

CLASSIFICATION
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE 10/11/79 Rural Cooperative Upgrading	2. PROJECT NUMBER 513-0296	3. MISSION/AID/W OFFICE USAID/CHILE
	4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <u>513-79-4</u> <input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	

5. KEY PROJECT IMPLEMENTATION DATES	6. ESTIMATED PROJECT FUNDING	7. PERIOD COVERED BY EVALUATION
A. First PRO-AG or Equivalent FY <u>70</u>	A. Total \$ <u>394,597</u>	From (month/yr.) <u>May 1, 1978</u>
B. Final Obligation Expected FY <u>70</u>	B. U.S. \$ <u>250,000</u>	To (month/yr.) <u>August 31, 1979</u>
C. Final Input Delivery FY <u>80</u>		Date of Evaluation Review <u>September 1979</u>

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., sirgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
Revised Logical Framework and Annex A, Project Description, of Project Agreement submitted herewith.	Rural Development Officer	Completed
Reprogram Contingency Funds & Commodity Funds	RDD Officer	Oct. 31, 1979

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT
<input type="checkbox"/> Project Paper <input type="checkbox"/> Implementation Plan e.g., CPI Network <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Financial Plan <input type="checkbox"/> PIO/T <input type="checkbox"/> Logical Framework <input type="checkbox"/> PIO/C <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Project Agreement <input type="checkbox"/> PIO/P	A. <input checked="" type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change implementation Plan C. <input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)	12. Mission/AID/W Office Director Approval
	Signature <i>Richard F. Apodaca</i>
	Typed Name Richard F. Apodaca
	Date <u>9/27/1979</u>

13. SUMMARY

Project funding had been scheduled as an over \$1 million project to be obligated over three years, beginning in the Transition Quarter (CY 1976). A project agreement obligating \$250,000 was executed shortly before IFICOOP's financial problems came to light, and before it was intervened. (See evaluation of Loan 513-T-065.) Due to the termination of the U. S. assistance to Chile, in June 28, 1977, no funds beyond the \$250,000 obligated were provided to the project. Due to the fact that IFICOOP's management was fully absorbed in the (bankruptcy) intervention proceeding the project was delayed. The project was redesigned and reduced in scope and has, within the framework, been outstandingly successful given the resources available.

14. EVALUATION METHODOLOGY

This is a regular evaluation. Reports of project implementation officer, field trips, interviews with beneficiaries, coop officers receiving training, PVO officials cooperating in the project and reports by government officials provided information on which to base this evaluation.

15. EXTERNAL FACTORS

The original purpose of the grant was to improve the efficiency and adequacy of the managerial capacity and service capability of rural coops primarily of low income farmers or artisan fishermen. There was a sub-purpose - to broaden and strengthen IFICOOP's capacity to efficiently provide relevant services to rural poor member-based coops.

The objectively verifiable indicators for the purpose in the original project were made meaningless by the reduction of the grant from the proposed \$1,016,000 to be obligated over three years to \$250,000 all obligated in September 1976. The original goal and basic purpose remained the same but the indicators inputs and outputs were changed.

There was one major assumption that proved faulty, i.e., that the "GOC will continue to support cooperatives through favorable policies" and one important assumption that was unstated - "that IFICOOP would remain a financially sound institution."

The GOC adopted a laissez faire capitalistic attitude which forced the coops to sink or swim as any other business and IFICOOP almost went bankrupt. Based upon these rather momentous changes we reexamined the grant and developed new methods of accomplishing much reduced purposes (i.e., our assistance could not reach as many coops) and focusing on others which needed to be accomplished if the goal was to be met.

The revised project has been basically successful in meeting the project purpose albeit on a greatly reduced scale.

First, it was obvious to A.I.D. that TA could be more efficiently made available to small farmers if done through voluntary organizations like coops. TA was a sine qua non if the rural lending activities of INDAP and IFICOOP were to be continued and the small farmers were to be made market oriented producers. The Mission believed that it would be possible to convince the GOC - under the assumption that the GOC wanted small farmers to survive and become productive - that coops or similar institutions could be encouraged and assisted to grow. They would not exist as protected and subsidized non productive units existing as channels for transfer payments, but would be helped to become strong entities which could provide real services to their members.

Thus one aim of A.I.D.'s three projects in the agricultural field (a sub-purpose of this project) was to assist the GOC in reaching this realization. A second aim was to find, build or strengthen institutions which could play the role IFICOOP could not play, at least in the intermediate run, of providing services to rural poor member based coops. Two Private Voluntary Agencies were found, one in the Tenth Region (Fundación Pedro de Valdivia) and one in the Sixth Region (PLANDER - now called CORPRIDE). These were used to provide TA to the coops. The assistance of AUDICOOP, a private non-profit institution which provides auditing services to coops and training to coop managers and members in accounting systems and CECUC (Centro de Estudios Cooperativos of Catholic University) which provides instruction to coop managers and members in business administration, was also sought.

16. INPUTS

New inputs were decided upon in keeping with the changed conditions.

1. The Resident Advisor to IFICOOP was retained.
2. Centro de Estudios Cooperativos de la Universidad Católica (CECUC) and Instituto Auditoría Cooperativo (AUDICOOP) services to prepare training manuals (see Outputs).
3. The following commodities were to be procured: Audio visual equipment; training equipment; office equipment; vehicles. None of these were purchased. Necessary transport, teaching aids and office equipment were supplied by Fundación Pedro de Valdivia and CORPRIDE
4. Support costs - office space, utilities, secretarial assistance and vehicle operation and maintenance were provided by IFICOOP as planned.
5. Seven monitors were hired and trained (one has since resigned) by CORPRIDE and Fundación Pedro de Valdivia to render technical assistance to Management, directors and officers of up to nine cooperatives and two federations. These monitors were supervised by two employees, one from CORPRIDE and the other from Fundación Pedro de Valdivia.
6. Consultant services were rendered prior to intervention of IFICOOP and before reduction of the scope of the project. It has had little practical significance in view of these events.

17. OUTPUTS

The revised outputs contemplated were:

Feasibility studies and diagnosis of the problem of 20 cooperatives or federations principally servicing small farmers to determine long term viability of enterprise if financial and managerial assistance were provided.

Professors of AUDICOOP and CECUC developed training manuals on operations and accounting giving one week training courses to 30 cooperative managers and leaders, covering institutional organization, economics and financial planning - basic accounting and internal control.

In the Sixth Region, CORPRIDE was able to mobilize regional resources to accomplish the following:

Training 5 program monitors to give managerial and accounting assistance (On-the-job Training) to managers of 7 cooperatives as well as 30 mini courses and talks on various aspects of cooperative management.

The TA and OJT (On-the-job-Training) encompasses:

1. Organizational structure and/or assistance in restructuring.
2. Definition of policies.
3. Definition of action guidelines.
4. Financial analysis of productive activities.
5. Implementation of systems of budgeting.
6. Updating delinquent books and records.

In the Tenth Region the Fundación Pedro de Valdivia, a non profit private corporation, accomplished the following:

-Professors of the Universidad Austral in Valdivia, gave one week training courses to 30 cooperative managers and leaders covering institutional organization, economics and planning - basic accounting and internal control.

-Trained 4 program monitors to give managerial and accounting assistance (OJT) to managers of 9 cooperatives as well as 16 mini courses and talks on various aspects of cooperative management. (Two additional cooperatives received assistance in the early phases of the program but their economic base was not strong enough to permit their survival.)

The TA and OJT encompasses:

1. Organizational structure or restructure.
2. Financial and economic analysis of productive activities.
3. Implementation of systems of budgeting.
4. Updating delinquent books and records.

To date 10 full time week long courses were given directors and members of coops by CORPRIDE and Pedro de Valdivia, covering:

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1. Institutional organization,
2. Economic and financial planning, and
3. Basic accounting and control.

35 talks to cooperative members by monitors on same subjects were also scheduled.

1,500 monitor days of on-the-job training to cooperative employees and managers were programmed covering:

1. Organizations structure and functional descriptions,
2. Definition of policy,
3. Review and update of procedures,
4. Financial analysis of activities,
5. Development of budgeting systems,
6. The posting to date of books and records,
7. AUDICOOP provided assistance in preparing training manuals on management cooperatives,
8. Cooperative accounting.

It is only fair to point out that it was easier to plan the inputs and outputs for the reduced program (eventually covering a 1 year period) than for a larger program of longer duration.

18. EVALUATION FINDINGS ABOUT PURPOSE

The purpose of this project is to improve the efficiency and adequacy of the managerial capacity and service capability of rural cooperatives which are primarily composed of low income traditional farmers or artisan fishermen. A related sub-purpose is to broaden and strengthen the capacity of the Cooperative Finance Institute "(IFICOOP") and other institutions to provide relevant and efficient services to these rural cooperatives.

As a result of the program there were:

15 functioning coops and 2 federations assisted, which now have improved management, financial control systems, defined corporate purpose serving 4,000 small farmers or fishermen. Two coops were found to be beyond assistance or not viable even if adequate management could be provided.

The impact of the program is manifested by:

1. Greater involvement by the members in coop activities and greater interest in cooperative management.
2. The fact that two coops fired inefficient managers and replaced them with more qualified personnel.
3. Tendency for members to order own records in same manner that coop keeps its books.
4. Better marketing programs.
5. Eight coops have formed a second level cooperative without direct assistance or urging on without TA.
6. Ten coops in Curicó (VII Region) have asked for TA under the program.

19. EVALUATION FINDINGS ABOUT GOALS

The goal of the project was (1) to increase agricultural production for both domestic consumption and export in order to eliminate Chile's net food deficit and strengthen the balance of payments situation; and (2) to improve the socio-economic position of the low income rural population.

This goal, although unchanged, cannot be meaningfully measured in terms of project evaluation. The progress Chile has made on the economic front and in agricultural production increases have been reported on at length by the Mission and the Embassy economic staff. IFICOOP has been able to renegotiate delinquent loans owed by coops serving small farmers on the basis of improvements brought about by this project. There have been six such loans. Without these renegotiations these coops would have faced bankruptcy and the fragile coop system now being strengthened would have probably collapsed.

20. BENEFICIARIES

The 15 cooperatives directly benefited under this project have 6,000 members, almost all of whom are either farmers having less than 12 basic irrigated hectares of land or small artisan fishermen.

21. EVALUATION FINDINGS ABOUT UNPLANNED EFFECTS

The faulty assumption that the GOC would support cooperatives with favorable policies and the failure of IFICOOP to be able to

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provide the resources planned for the project brought about some unplanned effects. Non profit organizations working with cooperatives were strengthened and through these activities the role of supported but unsubsidized cooperatives has been highlighted.

22. LESSONS LEARNED

It is the role of efficient cooperatives which brings benefits to cooperative members through the cooperative movement. Far too often cooperatives are used as convenient but inefficient mechanisms through which to channel transfer payments to members. In the competitive free market economy the far more useful role of businesses run by and for the small farmer or fisherman to efficiently market his produce or buy supplies for him is emerging.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY TQ to FY 79
Total U. S. Funding 1,615,000
Date Prepared: 15 AUGUST 1978

Project Title & Number: Rural Cooperative Upgrading

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>(1) To increase agricultural production for both domestic consumption and export in order to eliminate Chile's net food deficit and strengthen the balance of payments situation; and, (2) to improve the socio-economic position of the low income rural population.</p>	<p>Measures of Goal Achievement:</p> <p>(1) Progress in meeting GOC 1980 targets of 43% increase in agricultural production; 16% increase in land under cultivation; 112% increase in food exports; and 65% decrease in food imports, utilizing 1975 as the base year.</p> <p>(2) Average annual income of the target family will increase by more than the rate of inflation on an annual basis through 1980.</p>	<p>(1) Analysis of field data collected through Ministry of Agriculture under Agricultural Policy Planning Information System (PPIS).</p> <p>(2) National statistics primarily provided by the National Statistics Institute (INE) and the Ministry of Agriculture Planning Office (ODEPA).</p>	<p>Assumptions for achieving goal targets:</p> <p>(1) GOC will continue pricing policies, fiscal support, extension, research and other programs for agricultural recovery.</p> <p>(2) Chile's agricultural sector has significant export expansion potential.</p> <p>(3) Continued GOC interest in low income farmer development programs.</p>

Attachment I
Annex I
Grant Agreement No. TQ-002

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: 10
From FY__ to FY__
Total U.S. Funding _____
Date Prepared _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Project Purpose:</u> To improve the efficiency and adequacy of the managerial capacity and service capability of rural cooperatives primarily composed of low income farmers or artisan fishermen.</p> <p><u>Sub-Purpose</u> To broaden and strengthen private, including IFICOOP, and GOC capacity to provide relevant and efficient services to rural poor-member-based coops.</p>	<p><u>Conditions Expected at End of Project:</u></p> <ol style="list-style-type: none"> 1. Train and employ 7 persons capable of providing TA and OJT to coop managers and members. 2. Identify 20 viable cooperatives & improve administration of 15 of them. 3. 85% of the 15 coops assisted will be capable of providing their members with the services for which the coops were organized. 4. 85% of the managers, accountants & cashier/secretaries of the coops assisted will be able to execute their job functions effectively & efficiently. 5. 85% of the members of the boards of directors and various committees of the coops, assisted, will be able to effectively perform the function of their respective roles in the cooperatives. 6. 85% of the 15 coops assisted will be able to qualify for credit and project related technical assistance from IFICOOP and other lending institutions such as BECH, INDAP, etc. <p><u>Sub-Purpose</u> Institutionalize the upgrading activity by continuing the activities of monitors in two regions. GOC will reestablish limited support of cooperatives through favorable policies.</p>	<p>(1) Baseline data collected at beginning of project as coops are selected for participation and survey made at termination of project as part of evaluation plan.</p> <p><u>Sub-Purpose:</u> IFICOOP's books and records.</p>	<p>(1) Cooperative model of organization offers greater advantages to low income farmers than other sources or models of organized services and assistance. (2) Cooperative personnel trained in this project will remain at their cooperatives for a reasonable period of time in which the cooperative will have demonstrably benefitted from the upgraded skill level of these personnel.</p> <p><u>Sub-Purpose:</u> IFICOOP remains committed to actively supporting low income farmer cooperatives.</p>

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

Life of Project:
From FY__ to FY__
Total U.S. Funding _____
Date Prepared _____

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Outputs: (1) train cooperative personnel in formal courses prepared & presented. (2) on-the-job training provided. (3) 7 monitors capable of providing TA & OJT to coops.</p>	<p>Output Indicators: (1) 10 weeks of formal course presentation on the various subject matter, including cooperative management, organization, communications, finance, technical assistance, production, marketing, etc. (2) 1,500 monitor days of on-the-job training assistance provided by upgrading staff of organizations utilizing grant funds.</p>	<p>(1) IFICOOP's Books and Records. (2) Periodic progress reports submitted to USAID by IFICOOP.</p>	<p>(1) Target cooperatives already have or are able to obtain managerial and administrative personnel with the potential and minimum qualifications upon which the proposed upgrading activities can develop improved management and leadership capabilities.</p>

**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

Project Title and Number Rural Cooperative Upgrading

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INPUTS	INPUT CATEGORIES				MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	A. I. D.	IFICOOP T. A. 065	IFICOOP (own res.)	COOPS		
1) Resident Advisor					(1) USAID disbursement records.	(1) Well established cooperatives will provide
2) Consultant services for making training manuals and training monitors.	1. 30240	--	--	--	(2) IFICCOOP books and reports.	the support necessary for the in-service training,
3) Commodities: audio-visual and training equipment; office equipment; vehicles.	2. 40770	--	--	--	(3) Cooperatives' books and reports.	(2) Effective coordination and support will be provided from other cooperative organizations such as ICECOOP, AUDICOOP and the Confederation of Campesino Cooperatives; from private consulting organizations; and from the university cooperative research programs.
4) Support costs: office rent and utilities; secretarial assistance; vehicle operation and maintenance.	3. 10950	--	--	--		
	4. --	--	57,663	11,000		
	5. 156140	65,334	--	--		
	6. 11900	--	--	--		
5) Training: formal courses and on-the-job training extended through two regional non-profit institutions: PLANDER Pedro de Valdivia.	7. --	10,600	--	--		
6) Consultant services for evaluation.						
(7) Contingency funds.						
	250000	75,934	57,663	11,000		

Project Title: Rural Cooperative Upgrading
Project Number: 513-0296

PROJECT DESCRIPTION

A. BACKGROUND

With the concurrence of the Government of Chile, the U. S. Agency for International Development ("A.I.D.") entered into a program of assistance with the private Cooperative Finance Institute ("IFICOOP"). Funding was reduced and conditions changed, therefore, the project had to be redesigned.

In redesigning this project the Grantor and Grantee (IFICOOP):
(1) agree that strong cooperatives can provide an institutional framework useful for overcoming the present constraints to increasing production, developing domestic and export markets in order to eliminate Chile's net food deficit and strengthen the balance of payment situation, and improving the socio-economic position of the low-income rural population; and (2) recognize that:

a) The Chilean Government policy is to eliminate state subsidies and reduce state involvement in production activities wherever private sector participation can and will be forthcoming;

b) The consolidation of existing rural-based institutions will require that second and third level cooperative organizations expand their activities and primary level cooperatives that have an uneconomically small production base will be compelled by necessity to consolidate into Cooperativas Agropecuarias or merge with larger Cooperativas Agrícolas in order to achieve economies of scale and attract capable management talent; and

c) Agriculture cooperative promotion and organization needs greatly exceed the capacity of the cooperative movement to provide adequate training, technical assistance and financial support to the large number of newly organized agricultural cooperatives.

B. OBJECTIVES

The purpose of this project is to improve the efficiency and adequacy of the managerial capacity and service capability of rural cooperatives which are primarily composed of low-income traditional farmers or artisan fishermen. A related sub-purpose is to broaden and strengthen the capacity of the Cooperative Finance Institute ("IFICOOP") and other institutions to provide relevant and efficient services to these rural cooperatives. Attachment I to this Annex provides the summary of the Project design set forth in a logical framework format.

To achieve the above purposes, USAID will provide technical and material assistance which will help IFICOOP carry out training activities intended to upgrade the staffs of the cooperatives that participate in the Project. The upgrading methodologies will consist of the following three types of complementary training activities:

1. Formal courses/seminars for cooperatives staffs and boards of directors members held at centrally located training facilities.
 2. In-service training for cooperative managers, accountants and cashier/secretaries at well established cooperatives.
 3. On-the-job training at the participating cooperatives.
- IFICOOP's Rural Development Department will administer the Project.

In implementing the Project, IFICOOP shall coordinate its cooperative upgrading activities to the maximum extent possible with other institutions within the Chilean cooperative movement.

The Project is expected to terminate on September 30, 1980. It is anticipated that the primary source of IFICOOP's financial contribution will come from the Cooperative Education and Technical Assistance Fund.

Selected officers and staff from approximately 15 rural cooperatives will have completed their training cycle by the time this Project is completed. The specific accomplishments planned are as follows:

1. At least 15 cooperatives will be assisted by the Project and of these, 12 will be capable of providing their members with the services for which the cooperatives were organized.

2. At least 85% of the total cooperative members (managers, accountants and cashier/secretaries) assisted will be able to execute their job functions effectively and efficiently.

3. At least 85% of the total members of the boards of directors and various committees assisted will be able to perform effectively the functions of their respective roles in the cooperatives.

4. At least 85% of the cooperatives assisted by the Project will be able to qualify for credit and project related technical assistance from IFICOOP or other lending institutions.

C. INPUTS

Training seven monitors and two supervisors to render technical assistance to Management, directors and officers of up to nine coops and two federations.

- Resident advisor
- Seven monitors
- Ten full-time week-long courses for coop members, directors, and covering:

- Institutional organization
- Economic and financial planning
- Basic accounting and control

- Thirtyfive talks to coop members by monitors on same subjects
- 1,500 monitor-days OJT training in:

- Organizational structure and functional descriptions
- Definition of policy
- Review and update of procedures
- Financial analysis of activities
- Development of budgeting systems
- Posting to date of books and records
- Assistance in preparing, training manuals on management coops, coop accounting.

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D. OUTPUTS

Feasibility studies of twenty coops or federations to determine long-term viability of enterprise if financial and managerial assistance were provided.

15 functioning coops and 2 federations with improved management, financial control systems, defined corporate purpose serving 4,000 small farmers or fishermen.

7 trained monitors capable of providing Technical Assistance training, on cooperative management and finances.

75 trained coop directors and officers.

Training manuals in coop management and coop accounting.

Diagnosis of problems of 20 coops with a preponderance of members who are small farmers.