution of the IRDP

As described in the 14th annex of the IRDP proposal the UTP or executive body seems to have the authority to manage the project over the various ministries. The input of the CAN, which is made up of representatives of the ministries, is only an overseeing body to insure that the terms of the project are carried out. Thus the UTP will have executive autonomy and once the Ministry of Hacienda has transferred the funds, only violations of the civil code would allow the "Auditoría" to exert power over the UTP. The "Cantonal" units, in spite of the organization chart in Figure 1 of Annex 14, are only advisory and not executing organizations. Responsibility may be delegated to them by the UTP, but they can do little more than make suggestions to the UTP.

The first observation on the management structure is that although central control is desirable, the geographic location of the UTP in the capital city with only second level staff in the actual project region is not a good idea. The whole administrative body should be located in the project area to manage and monitor performance. It will not be adequate to have the agricultural economist and civil engineer traveling to the area and reporting to the director and other members of the UTP. The members of the "Cantonal" units will also be isolated and communication with management authority will be difficult.

A second observation is that the project region should be treated as a "development district" with special legislation rather than simply another part of the country. For example, with the previously mentioned "precarista" problem in mind, if IDA is called upon to buy lands in its usual role with land litigation then, as roads are established at government expense, it will be forced to buy land at appreciated prices due to the investments of the project. To avoid this problem, if a special development district were established which had special land acquisition authority, it would make the IDA land purchase more realistic. There are many ways to avoid this problem of increased land value from project infrastructure. One approach would be to declare a flat value of the land and to allow owners to file another value if they disagreed with the flat fee. Then, if and when IDA needed to acquire the land, the value would be established. Of course, any owner improvements since the declared value would have to be recognized. Based upon this valuation, a special development levy could be made so that another aspect of the special development district would be a self-supporting fiscal policy for the district after the project is completed.

An additional feature of the special district with regard to fiscal policy should be a road use fee for trucks or a fee for the volume of produce hauled into or out of the district. This revenue should first be used for road maintenance.

With the introduction of the roads and the project components, it is probable that land speculation will begin. The special legislation described above will help in the case of IDA acquisition, but not for private land transfers. It would probably be difficult in Costa Rica to pass legislation even for the IDA case because it has been the tradition that increased property value, because of public expenditures, accrue to the property owner. Another aspect of the problem is that it may encourage non-productive use of the land by attracting speculators rather than entrepreneurial producers. This would defeat, in part, the overall policy objective of putting the land into production and increasing population density. If the "precarista" problem is widespread, and IDA

does have funds for land purchase, and legislation for IDA purchases protects IDA from speculative prices, then owners would be pressured to put the land into production -- the objective of the project.

Thus, special district legislation should include taxing authority for land and roads without having to appeal to the National Assembly as the Cantons have to do at the present time. The possibilities of this type of legislation are not bright in light of the recent announcements from the National Assembly regarding land use and legislation for the Guanacaste Irrigation District.

E. Some Observations on Agriculture

One of the areas of interest to the team during field visits was the agriculture currently being practiced and prospects for innovations and improvements. Both farmer and professionals were queried on these points. Some observations and general comments are noted here.

Canton La Cruz

Extensive range cattle operations predominate in all but small portions of this "canton" where rainfall patterns and soil conditions permit annual tillage of grain crops. Animals are mainly sold as feeders and what little milk production there is goes into the making of crude cheese. Some improved pastures have been developed in the lower and flatter topography where "African Star" grass is preferred by producers. There is no significant level of hay nor silage feeding in the dry season and often animals are released in brushlands for browsing and grazing or whatever they can find.

Small alluvial pockets offer smallholders and ranch workers opportunities for basic grain production. However, the area is a net importer of corn, rice and beans. Corn is the preferred crop and very little sorghum or soybeans are planted for cash. Fickle weather in recent years has discouraged farmers from grain production beyond that needed for home consumption.

The "wet side" of La Cruz, located in the area of Sta. Cecilia receives rainfall during all but 2 months of the year. Soils on the northern slopes of the Guanacaste mountain range appear to tolerate annual cropping and a wide range of grain, vegetable and tree crops are beginning to be tried there. A good portion of this area is comprised of cattle ranches which were established following lumbering operations. Many of these ranches are now abandoned, "precaristas" are moving in and much of the area is still in, or returning to, a practically wild state.

Especially when compared to the lush region of Upala, La Cruz (with the exception of part of the Santa Cecilia district) does not appear to offer an encouraging setting for agricultural development. In the opinion of the principal MAG technician, opportunities lie mainly in the category of intensification of production where significant gains may be obtained from such practices as pasture improvement, supplemental feeding and attention to animal health problems. Relatively small, although significant, opportunities probably lie in scattered sites for such activities as salt making, fishing and beekeeping. Unfortunately, these types of artisanry projects are relatively capital intensive and require technical supervision and a degree of organization. An example of this approach to development in La Cruz is contained in the OFIPLAN proposal for the Juan Santamaría cooperative farm. In it, a variety of projects are contemplated over a five year span totalling more than \$95,000 of external credit per family. This approach appears to the team to be unrealistic in light of the scarcity of capital in the country, the limited administrative and technical capability of the GOCR and the feeble organizational base observed on the farm.

If the land tenure situation could be resolved, the "wet" sector of La Cruz appears to offer excellent development opportunities compatible with the overall objectives of the northern zone project. Diversified and extensive production systems are possible there and the resource base appears to be adequate to support families at a reasonable level of life on farms plots as small as 20 hectares. An organization

of pioneer farmers in the area should also be feasible and could provide a wide range of essential services to a relatively homogeneous farm population.

Canton Upala

Typical of newly-opened humid tropical areas, Upala has been worked in a lumbering-cattle-cropping sequence. Extensive cattle operations still predominate but better lands are being put into mechanized rice production on large scale farms. Cacao, the principal cash crop established by early farmers, is located principally in the lowlands near the international border and Lake Nicaragua. This crop, being produced by a variety of some 600 farmers under different levels of management appears to be declining badly. The appearance of the disease "monilia" two years ago plus lower prices, have added to serious marketing and disease problems, causing waning enthusiasm of farmers. Trees are generally old, poorly maintained, and of obsolete varieties. In the opinion of a knowledgeable technician, cacao production needs to be "sorted out" in Upala. By this he means: 1) the introduction of improved varieties, 2) destruction of old, diseased trees, 3) establishment of new plantings in areas away from poorly drained soils and, 4) rigorous disease control. Improvements are also urgently needed in technology for fermentation, grading and marketing.

Black beans have been a standby crop, especially for small producers, for several years. Before improvements in the access road to Cañas, the product typically went to Nicaragua. Grown under fairly rudimentary practices using hand labor, the crop has been reasonably profitable. Plantings timed to synchronize maturity with the onset of the brief dry season have been perfected. However, drying, threshing and marketing problems together with increased incidence of diseases, have discouraged some producers to the extent that acreage has declined. There have been no significant modifications in bean technology in recent years although it is a recognized need to at least, initiate variety trials and tests for fertilizer responses. This is particularly valid

as the need for bush, rather than runner type, varieties is clear in order to improve harvesting efficiency.

Improved prices for corn during the past two years have spurred new interest by small farmers using planting stick technology. New varieties, chemical weed control and fertilization are being tried by a Chinese agricultural mission with significant results in improved yields. The at moment cost-benefit aspect of improved practices are not fully known*. Corn is usually harvested during the rainy season at about 28% moisture and shelled by hand. Most of the crop is taken by the CNP buying station and shipped out without processing. There are no cleaning facilities at the CNP and the dryer has a capacity of only 130 cwt. per batch.

The mechanized rice was observed at harvest time and appeared to be low yielding, especially due to poor weed control from earlier airplane applications of selective herbicides. Nevertheless, growers were optimistic about the market prospects due to widespread crop failures in Guanacaste. Large trailer trucks contracted by growers themselves were hauling the rough and wet rice to private and CNP marketing facilities in Guanacaste. Small fields where the planting stick method is used, appeared to have good yields. Threshing was done by flailing on boards set up in the field. It would seem that a small stationary thresher such as the IRRI axial flow model would be most appropriate for applications in Upala to increase the speed and efficiency of rice threshing. There are no hulling/polishing facilities in the "canton". Household hulling is done with wooden mortar and pestle.

(*) Farmers interviewed expressed optimism about the yield increases from improved practices, yet admitted that they did not know what the inputs cost because the products were provided without charge.

Due to the lack of research and careful measurement of results on farms, there is considerably doubt and speculation about the true agricultural potential of Upala. The relatively high-risk option of grain crops has caused many farmers to "play it safe" with cattle where carrying capacities of pastures are frequently greater than one animal unit per hectare. The continued cropping capacity of the clay, acid soils is not well known nor have fertilizer responses been measured. The MAG chief agronomist with 6 years of experience in Upala, suggests strongly that agriculture is considerably more difficult than the popular belief attributing practically unlimited potential to the entire region. He is particularly skeptical about development in the northern extreme of the "canton" where not only are growing conditions more difficult but also the human factor is less appealing due, in his words, to "the Nicaraguan influence".

An example of the above was noted in Llano Azul, the IDA "asentamiento" where a considerable effort has been made in colonization. Plantain production was conceived, planned and financed for settlers and seed imported from Honduras. The "sigatoka" disease completely wiped out the plantings on the parcels before a single fruit was harvested.

The Upala region urgently needs aggressive programs of applied research and an extension capability if existing farmers and new settlers are to prosper in agriculture. Little predictive evidence has been developed in research specifically for the area; it should be relatively easy, however, to adopt practices and farming systems from experience in Turrialba and similar ecological zones of the eastern coastal plain of the country. A wide range of tropical crops should be investigated and tried in the area, both for local consumption or subsistence and for commercial potential. Diversification of agriculture, especially for small farmers, should contribute to reducing risks and efficient use of labor. Many potential crops can, in fact, be grown about as efficiently

on a small scale as in large farms. A suggested list of crops* which might be investigated for diversification in the area follows:

For consumption and local markets:

Yams
Cowpeas
Chick Peas ("gandul")
Winged beans
Peanuts

For commercial applications:

Allspice	Nutmeg
Ginger	Macadamia
Cardamon	Vainilla
Rubber	Hot Peppers
Oil Palm	Pasture Legumes
Black Pepper	

(*) Based on a recent settlement experience of one of the team members in a similar agricultural zone of Guatemala.

SCOPE OF WORKOBJECTIVE

The principal objective of the study is to determine the feasibility and appropriate strategies for utilizing cooperative organizations as the principal mechanism for channeling AID resources in implementing the proposed northern zone development project.

DESCRIPTION

Based on a review of background information on the proposed project, field trips, and discussions with farmers, the USAID, central and field staff of the Ministry of Agriculture, IDA, OFIPLAN and other relevant GOCR staff, the contractor will:

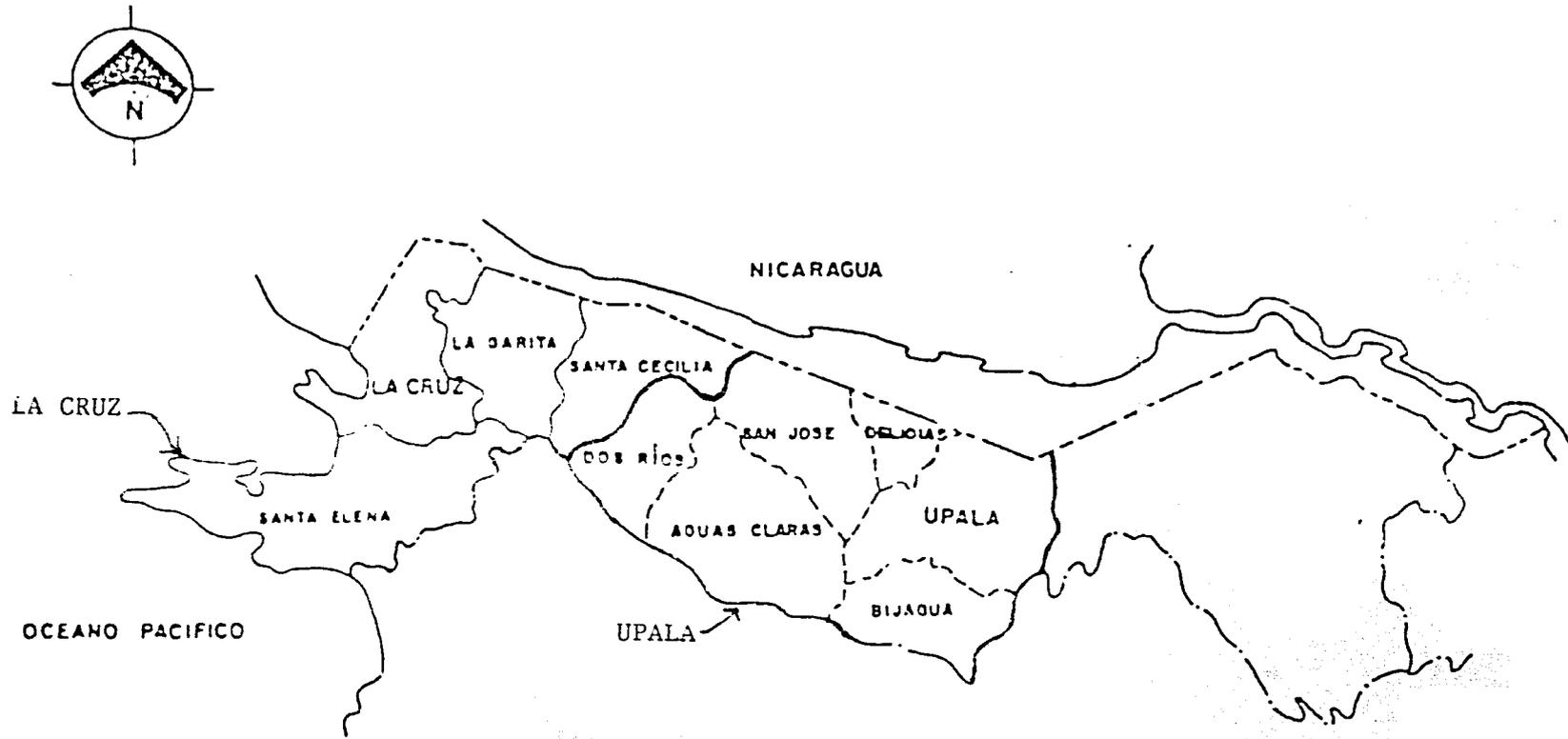
1. Analyze and evaluate the economic viability and organizational capability of existing cooperative and pre-cooperative organizations in the cantons of La Cruz and Upala.
2. Determine whether these and/or new cooperative organizations can serve as the principal mechanism for channeling resources and technical assistance to increase the diversify agricultural production, provide farm services, process and market agricultural production, and/or carry out other activities under the proposed project.
3. Analyze the relationship of these organizations with the GOCR agricultural and cooperative development institutions with respect to technical assistance in particular and recommend actions to strengthen these relationships if necessary.
4. Recommend a strategy for the development of small farmer cooperatives in the zones.

5. Assess the existing infrastructure in these cantons, i.e., roads, on and off farm storage/processing facilities, etc. and make recommendations for the improvement and/or development of infrastructure necessary to support the cooperatives.
6. Recommend the most appropriate areas and possible levels of AID resources needed to support the strengthening and development of cooperative organizations in the zone.

A draft report, in English, should be submitted and discussed with the Mission by the contractor's team upon completion of country assignment. Five copies of the final version of the report should be submitted by the contractor's home office within 30 days after completion of field work.

The GOCR is currently working on a project proposal for the development of the northern zone of Costa Rica. The northern strip of Costa Rica, bordering Nicaragua, is a region that has the nation's lowest density of population and level of economic activity, lowest average income and quality of life, and a relatively low utilization of land and human resources. The regional development program proposed by the GOCR is intended to increase the population density and economic activity in that area.

The proposed four-year program will be limited to the cantons of La Cruz and Upala. It will consist of the improvement, diversification, intensification, and expansion of agriculture supplemented by the development of infrastructure, social services, as well as agro-industries, manufacturing and social services. The national planning office has developed some information on the existing level of economic activity in the zone as well as preliminary ideas on possible crops, infrastructure, and agro-industries, which required financing. Cooperative organizations have been mentioned as a possible mechanism for carrying out these activities with AID support.



DISTRICTS AND
CANTONES DE LA CRUZ Y UPALA

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