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USAID AND THE AGRICULTURE OF COSTA RICA 1945-1995[1]

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USAID AND THE AGRICULTURE OF COSTA RICA 1945 - 1994

1 INTRODUCTION

1 1 Background

The beginning of the 1940s saw major changes throughout the world The War left most countries under severe crisis and with limited capacity to recuperate on their own Those conditions motivated a global effort towards reconstruction, thus emerged the international organizations for technical and financial cooperation The World Bank and the United Nations count among such initiatives In addition to the support of all these organizations, the US channeled its direct assistance towards the countries of the region through the Institute of Interamerican Affairs (IIAA) In the particular case of Agriculture, the US had a key role in the creation of the Interamerican Institute of Agricultural Sciences (IICA) in 1942, headquartered in Costa Rica

The US support towards development in LAC was channeled originally through the IIAA (1942-1950) In 1950 the US Congress passed the law creating Point IV (1950-55) for bilateral assistance Further changes were made in 1956, with the creation of the International Cooperation Administration (1956-1962) as the predecessor of the USAID and the Alliance for Progress, launched by president Kennedy in 1992

Costa Rica also initiated the 1940s with major social and political reforms deemed necessarily to overcome the crisis There was a political will to create the Welfare State, and hence a commitment to attend the needs of the poor This decade also witnessed major internal conflicts which ended with the civil war of 1948 At this time the country depended primarily on agriculture, in fact it could well be qualified as a poor agrarian economy Agriculture accounted for more than 40 percent of GDP and over 95 percent of exports

The technical cooperation between the US and Costa Rica began in 1942, under the auspices of the IIAA The first program was STICA and later on Point IV in 1950 Prior to 1951 all the assistance focussed on agriculture (US$299,000 out of US$321,000) During the 1950s other sectors grew in importance (36 percent for health and education) and the AID portfolio diversified During the 1960s support to agriculture and rural development represented 50 6 percent of total resources Thereafter the direct assistance to agriculture declined in relative importance Nevertheless, other forms of assistance to the country were beneficial to agriculture This issue is discussed later in this section, when addressing the conceptual framework

1 2 Purpose of the study

This analysis of the impact of US AID on the agriculture of Costa Rica is part of a broader study of such aid in several sectors and in the country as a whole, for the period 1945-1995 Its purpose is to reveal in which way the assistance followed valid precepts, its effects, the reasons for success and failure and the lessons learned

The extent to which the US contributed towards development in Costa Rica will be evaluated (following the terms of reference), departing from the understanding that development is a multidimensional process, involving major changes in social structure, popular attitudes and national institutions, as well as acceleration of economic growth, the reduction of inequality and the eradication of poverty (Todaro, 1994) It also has been suggested that the concern should be with the relation between politics and economics, with a special emphasis on the role of power in economic decision making The above referred issues are of direct relevance for agriculture

The analysis will provide light on aspects as the influence of assistance on productivity and growth, within particular subsectors of agriculture, generation of employment, groups that benefited more from the assistance provided and the overall contributions towards agricultural development It will be of major interest also to provide evidence on the contribution towards the definition of policies and the strengthening of institutions, public and private, and in particular those that accommodate the interests of small producers, like cooperatives for example

1 3 The framework for the analysis

The evaluation of impact of US assistance to agriculture is cumbersome for many reasons, four are referred here because of their direct relevance The simultaneous effort, not always in the same direction, of several international cooperating agencies The coincidence of various initiatives of US assistance for agriculture, not always complementary The recurrence to several instruments of projects for agriculture, not always acting synergistically The contribution of external and domestic funds, not always provided in the amount and time expected

The framework for analysis rests on two main aspects First, the dimension of time, to evaluate the evolution of the magnitude of assistance Second, the means through which the assistance was provided, with the purpose of evaluating the effectiveness of the alternatives

used Following Fox (1995) four periods are separated Technical Assistance (1946-61), High Development (1961-72), Poverty-Basic Needs (1972-81) and Stabilization-Restructuring (1982-93) The instruments used for assistance, the goals and the amount of resources varied throughout the periods and it is hypothesized that the impact was also different

Regarding the means for direct assistance, three basic ones can be distinguished First, Agricultural Projects, usually localized in geographical points, or oriented to specific subsectors, as non traditional agriculture for example, or concentrated in a particular component, credit for example Second, Rural Development projects, usually addressing the issues of poverty, and using instruments beyond technical assistance and financial resources for agriculture And third, Rural Infrastructure projects (roads, electrification, water and sewerage systems, etc), which created better conditions for people dedicated to agriculture There are at least three other ways in which the US assistance influenced agriculture They refer to policy reform, which created an adequate environment for investment in agriculture, the development of agricultural and non agricultural institutions that supported agriculture, and investments in education, which built capabilities for policy analysis, management and government

INSERT FIGURE 1 Ways to influence agriculture

The assistance provided by the US was channeled through national and regional projects The former are easily identified and it can be assumed that all the resources of these projects were used in the country The problem for the analysis arises with regional projects, because it is not possible to separate the resources actually spent in the country, nor to identify the direct and indirect benefits In addition, the country received assistance from Washington based projects, technical assistance teams and other activities for which there is no record

The analysis rests in the consideration that technical and financial assistance influences on agriculture at different levels Therefore, the paper examines this influence from top down, into policies, institutions/organizations, capabilities of individuals, investments, productivity/production and income When possible, reference will be made to sectoral and macro level impacts regarding production, trade and foreign exchange The caveat is made that those sectoral and global impacts cannot be attributed solely to the US aid, as other agencies may have been contributing to the same goal or local policies which may have been the determining factors Special attention will be given to such issues when deemed necessary in the analysis

1 4 The information base

Very briefly, it is worth commenting on the sources and other aspects of the

information used for this analysis This would help the reader to learn why some points that might appear as of natural interest are not found in the report It may also assist when providing an apology to the fact that some issues are not discussed in the desirable detail

The natural source of information for the analysis of a portfolio of over one hundred and fifty projects, executed over 50 years, is the evaluation of the individual projects, or alternatively evaluations of groups of projects This information is not available Internal evaluation reports are available for very few projects, and they are more like fulfillment of bureaucratic requirements, than real evaluations of impact and assessments of lessons A first message that comes out of the analysis performed is in fact that the evaluation of projects was not given a priority

Aggregate data on the agriculture of Costa Rica is quite well organized, hence it has provided a good base to describe the evolution of agriculture This data is useful especially to identify shifts of production and exports, especially for those commodities in which there was focused assistance Unfortunately such data is not available by regions, to assess for example the extent to which the projects influenced productivity and production at that level

A very good deal of information was provided by previous commissioned analysis that focused in particular periods, groups of products or specific projects This is the case for example of the paper by Horkan (1995) for non traditional agricultural products, the report by Kohn (1986) for a palm oil cooperative, the study of Seligson (1978) on agrarian reform, or the work of the Academia de Centroamerica (1975), evaluating the Programa de Desarrollo Agropecuario 1971-74

Although abundant in anecdotes, the interviews of 36 professionals (21 Costarricans and 15 Americans) related to the projects, provided valuable insights As it is expected, this material is rich in tips not available in reports They were of high value to explain why many things were the way they were, also to highlight elements of the strategy that was used for assistance

It should be noted although the data and reports are abundant, much effort was needed to extract the most relevant material for use in this analysis, which was required to be brief

2 POLICIES AND INSTITUTIONS FOR AGRICULTURE

2 1 The aggregate policy framework

Policies and institutions determine the patterns of growth and development in general Costa Rica is no exception to the shifts and swings observed throughout Latin America in the

last fifty years They have created continuously the environment for agriculture, sometimes in favor and sometimes against it Because of their importance for the analysis of the impact of external assistance, they are briefly reviewed here

From independence until the first part of the 20th century, Costa Rica had minor changes in its economic evolution, in part because no major changes in policy were made Cattle, coffee, bananas and basic grains, were the basis of the economy, rural areas were isolated from the Central Valley and therefore from government, labor conflicts were concentrated in the banana plantations, there was a continuous evolution towards an egalitarian society based on agriculture, power struggle had its roots in the ownership of land and in general the country lived in peace The implicit simple development model was based on an agrarian economy, exports of surpluses and imports of deficits Government, on the other hand, was centralized and controlled by power groups that harmonized their interests within family relations

The limitations of the economic structure and the organization of government were evidenced at the beginning of the 1940s, when there was a pressure for a development model The first major institutional reforms were given when President Calderon Guardia created the Caja Costarricense del Seguro Social (CCSS), created the Secretariat for Agriculture, which later became the Ministry of Agriculture and Livestock (MAG) and eliminated the state monopoly on gasoline The incoming government after Calderon tried additional reforms or counter reforms without much success Internal social reactions and opposition continued for some time, until the Civil War

The Junta Fundadora de la Segunda Republica, under Jose Maria Figueres brought in additional reforms, including abolishing the Army, nationalizing the banking system, nationalizing the Instituto de la Defensa del Cafe, imposed a ten percent tax on all forms of property, land and inheritance taxes were increased and a national energy production parastatal (ICE) was created To control prices and guaranty supply of agricultural products, the Consejo Nacional de Produccion (CNP) was created

A new constitution was promulgated in 1949 The 1950-95 period is characterized by two currents of thought On one hand a substantial effort of intellectuals to influence policies in the direction of a market economy, thus diminishing the role of the State in the market Opinions, writings and debate on these matters were abundant On the other hand, responses to social pressure, and a naturally political reaction, systematically pushed in an alternate direction, to maintain the Welfare State Agriculture did not escape this process of pressure, thus protection to agriculture has always been in the policy arena

The 1940s and 1950s not only were years of reform for social reasons and the desire to create the Welfare State, they also saw the emergence of the import substitution model

It should be made clear, however, that the import substitution model did not change dramatically the importance of primary agricultural exports in the export portfolio

The 1950s also witnessed the emergence of the Central American Common Market, (signed in 1958) which promoted the processing industry that could capture the interregional trade within the CACM The Protocol of Limon encouraged interregional free trade of basic grains, this, however, never grew significantly Extraregional competition was discouraged through a high common eternal tariff However, high coffee prices and other factors that contributed to high extraregional agricultural exports, did not create a favorable environment for industrialization nor for strong regional integration, thus, Costa Rica remained an agricultural economy In fact in the late 1950s the chamber of foreign manufacturers stated

"Other Latin American countries, likewise predominantly agricultural, were subjected to industrialization and have been suffering serious economic crises for many years This should serve as a warning to us We are a highly agricultural nation, and our strong economy has depended on agriculture throughout the years Let us strengthen what we already have, and let us not try to create a fictitious economy based on industry " (Weunsenfeld, 1969 p 8)

In spite of resistance to changing the agrarian model, the evolution continued and by the late 1960s there was some industrial development By this time wages had improved and poverty declined The National Accounts showed that agriculture was declining in relative importance in GNP This had occurred in part because of the deterioration of terms of trade for agriculture, resulting from the protection to industry Whereas agricultural prices were 11 3 percent lower in 1970 than in 1957, the prices of manufactures were 37 7 percent higher

Beginning in 1973 the economy suffered from external shocks They included two international oil crises and the sharp increase in prices of major exports at time of the coffee boom and their decline, during the world recession of the early 1980s In addition, internal government policy focused on direct poverty alleviation, thus government intervention increased during the Figueres (1970-74) and Oduber (1974-78) administrations Also at this time, the government became a big entrepreneur through CODESA, and foreign debt increased substantially At the end of the 1970s, the decline in coffee prices caused a substantial decline in the terms of trade

The Carazo administration, which began in 1978, had a really difficult time in adjusting Instead, the country increased indebtness When foreign earnings dried up, the authorities expanded domestic credit, inflation accelerated and monetary reserves were exhausted The devaluation of the colon was inevitable, when it occurred, it had a major impact in the economy The Mexican debt crisis of 1982, along with other international events, led Costa Rica into the road of economic reform, beginning in 1982, with the Monge administration

In 1982 the financial system was under severe stress The availability of domestic credit had dropped to 36 percent of its real value in 1980 This affected investment and the economy suffered an additional setback Recovery began only in 1985 Ever since, the economy has been exposed to the Structural Adjustment and Economic Stabilization Programs, which allowed the economy to recuperate Important reforms had to be negotiated to access fresh resources from the IMF, the World Bank, USAID and IDB

The late 1980s and the 1990s have seen additional struggles for reform Liberalization of the internal economy, elimination of price subsidies to basic staples of agriculture, elimination of distortions in the financial markets, substantial decline of the Entrepreneural State, count among the main achievements The pending tasks include the reduction of the fiscal deficit, further financial reforms and reshaping government institutions

2 2 Agricultural policies and institutions

The resistance to moving away from agriculture has persisted over time, because of the perception that the country has comparative advantage in this sector This persistence has been accompanied by the insistence on seeking government policies in favor of agriculture The history of Costa Rica over the last fifty years reveals the wide array of policy instruments and the substantial amount of financial resources channeled to agriculture through subsidized credit A very important amount of literature supports the notion that most benefits were captured by wealthier land owners and exporters Also, there is strong support in favor of the hypothesis that the policy basis encouraged the permanence on basic staples and traditional exports, thus inhibiting the transformation of agriculture

It was only in the mid 1980s, when substantial economic reforms were introduced, that the major shifts took place in agriculture However, agricultural policies as such and agricultural institutions, have not changed much over the last fifty years, in terms of their mandate and organization Their effectiveness, though, has declined

Given the nature of the agrarian economy and the recognition that small farmers and rural workers represented an important segment of the population, the nationalized banking system has been for a long time the main instrument for agricultural policies Preferential interest rates, subsidized insurance premiums, indemnities without justified cause and other practices, have been continuously questioned, as evidence revealed that the benefits accrued primarily to large agricultural producers Even when there is wide recognition about the failure of such policies, the reforms of the 1980s and even the current negotiations for policy reforms in the 90s, have not managed to get this issue off the table

Guaranteed agricultural prices, monopoly on imports of inputs and products and the

regulation of supply of major commodities, have been since 1948 a responsibility of the CNP The distortions created in the market, the accumulation of benefits among the wealthier and the disincentive to agricultural transformation, were also widely discussed It was only in 1992 that the CNP stepped aside in several of its functions, and therefore relieved the State of a permanent expense on agricultural and consumer subsidies With a budget reduced, the CNP currently struggles for a new role in the promotion of agricultural transformation

The MAG is another of the institutions created in 1942 In its first 20 years played an important role in agricultural extension Its transformation over time is a mystery On one hand it has been in permanent reorganization, however most government officials related to agriculture admit that it really has not changed much Many would argue that its role is systematically declining, as the array of traditional agricultural polices diminishes and as private firms and organizations provide services for agriculture that the MAG used to offer More than fifty years after its creation, the MAG is currently redefining its role and required organization

Other institutions within the public agricultural sector have not evolved substantially over time The most important is the Instituto de Desarrollo Agrario (IDA), formerly the Instituto de Tierras y Colonizacion (ITCO) created in 1962 The IDA has long time been the institution to manage the social aspects of agriculture, but primarily the colonization and settlement programs, including the administration of land conflicts emerging out of land invasions IDA has not evolved much because it has always been considered an untouchable Its internal structure and the strength of its union have been among the causes that limited the required changes IDA has played a role in agricultural reform and in the redistribution of the land but its contribution to rural development is too limited Now there is under consideration the creation of the Instituto de Desarrollo Rural with a broader mandate for rural development

Among the institutions of agriculture also count the Servicio Nacional de Aguas, Riego y Avenamiento (SENARA) and the Oficina Nacional de Semillas (ONS) The former has been particularly instrumental in the execution of the Proyecto Arenal-Tempisque, although it also has participated in the promotion of small irrigation projects The ONS has been primarily responsible for certifying seed quality and quality control of imported seed Both are currently being considered as part of the proposed Corporacion de Servicios Agropecuarios

This brief analysis reveals that the State had a permanent presence and different forms of intervention in agriculture Their real impact is in doubt in some areas while in others it has been quite positive Besides valuable contributions to research and extension in the earlier years, it plays an important role in animal health and pest control programs

The institutions of agriculture have been for a long time recipients of foreign bilateral and multilateral assistance, and USAID was an important contributor of such resources Other

sources of support were IICA, CATIE, FAO, BID, RUTA/World Bank, FIDA, EEC, among others

Besides public entities in agriculture, private and mixed public-private organizations have emerged in substantial numbers and have played a major role The Liga Agricola de la Caña (LAICA), the Instituto Nacional del Cafe (ICAFE), the Corporacion Bananera (CORBANA) and the Corporacion de Fomento Ganadero (CORFOGA) have been instrumental in production and export planning and negotiations These entities also have influence on government policy for the benefit of their affiliates Producer level organizations and agricultural cooperatives have also grown in number and variety They show significant differences in analytical capabilities, representativeness, internal strength, resources and strategy

The Coalition de Iniciativas de Desarrollo (CINDE) is without doubt, an organization that has had substantial influence in agriculture Its role has been most important in the definition of policies, promotion of investments, training, quality control, information and technical assistance for non traditional agricultural exports

Public and private organization in agriculture do not exhibit a long tradition of harmonious relations However the last years show important improvements, in part due to the renewed role of the private sector organizations

3 THE TRANSFORMATION OF AGRICULTURE

The agriculture of Costa Rica has changed in several ways Its degree of industrialization, its relative importance in rural areas and its productive structure are some of the indicators of change reviewed here

3 1 Agriculture in the rural areas

Two phenomena are taking place in the context of interrelations of agriculture The first, the one we address here, is the declining importance of agriculture as a source of economic activity and hence income in rural areas The other one, addressed in the following section, pertains to agriculture as part of the food chain and its linkages with the rest of the economy

Costa Rica's rural areas evolved from an agrarian economy to a diversified economy Two of the most notable factors in this sense are tourism-related enterprises and sites and services for agriculture, tourism and the other sectors Tourism grew in volume and in the value of foreign exchange earnings The latter grew at a faster rate Tourism has grown

attracted by the ecological beauty in the mountains, the plateau, the rivers and the beaches, all of them located in rural areas

Tourism and the related services have become the most important source of employment in the Pacific zone and surrounding areas of National Parks During the construction stages there are opportunities for everyone, Later, however, the hotels, restaurants, tours and entertainment employ primarily the better educated and younger rural population Management is imported from the Central Valley and from abroad Direct employment generation grew from 8 8 to 18 5 thousand jobs, and indirect employment, from 28 6 to 60 3 thousand jobs, during the same period Guanacaste, Puntarenas and Limon, the most deprived provinces of the country, paradoxically, account for 55 7 percent of this amount Regarding the composition of tourism, it is interesting to observe that in 1992, nationals (300,859) and foreigners (337,845) shared in equal proportions the number of visits to national parks

No information is available regarding the hotels' consumption of products original from the rural area The widely extended perception is that hotels in rural provinces take most of their food from the Central Valley and from abroad, thus, they do not represent currently an important consumer of products of local agriculture The potential is however substantial and must be encouraged, within the same logic of building stronger linkages among sectors, which is discussed below

3 2 Agricultural linkages and economic activity

Costa Rica is no exception to the apparent declining importance of agriculture An increased portion of agricultural products is now processed in one way or another, before reaching the consumer Thus, they appear in greater proportions as part of the food industry This has become a growing segment of the industrial sector In fact what has really happened is the industrialization of agriculture Unfortunately the national accounts do not show this transformation

Insert FIGURE 2 Agriculture as Percentage of GNP

Besides the above industrialization, the agriculture of Costa Rica has become quite intensive in inputs, equipment, machinery, materials and services Therefore, its linkages with other sectors has become stronger Just as an example, more than fifteen percent of total industrial inputs, both domestically produced and imported, are used in the production, processing, transportation, industrialization and exports of coffee

Agriculture accounted for as much as 41 percent of GDP in 1950, but it felt to 26% in 1960 This relative decline did not take place because industry had grown faster, rather it was

government which passed from 5 percent in 1950 to 9 percent in 1960 The apparent and erroneously defined relative low importance of agriculture, continued diminishing during the 1970s, Although did grow during this decade As agriculture declined in importance, so did the employment in agriculture, which felt from 54 7 percent of the labor force in 1950 to 27 8 percent in 1980

Agricultural exports have always been a major component of total exports, although its composition has varied over time Coffee, bananas, beef and sugar that dominated the export portfolio (92 percent in 1950 and 73 percent in 1972) are now less important_ Other non traditional agricultural exports have grown, and tourism has become the single most important source of foreign exchange

3 3 Geographical relocation of agriculture

Although the paper focuses on the period beginning in 1945, previous transformations on agriculture must be kept in mind Coffee, bananas and cattle have always been important in the economy, but also in the political economy

Coffee, introduced early in the 19th Century, gave rise to the concentration of land holdings, the accumulation of surpluses and political power It grew fully integrated to the local economy Bananas are called a byproduct of the coffee industry (Selingson, 1980, p 52) When the railroad was built by Mr Keith, he exported the first bananas in 1879, and enjoyed the benefits of the export tax exemption until 1910 The production of bananas remained in the Atlantic until 1938 when the sigatoka disease forced abandonment of production, and the companies moved to the South Pacific The black population in the Atlantic was forced to remain in the area and cultivated cocoa One year after the banana operations were established in the South Pacific, social conflicts began and were prolonged until the beginning of the eighties The companies moved again and returned to the Atlantic, leaving behind plantations of palm oil and pineapples

Beef cattle and forests also have a long history of relations The aggressive process of deforestation extended itself throughout the country during the 19th century and part of the present Extensive cattle operations, primarily for beef production, took over deforested lands, appropriate for pastures This process has originated strong positions, USAID included, that associated cattle with deforestation What took place must be interpreted considering the policy framework in place Incentives to clear lands and to obtain property rights, and economic policies that encouraged extensive cattle raising The penalty should therefore be placed on those who designed and managed the policies as much as on those who took production decisions

The expansion of pasture land occurred primarily in Guanacaste, San Carlos and the South Pacific Additional transformations took place later in Guanacaste, where, after cattle, came cotton, rice and sugar cane However, cotton disappeared by the late 1980s, while rice and sugar cane became the dominant crops with very intensive use of agrochemicals in the irrigated lands Part of this irrigation is practiced with waters from the Arenal-Tempisque project and pumping water from the Tempisque River

INSERT Table 1 Production of main products

The Arenal-Tempisqueproject was another source of transformation of Costa Rican Agriculture, but not in the most desirable direction Ever since the first stage began, the dominant crops have been sugar cane and rice, with very limited areas on fruit crops and vegetables Lack of technical assistance, tariffs for water and non-volumetric system of distribution, are to a great extent responsible for this distortion If these policies are not changed, and if no technical assistance is provided, the chance is high that the same pattern will be observed in stage II of the irrigation project, with substantial forgone earnings to producers

Some of the most important transformations of agriculture took place in the Central Valley beginning in the 1980s High labor costs, urbanization and high costs of feed, pressed the dairy industry to move out to other areas including Zarcero, San Carlos, Monteverde and even Guanacaste The land in the Central Valley has been used by poultry and pig operations in the lower lands, and by flowers and vegetables elsewhere Environmental concerns are arising about these activities which may push them away from the Central Valley soon in the future

All the above is indicative that agriculture changed, in spite of the limited changes in agricultural policies The changes were largely induced by market opportunities, the macroeconomic policy framework and changes in relative prices of products and factors, including the price of land Along with the sectoral changes there were important changes in productivity of some products, like bananas, rice, dairy and coffee, while stagnation is noticeable in others as beef cattle, corn and beans In addition, there are significant gains in the quality of products, especially fruits and vegetables

3 4 Agriculture and the composition of exports

Agriculture has been and it still is, the main contributor to foreign exchange earnings Traditional Agricultural Products (TAPs) accounted for 97 6 percent of total exports in 1960, 73 6 percent in 1970, 57 1 percent in 1980, and 40 0 percent in 1993 Non Traditional Agricultural Products (NTAPs)and bananas gained in importance in the last decade Bananas

increased by 258 percent from 1980 until 1993, while coffee and beef declined in value and in relative importance

INSERT FIGURE 3 Composition of exports

One of the most important changes that took place in the last 30 years was the production and exports of non traditional products (NTPs) Among them, non traditional agricultural products (NTAPs) became the most important In 1960, other products besides TAPs, accounted for only US$2 million, out of a total of US$84 million By 1993 NTPs represented over US$1,220 million, accounting for 59 5 percent of total exports

INSERT Table 2 Growth of Non-traditional agricultural exports

NTAPs include primarily fishery products, pineapples, flowers and foliage, vegetables, seeds and spices In 1963 they accounted for only US$4 39 million and by 1993 this had increased to US$ 273 9 million The global benefits brought into the economy by this growth are not open to question, as indicated by the substantial generation of employment, income and foreign exchange However, there have been concerns that benefits were much more significant for large companies, that net foreign exchange earnings are not as significant because of imports of inputs, materials and equipment and that environmental impacts should not be neglected

4 EVOLUTION OF US AID POLICY AND STRATEGY Implications for Agriculture

4 1 Introduction

According to Fox (1995), US economic assistance to Costa Rica appears to have gone through four distinct phases Each phase would have meant a particular response to perceived needs of assistance for development Whether it was the US influence on domestic views and strategies, or whether it was the US assistance adaptive capacity, is not being discussed here The point is that there is an observed coincidence in government policy and in the orientation of US assistance The four phases were

- **Technical Assistance, 1946-61** Earliest programs gave the answer that technical knowledge was the key, and focused on transfer of knowledge through foreign experts and training Costa Ricans

- **High Development, 1961-72** By 1961, the answer was broadened to the macroeconomic concepts of savings and investment, internal and external balances, agrarian reform, and sociological ideas about modernization and "takeoff"

- **Poverty/Basic Needs, 1972-81** Perception of the apparent failure of macroeconomic growth to "trickle down" to the poor sectors of society, set in the 1970s, motivated the US to retreat to a concept of development as direct help by government agencies (often working together in "integrated rural development" projects) to the poorest people without regard to macroeconomics

- **Stabilization/Restructuring, 1982-93** The tidal wave of macroeconomics imbalances in the early 1980s led to a renewed focus on macroeconomics balances, together with a concern for microeconomic efficiency that had been lacking in the 1960s Also, the actors had changed hats The force holding back progress became the heavy hand of government, stuck in its traditional bureaucratic mold, and the force requiring liberation was the private sector

The amount of resources allocated, the goals and the instruments for assistance were different in each of these stages The following section, based on the work of Fox (1985) is an effort to interpret the implications that the focus of policies at each stage, had for agriculture

4 2 Changing Focus Implications for Agriculture

US assistance to Costa Rica has evolved over time, in terms of magnitude and directional These changes have been made in response to global views about development, local government interests, surrounding regional environment and US interests At the beginning the programs focused on technical assistance, providing experts in key sectors U S funding averaged about US$1 million per year during the decade, for a total of US$9 9 million Agriculture (US$3 6 million) and health/sanitation (US$2 7 million) were the primary concentrations of U S assistance, together accounting for 65% of total aid

Following guidelines in the earlier, STICA concentrated on establishing an agricultural extension service and 4-S clubs to transfer technology Some 30 extension agencies and 158 4-S clubs had been established Later STICA began concentrating on agricultural research The assistance was provided for coffee research, pasture and pasture improvement projects and a variety of agricultural research and extension projects, including coffee technology, irrigation and soil conservation The earlier experiences stressed agricultural technology and productivity, with little or no emphasis on development as such

As indicated by Fox (1995) the post-World War II focus on decolonization had evolved into a worldwide war on poverty The United Nations agreed that the 1960s would be the "Decade of Development " In the United States, foreign aid had been a campaign issue in 1960, with John Kennedy calling for an expanded aid effort aimed at fighting the threat of

communism through poverty reduction in developing countries The Agency for International Development, a considerable expansion from its predecessor, the International Cooperation Administration was created in 1961 Together with its proposal for creating AID, the Kennedy Administration also proposed the creation of a multilateral Alliance for Progress in the Western Hemisphere

The Alliance required Latin American governments wishing to participate, to undertake a variety of actions, including A national plan, land reform, tax reform to finance modernization, among other conditionalities, deemed necessary for the effectiveness of foreign assistance Costa Rica established the Oficina Nacional de Planificacion, (OFIPLAN), a land reform agency (ITCO), and rapidly expanded government programs in social and economic infrastructure of financing from the Inter-American Development Bank (IDB) and the Central American Bank for Economic Integration (BCIE) During this period grew the pressure for integration and industrialization, with limited success, as extraregional agricultural exports continued as the driving force for the economy

During the 60s agriculture and rural development still captured an important proportion of US aid, with 50 6% of the total resources Infrastructure followed, with 29% of the total The remainder of the portfolio was distributed in a variety of social and institution-building projects It must be noted that during this period the largest projects were three for agricultural credit (for a total of US$15 million) and the agricultural sector loan for US$15 9 million These four projects accounted for 43 8 percent of total resources for the period

During the following period, beginning in 1972, there was a change in focus, away from broad macro and sectoral concerns and toward the social and economic problems of the poorest sectors of society AIDs 1976 strategy papers describe the program as emphasizing "socioeconomic disparities, including increased migration and growing urban poverty, economic dependence, raising unemployment, institutional weaknesses, poor land utilization, and financial constraints During this period the contributions to agricultural and rural development projects accounted for US$43 8 million

A substantial increase in global assistance began in 1982 Several factors were at work First, the new Republican administration had committed itself to substantially increased aid for Latin America, to assist in overcoming the debt crisis Second, the U S opposition to the Sandinista government in Nicaragua led to efforts to support the rest of Central America A third factor in the high aid level, which resulted in Treasury Department support, was the heavy Costa Rican indebtedness to U S commercial banks Costa Rica's visibility as a debtor made the country important in maintaining the U S debt strategy The focus of the program in the first instance was on macroeconomics support Conditions created for exports of NTAPs were most favorable and benefited largely the agricultural sector Although resources directly allocated for agriculture diminished in relative terms, the sector derived spillover effects of the

stabilization/restructuring programs, and other that promoted the transformation of the economy and encouraged NTAPs

4 3 Resources for Agriculture and Rural Development

Direct assistance for agriculture and rural development was channeled through various categories of projects Development Assistance(DA), Public Law 480 and Economic Stabilization and Recovery Table 3 provides with summary of the funds allocated over each of the four stages of cooperation In the cases of DA and PL-480, funds were allocated for agricultural projects and for Rural Development Projects That was not the case for ESR projects

INSERT TABLE 3 Allocation of Funds for Agriculture and Rural Development

DA projects account for 55 percent of total funds and PL-480 for 22 percent ESR resources, which account for 23 percent of the total, include US$82 Million is an endowment for EARTH Although EARTH generates benefits for Costa Rica, it will not be adequate to account these resources as a total contribution to the country

INSERT TABLE 4 RESOURCES BY TYPE OF PROJECT

Besides local projects, the country also benefited from regional and centrally funded projects for agriculture They grew substantially in importance in the decade of the 1980s During the entire period they represented 30 percent of total resources assigned for agriculture and rural development

An examination of the number of projects over time , as shown in Figure 4 reveals that, in spite of the annual variations, national ADA projects extended during the whole period, regional DA projects began in 1967, PL-480 projects began in 1982 and, ESR projects in 1984

INSERT FIGURE 4 NUMBER OF PROJECTS OVER TIME

Regarding the geographical coverage of projects, Figure 5 and 6 show the location of a sample of PL-480 and DA projects for agriculture and rural development Information was not available for all projects The figure illustrates that there was apparently no preference for a particular regionI in terms of the amount of resources allocated to agriculture Forty-one percent of the resources were dedicated to projects of national coverage, the remaining funds show a high positive correlation to allocate funds according to the level of poverty Thus, more resources went to the poorer areas of the country

INSERT FIGURES 5 & 6 MAP-AMOUNT OF RESOURCES BY REGION

An issue that attracted much interest was the preference for particular thematic areas of concentration of effort In the case of DA projects, the substantial allocation of funds for the strengthening of organizations and institutions and for agricultural education are notable These two areas absorbed 70 percent of the resources, the remaining funds went for sanitation, support for increased productivity and technical assistance

PL-480 fundswere used in agriculture, primarily for land settlements and titling and for support to increase productivity Both items absorbed 34 percent of the funds Irrigation, drainage, marketing and agro-industry were also important In this case the resources were dispersed over a total of nine categories of projects A similar situation occurs with PL-480 funds for rural development, where the resources were allocated in eight types of projects However the largest portion (78 percent) was invested in rural roads

4 4 Support to non Agricultural Policies and Institutions

At the beginning the 1980s AID policy shifted towards economic stabilization and recovery This shift coincides with the IMF and World Bank supported programs for stabilization and structural adjustment All the organizations shared the view that much could be done for the countries if they got macroeconomic stability, promoted private sector participation in decisions and removed the public sector from most activities The latter would in turn assist in the reduction of government expenditures Less emphasis was placed on institutional reform, an issue that even now, 15 years after the SAL began, it is treated with much difficulty

Other reports that are part of this study i e T Vargas (macroeconomic reform), M Loria (financial reform), E Camacho (non-traditional exports), address these issues in detail, making reference to the policy instruments, resources used and impacts A brief mention is made however to three aspects that had important influence on agriculture

USAID contributed resources for agricultural credit through several projects They were channeled through the nationalized banking system at preferential rates and had similar destination and impact as any other subsidized credit program of government that were so criticized However, USAID also counterbalanced this contribution through support to the Academia de Centroamerica The Academia built strong links with Ohio State University and performed a highly recognized international effort on research and influence on agricultural credit policy reform Even when important reforms have been made along the lines suggested,

the struggle continues

The U S also had an important influence in shaping up a change of strategy for development in Costa Rica, beginning in 1982 The ESR programs (nine in total) for balance of payments supports were accompanied by the promotion of non traditional exports This was thought to be a worthwhile complementary effort to create employment and foreign exchange To promote private investment, four development banking projects and technical assistance programs were implemented The initiatives coincide with the critical situation of wars in Central America and in particular the Sandinists regime in Nicaragua The focus on the role of the private sector was notable, thus little effort and resources was placed on rebuilding public institutions

For USAID as for several international cooperation agencies, working with public institutions, their relations with government have gone through all kinds of limitations The results of earlier initiatives with the public sector were productive, however, as time passed, and as public entities lost capacity, AID searched for new modalities The creation of CINDE (1982) was an outcome of this search CINDE not only took over what some public institutions were unable to do, but also became influential in policy formation Channeling funds through CINDE, when it was clear to AID that did not want to do this through the public sector, was an alternative way to contribute to economic recovery Also, because of the emphasis on export promotion, this appeared as a good way to support agriculture, especially non traditional agriculture

As the intensification of exports would require better quality services, the U S also supported the creation of the Centro de Promocion de Exportaciones (CENPRO) and the modernization of public services for trade, including port facilities

4 5 Investment in human capital

Another report will address the support provided to Education and non-sectoral training Here a brief reference is made to the valuable contributions towards development of human capital in agriculture Three count among the most valuable contributions fellowships, short term training and EARTH

The USAID provided several hundreds of fellowships for training in the U S (Table 5) Among them two are of particular interest, those in agriculture (139) and those in economics (59) The former allowed significant improvement of quality of faculty at the UCR and staff in the public agricultural sector, particularly for research The high return to the investment in post graduate work in economics was referred earlier

INSERT TABLE 5 TRAINING

Unfortunately no record is available on short term training and visits to selected sites in the U S (universities, government institutions, farms and plants, ports, etc) An important proportion of beneficiaries were farmers, others were government officials

The support to EARTH (US$82 4 million) is considered one of the most valuable contributions for education in agriculture The particular focus is on enterprise management with the goal of sustainability If should be noted that although the resources were given to Costa Rica, the benefits extend far beyond, as students from several countries of Latin America are being trained at EARTH

5 ANALYSIS OF IMPACT

5 1 Introduction

Following the conceptual framework in section 1, this section presents a multidimensional analysis of impact Throughout the text we follow a matrix scheme simplified in Table 6 The policy areas closely relate to the categories of projects are shown as the rows The indicators of policy effects are identified in the columns Evidently not all policies have to have effects on all indicators, thus, the matrix is only a reference to organize the discussion

INSERT TABLE 6 MATRIX

It is also recognized that all categories of policies do not preclude each other This scheme is valid for any degree of complexity and richness of the information The later, as well as the availability of time and space, limit the depth of the analysis

5 2 Production Oriented Projects

Most of the resources in stage I were allocated to this purpose Strengthening of the agricultural extension service had a most notable impact, as over 30 extension agencies were established The local staff acquired knowledge, skills and high motivation Also several research stations were built and equipped Los Diamantes and Jimenez Nuñez are among them Also, 158 4-S clubs were placed in operation, hence creating a youth with motivation and commitment to agriculture They later become agricultural leaders

As to the impact, it was significant in productivity for coffee, basic grains and dairy

Also seeds and purebred bulls were produced and distributed among over 20,000 farmers Producers still remember and value these projects as the best they had in a life time

INSERT TABLE 7 THE INITIAL YEARS

Credit under special conditions played a crucial role in technology adoption, at a time when financial conditions were difficult The three agricultural credit programs of the 1960s had a major influence, however, there was limited success in the recovery of loans, and there were accusations of mismanagement of funds by the public entities without any action by AID

Sectoral level impacts can be observed for coffee in yields, quality, total production and exports, however it should be recalled that other agencies as CATIE were also contributing towards this end The projects in the area of extension generated benefits for farmers of all capabilities and size of holdings, without any doubt smaller units benefited the most in terms of marginal gains

Agrarian reform beginning in 1962 represented a major area of effort In fact 26 3 percent of PL-480 funds and 24 1 percent of AID funds were allocated to this area It could well be asserted that soft loans provided for this purpose, had a major impact on new ownership of lands among the rural poor (Seligson, 1978) It also has been cited that the contributed resources facilitated the *parcelaciones* of haciendas of low quality soils and at prices above their current market value

Some of the most significant impacts were achieved in small irrigation (16 4 percent of PL-480 funds for agriculture) The availability of water allowed a much more efficient use of all other resources It also increased productivity and lowered risks of weather instability No effort was made, however, to change water pricing policies

The number of projects that focused on these aspects of direct assistance to agriculture declined over time Their contribution was meaningful but too localized Although valid in its own goals, these projects were mechanisms to enforce paternalistic attitudes and dependence

5 3 Rural Development (RD) and Rural Infrastructure (RI)

RD and RI projects focused on two major areas organization of producers and rural infrastructure for health, electrification, education and communications Some were financed with DA resources and some with PL-480 Most of the resources (54 6 %) were spent between 1962-72 Their focus on specific regions, and their usual complementary with resources from

other agencies made them effective ways to improve rural living conditions There are no available reports on specific evaluations of impart, however, on the opinion of interviewed staff of the projects, they count among the most relevant assistance, especially to allow improvement of health They also created employment thus, their impact is definitely positive in the general well-being of people

Through the construction of roads (75% of PL-480 resources for rural development) the projects created better conditions of access to otherwise remote areas, thus allowing for the possibility of marketing agricultural products and acquisition of inputs This made possibly the improvement of the crop mix, increases of income and reduction of risk in production

5 4 Strengthening of Institutions and Organizations

Public Agricultural Institutions

These contributions were made by including specific components in some projects In other cases this was a byproduct not actually conceived when the project was designed Achievements in this field are many, thus, we refer only to the most important ones

To begin, soon after the Secretary of Agriculture was created in 1942, STICA supported its research and extension capabilities In this way it contributed to enhance the image of the emerging entity Also, AID was supportive of the creation of the Faculty of Agronomy at the UCR, the Centro de Investigacion en Granos y Semillas (CIGRAS), Centro de Investigacion en Tecnologia de Alimentos (CITA) and the Escuela Tecnica Agropecuaria (ETA)

An important output was also the creation of the Consejo Agropecuario Nacional (CAN) in 1965 The CAN played for several years a key role in policy analysis and conciliation of interests prior to the definition of policy measures Also, the Consejos Regionales emerged at that time, however they lasted less than CAN The report of the Academia highlights other contributions towards the strengthening of institutions

The payoff in this area was substantial, but lack of government effort to give continuity to achievements while the projects were in effect, limited the returns to the investment made On the other hand it appears that AID did not insist in the issue of sustainability of the institutions

Non Agricultural Institutions

Without doubt export oriented agriculture benefited substantially from the services and

support provided by CINDE, which was created in 1986 Its main contributions have been in promotion of NTAPs, search for partnerships for trade, technical and commercial information, assistance for project preparation, training, and laboratory services for quality control Without these contributions, NTAPs would have not grown the way they did

INSERT TABLE 6 NON TRADITIONAL AGRICULTURE EXPORTS

The distribution of benefits deserves four comments Opportunities were taken up more rapidly by producers and firms with larger entrepreneurial capacity Many small producers, more than originally expected, shifted towards NTAPs and generated more rents than with traditional products, they derived higher net incomes, yet as it is natural they had to bear higher risks Employment grew dramatically because NTAPs are in general more labor intensive than TAPs Input use also grew substantially and so did imports of imputs Regarding this matter there are no accounts of the net balance of payments benefits of export of NTAPs Finally, regarding environmental concerns, they exist, firms are taking up the challenge, but no assessment is available about impacts An extended program for assistance is needed to allow minimization of negative environmental impacts

In this area the support that focused on organizations as CINDE is also challenged by the sustainability issue When the external support ends, the organization declines in its capacity Once again because probably not enough effort was made to built it stronger Another critique is that the approach did not encourage public private relations, rather strengthening of private sector organizations was taken as an alternative to government

Private Agricultural Organizations, Cooperatives and NGOs

Contributions to private sector organizations were numerous, some of them to built their managerial capacity A case in point is a soft loan to the Fundacion San Vito (FSV), originally planned for US$1 25 million, but with only US$350 000 actually disbursed, which complimented other sources of funding The FSV cleaned 10,000 hectares of virgin forest and developed the most successful coffee farms in the mountains of Coto Brus Now the community includes 60,000 people and it is one of the most prosperous rural areas of the country

INSERT TABLE 8 PROJECTS THAT INVOLVED COOPERATIVES

Numerous AID projects provided support to agricultural producers through cooperatives (Table 8) AID's support to ITCO (later IDA) allowed the institution to work on the creation of 39 cooperatives (production, services and self-selected, or -autogestion) among the beneficiaries of land between 1965 and 1985 Successes and failures of agricultural cooperatives are documented in the work of Aguilar-Bulgarelli and Fallas (1990) In 1965 AID

also supported three Rural Electrification cooperatives (CoopeSantos, CoopeGuanacaste, y CoopeLesca) with soft loan of US$3 3 million They consolidated rapidly, by 1970 they had 8,606 affiliates and by 1986, 37,800 affiliates

5 5 Influence on Policy

Some of the most significant effects of AID in Costa Rican Agriculture, have been made through influence on formulation of policies The strategy of relating to capable and influential professionals had a high payoff in two ways AID capitalized from such professionals to enrich its views and hence its own strategy On the other hand, those professionals' influence with government, were beneficial to AIDs assistance objectives

Through the conditionality on ERS loans of the 1980s AID was most influential on policy reforms regarding liberalization of the economy, elimination of distortions and giving the private sector a more important role The new environment created motivation to export, and many agricultural firms, importers of inputs and exporters benefited from the programs However, the benefits have not extended to all agricultural producers The older and less capable, those in more remote areas and those with outstanding debts are lagging behind As they produce primarily staples, now exposed to free trade, they are not benefiting yet from liberalization AID alone is not to be blamed by this, but perhaps it shares the responsibility with other international organizations that had so much faith in the market that they forgot about transaction costs, market imperfections and structural constraints that allow for the uneven distribution of benefits of free trade

As far as influence on financial reform, the gains have been limited to elimination of subsidies Larger agricultural producers, those that used to capture most of the credit, have seen their rents diminished In general there is a decline in credit from the banking system for agriculture, however it is not certain how is agriculture being financed, as agricultural output has not declined Partnerships, cofinancing with exporters and agroindustrial firms, input supply firms and importers of machinery evidently took a larger share in the finance of agriculture

Interestingly, about the changes in agriculture, influenced by macroeconomic policy reform the rapid growth of NTAPs, apparently did not have a net significant effect in the rate of growth of aggregate agricultural output There are however important intrasector adjustments Corn production began to decline systematically after 1985, while the poultry industry prospered Imports of yellow corn and soybeans grew rapidly to feed the broiler industry Rice had a high rate of growth until 1985, but more or less stabilized after that Concerns about national food security are often mentioned when analyzing these facts, yet it should be considered that employment and income were in general increased, thus increasing the purchasing capacity of consumers

Although supportive of private sector initiatives, policies have not encouraged enough the process of vertical integration and the build up of strategic alliances among actors of the food chain Conflicts of interest have grown with trade liberalization and there are several cases where the chain is about to break because of the absence of strong partnership among actors Rice, beef and dairy are examples

Influences on policy, although beneficial, are controversial The country is now highly dependent on food imports This may reflect apparent lack of competitive advantage, however the products now imported enjoyed for many years distortions in the international markets

5 6 Impact of Education

Investments in higher education in any society have a high payoff AID was very much identified with this view, thus, it contributed to the development of human capital at various levels Support to the Faculty of Agronomy at the UCR, the Escuela Tecnica Agropecuaria, EARTH and several other initiatives count as successful experiences Graduate and undergraduate work and short courses in the U S were another important contribution Between 1950 and 1995, 2,543 fellowships to study in the US were provided Of them 803 were for high school, 503 for government and democracy, 139 for agriculture and 53 for macroeconomics

This was one of the areas of assistance with the highest payoff If one could reconsider the portfolio of assistance, it should be pleased to allocate much more resources to this effort

6 LESSONS OF THE STRATEGY

The strategy followed to provide technical and financial assistance evolved over time as did the goals of such assistance, and the views of about what was expected of it Looking back during 50 years would provide an idea of what were the common elements through time Those who were actors in the relation between government and the USAID provided valuable insights for this section

6 1 The key positive elements

Being fully identified with government goals is a key element that conditions the acceptability of foreign assistance As mentioned early in this paper, there was almost permanent coincidence in the areas of interest for the government and those of USAID technical assistance in agriculture It should be mentioned that the substantial amount of resources contributed during the 1980's in ESR programs, stimulated government interest in

the promotion of NTAPs, thus, once again coincidence was achieved

In more operational aspects, it has been recognized that the following elements contributed to a fruitful relation

- The financial resources under soft conditions and grants, made available with relative flexibility for their use, were most attractive, comparatively with projects of other agencies
- The adequate relations between local staff and foreigners assigned to the projects, and the very positive attitude of staff of the projects, specially in the earlier years, created a good environment for work,
- The simplicity of projects, when this was the case, made them more easily understood by all parts and hence made them more feasible,
- The relations encouraged with US universities promoted the acquisition of knowledge, changes in attitudes and stimulate cooperative efforts,
- Some of the best results were obtained when the projects served as a bridge between the public and the private sector

These limited but meaningful comments highlight the real nature of cooperation It works when it is encouraged and managed with a true sense of partnership

6 2 The Pitfalls

The appreciation of limitations in the vision for technical assistance and the errors in its management, always provide elements for judgment about how to improve The following were referred often as elements from which to derive important lessons

- The weakness of private organizations and public institutions limited the effectiveness in the use of resources, especially when they did not take seriously the initiative for which they were receiving support,
- Quite often, multi-institutional efforts drove projects and staff into confusion and inefficiencies, added up by the rivalry among personnel,
- Frequent changes of staff at AID and at government entities limited the continuity of projects,
- There was limited attention to the fact that small producers (who usually are not consulted) are skeptical and risk averse, thus, their participation in the projects did not always occur as enthusiastically as expected,
- Good intentions for transfer of "imported" technologies ran against the nature of local scenarios, capabilities of producers and other forces that limited their utility

Perhaps these issues and others would have emerged out of the evaluations, had they been made This point was recalled often, suggesting that either the evaluations were not made available or that they were not taken seriously to review projects, while they were being implemented

6 3 The issue of sustainability of achievements

Too often, projects focus on tangible goals as yields, production, employment and income AID projects in Costa Rica were no exception, however, the question is frequently raised as to what did the cooperation really left Three points in particular are of concern, although they are rarely measured the changes in attitudes and capabilities of individuals, the capacity of organizations to follow up and to do better than before and the share of a common vision and goals for the future

Regarding the first point, there is a general agreement that the assistance received was most effective In relation to the capacity of organizations to follow up, this was very much a neglected issue in the agenda for cooperation, even when it should be recognized the limited efforts of government and private organization to focus attention on their own future Finally, with relation to the share of a common vision for agriculture, this is a challenge that persists Its roots are in the weakness of the development models and the divergent views about the role of agriculture among international development organizations

Even though there were limitations in the contributions towards the sustainability of organizations, it should be acknowledged that one of the most meaningful contributions of AID has been its influence in policy reform as such There may be disagreements in the policies, however, it should be recognized that it is fundamental to have good policies

The commitment with the sustainability of institutions and organizations, which has been neglected in past technical and financial assistance initiatives, needs to be internalized in the new efforts for cooperation Many contributions that vanished in inputs and expenditures were only good while the projects lasted, they left little for the future That is why, coming to a close, it is good to remember what one of the interviewed professionals said "Lo malo de la asistencia de la AID es que se termino"■

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Table 1 Production volume of the principal agricultural products
- millions of kilograms -
1957-1991

	1957	1960	1965	1970	1975	1980	1985	1990	1991
Basic products									
Rice	36 0	47 4	48 7	55 6	112 1	230 6	224 6	190 0	182 6
Corn	45 7	49 1	77 3	71 3	67 8	75 3	115 1	66 0	56 6
Beans	13 9	17 5	21 0	12 0	14 6	11 5	22 9	31 6	36 2
Sorghum	0 0	0 0	0 0	0 0	19 8	41 6	54 3	2 8	1 8
Traditional export products									
Bananas	379 5	348 3	406 0	958 7	1 220 7	1,107 5	1,002 8	1,645 6	1769 1
Cacao	7 7	12 1	7 6	4 2	6 6	5 3	4 6	4 2	2 8
Coffee	43 3	56 7	57 3	80 6	85 3	106 4	124 0	152 5	161 6
Sugar cane	538 2	833 3	1,397 2	2,134 8	2,323 9	2,516 5	2,766 7	2,757 1	2950 1
Cattle	54 3	69 3	78 6	111 0	128 9	118 5	122 9	115 2	121 1
Other products									
Pork	4 9	7 0	7 9	9 4	9 6	19 3	25 2	27 2	35 9
Poultry (units)	na	na	na	na	na	12 218 4	14,786 6	24,839 9	26,954 8
Eggs (Millions of units)	196 5	222 5	262 5	274 4	344 3	430 2	227 5	445 7	499 6
Milk (Millions of litres)	97 4	109 2	167 9	206 1	250 8	308 3	365 4	433 9	450 4
Nontraditional export products									
Total (value 000 US$)	na	4,389 0	7,421 0	7,858 0	30,372 0	86,700 0	76,457 0	202,483 7	209,819 2

Source Central Bank of Costa Rica

Table 2 Exports value of nontraditional agricultural products
1963 - 1992
- Thousands of US$ -

Year	Fish	Pineapple	Flowers and foliage	Vegetables	Seeds	Spices ~~Species~~	Eggs and animal products	Breeding ~~Breeders~~ Cattle	Others	Total
1963	na	na	na	na	na	na	na	na	na	4 389
1964	na	na	na	na	na	na	na	na	na	6 749
1965	na	na	na	na	na	na	na	na	na	7 421
1966	na	na	na	na	na	na	na	na	na	8 979
1967	na	na	na	na	na	na	na	na	na	8 046
1968	na	na	na	na	na	na	na	na	na	8 976
1969	na	na	na	na	na	na	na	na	na	9 027
1970	na	na	na	na	na	na	na	na	na	7,858
1971	na	na	na	na	na	na	na	na	na	8 738
1972	na	na	na	na	na	na	na	na	na	11 489
1973	na	na	na	na	na	na	na	na	na	16,001
1974	na	na	na	na	na	na	na	na	na	20,584
1975	na	na	na	na	na	na	na	na	na	30 372
1976	na	na	na	na	na	na	na	na	na	33 892
1977	na	na	na	na	na	na	na	na	na	52 109
1978	na	na	na	na	na	na	na	na	na	65 910
1979	na	na	na	na	na	na	na	na	na	67 083
1980	na	na	na	na	na	na	na	na	na	86 700
1981	na	na	na	na	na	na	na	na	na	63 761
1982	na	na	na	na	na	na	na	na	na	58 346
1983	na	na	na	na	na	na	na	na	na	62 892
1984	na	na	na	na	na	na	na	na	na	89 086
1985	na	na	na	na	na	na	na	na	na	76 457
1986	32 663	18 633	23 760	8 578	3 990	1 327	100	1 231	57	90 338
1987	32 815	27 602	31 676	10 030	5 008	1,683	71	1,906	173	110 964
1988	47 469	39 890	37 739	13,315	12 175	2 141	357	3 849	325	157 261
1989	54 764	54 685	43 263	19 183	9 092	2 913	1 206	325	486	185 918
1990	49 517	56 627	58 462	22 677	9 813	2 922	824	987	653	202 484
1991	44 155	62 543	58 676	29 750	8 284	2 853	1 578	1 368	613	209 819
1992	79 961	77 070	67 024	33 927	10 637	2 624	1 197	584	893	273 916

Source Central Bank of Costa Rica

Table 3 USAID cooperation to Costa Rica
Agricultural sector and Rural development
1948-1995
- thousands of US$ 1987 -

	I	II	III	IV	Total		
	48-61	62-72	73-81	82-today	US$	%	Numb
National level projects							
Assistance and development							
Agriculture	31,038	38,942	25 085	2,182	97,247	26 3%	29
Rural development	1 141	57,027	18,737	4 957	81 861	22 1%	7
Total	**32,178**	**95,969**	**43,822**	**7,139**	**179,108**	**48 4%**	**36**
Public law - 480							
Agriculture	0	0	0	63 791	63 791	17 2%	49
Rural development	0	0	0	29 625	29 625	8 0%	54
Total	**0**	**0**	**0**	**93,415**	**93,415**	**25 3%**	**103**
Economic stabilization and recovery							
Agriculture	0	0	0	14,822	14 822	4 0%	6
EARTH	0	0	0	82,487	82 487	22 3%	1
Total	**0**	**0**	**0**	**97,309**	**97,309**	**26 3%**	**7**
Total							
Agriculture	31 038	38,942	25 085	163,282	258,347	69 9%	85
Rural development	1,141	57,027	18,737	34,582	111,486	30 1%	61
Total	**32,178**	**95,969**	**43,822**	**197,863**	**369,832**	**100 0%**	**146**
Regional and centrally-funded projects 1/							
Assistance and development							
Agriculture	0	35 941	16 964	58 334	111 238	100 0%	11
Total	**0**	**35 941**	**16 964**	**58 334**	**111 238**	**100 0%**	**11**

1/ Cooperation from ROCAP and USAID/Washington Information related to specific amounts spent in Costa Rica not available

Source USAID/CR files and MIDEPLAN

Table 4 USAID cooperation to agriculture sector and rural development by type of projects 1942-1993
- thousands of US$ 1987 -

Development assistance	I 48-61	II 62-72	III 73-81	IV 82-today	Total US$	Total Numb
AID/CR	**32,178**	**95,969**	**43,822**	**7,139**	**179,108**	**36**
Agriculture	**31,038**	**38,942**	**25,085**	**2,182**	**97,247**	**29**
Credit	19,617	34,884	0	0	54,501	4
Productiv, Produc, Diversific	9,469	2,638	9 121	0	21,228	15
Land titling and settlement	0	0	13 947	0	13 947	1
Education	1 902	1 420	0	0	3 323	3
Marketing and agroindustry	0	0	956	2,119	3 075	2
Institutional strengthening	0	0	1,061	64	1,124	3
Animal health	49	0	0	0	49	1
Rural development	**1,141**	**57,027**	**18,737**	**4,957**	**81,661**	**7**
Regional and centrally-funded projects 1/	**0**	**35,941**	**16,964**	**58,334**	**111 238**	**11**
Institutional strengthening	0	35 941	0	7,097	43 038	3
Education	0	0	0	35 381	35 381	1
Productiv Produc y Diversific	0	0	9 359	8 382	17 742	5
Animal health	0	0	7 605	7 472	15 077	2
Public Law 480	**0**	**0**	**0**	**93,415**	**93,415**	**103**
Agriculture	**0**	**0**	**0**	**63 791**	**63,791**	**40**
Land titling and settlement	0	0	0	17 491	17 491	7
Productiv Produc y Diversific	0	0	0	16 345	16 345	9
Irrigation	0	0	0	9 834	9 834	8
Marketing and agroindustry	0	0	0	9 323	9 323	11
Credit	0	0	0	5 636	5 636	2
Animal health	0	0	0	3 706	3 706	6
Information	0	0	0	727	727	2
Institutional strengthening	0	0	0	544	544	3
Education	0	0	0	195	195	1
Rural development	**0**	**0**	**0**	**29 625**	**29 625**	**54**
Highways and rural roads	0	0	0	23 112	23 112	23
Waters and sewerage	0	0	0	3 424	3 424	16
Integrated rural development	0	0	0	1 507	1 507	3
Land fills	0	0	0	370	370	3
Rural Housing	0	0	0	187	187	1
Electrification	0	0	0	108	108	3
Health clinics	0	0	0	38	38	2
Others	0	0	0	660	660	3
Economic Stabilization Funds	**0**	**0**	**0**	**97,309**	**97,309**	**7**
Agriculture						
Education	0	0	0	82 487	82 487	1
Productiv Produc, Diversific	0	0	0	13 528	13 528	4
Institutional strengthening	0	0	0	1 291	1 291	1
Information	0	0	0	3	3	1
Total in Costa Rica	**32,178**	**95 969**	**43,822**	**197,863**	**369,832**	**146**
by type of projects						
Agriculture	**31 038**	**38 942**	**25 085**	**163 282**	**258 347**	**85**
Education	1 902	1 420	0	82 672	85 995	5
Credit	19 617	34 884	0	5 636	60 137	6
Productiv Produc y Diversific	9 469	2 638	9 121	29 873	51 101	28
Land titling and settlement	0	0	13 947	17 491	31 438	8
Marketing and agroindustry	0	0	956	11 442	12 398	13
Irrigation	0	0	0	9 834	9 834	8
Animal health	49	0	0	3 706	3 755	7
Institutional strengthening	0	0	1 061	1 899	2 960	7
Information	0	0	0	729	729	3
Rural development	**1,141**	**57,027**	**18,737**	**34,582**	**111,486**	**61**

1/ Cooperation from ROCAP and USAID/Washington Information related to specific amounts spent in Costa Rica not available

Source USAID/CR files and MIDEPLAN

Table 5 Long and short term trainig outside of Costa Rica by sectors

Sector 1/	Number of 2/ Scholarships	%
Government and democracy	506	29 1%
Education	446	25 6%
Other areas	375	21 6%
Agriculture	139	8 0%
Health	109	6 3%
Economics	53	3 0%
Infrastructure	45	2 6%
Natural resources	41	2 4%
Trade	24	1 4%
Finance	2	0 1%
Total	**1,740**	**100 0%**
Highschool	**803**	**100 0%**
Total	**2,543**	—

1/ This refers to the sectors covered in this retrospective study Democracy for example includes short term training for municipal leaders

2/ Taken from a sample of all scholarships recipients

Source USAID/CR files

Table 6 Policy Areas and Effects of USAID assistance in Costa Rica

Policy areas (rows)		Indicators of policy effects (columns)
1 Production oriented actions and credit	A	1 Capabilities of people 2 Technology adoption 3 Modification of crop mix, returns and risk reduction
2 Rural development, rural infrastructure	B	4 Efficiency in use of resources, productivity improvement
3 Strengthening agricultural institutions 4 Strengthening non agricultural institutions and organizations 5 Strengthening private sector organizations, NGO's and cooperatives	C	5 Farmers income and capital stock - small, medium and large 6 Employment among the poor 7 Foreign exchange earnings 8 Environmental impacts 9 Strength of rural organizations 10 Efficiency in marketing and vertical integration
6 Influence on agricultural policy 7 Economic, financial and comercial policy	D	
8 Agricultural education 9 Economic and formal education and research	E	

Table 7 The initial years STICA's focus on agriculture, 1942-1955

Main programs	Sample of achievements
Soil and water conservation	33 extension agencies
Irrigation and drainage	44 costaricans completed graduate studies in agriculture and natural resources
Forestry	
Crop improvement	Increased productivity of coffee
Family gardens	Pasture and forage improvement
Agricultural machinery	Six regional cacao centers established
Plant disease and control	
Storage of agricultural products	Establishment of agronomy faculty at UCR
Animal husbandry	
Animal disease control	
Rural constructions	
farmers organizations	
4S Clubs	
Home management	

Source USAID Point IV in action in Costa Rica

Table 8 Projects that involved cooperatives under USAID programs

Code	Project name
	Development assistance
Agricultural projects	
5150117	Agricultural development program
5150120	Rural development program
5150127	Soybean production and food mix processing
5150148	Agrarian settlement and productivity
5150158	Integrated rural development II
5150224	Development of community-based agricultural enterprises
5150227	Agricultural Cooperative Development International
5150248	Cooperative strengthening
5150911	Cacao and coffee division
5150916	Coop research
9380280	Technoserve
Rural infrastructure projects	
5150167	Rural electrification
5150192	Rural electrification
	Public Law 480
Agricultural projects	
1	Estudio de procesamiento y comercialización de vegetales
15	Fondo rotativo organizaciones productivas de Perez Zeledon
39	Estudio para la industrial y comercial Leche Coto Brus
73	Fortalecimiento comercialización en COOPELLANOVERDE
75	Credito agropecuario a traves del sistema cooperativo
203	Planta procesadora de vegetales congelados
230	Camara de refrigeracion (COOPETIERRABLANCA)
Rural infrastructure projects	
99	Proyecto de vivienda rural
147	Electrificacion de Puerto San Pablo de Nandayure
220	Electrificacion asentamiento Ulima - San Carlos
	ESR
Agricultural projects	
5150186	Bco INTERFIN (oil palm cooperative)
5150192	COFISA/FEDECOOP

Source USAID/Washington and USAID/CR files and MIDEPLAN

Figure 1. Sources of influence on agriculture

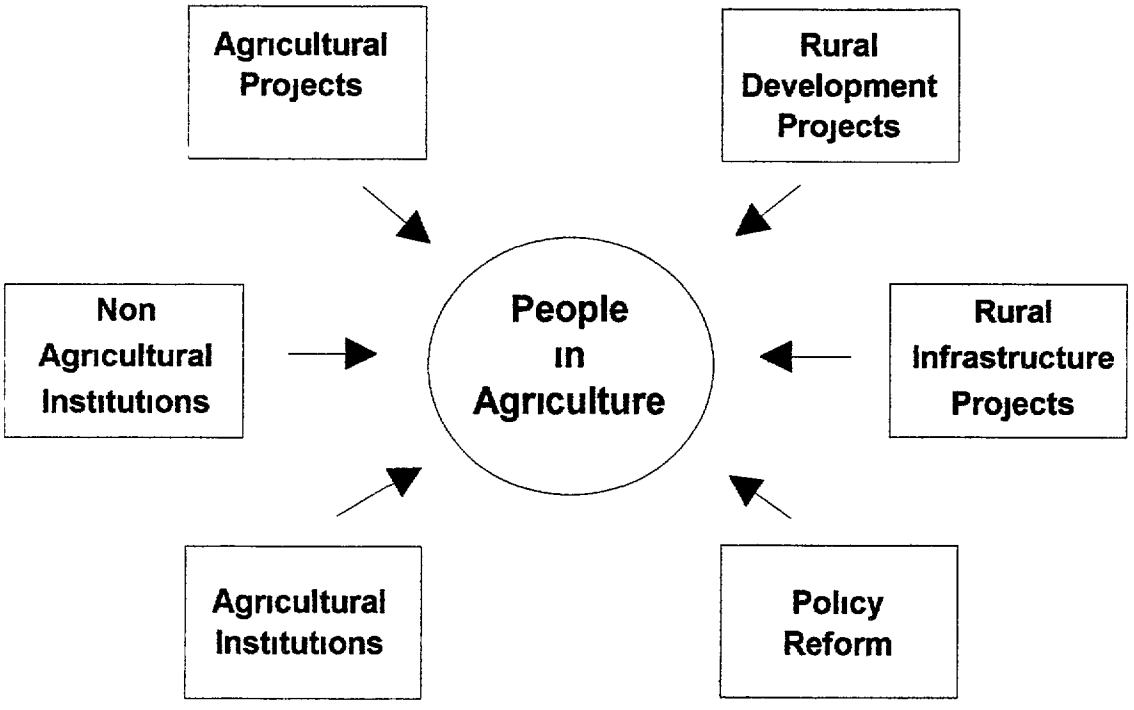
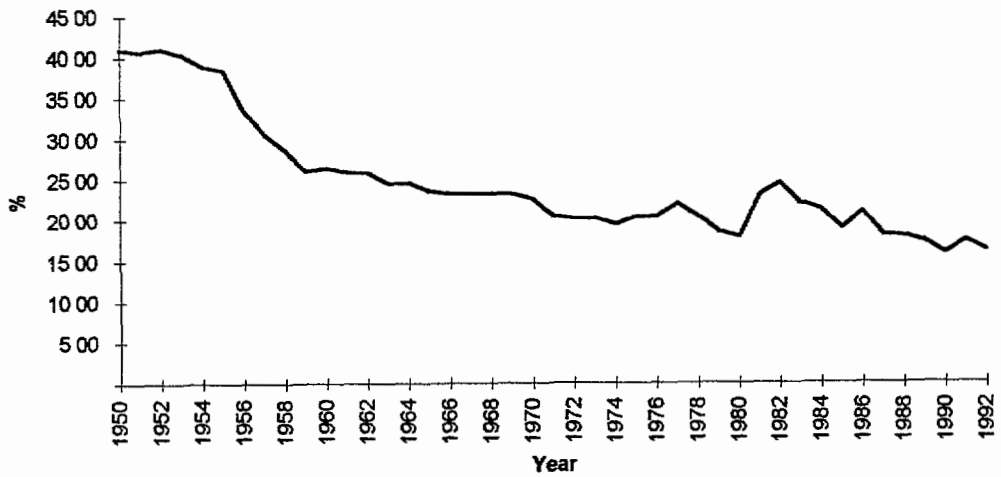
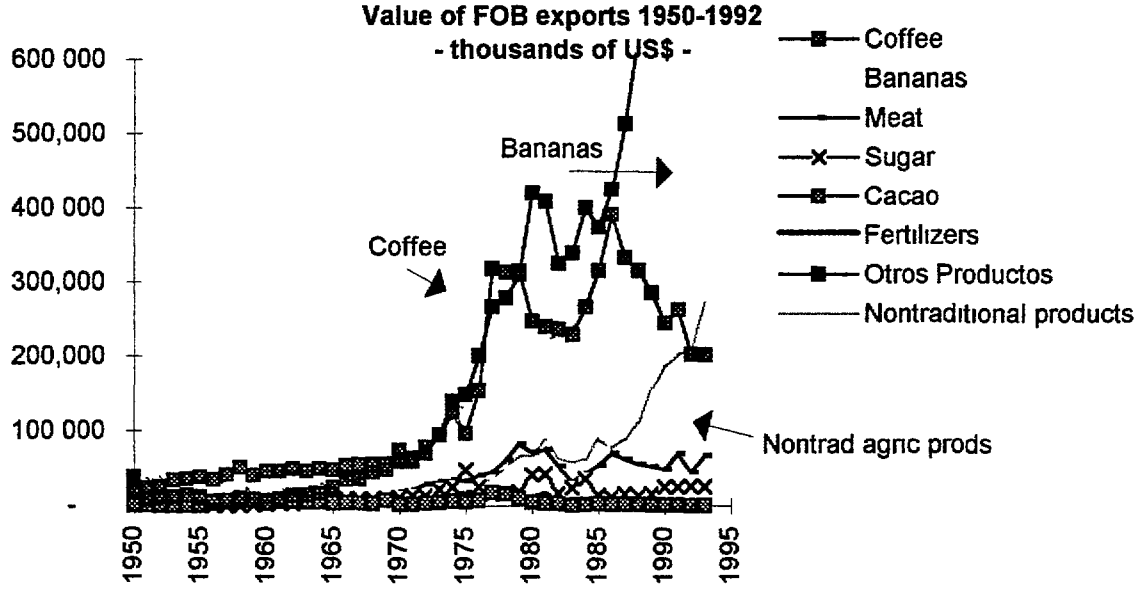


Figure 2 Agriculture as a percentage of GNP 1950-1992



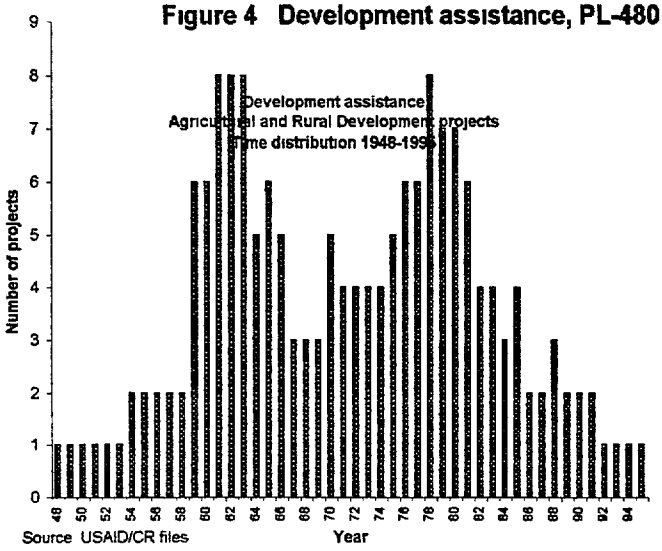
Source Central Bank of Costa Rica

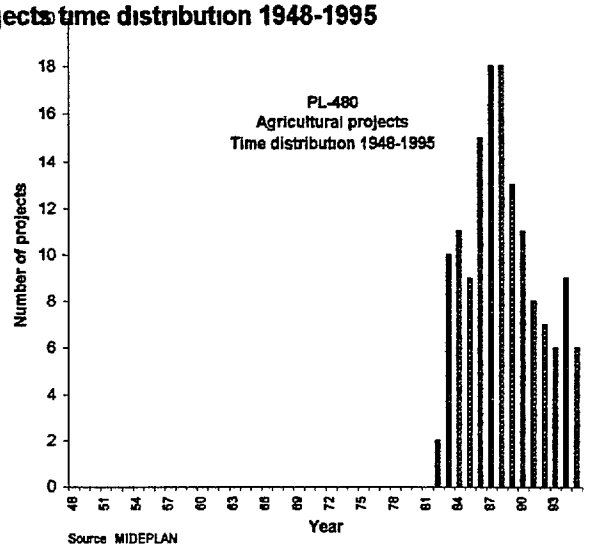
Figure 3 Principal agricultural products
Value of FOB exports 1950-1992
- thousands of US$ -

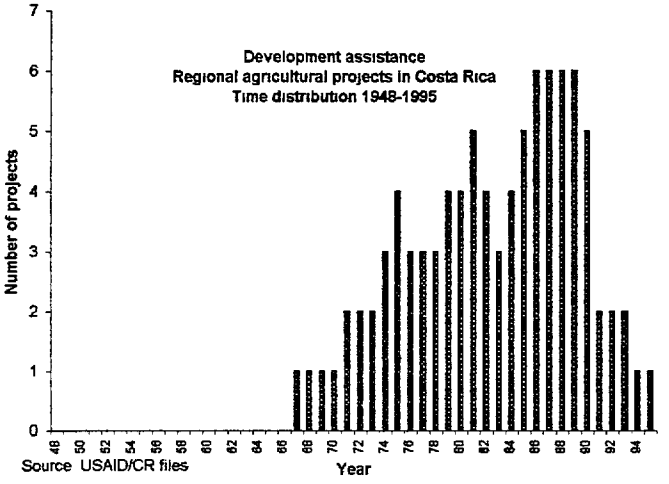


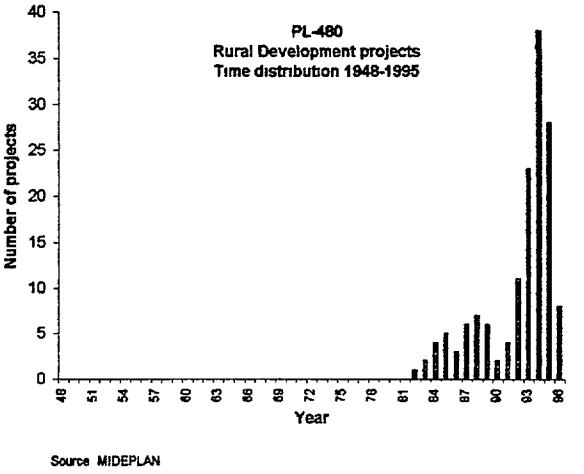
Source Central Bank of Costa Rica

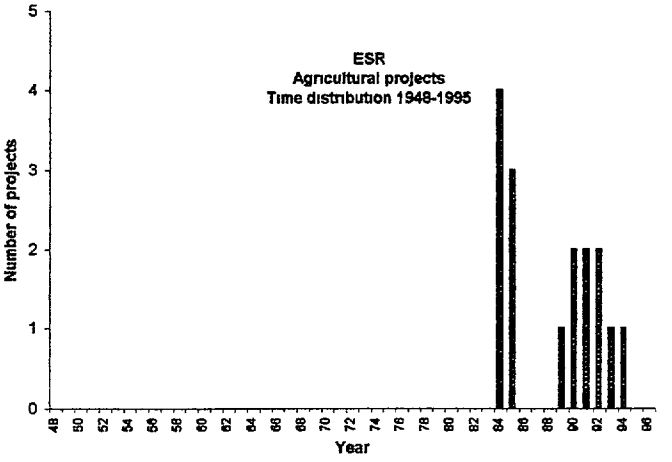
Figure 4 Development assistance, PL-480 and ESR projects time distribution 1948-1995





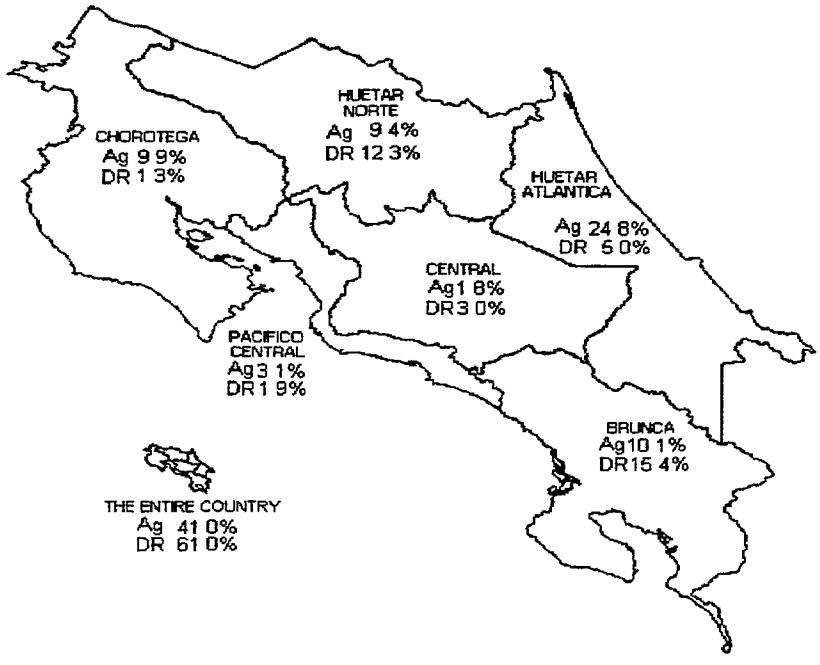






Source USAID/CR files and MIDEPLAN

Figure 5
PL-480
Agricultural and Rural Development projects
Geographical distribution of the investment
-percentages-
1982 - 1996



Ag Agriculture DR Rural development
Source MIDEPLAN

PL-480
Agricultural projects
Geographical distribution of the investment
- thousands of US$ 1987 -

	US $	%	Numb Proj
The entire country	26 167	41 0%	20
Huetar Atlantica	15 793	24 8%	4
Brunca	6,442	10 1%	6
Chorotega	6 302	9 9%	4
Huetar Norte	5,987	9 4%	8
Pacifico Central	1,962	3 1%	4
Central	1,137	1 8%	3
Total	**63,791**	**100 0%**	**49**

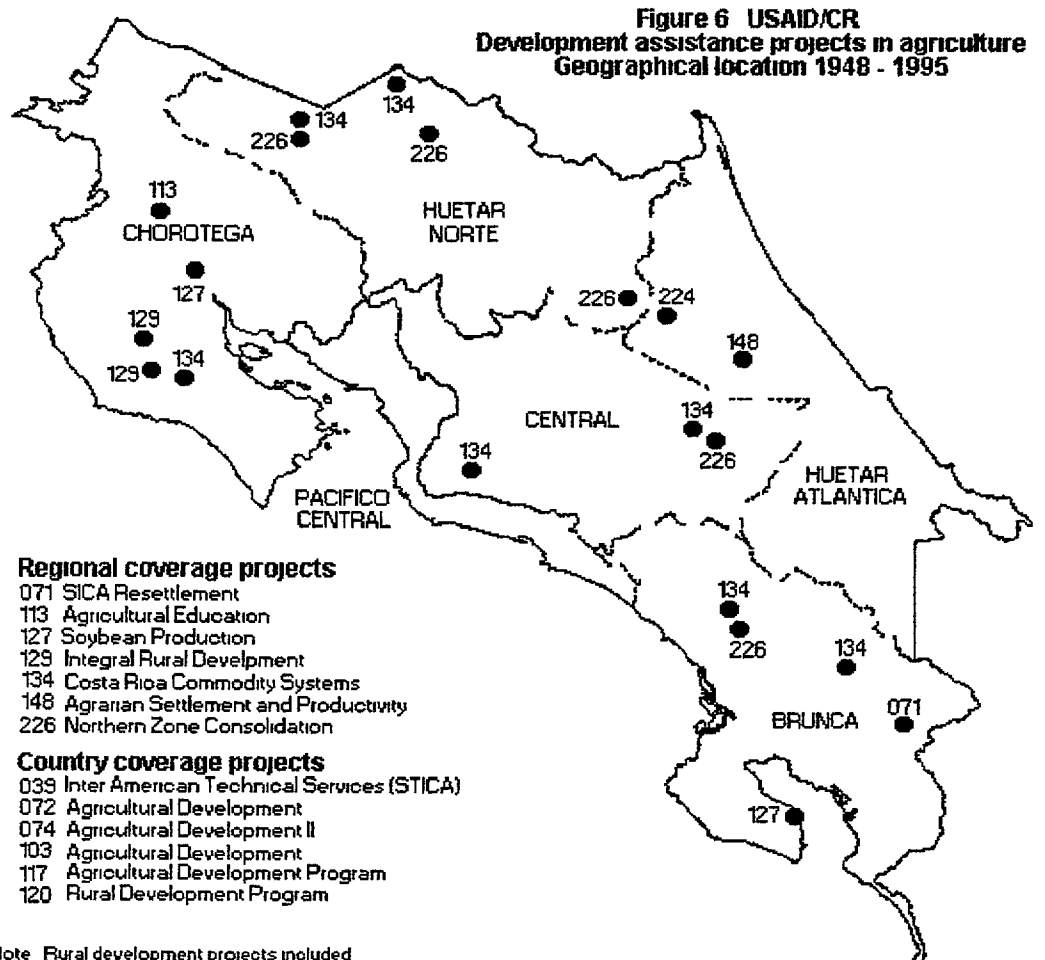
Source MIDEPLAN

PL-480
Rural development projects
Geographical distribution of the investment
- thousands of US$ 1987 -

	US $	%	Numb Proj
The entire country	18,075	61 0%	8
Brunca	4,565	15 4%	8
Huetar Norte	3,646	12 3%	12
Huetar Atlántica	1,487	5 0%	5
Central	896	3 0%	11
Pacifico Central	567	1 9%	5
Chorotega	388	1 3%	5
Total	**29,625**	**100 0%**	**54**

Source MIDEPLAN

Figure 6 USAID/CR
Development assistance projects in agriculture
Geographical location 1948 - 1995



Regional coverage projects
071 SICA Resettlement
113 Agricultural Education
127 Soybean Production
129 Integral Rural Develpment
134 Costa Rica Commodity Systems
148 Agrarian Settlement and Productivity
226 Northern Zone Consolidation

Country coverage projects
039 Inter American Technical Services (STICA)
072 Agricultural Development
074 Agricultural Development II
103 Agricultural Development
117 Agricultural Development Program
120 Rural Development Program

Note Rural development projects included
Source USAID/CR files and personal interviews