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**MID-TERM EVALUATION OF THE
NORTHERN ZONE CONSOLIDATION PROJECT**

**Prepared under A.I.D. Contract
PDC-1406-I-GO-0034-00
Delivery Order No. 10**

**International Resources Group
1400 I Street, N.W.
Suite #700
Washington, D.C. 20005**

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LIST OF ACRONYMS

AA and AyA	Costa Rican Water Works Institute
ACDI	Agricultural Cooperative Development International
AMV	Association for Road Maintenance
AID	Agency for International Development
ASAP	Agrarian Settlement and Productivity Loan
CAC	"Cantonal" Agricultural Centers
CACG	Agricultural Center of Guatuso
CACU	Agricultural Center of Upala
CATIE	Tropical Agricultural Center for Environment and Research
CCCB	Costa Rica Central Bank
CDA	Community Development Association
CMV	Northern Zone Municipal Roads Maintenance Commission
DINADECO	National Institute for Community Development
EA	Environmental Assessment
EAT	Environmental Assessment Team
GDP	Gross Domestic Product
GOCCR	Government of Costa Rica
ICAA	Costa Rican Water Works Institute
ICE	Costa Rican Electricity Institute
IDA	Agrarian Development Institute
IFAD	International Fund for Agricultural Development
IFAM	Municipal Development Institute
IICA	Interamerican Institute for Agricultural Cooperation
IMAS	Institute for Social Assistance
INA	National Learning Institute
MAG	Ministry of Agriculture and Livestock
MIDEPLAN	Ministry of National Planning and Economic Policy

MOH	Ministry of Health
MOPT	Ministry of Public Works and Transport
NDP	GOCR's National Development Plan
NZCP	Northern Zone Consolidation Project
NZIDP	Northern Zone Infrastructure Development Project
PCO	Project Coordination Office
PDD	Project Development Division
PID	Project Identification Document
PIPA	IDB's Increased Agricultural Productivity Loan
PPDE	Program, Project Development and Evaluation Office
PROJECT	Northern Zone Consolidation Project
PROJECT 235	Northern Zone Consolidation Project (515-0235)
PROJECT 041	Northern Zone Infrastructure Development Project (515-0191)
PVO	Private Voluntary Organization
RDD	Rural Development Division
ROUTE 4 System	A network of 104.2 kilometers of primary, national gravel road highway including 93.0 kms between Santa Cecilia and Guatuso and 11.2 kms of connecting road between San José (Upala) and Cuatro Bocas.
SISTTEMS	Sustainable Transfer at Technology and Management, S.A.
USAID	United States Agency for International Development
USG	United States Government
WFP	World Food Program

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I. EXECUTIVE SUMMARY

This is a mid-term evaluation of the current situation of the Northern Zone Consolidation Project (NZCP) and is provided pursuant to an AID Delivery Order issued to the firm International Resources Group, Ltd. Since the project initiated activities after more than a one year delay, the evaluation team was requested to propose remedial actions as required.

The evaluation was conducted by an International Resources Group (IRG) team of three specialists. Howard Harper (Team Leader), Justo Aguilar (Organization and Management Specialist) and Mario Barboza (Business/Financial Management Specialist). Activities were carried out in the project area during the first three weeks of work. Conferences with USAID and Ministry of Planning officials were followed by analysis and report formulation in San Jose. General policy direction was provided by The Mission Director of USAID/Costa Rica and the expertise of Mr. William B. Baucom, Chief, Rural Development Office.

The methodology focused upon the identification of the major problems affecting the strategic components of the project's coordinating office in Upala. These components include, the organizational structure of the AMV and it's likelihood of becoming institutionally, financially and technically sustainable and the technical assistance contract with SISTTEMS for the provision of assistance to participating farmers in order to achieve project production targets.

A review of the project documentation was carried out and a questionnaire was designed for the purpose of collecting standard information for all project components. Detailed interviews with the Project Director's assistants in charge of these components provided for more indepth information. These interviews included former and actual Project Directors, and the administrative personnel.

The field work included visits to seven community development projects, two "asentamientos campesinos", and ten groups of farmer beneficiaries of the project. GOCR officials from all implementing agencies and the municipality of Upala were interviewed. Approximately 30 % of the total roads under the project were driven over.

The project is located on the Northern Zone of Costa Rica, one of the poorest areas of the country. It covers over 250,000 hectares (5% of the national territory) and close to eighty percent is suitable for agricultural production. It includes the cantones of Upala and Guatuso, and the Distritos of Cano Negro (Canton de los Chiles) and Santa Cecilia (Canton de la Cruz). Population living in the territory is 50,633.

The project goal is "to improve the socio-economic growth of Costa Rica's Northern Zone through the use of underutilized agricultural lands, the more efficient and diversified use of the region's agricultural resources and improved access to markets and services".

The NZCP should be considered an extension of the Northern Zone Infrastructure Development project implemented by GOCR and partially funded by USAID during the period 1984-1987.

The project focuses on the non-traditional agricultural sector and has five components: Crop Production and Diversification; Road Maintenance and Rehabilitation; Community Development, Land Settlement and Titling; Administration and Monitoring; and Environmental Concerns. The Role of Women in the project was also addressed in this evaluation per request of USAID.

Major findings of this evaluation show that the overall project is in serious trouble. A good case could be made for recommending that it be terminated at once, were it not for the high expectations that are shared by thousands of area residents and farmers.

At a more specific level it was found that the project coordinating office (PCO) is organized as a Ministry extension unit of the Ministry of Planning (MIDEPLAN). As such it has no autonomy and must operate through MIDEPLAN's administrative, legal and budgetary procedures.

Project designers had planned for the PCO to be a decentralized semi-autonomous unit and designed manuals and fiscal plans in great detail. The autonomy idea did not materialize and the existing duplication of effort has caused unwarranted delays in implementation and made for acute moral problems for contractors and project personnel.

Approximately two years were required to negotiate the agreements and contracts with public and private institutions participating in the project. Now with the identification of problems and the demonstrated will of the Project Director to help implement the necessary adjustments, there are improved prospects for achieving project objectives.

On December 20, 1990 The Controller General's Office of Costa Rica approved a contract with SISTTEMS, a private sector firm, to provide technical assistance to farmers in the production of selected export crops, i.e., passion fruit, black pepper, heart of palm and cocoa rehabilitation. Lack of understanding at the project level of the Design Team's intentions led to a misunderstanding regarding the broadness of definition of technical assistance and training. The Design Team considered that technical assistance included all the factors for successful production from site selection through marketing. At the project level, SISTTEMS felt restricted to providing only technical assistance and training at the farm level but not credit and marketing assistance. This problem can be rectified without a contract amendment.

It was found, however, that SISTTEMS is technically competent and is carrying out its mandate as currently understood to provide training and technical assistance to project farmers in groups. They have 1500 farmers that are ready and eager to plant 1775 hectares of the four selected crops. Limited credit will soon be available. Market outlook for heart

of palm and passion fruit is good. In order for black pepper and cacao to be reasonably profitable, fermentation and drying units will have to be installed at the community level. Without adequate credit resources, under the guidance of SISTTEMS, production targets will have to be greatly reduced. As this component is now being implemented, primary objectives cannot be achieved within the PACD. With the suggested adjustments (administrative and technical) and a two-year extension of the PACD, project goals and purpose can be achieved.

The rehabilitation and maintenance of the roads component required the strengthening of AMV (The Association for Road Maintenance). This is a non-profit organization formed by representatives of community associations and municipalities of the Northern Zone. It was approved in January 1991. To date, AMV has not produced visible results and there appears no sound evidence that it can become a self-sustainable organization.

Relevant suggestions deal with major components. First, it is recommended that the Project Coordination Office be restructured as a semi-autonomous unit. AMV has autonomous status that may be able to be utilized as a means to help alleviate project funding constraints.

Other relevant suggestions and conclusions may be found in Chapter III of this paper.

II. INTRODUCTION AND METHODOLOGY

A. Introduction

This evaluation is provided pursuant to AID Delivery Order No. 10 issued under Contract PDC-1406-I-00-0034-00. The Scope of Work is included in Annex B. It calls for a midterm evaluation of the Northern Zone Consolidation Project (NZCP) and also for remedial recommendations.

The Delivery Order called for the team to spend up to 20 days in the Northern Zone. Visits were made to seven community development projects, two asentamientos campesinos and 10 groups of farmer beneficiaries of the project. (See Annex D).

In addition to the visits, relevant project files were examined, GOOCR Officials from all implementing agencies and the municipalities of Upala were visited (see annex D). Approximately 65% of the project roads under the responsibility of the AMV for rehabilitation and maintenance were driven over.

This report consists of six components addressing each of the following activities: Crop Production Diversification; Road Rehabilitation and Maintenance; Community Development; Land Settlements and Titling; Environmental Management; Women's Participation; and finally, Administration and Monitoring of The Project. In addition, there is a brief chapter dealing with Conclusions and Suggestions, that may cut across individual components.

B. Goal and Purpose of The Northern Zone Consolidation Project

According to the Assistance Agreement, the Northern Zone Consolidation Project's goal is "To improve the socio-economic growth of Costa Rica's Northern Zone through the use of underutilized agricultural lands, the more efficient and diversified use of the region's agricultural resources and improved access to markets and services".

The purpose of this project "is to contribute to the consolidation of the efficient and equitable socio-economic development of the Cantons of Upala and Guatuso, the District of Santa Cecilia of the Canton of La Cruz and the District of Caño Negro of the Canton of Los Chiles.

The project area comprises 2.600 square kilometers (5% of the national territory). Close to eighty percent of this area is suitable for agricultural production. It includes the cantons of Upala and Guatuso and the Districts of Caño Negro (canton of Los Chiles) and Santa Cecilia (County of La Cruz). According to a recent estimate, the 1990, population living in this territory is 50.633 and MIDEPLAN is expecting a 40% increase by the year 2000.

Based on data for 1984, MIDEPLAN classified the Northern Zone as one of the poorest areas of the country. The study shows that the level of basic needs (health, education and housing) was extremely low for the population when it was compared with the other rural areas of the country (See more detailed information in Table No. 1).

Population was 23,653 in 1973 and it more than doubled in the following two decades. Its composition changed drastically during this period. The continuous movement of pioneer families from Guanacaste and the Meseta Central surpassed in numbers the original settlers, most of them from Nicaragua. There are relatively few Malekos indians left in the area.

In the seventies, it was evident from the variety and quality of crops being grown, the relative abundance of fertile soils, and the strategic position of the Northern Zone that the area was ripe for development. The two great needs that could be provided by the GOCR at that moment, were access roads throughout the area and stimuli for local organization as a basis for introducing health and social services.

Government activity with the support of USAID (PL.480 and The Infrastructure Development Northern Zone Project 515-0191) provided for the construction of the Upala - Cañas paved Highway, road number four highway that links San Rafael De Guatuso - Upala - Santa Cecilia de Los Chiles, and 104 Kilometers of all weather roads. It also supported the construction of social infrastructure (water systems, schools, health centers) and the development of IDA settlements (See Table No. 2).

Fragmented is perhaps the most appropriate single term that could be applied to the Northern Zone in 1983. In order to help mitigate this problem, the IDNZP emphasized community organization for the development of social infrastructure.

Development breeds demands, and as basic infrastructure came into place and as local organizations spread across the valleys and the frontier region, it was observed that the momentum which was building could be a driving force to move the sub-region dramatically ahead of the normal development time-frame. This driving force justified the Northern Zone Consolidation Project which was formally initiated in 1989 after a one year start up delay.

C. The Methodology

It was agreed in the first session with USAID officials and the Project Staff to conduct a process evaluation concerning the actual situation of the Northern Zone Consolidation Project. Since project activities were initiated with one to two years delay, it was expected that this evaluation would propose remedial actions. The methodology focused during the first week on: the identification of the major problems affecting the key components of the project; the administration and organization of the Project Coordinator's Office in Upala; the organizational structure of the AMV and its likelihood to become

TABLE No. 1

**POVERTY INDICATORS FOR THE NORTHERN ZONE POPULATION
1984**

Satisfactory Level	UPALA	GUATUSO	LOS CHILES	LA CRUZ
1. Basic needs	Extremely low	Extremely low	Extremely low	Extremely low
2. Health nutrition	Extremely low	Extremely low	Extremely low	Extremely low
3. Education	Extremely low	Extremely low	Extremely low	Extremely low
4. Housing	Extremely low	Very low	Extremely low	Extremely low

INFORMATION SOURCE: MIDEPLAN. Rural poverty in Costa Rica. Comparison of cantons. 1973 - 1984.

TABLE NO. 2

**USAID ACTIVITY IN THE 041 NORTHERN ZONE PROJECT AREA
1984 - 1987**

NAME OF PROJECTS	QUANTITY	FUNDS *(Colones)
I. Infrastructure Development		\$19,259,000
<u>Activity (515 - 0191) 1984/1987</u> (Loan, Grant AID Counter Part)		
All Weather Roads	104 kms	\$13,400,000
Community Development Projects	100	600,000
Titling of Non-IDA properties	720 (approx)	500,000
Technical Assistance		400,000
IDA Land Purchases	5,737 Ha.	¢43,000,000
Pilot Projects (Rehabilitation of cacao, black pepper, vanilla, ginger)		7,000,000
Environmental Studies	2	10,000,000
Feasibility Studies	n.a.	2,600,000
Coordination Office and Equipment		¢10,000,000
II. Loan 515-T-034		¢41,500,000
Road Construction on IDA Property purchases with 041 funding	71 kms	¢34,000,000
IDA-Agricultural production loans	464	7,500,000
III. P.L. 480 Title I (Period 1984-1988)		¢539,900,000
Caño Negro Wildlife Reserve		¢300,000
Community Water Systems		5,000,000
Upala - Canalete Water Systems		75,000,000
Upgrading of 90 Kms, of secondary roads		88,000,000
Paving of the Canas - Upala Highway		188,000,000
Development of IDA settlements		25,000,000
Titling of IDA settlements		20,000,000
Upala - San Jose de Upala Road (Part of Rt. 4)		75,000,000
San José de Upala - Cartagos Feeder Road		45,000,000
DINADECO Community Development Project		10,000,000
Agricultural Centers - Upala and Guatuso		8,600,000

SOURCE: This table was prepared by Harry Peacock. The project adviser of NZCP.

* Colones except the first two items which are in dollars.

institutionally, financially and technically sustainable; and the Technical Assistance Contract with SYSTEMS for the provision of assistance to participating farmers in accordance with project targets.

A review of Project documentation complemented this analysis. The Scope of Work presented in Annex B is a result of this work. At the beginning of the second week, this document was discussed with and approved by the project planning committee and USAID.

A questionnaire was designed (Annex A) for the purpose of collecting standard information for all project components. Lengthy and detailed interviews with the Director's Assistants in charge of each component complemented this data.

A second set of interviews were carried out with the former and actual Project Directors and administrative personnel, in order to assess the Project's administrative and organizational structures and its financial procedures. Of particular interest was the analysis of the various agreements that the Project negotiated and is implementing with participating governmental agencies.

Along these lines the team members developed a field work plan that comprised visits to community organizations, groups of farmers participating with SISTTEMS for agricultural extension and roads that could be rehabilitated by the Association of Road Maintenance. For more detailed information see (Annex D) which list the visits of the team to project areas and communities of the Northern Zone.

D. The Team

This evaluation was conducted by a IRG team of three specialist: Howard Harper (team leader), Justo Aguilar and Mario Barboza. All have had previous experience dealing with rural program evaluations in Costa Rica.

The team organized its activities in Upala for the first three weeks of work. Analysis and report formulation was done in the fourth week in San José where the draft report was prepared. General policy direction was provided by the Mission Director of USAID/COSTA RICA and the expertise of Mr. William B. Baucom, Chief, Rural Development Office has been most helpful.

III. ANALYSIS OF COMPONENTS

A. Project's Administration, Coordination and Monitoring Components

The assistance agreement included a project administration, coordination and monitoring component to support the Coordination Office of MIDEPLAN in Upala as had been originally planned for the Northern Zone's Infrastructure Project.

The budget to finance this Coordination Office was estimated at 125 million colones (11.8% of the budget in national money) and \$350,000 dollars (6.79% of the budget in dollars). The budget includes \$70,000 dollars for evaluation activities and audits.

1. Structural analysis of organization and operational systems

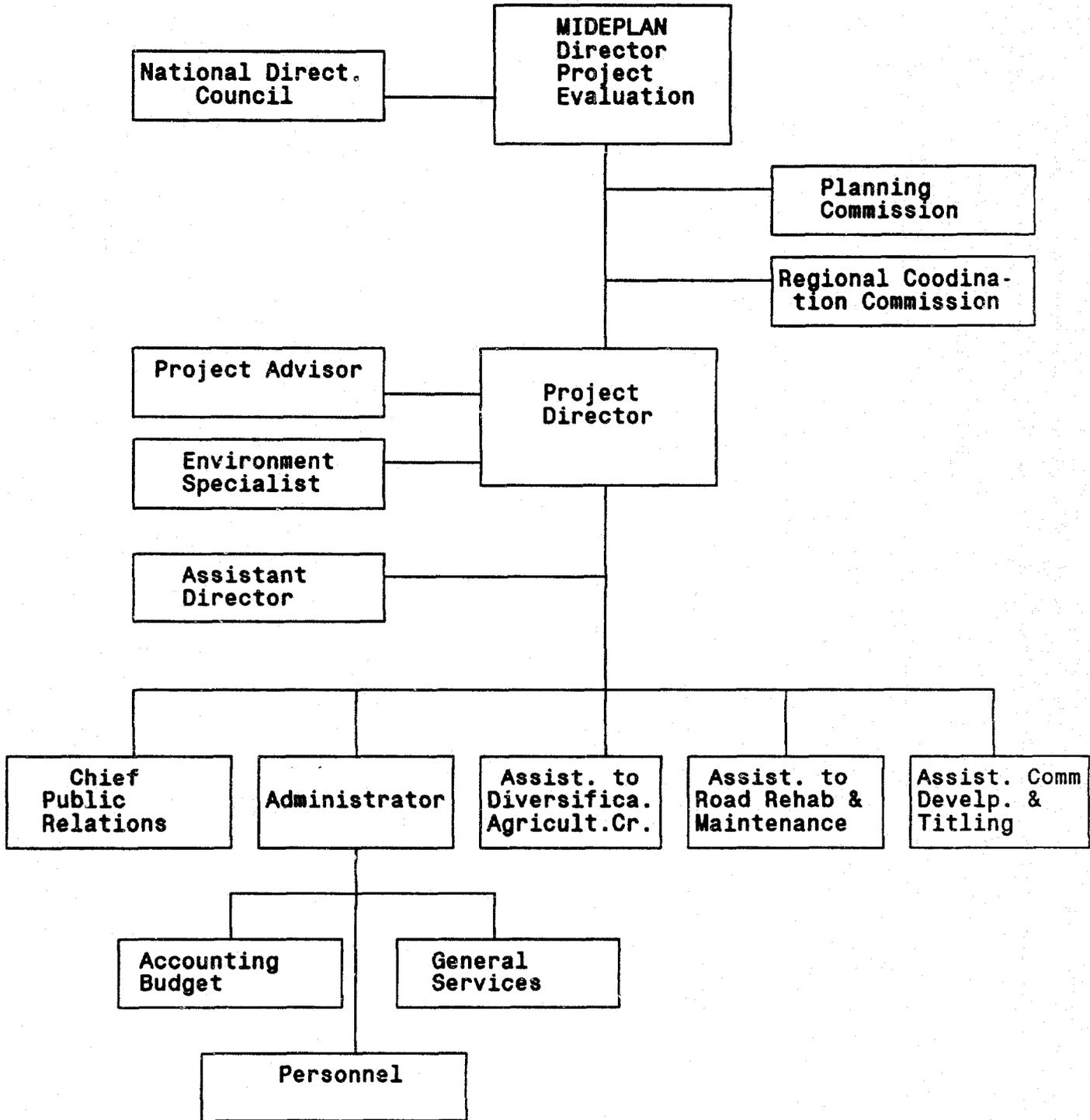
The organizational structure of the project has the following levels: management, functional and administrative support. The organization chart in Table No. 3 presents a summarized characterization of this organizational structure prepared on the basis of interviews with managers and subordinate project personnel.

A National Managerial Council was created to support the Management level which is directed by the Minister of Government Planning. The people in charge of the institutional agencies that are involved in the project also participate in its implementation. A Coordination Committee was also established with representatives of MIDEPLAN's regional and main management departments; this was done in order to evaluate and provide legal advice to the Project, and to recommend some actions to the Minister of Government Planning.

Project management is responsible for administering its components. This includes provision of direction and supervision to support the accomplishment of its activities. Specifically, the responsibility of the Director is to perform the following functions: to administrate the funds in local currency; to follow and evaluate the activities; to administer the component that supports the activities; to administer a data bank of the Project area; to give logistical support to the participant institutions; and to publish information about Project activities.

For the achievement of its goals, Management is assisted by an advisor from USAID, as well as an Environmental Specialist. The responsibility of the Project Advisor is to help the Director in project implementation and in coordination with USAID and participating institutions. He is also responsible for identifying the needs for and resources available for specialized technical assistance. The Environmental Specialist, with his assistant is responsible for initiating and directing support activities designed to address environmental concerns. This includes education and training in the environmental aspects of project implementation. There is a special fund to finance these activities.

**TABLE No. 3
ORGANIZATIONAL CHART NORTHERN ZONE CONSOLIDATION
PROJECT**



The supervision of the Project is carried out by the MIDEPLAN/GOCR's Project Management and USAID/Costa Rica's Rural Development Office. For USAID, the daily implementation problems are the responsibility of the Rural Development Division. Recently, MIDEPLAN reduced the number of personnel in Project Management, and there is the possibility that MIDEPLAN will ask for the transfer of the PCZN and other projects to other ministries.

The Project's regulations were approved in Executive Resolution No. 18971-PLAN of May 2, 1989. It defined the integration of the National Managerial Council with the Minister of Public Affairs, DINADECO's Executive Director, IDA's Executive President, a representative from the MAG and the Project Director. Their functions are to give legal advice to MIDEPLAN regarding those aspects that have to do with the fulfillment of the Project and the solution to problems that may affect its development.

The Regulations also defined the Regional Coordination Committee which is made up of the Regional Directors of the institutions related to the Project, MIDEPLAN's Directors in the Northern Huetar region and the Chorotega region, and the Project Director. The Committee's responsibilities refer to the Work Plan and the administrative procedures of the Project, and the pertinent recommendations for its development.

The Planning Committee (which is new) was created by this Regulation-Resolution, and it is structured with the participation of the Project Director who coordinates it, the Director of the Northern Huetar Region, the Project Director and the Agency for International Development's (USAID) official. The USAID counsellor for the Project is present as an observer.

This Committee constitutes the forum in which the representatives from MIDEPLAN/GOCR and USAID interact with the Director of the Project. Its functions are to supervise, in a technical way, the progress of the Project, as well as to give advice and recommend solutions to problems. It also examines and recommends work plans and budget proposals for the components of the Project. The Committee's secretary was assigned to MIDEPLAN's Management in the Northern Huetar Region. He/she is responsible to notify people of the meetings, prepare agendas, prepare the acts, and to follow-up on agreements.

The Coordination Office of the PCZN in Upala was organized as an administrative arm of MIDEPLAN. The Project Director was dependent on the Minister's Office, thus, he was subjected to the procedures of this institution in carrying out his functions, as the Finance Administration Law says. For practical purposes this meant that the Project's administration was subjected to the ministerial administrative pattern, and was under the juridical control of the Republic's Controller General. It was also subject to budget control from the Budget Authorities that control the budget of the Nation. In May, 1990 the Coordination Office became dependent on the Dirección de Proyecto of MIDEPLAN.

In this context, the Management of the Project was limited by a principle regarding aspects of the administrative procedures related to the hiring of personnel, to contractual authorizations with the participant institutions, as well as to budget expenditures in the Project. The organizational pattern limited the Director's capacity to make a prompt and proper decision, lessening the effect of his effort, for effective implementation of the Project.

The Project Director began working with the support of the USAID Project Manager and the Office started operating on November 12, 1988. The Project was officially inaugurated on June 29, 1989, once the conditions previously established by the Assistance Agreement were fulfilled.

The first Project Director stayed in this position for a period of twenty months, and he was replaced by the present Director on August 1, 1990. The Project Advisor from USAID has been there since its beginning, and there is a USAID consultant, who is a specialist in the environmental concerns of the Project.

The National Managerial Council has not been convoked in the three years of the life of the Project, while the Regional Coordination Committee met just once during 1990. The Planning Committee met three times this year, and operates as a consultant mechanism between the interested groups (MIDEPLAN, USAID), as well as a facilitator of the decision-making process in important aspects for the development of the Project.

Apparently, these management mechanisms, with the exception of the Planning Committee, were not effective in guiding the work in the Project. The Planning Committee carried out its functions until the third year of operations; however, its work did not identify the fundamental restrictions that have limited the Project's implementation nor did it find solutions to better the effectiveness in the achievement of project goals.

The planning committee has in fact acted as an arm of MIDEPLAN during the period from November, 1989 to August, 1991. Since its beginning, the PCZN's Coordination Office was treated as a unit of this Ministry, and no real efforts were made to give it a certain degree of autonomy that would allow its Director to make operational decisions. It depended directly upon the Minister's Office until April, 1990, but this did not mean any special consideration; on the contrary, this proved harmful because, for the Ministry, it was very difficult to give proper attention to the Project and to establish the required controls for its operation.

The above information was used by the new Minister for Government Planning, who began in this position in May 1990, to make the Director of Projects responsible for the follow up and control of the PCZN. With such purpose, this direction designed the corresponding mechanisms which began to operate in January, 1991. Being focused as mentioned, the Project prepared standardized reports at the activity level covering the trimestral programming and execution of activities, reports every six months, and preliminary plans for budget and payment of expenses. It also intensified technical support

to the Project in order to accelerate the interinstitutional agreements, which had been made for Project implementation.

2. The Management Level

At the Management level we include the Project Director, the Administrator and the Counsellors. The Project's Director has the functions of a Manager and is responsible for the administration, coordination and monitoring of the activities of the Project. Next, there is an analysis of the role carried out by the Management in the fulfillment of its responsibilities.

The Assistance Agreement placed with the Project Director the responsibility for examining at the field level, the accomplishment of work plans of the components of the Project, as well as the approval of its individual activities/projects. However, it was determined that the Management has not established a structured system of following the results and advances of the work that the coordinators of the components carry out.

The Assistance Agreement had considered it necessary for Management to put into practice from the initial stage a computerized system of information concerning activities of the Project. The Project's design documents emphasize the necessity for this system in order to be able to centralize the financial records, the inventory administration, the operation of equipment, and the following of the component activities. (Technical Annex K, May 1988).

The mentioned system has not yet been installed, and, without doubt, has limited the ability of the Director to count on continuous and prompt information to guide his decisions for the development of the Project.

Following the instructions of the "Dirección de Proyectos" the Project's Management began using, in January, 1991, four types programming manuals and evaluation of the accomplishment of activities for the components of the Project. This mechanism has not been as effective as expected, due to the fact that the Project lacks a general work plan in which specific goals for each component are established, as well as a list of activities, expected results, and the respective costs for the different years of the Project. Because of this, the coordinators define their programming, and, then, they give information about the accomplishment of their tasks and the achieved goals. However, this mechanism does not necessarily keep a balance with the objectives and goals of the Project; therefore, its efficiency as an instrument for management control is only partially effective.

In general terms, we can point out that the monitoring of the project on the part of the Director has been limited. The lack of a work plan that specifies, in a realistic way, the goals and results to be achieved each year of the Project, and the absence of a managerial information system constitutes explicatory facts of that situation.

Likewise, it was determined that the Director carries out the activities related to the administration of the Project, and those related to the financial aspects that belong to the Administrator. This position was added to the Staff of the Project in order to free the Director of such activities in order to allow him time to carry out his functions of managing the Project.

Because of the above situation, the Director has an undue work overload in his functions because he had assumed the Administrator's responsibilities. This situation has lessened his capacity to effectively accomplish his duties as the Project Director.

3. Functional Level of the Project

The PCZN's Management was created as a coordination instrument for the fulfillment of the components of the Project, in which the actions had to be implemented by public and private institutions that would be operating in the Northern Zone of the Country. Due to this focus, they created four positions to assist the Administrator in order to have a delegation coordinating the Project's Management: the activities to promote the agricultural diversity; the credit for farmers in a small scale; the rehabilitation and maintenance of the roads; and the creation of Community Organizations and Agricultural Settlements.

The technical study of the Project (Technical Annex K) pointed out that the Project had to hire professional personnel to take care of these coordination necessities in the following way: A professional for the following of the road component; a professional for the Community Development Component and the Land Settlement Component; and two professionals for the Production Component.

The records of the personnel show that of the four Director assistants, only the two in charge of the Community Development Component and Land Settlement are professionals. The hiring of non-professional personnel was supposedly done because qualified personnel were not available. This does not seem to be justified because they recently hired an agronomic engineer to work as an assistant to the USAID specialist in charge of the environmental element of the Project. Another observation showed that the organizations that work in the Northern Zone of the Country have several types of professionals among its personnel, including agricultural engineers.

The lack of professional personnel in the key positions of the components that deal with rural roads and the support to agriculture, constitutes an important reason that explains not only the multiple problems found in the development of these components, but also the lack of orientation of their activities due to the fact that neither of the two Directors that have administered the Project are specialists in this area.

According to MIDEPLAN's Director of Dirección de Proyectos, the lack of professionalization in the Project's Staff made it difficult to negotiate and to formalize the Agreements, especially with the AMV and SISTTEMS enterprises. The inputs given to the

experts of project management for the finalization of those Agreements were judged to be poor. This situation resulted in greater effort on the part of their personnel and unnecessary delays its approval.

In a particular way, it is noted that each of these coordinators has to face counterpart professionals at SISTTEMS, which is the company that offers technical agricultural assistance, and the AMV, which is responsible for rural roads. This situation could help explain the multiple difficulties observed in the negotiations between the coordinators of the NZCP and the other enterprises mentioned. Moreover, this has been reflected in an overloading of responsibilities for the Project Director, who has had to assume part of the negotiation work of his assistants.

4. Administrative Support Level

The Project administration level has the responsibility of giving administrative support, as well as support for the financial effort to Management and to the coordination of the four components of the Project. In order to fulfill these goals, this unit has three sections: Accounting and Budget (an Accountant and an Assistant), General Services (a Chief, an Office Clerk, a Receptionist, a person incharge of maintenance, two janitors and three guards) and a Personnel Section with a person incharge. Besides, the Project has a secretary who works at the Project Management/MIDEPLAN level. She is responsible for the transmission and the following of the mail and related matters in San Jose.

The technical study of the Project had recommended the hiring of a technician as Administrative Assistant (Annex E) who could handle the administrative matters of the Project. A professional was hired as the Administrator and he began working in August, 1989. During his first year on the job, the Administrator fulfilled his responsibilities. However, with the Managerial change in August, 1990, the new Director had to assume many of these functions. The Administrator was relegated to sign documents and to take care of minor procedures.

This malfunctioning of the Administrator's position generated an additional strain on the Director's work load. This led to the hiring of a Director's Assistant who has some responsibilities that should belong to the Administrator.

The Administrative Support personnel includes fifteen workers (58% of the Project's personnel) according to the information in Table No. 4. Three of these workers began with the Project in 1988, six of them were added the following year, while the rest (6) were hired in 1990 and 1991. According to occupation, these personnel can be described as: 1 Administrator; 1 Accountant; 1 Chief of General Services; 1 Supplier; 1 person in charge of maintenance; 3 guards; 4 Office Clerks (including the secretary working at MIDEPLAN); and 3 janitors.

This same information allows us to infer that there is an average of 1.5 administrative officials for each worker in the area of functional activities of the Project

(agricultural diversity, community development, title and settlement, roads and environment administration components), excluding the activities of public affairs.

The cost of the administrative component using the actual salaries paid in cash in colones during September, 1991, is estimated in 6.5 million colones per year. This represents 41% of the total budget of the Project.

In this context, we should point out that the size and complexity at the administrative level was designed in order for the Project's Coordination Office to have its own capacity in the negotiation of resources, as well as to operate directly with public and private organizations. However, the Project's lack of autonomy from MIDEPLAN, and the fact that it is subjected to the regulations of the Controller General, has constrained performance at the administrative level. In practice, all the administrative procedures and budget negotiations have to go first to the Direction of Projects, where they are checked for the final procedure at the Minister's Office and the dependencies of Public Administration. The result seems to be a duplication of MIDEPLAN's administration and an additional step that has raised the cost and limited implementation of the Project.

TABLE No. 4
Personnel Distribution by Organizational levels
(September, 1991)

	Number of staff	Distribution by functions		
		Prof.	Techn.	Other
Total Person.	29	5	7	17
1. Mgmt. level	7	2 (AID)	3	2**
2. Basic level (Director's assistant for components and env. control)	7	2*	3	2**
3. Administration level	15	1	1	13

* a professional paid by the Environmental Management Fund
 ** secretaries

5. Personnel Rotation, Remuneration and Incentives

Of 29 personnel in the Project, 26 are paid in colones and two advisors from USAID plus their secretary are paid with external funds. The distribution of this personnel is shown in Table No. 4.

The five professionals of the Project are, the two USAID advisors, the Administrator, an Assistant to the management, and an Assistant to the Program on Environment Administration. The technical personnel comprise 3 Assistants to the Management, the Director and his Assistant, the person in charge of the Organization and Technical Information Office, and an accountant. The rest of the staff are secretarial and administrative support personnel.

a. Salaries

Table No. 5 presents information about the positions and the salaries paid to the national personnel of the Project. The level of the salaries corresponds to the Salary Table approved for the Project's personnel in 1988 plus the adjustments due to inflation approved later.

This Table took into account a salary base of 62,000 colones for the Director's Assistants that would coordinate the components, on the basis that they would be specialized professionals in their respective fields for each component. From the total of the four Management Assistants, only one professional could be hired, and the rest of the assistants are technicians allegedly because of a shortage of professionals.

TABLE No. 5

PCZN: Personnel by categories, positions, starting date, and unit of work
September 1991

NAME	POSITION	SALARY	STARTING DATE	DEPARTMENT
1) Walter Cruz Alvarez	Director	145,994.90	01-08-90	Direction
2) José Joaquín Arguedas Herrera	Administrator	107,017.85	01-08-90	Direction
3) Aurora Díaz Vargas (2)	Assist. to comm.	90,101.15	10-07-89	Direction
4) José Esteban Olivas Jiménez	Information	86,140.20	10-05-90	Direction
5) Lucía Martínez Bejarano	accountant	86,140.20	01-08-89	Administration
6) José Gilberto Apú	Road supervisor	57,948.00	03-12-90	Direction
7) Ricardo Rodríguez Serrano	General services	39,324.40	01-04-89	Administration
8) Rigoberto Arguello Ruiz	Supplier	37,829.00	25-04-90	Administration
9) Nacor Orozco Muñoz	Assist. to director	34,537.25	01-01-91	Direction
10) Esther Palacios Badilla	Executive secretary	25,236.25	31-07-89	Direction
11) Dagoberto Bazán Jiménez	Maint. supervisor	22,274.55	20-05-85	Administration
12) Geovanny Lezama Cortés	Security supervis.	21,796.35	08-12-88	Administration
13) Thelma Ledezma Olivas	Clerk 3	20,850.00	01-01-91	Administration
14) Miguel Angel Mora Alvarez	Clerk 2	20,450.00	01-04-89	Administration
15) Ricardo Acevedo Aguilar	Guard	20,050.00	01-04-91	Administration
16) José Marciano Guzmán Torrentes	Guard	19,830.70	31-07-89	Administration
17) Ofelia Estrella Mendoza	Janitor	19,450.00	18-03-91	Administration
18) Simona Acevedo Alvarez	Janitor	18,356.45	15-06-91	Administration
19) José Leonidas Vargas Rocha	Peon	18,247.25	18-03-91	Administration
20) Eduardo Villegas Barrantes	Production supvr	71,668.70	03-07-89	Direction
21) Evelia Villalobos Guzmán	Credit supervisor	63,118.70	01-05-90	Direction
22) Julia Ruiz Calero	Secretary	22,724.50	01-09-90	Tech. unit
23) Laura Bustos Espinoza	Clerk 2	20,116.25	01-04-91	Tech. unit
24) William Chavarría Ramírez (2)	Environm. supervsr	90,101.15	02-01-91	Environ. mgmt
25) María Isabel Soto Soto	Secretary	25,181.65		Direction
26) Mireya González Castillo	Receptionist	20,540.50	06-09-89	Administration

NOTE: USAID consultants not included
SOURCE: Accounting and Budget Section, PZCN

b. Budget Execution

Budget execution for the project covers the period 1989 to June 30, 1991. Previously, the administrative expenses were financed with USAID-PL 480 funds. They included the salaries of the Project Director and complementary expenses during the three months period from November to December, 1988.

Table No. 6 presents data for the project budget according to the Assistance Agreement between GOCR and USAID. It includes information for the adjusted budget authorized by GOCR, reimbursements made by the project during the period January 1989/June 30, 1991 and budget resources for the rest of the project life.

The Costa Rican Government authorized 800 million of colones for the Northern Zone Consolidation Project's budget. It implies a difference of 258 millions of colons with respect to the budget defined by the Assistance Agreement between USAID and GOCR. These resources come from the USAID colones account in the Central Bank of Costa Rica and they are subject to monetary constraints. Negotiations are required in order to get The Central Bank's approval for the disbursement of the 258 millions of colones.

TABLE No.6
 NZCP: Budget execution
 1988/June 90, 1991

	Assistance Agreement's Budget		Local Budget Disbursements				
			GOCR Modified Budget	Disbursements June 30, 1991	Balance June 30 1991	Disbursements as % of Modified Budget	Balance as % of Modified Budget
	(1) GOCR (Million C)	(2) AID (Thousands \$)	(3)	(4)	(5=3-4)	(4/3)	
TOTAL	1.058,0	5.150,0	800,0	158,8	641,2	20 %	80 %
I. Crop Diversification	343,0	1.000,0	255,7	25,9	229,8	10 %	90%
1. Technical Assistance	50,7	600,0	64,5	18,4	46,1	29	71
2. Training	10,0	120,0	10,0	-	10,0	0	100
3. Pilot Projects	20,0	-	13,0	-	13,0	0	100
4. Credit	200,0	-	141,0	-	141,0	0	100
5. Studies	5,0	-	5,5	-	5,0	0	100
6. Administration	17,9	74,0	19,1	7,5	11,6	39	61
7. Land use maps	-	106,0	-	-	-	-	-
8. Contingencies	39,3	100,0	2,6	-	2,6	0	100
II. Road Maintenance	340,5	1.665,0	220,7	56,3 ¹⁾	172,4	25 %	75 %
1. Rehabilitation	193,7	107,0	99,6	50,0	49,6	50	50
2. Maintenance	38,8	30,0	71,0	-	71,0	0	100
3. Tools	4,7	-	5,4	-	5,4	0	100
4. Equipment	-	1.169,0	-	-	-	-	-
5. Rural Census	5,0	-	5,0	1,1	3,9	22	78
6. Support to MOPT	26,2	-	-	-	-	-	-
7. CMV operating Costs	24,5	-	25,5	5,2	20,3	20	80
8. CMV construction	7,5	-	6,7	-	6,7	0	100
9. Technical Assistance	10,0	159,0	2,3	-	2,3	0	100
10. Contingencies	30,2	200,0	13,2	-	13,2	0	100
III. Community Development	158,0	150,0	118,0	38,4	79,6	33 %	67 %
1. Community Projects	62,5	75,0	62,5	27,1	35,4	43	57
2. Equipment	2,6	-	2,6	1,5	1,1	58	42
3. Personnel	29,5	-	29,5	5,6	23,9	19	81
4. Operating Costs	8,6	50,0	8,6	4,1	4,5	48	52
5. Housing Credit	40,0	-	-	-	-	-	-
6. Contingencies	14,8	25,0	14,8	-	14,8	0	100
IV Land Settlement & Titling	91,0	100,0	50,8	2,0	4 %	4 %	96 %
1. Titling	5,0	-	5,0	2,0	3,0	40	60
2. New Settlement	57,5	100,0	35,0	-	35,0	0	100
3. Reforestation	12,0	-	10,8	-	10,8	0	100
4. Contingencies	17,0	-	-	-	-	-	-

V. Coordination & Monitoring	125.0	350.0	146.7	36.2	110.5	25 %	75 %
1. Personnel	63.1	-	63.1	20.6	42.5	33	67
2. Contract Services	14.5	-	3.3	-	3.5	0	100
3. Equipment	5.8	-	5.8	6.5	(-0.7)	(112)	(- 12)
4. Information Activities	3.9	-	1.8	-	1.8	0	100
5. Operating costs	24.7	-	24.7	9.2	15.5	37	63
6. Support Funds	-	280.0	45.0	-	45.0	0	100
7. Audits and Assessments	-	70.0	-	-	-	-	-
8. Contingencies	13.0	-	3.0	-	3.0	0	100
VI. AID Project Advisor	-	630.0					
1. Contract costs		519.1					
2. Official vehicle		50.9					
3. Contingencies		60.0					
VII. Environmental Specialist		1,255.0					
1. Contract Costs		519.1					
2. Official vehicle		50.9					
3. Local Assistance		40.0					
4. Support Fund		585.0					
5. Contingencies		60.0					

- 1) data adjusted in C 53,6 millions with respect to the source. (Disbursements to AMU)
(Disbursements to AMU)

SOURCE: 1) Assistance Agreement between the republic of Costa Rica and
The United States of America for a Northern Zone Consolidation
Project. August 22, 1988
2) PCZN. Informe Semestral. Enero-Junio, 1991. Upala: Setiembre
1991. p. 33

Based on the GOCR's modified budget, reimbursements made by the project accounted for 158,8 million colones or 20% of those resources from January 1989 to June 30, 1991. It resulted in a difference of 641.2 million colones.

Later an agronomic engineer was hired to work in the Environmental Program. His salary is paid through FAMA's resources. The hiring method increased the base salary to 91.000 colones, and it was possible to choose from a list of six professionals that were interested in working in the Northern Zone of the Country.

The technical proposal of the Project (Annex F) had proposed professional salaries in-a-range 40-50% higher than the salary of a professional just entering Public Administration; this justifies the mentioned Table. The problem that emerged in 1990/1991 in hiring professionals was possibly due to the fact that the beginning salary was not attractive enough.

Six people (Director, Administrator, and personnel in charge of components) are paid a salary zonal supplement of 8,071 colones per month. The Project Director, the Administrator, and the person in charge of the Coordination and Technical Information Office have project provided housing. The Director of the Project is the only one that has been assigned a vehicle for discretional use.

Originally, there were vehicles for each person in charge of the components, but because of anomalies, the system was modified reducing the fleet by two cars that were loaned to DINADECO. The fleet includes: Two ISUZU Twin Cab vehicles; two pickup (ISUZU/TOYOTA) vehicles for work; one ISUZU TROOPER that is assigned to the Director; two ISUZU Twin Cabs assigned to DINADECO; and two CHEVROLET BLAZERS that are assigned to the Project advisors.

c. Personnel Rotation

In two years, the cases of personnel rotation that have occurred are:

- There was a woman in charge of Public Affairs who was fired after three months of working for the Project. The activity was restructured, and it is now called In Charge of the Coordination and Technical Information Office.

- The initial Credit Assistant quit the job and was replaced by a less qualified person.

d. Hiring Mechanism

The professional positions are usually competed, with the Planning Committee selecting the best candidates. Once an appointment is approved, the selected candidate signs a contract with MIDEPLAN for a year, with the possibility of renewing it (including

Costa Rican law Guarantees, and salary increments according to the public sector). Sometimes, the contracts are delayed up to 3 months in MIDEPLAN; during this period, the applicant does not receive a salary.

With respect to non-professional personnel which comprise a majority of project staff, the selection is not through competition. Curricula Vitae are received, an exam is prepared, and a term is defined. Following this procedure the Budget Director decides among candidates.

e. Offices, Equipment and Transportation

Regarding office space, it has been indicated that with the increment in personnel, they have had to make some adjustments, giving the main building to the Administrators. A house that was originally for visitors is now used by the people in charge of coordinating the components. Thus, any increment in personnel requires additional space.

It is considered that the administration office needs at least 2 personal computers and 2 typewriters. They plan to solve the transportation problems when DINADECO returns the loaned vehicles in March, 1992.

f. Public Affairs and Publication of Information

This position which was considered important since the beginning of the Project is occupied by a person that does not have all the job requirements for journalism. Thus, his nomination is questioned.

For this nomination, MIDEPLAN (PLZN) modified the former title of the position from Public Relations to "Organization and Technical Information Office".

The duties that this official has to perform are to disburse information to the community, make bulletins and help in the organization of meetings. His hierarchical relationship is directly with the PLZN Director, and in the case of financial activities, with the accountant. He has been working in the Project for one year and four months.

Although he does not know how to establish a data bank with information about the Project, he considers it important. He also notes that the information generated by the Project, including that generated in the meetings to coordinate the staff, is not part of a written report.

6. Evaluation of the applicability of organization, procedure, accounting and budget manuals

The PCZN has the following manuals prepared by a consultant firm in January, 1990.

- Organization and Procedures (Books I to III)
- Accounting and Budget Systems (Books I to IV)

In a general way, the following comments can be made:

■ In some cases when the manuals have been consulted, they do not help solve certain normal situations of the project administration. This is the case when referring to a leave of absence without pay that the administration had to look up in other sources (MIDEPLAN's regulations and the Labor Code among others) and then apply the recommendations given by the Legal Advisors from MIDEPLAN.

It has also been felt necessary to modify procedure's forms, generally adding more requirements.

■ Except for the Accounting Manual, the other manuals are rarely used. For example, only one session has been held to explain the manuals to the technicians. Due to the fact that the time for the meeting was limited and provided only an overview, it was not possible for the staff to understand the manuals and to feel motivated to use them. In addition, while there is only one set of manuals which is at the office of the PCZN's Director, no one (not even the PCZN's Administrator) seems motivated to ask to use them.

■ With respect to the accounting manual, although the codes are used, it was developed to be used with a computer. Since they do not have the equipment, the manual has not been tested.

It is important to point out that for control measures the person in charge of accounting, not only registers and accounts, but also monitors the financial aspects of the PCZN with the passive participation of the Administrator and the Director of the PCZN.

■ The manuals have not been implemented because senior project management has failed to require that officials use them.

■ The Accounting Manual includes a clear system in which the resources received from USAID and the resources transferred to AMV and SYSTTEMS are to be recorded. This system is not being followed - as it should!

■ It is necessary to note that the manuals, such as the one on budget, establish control norms for the execution of the Project, based on the work plans and their relationship with the budget's entries.

If the above information had been taken into account, it would have facilitated the monitoring of the Project and the corresponding signalling at the right levels

to make decisions or, at least, to document the reality of the Project to its Director and Administrator.

It is the case of the usage of the "budget for components" to compare this with reality in order to determine the degree to which the goals have been achieved. As such, there should be an analysis of the variants to determine the causes and to have the basis to perform the corrective activity (at least once a month).

■ It is also important to mention that the most important budget used by the people in charge of the components is the "Budget from the Republic's Controller", and, based on the expenditure possibilities of this institution, the components elaborate their budgets; a typical case is the one related to the Maintenance and Rehabilitation of Roads, in which there is not a definite work plan and the budget is distributed taking as a basis what the Comptroller will supposedly expend in a determined year.

As previously mentioned, the manuals are rarely used. A requirement that they be used will result in better procedures and monitoring of the resources (human and financial).

7. Identification of the restrictions that affect the Process of Direction and Monitoring of the Project

Two categories were determined concerning the restrictions that affected the development of the Project and that refer to the organizational design of the Project and the adopted method for the procedures to administer its activities.

a. **Malfunctioning of the organizational model proposed by the Assistance Agreement for the Regional Coordination Office in Upala.**

The PCZN's Office in Upala constitutes a ministerial branch that belongs to MIDEPLAN, and, as such, is subjected to the regulations of the Republic's Financial Administration Law. This kind of organization presented a problem; it was not very operational to put into practice for an extremely complex project that presents diversity in its components and a high investment cost.

The fact that the organization is not very operational can be due to its lack of autonomy to develop its own way of negotiating and to be more aggressive. Because of its condition as a ministerial branch, in practice it has to transact and negotiate resources through MIDEPLAN's administration, doubling the required time for authorizations and licenses.

A similar project, the CEE-NA/82/12 which deals with the Support to the Agricultural Reordering and Integrated Rural Development, and is being carried out in the Central Pacific area, solved this problem by creating a "Management Unit" that has its own

jurisprudence and autonomous administration. With this organizational model, a specialized organization was created with the responsibility of administering the Project in the Zone. Given the conditions in which the Coordination Office works in Upala, it does not seem to justify an administrative organization with fifteen officials. The lack of autonomy to develop its goals creates a malfunction to accomplish the administration of the Project.

In this context, the ministerial organizational model adopted by the Project, and which is characterized by its lack of autonomy for administrative functions, constitutes one of the most significant issues constraining project implementation. In general, this model did not permit development in a coherent way the employment of its instruments and resources to fulfill the objectives proposed for the Project.

- b. The negotiation style based on stimuli coordination and administration in order to guide the behavior of the executors

The implementation of the project is based on the coordination of the components that support the work done by public and private organizations. These entities are responsible for developing certain behaviors, and their achievements are balanced by the grant of financial stimuli by the Project Management.

For the success of this negotiation, it was assumed that the entities involved would agree -- previous to the signing of the Assistance Agreement GOCR/AID -- in participating in the development of the Project and the achievement of its objectives. This supposition proved not to be true in practice. First of all, the banks in the National Banking System, and particularly the BNCR did not accept the stimulus of the 20% to offer credit to farmers at a small and medial level in the Northern Zone of the Country. The reason given by the manager of its subsidiary in Upala for this negative attitude is that the stimulus of the 20% is not enough to compensate the foreseen losses in giving credit with its own resources to these farmers.

Secondly, the IDA has shown certain reticence to enlarge its settlement programs in the zone due to the economic stimuli of the Project. The requirements for environment administration make them give up some of the IDA's lands for reservations that are necessary but that reduce the number of hectares to distribute among the farmers.

Third, the creation of the AMV as an autonomous entity responsible for the rehabilitation and maintenance of rural roads in the zone, led to coordination problems with the main entity of the place, the MOPT, and required a negotiation that lasted more than a year.

Fourth, the MIDEPLAN/SYSTEMS contract for this enterprise to offer technical assistance in the agricultural field required more negotiations with the MAG and the firm of the MIDEPLAN/MAG Agreement. Because of being the primary entity in the

agricultural field , this Ministry asked for access to information about the kind of extension service that was to be offered and the definition of mechanisms to monitor its activities.

As we can infer from this analysis, the achievement of a consensus, including the participant institutions, to take part in the Project required a lot of effort that lasted approximately two years. This can be observed in the approval of the Agreements: MIDEPLAN/DINADECO in September, 1989; MIDEPLAN/IDA in August, 1990; MIDEPLAN/MAG in April, 1991; MIDEPLAN/SYSTTEMS in October, 1990; MIDEPLAN/AMV in August, 1990. The beginning of the activities of the Project was delayed 40% of the corresponding period for its execution because its supposed assurance of interinstitutional participation was not achieved.

The Community Development Component has made more progress than the other project components. Disbursements were in the order of 80 million colones, 33% of total reimbursements. It is followed by the Coordination and Monitoring Component with 25% of total disbursements. This component covers salaries for all project personnel except those in the Crop Diversification component.

Disbursements for the Crop Diversification and the Road Maintenance components account for 35% of budget resources. This includes transfers to SYSTTEMS (29 million colones) and AMV (50 million colones). These disbursements have not yet materialized in results and therefore these component goals have not been attained as programmed.

The Land Settlement and Titling component initiated its activities in late 1990. This explains the low level of disbursements, given the fact that IDA, the agency responsible for implementation is paid based on results.

As an overall generalization, it must be said that GOCR's budget execution has been extremely low (20%) given the 3-year period of project implementation (60%). It is explained by two reasons, first, two years delay for project initiation, and second, the relevant components did not show results as of June 30, 1991.

On the other hand, USAID disbursements have amounted to \$837,907 dollars by September 30, 1991.

B. Rehabilitation and Road Maintenance Component

1. Background

a. Assistance Agreement Between the GOCR and USAID

As one of its components, the Project Agreement called for the development of a self-sustaining system for the maintenance and rehabilitation of roads. This was to broaden

the basis for the productive development of the Northern Region based on non-traditional agricultural production aimed at exportation and improvement of access to new markets and services.

For the completion of the whole project, USAID will assign an amount of \$5,150,000 nonreimbursable, of which \$1,665,000.00 for the maintenance of roads corresponds to Component II. The Government of Costa Rica agreed to provide 1,058 million Costa Rican colones equivalent to \$14,011,000.00, of which 340,500,000 colones correspond to this component (See Table No. 6).

The agreement, signed in August 1988, has a duration of 5 years; however, due to the delay in the fulfillment of requirements, the project began in 1989. Therefore, this evaluation describes the activities carried out in this component from August 1989 to September 1991, with two years remaining before the termination of the agreement.

Table No. 7 shows the details of the budget approved for this component. Later modifications are explained in this chapter. Table No. 8 includes the actual budget.

The Northern Region has a road network of about 1,400 kilometers of national roads and 1,300 km of local roads in very bad shape. In this respect, it is necessary to point out that in 1989, the road from Canas to Upala was paved. This road has a length of 95 km. The road from San Rafael de Guatuso to Upala and Santa Cecilia (Route 4) was reworked. Besides, under the AID 515-041 project, about 100 kms of roads were improved.

The project proposes the development of a self-sustained and viable system for the maintenance of roads within the area of the project. This will be achieved by dividing the road network into 2 sections: a) Route 4, and b) the other roads.

Other points considered in this Agreement were the following:

The Ministry of Public Works and Transportation (MOPT) will be held responsible for maintaining 104.2 kms. (Route 4) for which the PCZN will supply equipment for the exclusive use of maintaining this road, as well as resources to cover part of the maintenance costs.

The maintenance of 450 kms of roads will be carried out by the Municipal Committee for the Maintenance of Regional Roads (Commission Municipal de Mantenimiento de Caminos Vecinales (CMV), created by the Project. The CMV will have the equipment for the maintenance of roads under its jurisdiction. The CMV will be made up of Municipalities, Associations for Development, and the MOPT.

TABLE No. 7

**REHABILITATION AND MAINTENANCE OF ROADS
TOTAL BUDGET COMPONENT IN COLONES AND US DOLLARS**

Heading	GOCR Contribution (thousands C.R. colones)	AID Donation (U.S. Dollars)
A. Rehabilitation	193,720	107,000
B. Maintenance	38,750	30,000
C. Tools	4,682	
D. Equipment		1,169,000
E. Rural census	5,000	
F. Aid to MOPT	26,156	
G. Operational AMVA costs	24,525	
H. AMV Construction	7,480	
I. Technical Assistance	10,000	159,000
J. Contingencies	30,187	200,000
Total	340,500	1,665,000

NOTE:

- (1) Amount F, according to an executive letter written afterwards, was moved to the component of Administration, coordination and monitoring for the transference to the MOPT, leaving the budget in C.R. colones 314.344
- (2) With respect to the colones, the PCZN obtains and transfers them to AMV according to the administrative procedures of the GOCR. Dollars are approved and transferred to the AMV by USAID and the operating agreements between USAID-AMV
- (3) The Heading (J) of USD 200,000 was added to (D), increasing the amount for equipment to USD 1,369,000

TABLE No. 8
COMPONENT: REHABILITATION AND MAINTENANCE OF ROADS
Modified Budget

According to the agreement, PCZN allocated resources in the amount of US dollars 1,665,000 from USAID. The budget was later on re-programmed in the following way (Implementation Letter No. 11 Agreement USAID-AMV).

II. MAINTENANCE OF ROADS	COUNTERPART (Thousands-colones)	DONATION (U.S. Dollars)
A. Rehabilitation	193,720	107,000
B. Maintenance	38,750	30,000
C. Tools	4,682	
D. Equipment		1,369,000
E. Rural census	5,000	
F. Aid to MOPT		
G. Operational AMV costs	24,525	
H. AMV Construction	7,480	
I. Technical Assistance	10,000	159,000
J. Contingencies	30,187	
Total	314,344	1,665,000

A special fund for roads will be maintained while the mechanisms for getting funds are established (for example taxes). The CMV will gradually take charge of the financial responsibilities.

There will also be agreements between MIDEPLAN-MOPT in order to maintain Route 4 and for the donation of equipment for the road maintenance.

Later, other documents were added to supplement or modify the agreement.

b. Implementation Letter No. 11

Subsequently, according to Implementation Letter No. 11 dated August 9, 1990, both USAID and MIDEPLAN approved important modifications to the agreement, specifically Section III(B) of Annex I to the Agreement, changing it totally and establishing an Association of Road Maintenance (AMV) whose activities among others are:

■ The PCZN, through the AMV, will provide the resources so that this association can rework 300 kms (approximately 180 miles) of gravel roads and develop a self-financing system for the upkeep of approximately 450 kms (270 miles) of rural roads. The support of activities directed by the MOPT is included for the rehabilitation of about 105 kms (approx. 60 miles) of Route 4.

■ Resources in the amount of colones 314,000,000 and US\$ 1,665,000 will be allocated for the support of activities of the AMV. As can be seen, the original amount in colones was reduced with the exclusion of heading F. of the budget: support for the MOPT in the amount of colones 26,156,000. This amount of money will support the activities directed by the MOPT for the paving of Route 4. For this purpose, MIDEPLAN and the MOPT will sign an agreement to define the participation of the MOPT in the rehabilitation of Route 4 and its responsibility concerning national gravel roads.

■ The AMV will ask the MOPT, prior to the rehabilitation of any national road, for its authorization and corresponding design.

c. Agreement MIDEPLAN (PCZN)-AID-AMV

This agreement has the purpose of establishing the foundations, procedures, and conditions for the transfer of funds from the PCZN project to the AMV. The presented objective is to finance the Rehabilitation Program and the Road Maintenance that corresponds to the AMV within the PZCN.

This program is divided into three phases:

1. Organization and Administration of the AMV
2. Rehabilitation of gravel roads

d. Maintenance of gravel roads

To carry out these phases, the AMV will receive technical assistance and logistical support from MIDEPLAN (PCZN)

Some of the relevant aspects are the following:

■ The rehabilitation of roads (projected at 300 kms) will be financed by resources coming from this agreement under contracts with the involved communities and the AMV, and between the AMV and the construction companies. The communities will pay 10% of the total cost.

■ It has been planned to provide for the upkeep of 450 kms with a program of periodic and routine maintenance (on a yearly basis, or longer). The funds generated by maintenance work could include a charge of no more than 5% of the total cost. This will be destined for a social fund (with its own procedures) at the AMV for activities of upkeep and rehabilitation.

■ The AMV will establish offices, will have manuals for the administrative, financial, and accounting procedures, will receive vehicles and heavy equipment, will have the procedure manuals for the maintenance of vehicles and equipment, as well as a work plan, annual budget and annual audits.

e. USAID-AMV Agreement

USAID provided the AMV with the amount of \$137,000 (in local currency, headings A and B of the main agreement) for rehabilitation and maintenance of roads.

The AMV will present USAID with quarterly reports that include areas such as assistance in entrepreneurial and technical administration as well as a training program for administrative personnel and the Board of Directors. Prior approval by USAID of the contracts concerning rehabilitation and maintenance of roads is required.

This agreement specifies that:

- 1). USAID will allocate \$1,528,000 for the acquisition of equipment for maintenance and technical assistance.
- 2). The AMV will provide periodic and routine maintenance for 450 kms of gravel rural roads according to annual plans approved by the director of PCZN.
- 3). AMV will rehabilitate 300 kms of roads.
- 4). The communities will finance 10% of the rehabilitation cost, 5% immediately.

5). By the end of the Project (August 1993), AMV will have given maintenance to 450 kms, and will have rehabilitated 300 kms. With respect to maintenance, the communities will supply about 50% of the cost in labor and materials.

6). Environmental evaluations are required for the activities associated with the construction of penetration roads.

f. Other Reports

In April, 1991, the Interamerican Development firm under a contract with USAID, conducted a feasibility study which justified economically the investment to pave Route 4 (93 kms, at 521 colones/meter, 5,601,000.00 colones per kilometer), located between San Jose de Guatuso and Santa Cecilia de la Cruz.

For this study a survey was made among farmers with small and medium size farms. It was observed that a considerable majority of workers are self-employed, and have families of more than three members. They mainly produce cassava, tiquisque, passion fruit, nampi, cocoa, oranges, rice, beans, heart of palm, black pepper, macadamia (they have not yet reached the harvesting stage) and some dairy farms. The PCZN decided to finance 50% of the maintenance costs the first year, 30% of the second year, and 15% of the cost the third year. This job will be carried out by the MOPT. Route 4 was rehabilitated in 1989, but some factors such as the type of traffic, and the weather conditions have caused serious damage, thus reducing the actual use of the road to a minimum, and the investment (over 650.00 colones per meter) has been practically lost.

The characteristics of the Project are the following:

Pavement system TS-3 (MOPT) inverted, modified: superficial bituminous treatment 2 centimeters thick, 20cm base, and 12 cm sub-base. Twenty-four sources of materials identified from quarries and river banks.

2. Organizational and Administrative Aspects of AMV

The AMV is a non-profit organization of public service, inscribed as such under number 3-002-109738. As an association it has a General Assembly, a Board of Directors and administrative staff.

a. The General Assembly

The General Assembly has about 150 members. There have been three meetings with an average attendance of between 60 and 70 members who have been recommended by development organizations and municipalities. There was no participation of the MOPT. During the last meeting, there were more participants from the area of Upala due to certain cost and time restrictions. The majority are not familiar with procedures and

their knowledge of the AMV is very basic. This is why they follow the proposals from the Board of Directors and the Management.

b. Board of Directors

The Board of Directors is made up of seven members appointed by the General Assembly. Its technical capacity is very limited, but there is an important interest in the Association.

c. The Administration

The Administration staff includes 7 positions (8 persons) whose jobs and salaries are:

Position	Salary	Annual Budget (in thousands)
Manager	140,000	1,680
Accountant	75,000	900
Administrator	65,000	780
Chief of Operations	100,000	1,200
2 guards	40,100	481
Assist. to the Mgr.	35,000	420
1 janitor	20,000	<u>240</u>
	SUBTOTAL	5,701
	Social obligations	<u>2,851</u>
	TOTAL	8,552

NOTE: We are not including personnel that deal with equipment (machinery) and their corresponding social obligations. There is a civil engineer who occupies the position of Chief of Operations.

Eventually, there could be more personnel, about 21 persons, to deal with the machinery donated by USAID, and their respective administrative expenses, maintenance, spare parts, fuel and lubricants for the machinery. All this could increase AMV's costs by an additional 17 to 20 million colones a year.

d. Office Space and Equipment

The AMV uses rented space just across from the project headquarters. It has basic office equipment such as desks, telephone, fax, computer and a typewriter.

e. Manuals

USAID hired a consultant to write the following manuals: organization, accounts, administrative procedures, costs, financial and job administration. These manuals were approved by the Board of Directors (Special Session No. 08-91/04-29-91) and by USAID (515-0235, Implementation Letter No. 15). However, these manuals have not been delivered by the consultant since some corrections have not yet been clarified.

In general, the activities developed by the AMV administration have to do with procedures dealing with requirements specified in the agreements, the ones dealing with disbursements, and the initial ones dealing with road construction. So far no road has been constructed.

It is important to highlight the intense and voluminous quantity of written communication between PCZN and AMV. This takes a substantial amount of time. This may be due to the following:

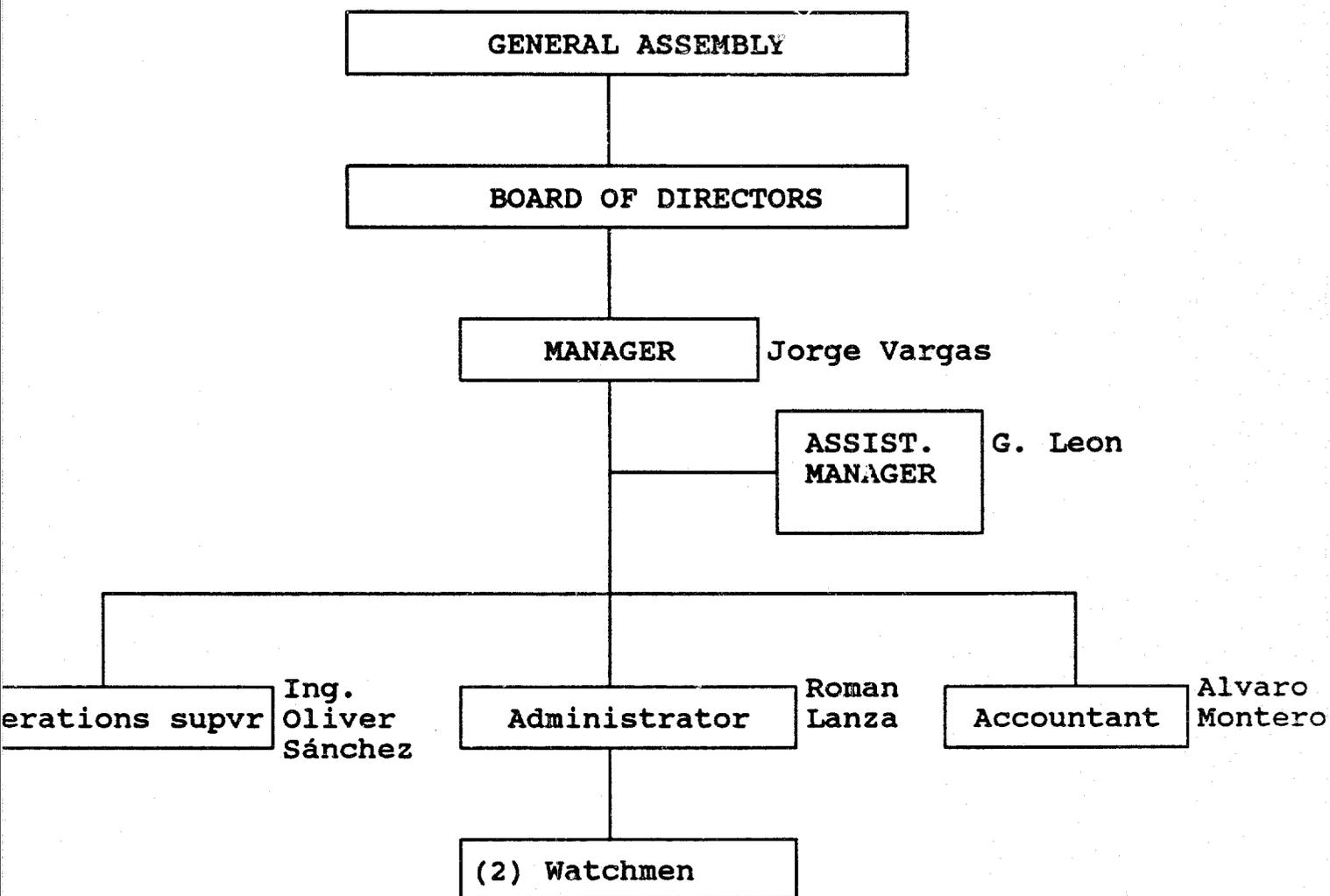
- A lack of experience among the AMV personnel
- The areas of disagreement and consequent frictions between AMV and PCZN.

f. Organizational Structure

Tables No. 9 and No. 10 present the job organizational structure (approved by the Board of Directors) and the existing one. The observations are:

- The job of "Assistant to the Manager" is not justified since it basically involves secretarial work;
- It is not necessary to have an administrator given the amount of operations at the AMV;
- The manager, a dynamic person but without academic preparation, should become the administrator of the association; and
- The chief of operations is a civil engineer who requires technical assistance in order to develop the activities of the AMV in contracting for rehabilitation services and road maintenance.

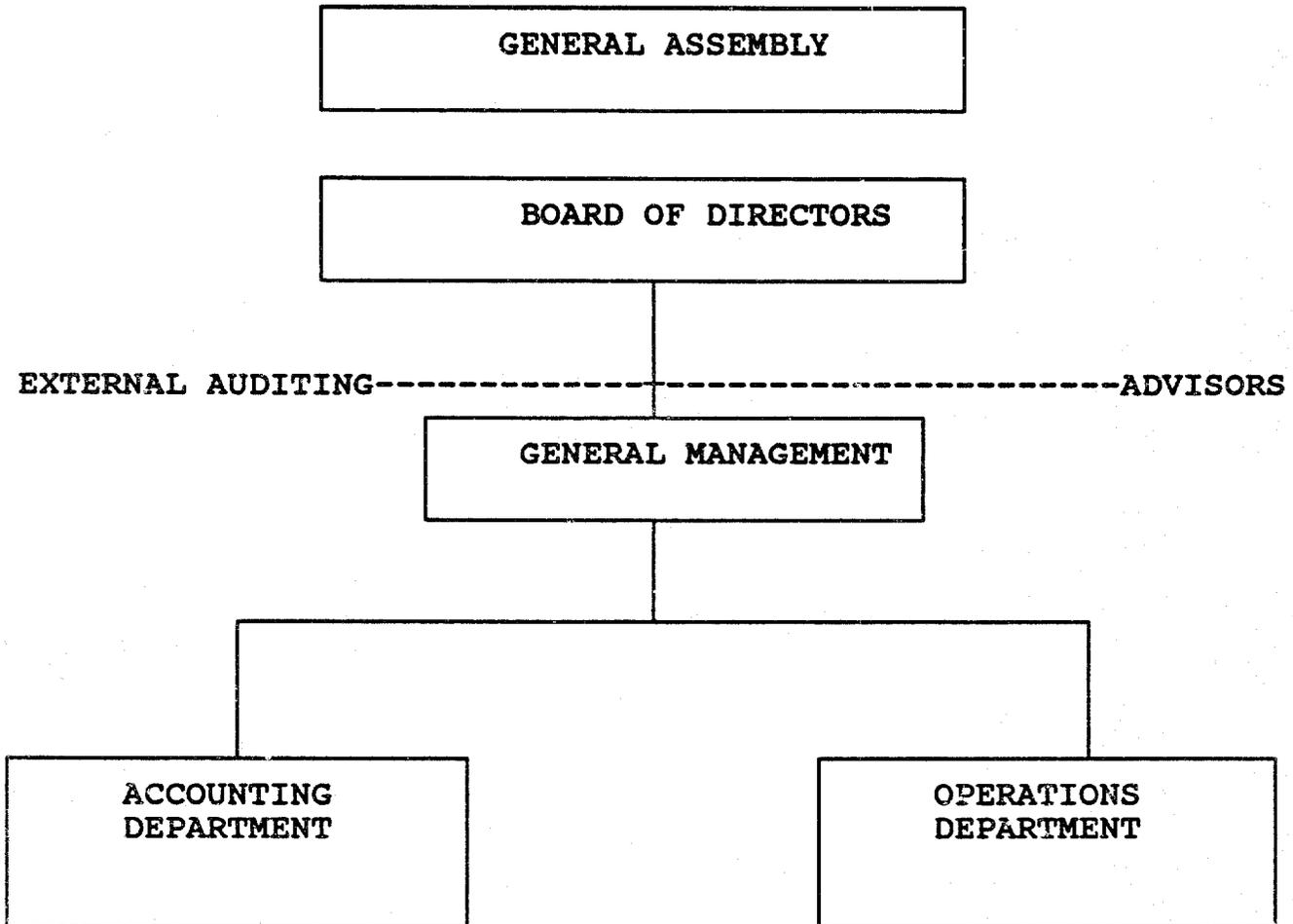
TABLE No. 9
AMV: PRESENT ORGANIZATIONAL CHART (UNOFFICIAL)



The professional on the team will be under the supervision of the operations supervisor

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TABLE No. 10
AMV: OFFICIAL ORGANIZATIONAL CHART



NOTE : This organizational chart is considered official
(it is the only one approved by the Board of Directors and the
General Assembly)

g. Summary of Administrative Problems

In general, the administrative problems of PCZN affect AMV and vice versa. The lack of experience at AMV and the differences of opinion are obstacles to the progress of the projects. Besides, the agreements indicate that AMV must be supervised and logistically supported by PCZN. This, however, is not the case, because of the existing frictions. The project director must establish his position as comptroller of AMV resources as specified in the agreement.

However, the real problem is the project design. It does not seem to be a good idea to have created an administrative structure similar and parallel to the PCZN to develop a component of the same project.

It is necessary to speed up the procedures to carry out work. To do this, we suggest AMV be a coordinating entity between the communities, the municipalities and the PCZN. This has to be done at the Assembly, the Board of Directors (with members of the four municipalities and community representatives), with a secretary that at the same time is the person in charge of the component within the PCZN structure, but under the project director. It is also important to utilize the administrative support of the director.

The suggestions above will substantially reduce costs, promote more involvement of municipalities and eliminate the confrontations between the PCZN and the AMV. More information on these areas is provided below.

h. Budgetary and Financial Aspects

The following presents costs and transference from PCZN to AMV.

AMV: COSTS AND DISBURSEMENTS DURING 1991

A. Expenses incurred	(Costa Rican colones)
(1) February-May	570,000
(2) June-August	3,923,202
B. Transference from PCZN	
(3) May 23, 1991	56,500,000
Aug 8, 1991	<u>3,500,000</u>
	59,800,644

NOTES:

- (1) First positions hired: Manager, secretary, first accountant
- (2) The rest of the personnel were hired in June
- (3) This includes 50 million colones for works, 1,15 million colones for the rural census, and 5,15 million colones for AMV operational costs.

Table No. 8 shows the present budget of the component. It includes the modifications made after the initial agreement. Later on in this chapter (in Table No. 12), we include budget projections for 1991-93 and we evaluate the situation and offer suggestions concerning the self-sustainability of the AMV. The AMV budget does not reflect any work plan or program with specific goals. It is more a distribution of resources from the PCZN to each component.

It is difficult to understand the planned utilization of the budget since it is subject to large shortfalls in disbursements from the Costa Rican Central Bank (BCCR). For example, the PCZN presented a disbursement request of 197,5 million colones for the fiscal year of 1991. Based on this, the AMV prepared and approved a budget for that amount. Later on, the BCCR reduced the budget to 103,5 million colones. This forced AMV to prepare another budget for the balance of the 94,0 million colones, hoping to utilize these funds in 1992.

The above situation would normally cause a serious problem to any institution. However, the AMV is not affected precisely because there is no work plan, nor goals to achieve. The only expenses to be covered are administrative, for which other funds are available.

It is difficult then to measure the use of the budget, in the areas of administrative expenses and other substantive components such as the rehabilitation and upkeep of roads where nothing has been done.

So far, an average monthly expense of 650,000 colones can be estimated. This includes the personnel indicated earlier on this chapter.

3. Technical and Administrative Capacity to Execute Activities and Achieve Goals, Period 1991-1993

a. Technical and Administrative Capacity

The manager is not a professional and does not have any background in administration (though he is a dynamic and entrepreneurial person); the civil engineer is not an expert in road construction, and though he has the ability to do his job, some additional expertise is required. The assistant to the management is a secretary who occupies this position because of money matters and to "block" a political appointee. The accountant is the person with the most possibilities to execute his job, though his experience is more with the private sector; this is used to explain some of the problems in the preparations of budgets and other financial aspects in accordance with the requirements of the government. The business administrator appears to have been appointed in order to make up for the deficiencies of the manager.

The existing organization spends most of its time covering the documentary and procedural needs of the PCZN. In fact, AMV is a parallel to the PCZN. The amount of written communication that is generated between PCZN and the AMV is voluminous; it is such that approximately 40% to 50% of its staff time is allocated for answering letters and memorandums, as well as for meetings about issues such as budget and administration.

There is frequently friction between the personnel of the AMV and the PCZN caused by the support of the advisor of the PCZN for the AMV and the relationship between him and the manager and staff of the PCZN. This is in addition to the creation of AMV as an association with its own by-laws supporting freedom and independence from the PCZN, and the norms established in the agreement AMV-MIDEPLAN-USAID. Finally, another area of friction has to do with the nonexistence of an organizational structure in the PCZN including the lack of adequate advice for the AMV. The person in charge of this component is not a professional as is required by the organizations's manual.

b. Manuals and Procedures

There are norms and procedures established in the agreement USAID-MIDEPLAN-AMV, as well as organizational manuals, procedures, and accounting directives. However, the lack of administrative experience significantly reduces the use of the norms and procedures established.

Though the PCZN indicates modifications (positive or negative) about AMV matters, the latter does not follow them in many cases. Finally, manuals and agreements are of no use if neither the capacity nor the administrative will to use them exists. In this case there is no capacity nor authority (Board of Directors at AMV, in charge of the PCZN) to impart order.

c. Document Preparation

According to the PCZN organization, there is a manager and a person in charge of the component, besides staff from the component of organization and monitoring (accounting) that supervise the financial and operational procedures of the AMV. Decisions are made by the manager according to the documentation generated by the staff.

Within the AMV, the decisions are made by the manager. Because of this, he must maintain periodic coordination among the managers. Otherwise, a lot of time is wasted, since the other staff members know that their contributions are useless under the vague existing managerial coordination.

In addition, it is interesting to report on the different stages, about 20, which are necessary to carry out any road project according to the procedures established by the AMV. In Table No. 11 we list these stages. In the following lines we will refer to some of them.

TABLE No.11

AMV: OPERATIONAL PROCEDURES

Although the AMV is yet to initiate any work (rehabilitation or maintenance), the stages to carry out a project are the following:

ACTIVITY	TIME	MECHANISM	OBSERVATIONS
Outreach	Continuous	So far through members; rural census also used	Seems not to work. Only one road-programming stage
Rehabilitation requirement	Indefinite	Community representatives	
Information transfer	Can be immediate	Personnel information	Lack of documents specifically made for interested parties
Counterpart payment (5%)	Depends on community capacity	Office of specific allocations, credit, community resources comunales	
Design and initial approvals	Varies	AMV manager processes requirement, takes it directly to MOPT, S. Jose. Design is later made by AMV	No offices of MOPT in Canas. AMV capacity unclear and it n always approve
MOPT delivery and approvals	1-15 months	Technical personnel MOPT	Unclear if AMV must always initiate procedures at MOPT. Time can be reduced
Approval PCZN	1 week Undefined	AMV sends documents and plans to PCZN	Depends on capacity and disposition of PCZN
Approval Undefined component MIRENEM	1 week	PCZN sends documents to Comp. Ambiental & MIRENEM	Depends on PCZN. Follow up environment "Emergency Law" probably to be invoked
Produce request for biddings	1 week	AMV	Not necessary. It is understood AMV is not regulated by Natic Comptroller's Office
Revise and select projects	1 week	AMV (Commission on Biddings)	One more stage, could be necessary for the sake of bidding selection process
Approve PCZN proposal	1 week	PCZN	Depends on Technical capacity
Negotiate w/ community and company	1 week	AMV, community and company	
5 % payment from community	Indefinite	Community	Depends on payment capacity
Contract signing	2 days	AMV and construction company	Previous definition of payment form
Equipment transference	Undefined (1 week)	Construction company	AMV control
Project beginning	Undefined (1 week)	Construction company	AMV control
Inspection	Undefined	MOPT, AMV, PCZN, Community	Direct responsibility of AMV
End of Project proyecto	Undefined	Construction company	AMV control
Contract payment against project progress	According to contract	Negotiation AMV-company	
Maintenance	Undefined	Community in coordination with AMV	Requires training and commun involvement

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■ Outreach

The AMV uses its members to promote itself. They can also use rural censuses; however, this calls for the improvement of the questionnaires including the kinds of information sought. It is necessary, for example, to estimate income, the types of procedures used to codify female participation, etc.

Basically, there is a real need for training of the staff in charge of outreach so that they can promote the activities of AMV. The information used so far has only aroused interest in one project (Sta. Rosa-El Salto).

Concerning the payment of the 5% of the cost of the project, outreach members should also be responsible for the development of options so that the communities can pay this percentage. This aspect is obviously the main cause of delay in the progress of each project. The improvement of this aspect depends on the economic conditions of the community.

■ Initial Design and Approval

The first projects require joint designs with the MOPT or contracts with private companies. This is done with the purpose in mind to train AMV personnel who will later take over the realization of the projects.

The delivery of designs becomes more controllable by the AMV in the case of private companies. The period and quality of the designs is crucial. In the case of MOPT, this stage may require more time.

■ PCZN Approval

As was mentioned before, there exists a great deal of memos and meetings between the PCZN and the AMV. At this stage, there is a problem concerning technical requirements of the supervision of the PCZN as there is not one professional qualified to approve designs and road projects. It is recommended to hand this responsibility over to the AMV. The PCZN supervisor can still exercise the financial control (according to the agreement), although this corresponds to the financial area of the PCZN.

Environmental support could affect the execution of these projects. Therefore, we are suggesting that during the first stages prior to the payment of the 5%, all these aspects be reviewed to prevent possible delays.

■ **Planning, revision, and selection by public bids.**

This is another area that requires staff training in order to produce a technical and concrete instrument to evaluate the terms of the contracts as well as the evaluation of the biddings. Support for the aspects of construction must be included in the contracts.

■ **Proposal Approval by PCZN**

As we have suggested in E. (above), time and processing at this stage depend on the coordination levels between AMV and PCZN. However, one important aspect is that at this level the responsibility for the prior stages falls on the AMV. This seems unnecessary if the work plans and approved budgets are available.

■ **Negotiating a contract with the community and the company. Payment of 5% of the cost of projects**

This is a crucial stage in the process that calls for a constant flow of communication between the assigned staff and the community. This must be done prior to the presentation of the final economic situation in order to ease the negotiation of the project's cost and the respective payment of the 5%.

Following the payment of the 5%, negotiations must continue with the selected company concerning costs and terms of payment.

Concerning the other stages of the process, more responsibility is in the hands of the AMV, specifically, the control and supervision of the contracted projects.

4. Identification of Options for Self-Financing According to the Planned Goals

As part of the evaluation, we considered it necessary to know the possibilities for self-financing of the AMV. To do this, we included the following aspects:

- Financial information: budgets and projected cash flows
- Interviews with community and municipal representatives

a. Financial Information

The budgetary projections were revised and analyzed together with staff members from PCZN and AMV. Also, cash flow projections were revised by members of the company ACDI. Both procedures allowed us to identify serious financial "deficits" beginning in 1993 (a year prior to the finalization of the project) which will aggregate in the following years with the lack of additional financial support from PCZN.

b. PCZN: Budget Projections

Table No. 12 prepared by the person in charge of the component (PCZN) show a deficit for the year 1992 in the amount of colones 21,8 million, which together with the one accumulated to the year 1993 increases to colones 46,2 million. These deficits come from the difference in the allocation of disbursements from PCZN and the budgets prepared by AMV. That is, the projected expenses for the AMV are greater than the resources allocated by the PCZN for this component.

The following are some observations:

■ The resources assigned to "contingencies" (colones 30,187 million) have been applied to administrative expenses to cover the difference in this heading.

ADMINISTRATION/CONTINGENCIES

Year	1991	1992	1993	1994
ADMINISTRATION	17,668	3,963	2,884	24,525
CONTINGENCIES	-----	19,187	11,000	30,187
TOTAL	17,668	23,150	13,894	54,712

■ The expense projections for 1992 and 1993 are detailed in Table No. 12 together with some explanations.

TABLE No.12
AMV BUDGET PROJECTION (In Million Colones) 92-93
SUMMARY

HEADING	1991	1992	1993	
A. Personal services		16,7	14,4	
B. Non-personal services		9,2	6,1	
C. Materials		21,3	19,2	
D. Machinery and Equipment		2,8	0,6	
E. Financial *****		0,5		
F. Constant improvements	83,0	157,5	2,5	240
G. Cord. transfers		3,2	3,1	
H. Unforeseen expenses				
TOTAL	103,5	211,3	45,7	360,5
Disbursement Projection PCZN	103,5	189,5	21,4	314,4
DEFICIT		(21,8)	(24,3)	(46,1)

SOURCES: OT-PCZN No. 019-91 (May 20, 1991)

General Notes:

1. Difference in A = reduction of salaries and others
2. Difference in B = reduction in rents, advertising, documents, consultancies, and others
3. Difference in C = reduction in tools and spare parts
4. Difference in D = reduction in equipment (miscellaneous and for communications)
5. Concerning F, all the work will be done in 1992. This includes 7,5 for building, colones 193,7 for rehabilitation and colones 38,80 for maintenance
6. A also includes administrative salaries such as the those related to machinery

■ It is necessary to underscore that the budgets are prepared modifying the headings established in the project budget, with the exception of some items, like for example (f) construction, where both rehabilitation and maintenance are included.

c. AMV: Budget Projections for 1992

Table No. 12A includes the most recent version of the projected cash flow (in thousands of colones) that, although showing some problems, facilitates the understanding of the AMV financial situation.

The AMV has also prepared a budget projection for 1992. This has been summarized in Table No. 13 (please also Table No. 14). In Table No. 13, contrary to what is presented by PCZN (Table No. 12), the budgeted expenses are less. This is due, among other things, to the fact that it does not include personnel, or expenses related to the use of machinery.

d. (ACDI) Budget Projections

As has already been indicated, the firm ACDI was recently hired to: "prepare a five-year program for AMV..", for this purpose a 3-day seminar was held with the participation of the Board of Directors, the AMV administration and an advisor from PCZN. The seminar covered the discussion over the "viability" of the AMV in the future. ACDI consultants knew very little about the PCZN and the AMV. Their work was based on information supplied by the participants in their discussions about budgetary matters, for example.

These are some considerations:

■ The annual inflation was taken into account by ACDI. This has not been taken into account by PCZN and AMV and has caused a severe reduction in the established goals, for example in kilometers of rehabilitated roads and in maintenance. This is due to an increase of costs.

■ The rate of average annual exchange was also included for the components in dollars.

■ Another aspect included was the expected community contributions as the counterpart for road improvements.

■ Similar to the budget projections of PCZN, the cash flow presented by ACDI found a deficit that begins in 1993 (last year of the project) and that continues to increase to reach about colones 230 million in 1996.

TABLE No. 12A
ROAD MAINTENANCE ASSOCIATION
PROJECTED CASH FLOW
(Thousands of colones)
YEARS

	91	92	93	94	95	96	Total
I. Income	210,553.7	317,032.5	83,409.8	0.0	0.0	0.0	610,996.0
A. AID donations	97,645.7	134,634.5	17,991.8	0.0	0.0	0.0	250,272.0
Technical Assistance	8,660.7	21,450.0	13,272.8				43,383.5
Equipment purchases	88,985.0	97,883.5	0.0				186,868.5
Rehabilitation		15,301.0	0.0				15,301.0
Maintenance			4,719.0				4,719.0
B. C.R. Gov. count.	103,500.	170,302.	40,542.	0	0	0	314,344
AMV operation	17,668.0	63,452.0					80,462.0
Tools	682.0	3,500.0					4,682.0
Rural Census	1,150.0	2,850.0					5,000.0
Const. & Land	0.0	5,000.0					7,480.0
Technical Assistance	0.0	5,500.0					9,000.0
Rehabilitation	84,000.0	90,000.0					207,720.0
C. Comm contrib. Rehab.	8,400.0	9,000.0					20,772.0
D. Comm. contrib. Maintenance							
E. Other Incomes	1,008.0	3,096.0	21,504.0				25,608.0
II. DISBURSEMENTS	204,673.3	273,116.5	123,461.7	69,640.4	80,086.5	93,099.5	844,089.9
AMV Operations	11,321.8	36,286.0	60,556.9	69,640.4	80,086.5	92,099.5	349,991.1
Tools	0.0	1,000.0	3,682.0	0.0	0.0	1,000.0	5,682.0
Rural Census	0.0	1,500.0	3,500.0	0.0	0.0	0.0	5,000.0
Const. & Land	1,000.0	1,100.0	2,480.0	0.0	0.0	0.0	4,580.0
Technical Assistance	8,680.7	26,950.0	17,772.8	0.0	0.0	0.0	53,383.5
Office equipment	1,300.8	5,000.0	1,750.0	0.0	0.0	0.0	8,050.8
Rehabilitation	84,000.0	91,301.0	33,720.0	0.0	0.0	0.0	209,021.0
Machinery	88,985.0	97,883.0	0.0	0.0	0.0	0.0	186,868.5
Special Reserve	9,408.0	12,096.0	0.0	0.0	0.0	0.0	21,504.0
Period Balance	5,877.4	43,916.0	(40,051.9)	(69,640.4)	(80,086.5)	(93,099.5)	(233,084.9)
Accumulated Balance	5,877.4	49,793.4	9,741.5	(59,898.9)	(139,985.4)	(233,084.9)	
Average Exchange Rate	130.0	143.0	157.3	173.0	190.3	209.3	
Annual Inflation	15%	15%	15%	15%	15%	15%	

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TABLE No. 13
AMV: BUDGET PROJECTION (In Million Colones) FOR THE YEAR 1992
SUMMARY

Heading	1992
A. Personal services	11,6
B. Non-personal services	10,7
C. Materials and supplies	8,8
D. Materials and equipment	2,5
E. Financial disbursements	1,1
F. Construction and others	86,0
G. Common transference	2,5
H. Unforeseen expenses	2,0
TOTAL	125,6
Constructions	86,0
diff. (constr-adm)	39,0

NOTES:

1. A does not include personnel or expenses related to machinery
2. C does not include fuel for machinery (approx colones 13,2 million)
3. F, compared to the PCZN budget, appears to be under the construction expectations considered

TABLE No. 14

**PZCN: REHABILITATION AND MAINTENANCE OF ROADS COMPONENT
BUDGET AND EXPENDITURE ESTIMATES**

Years	1991	1992	1993	TOTAL
AMV Operational Cost	20.500.000	40.000.000	21.374.000	81.874.000
Administration	17.668.000	3.963.000	2.894.000	24.525.00
Tools	682.000	3.500.000	500.000	4.682.000
Rural Census (Roads)	1.150.000	2.850.000	1.000.000	5.000.000
Constructions	---	5.000.000	2.480.000	7.480.000
Technical Assistance	1.000.000	5.500.000	3.500.000	10.000.000
Contingencies	---	19.187.000	11.000.000	30.187.000
Rehabilitation	83.000.00	110.720.000	Conclusión de metas del año anterior	193.720.000
Maintenance	---	38.750.000		38.750.000
TOTALS	103.500.000	189.470.000	21.374.000	314.344.000
Projection Totals	103.500.000	211.271.077,80	45.723.949,60	360.495.027,40
Period Deficit	---	(21.801.077,80)	(24.349.949,60)	(46.151.027,40)

At any rate, the serious aspect is that beginning in 1993 there will be a serious deficit that would make AMV collapse from the beginning of the year.

e. Interviews in Communities and Institutions

According to the information gathered, the PCZN region has about 1,400 kilometers of roads, of which, according to estimates, 40 kilometers (3%) are paved, 600 kilometers are gravel roads (42%) and 780 are dirt roads (55%). The municipality of Upala estimates that between 80%-90% are in bad condition.

It is estimated that there are about 160 communities in the region, a good number of them (71) with development associations. These associations have also expressed (document on social analysis) their concern about the need to rehabilitate and maintain the roads. In fact, 33 communities indicated that the bad condition of roads is an obstacle for public transportation.

In addition, SISTTEMS' technicians stated that the bad condition of roads is a major limitation to the transportation of products. Due to the poor roads, for example, palm (for palm heart production) in Cano Negro, and passion fruit production in Dos Rios are not commercially viable although the agricultural conditions are favorable.

As part of the evaluation, about 200 kilometers were traveled including Route 4. This gave us the opportunity to verify the bad condition of the roads. It is important to mention that although Route 4 was recently rehabilitated, its present state is so bad that even a four-wheel drive vehicle can hardly exceed 5-10 kilometers per hour. Cargo vehicles are unable to use this road.

It is interesting to note that the municipality supports the PCZN because it has built roads as well as other infrastructure. In recent years there have been delays due to bureaucratic procedures at the financial sources and because of changes of project directors. We believe that the municipalities should have been given more participation in the road component because they have the administrative capacity and experience.

In fact, the AMV will not solve the great number of road problems. The municipality will have to continue looking for support to finance works and equipment. This has been complicated with the creation of the AMV.

The MOPT, according to interviews, has a very deteriorated image concerning its will to help communities. Bad experiences concerning community payments to the MOPT for promised services abound (salaries, combustibles, lubricants, food, etc.)

In addition, AMV has to coordinate with MOPT in San Jose for any kind of support or permit that may be needed, and not with the regional branch of Canas. This wastes important time and effort on the part of the AMV manager in trying to speed up the procedures at MOPT. Such is the case of the only AMV project, the stretch of road from Santa Rosa to El Salto.

Finally, in general, and according to the people interviewed, there is no capacity to pay 10% of the rehabilitation cost of the projects, let alone the 50%-60% of the maintenance cost, if this amount must be paid in cash. Hopes are put on "specific allowances" that congressmen from the zone may get for their communities.

f. Goal Achievement

The original agreement proposed the creation of the AMV to rehabilitate 450 kms of roads, to provide it with machinery for road maintenance, and to achieve the financial self-sustainability of the AMV. Implementation Letter No. 11 indicates that AMV will rehabilitate 300 kms and will develop an self-financing system for the maintenance of 450 kms that include 105 kms of Route 4.

Component Goals (During the period of the project):

- To establish an association to develop the component
- The association must be self-financing
- The entity will rehabilitate 300 kms of roads. The communities will have to pay 10% of the total cost.
- The AMV will provide maintenance to 450 kms, including the 300 kms rehabilitated. USAID will donate the equipment for this purpose.

Present Situation (According to previous references):

■ The project established the association defined as "Asociacion de Mantenimiento Vial", AMV (Association for Road Maintenance). This procedure took about a year and started to operate in January of 1991. There are draft manuals of administration and accounting; it has assigned personnel.

In spite of the above, the association cannot properly function because of the lack of experience of AMV and PCZN personnel.

■ This point is further developed in the third part of this chapter. In brief, there is no possibility, in the present state of the component, to achieve this goal, especially because of the lack of payment capacity of the communities. Even if the communities could pay the 10%, such income cannot be utilized until the end of the project, (Set, 1993) and this is not enough to even cover administrative expenses.

■ The AMV cannot rehabilitate 300 kms of roads with the resources allocated because the costs have increased during the three years of the project.

The resources allocated are colones 193,7 million. The AMV cost estimates per rehabilitated kilometer, through hiring small construction companies is 1,8 million

colones. As a consequence, the number of kilometers that could be rehabilitated (by Sept, 1991) would be around 110.

The cost increases also affect the possibilities of community payments since their 10% contribution also increases. For example, in El Salto-Santa Rosa the community estimates a contribution of one million colones if the total cost is 10,0 million. An increase in the final cost to 20,0 million will bring the counterpart to 2,0 million.

■ The AMV cannot provide maintenance to 450 kms either because the rehabilitated kilometers have been reduced and the maintenance is provided to improved roads. In addition, the maintenance cost has also increased. In this way, if the cost is colones 607,000/km and the allocated resources are 38.8 million colones the AMV could only provide maintenance to 64 kms. In case of machinery availability, the AMV cost could be 168,000.00/km. In this way it could give maintenance to 231 kms.

The AMV has signed an agreement with the MOPT to administer resources for the paving of Route 4 in an amount over 650 million colones. This could cause some problems for a new association that needs to initiate its work satisfactorily.

g. Recommendations

To restructure the Association of Road Maintenance (AMV) from its actual organization to a coordinating unit that could allow the NZCP a more flexible disbursement of project funds.

As AMV is a non-profit organization, it is easy to administer direct payment to contractors without governmental controls and therefore it should continue with this role under the new organizational management.

A public roads plan should be prepared according to a new cost structure and a revision of the goals set up for this component.

Finally, a new role for municipalities should be devised in the context of the new AMV's organization. Municipalities are responsible for the construction and maintenance of public roads. Therefore, as the project finishes in August 1993, their role can be strengthened with equipment and machinery.

C. Crop Productions and Diversification

1. Social and Economic Base

The project area covers over 250.000 hectares, about 5% lying between the low lands along the Southern Shore of Lake Nicaragua and the range of active volcanos which form the Guanacaste Cordillera. Before the implementation of the Northern Zone Infrastructure Development Project, (NZIDP), the area was largely isolated from the rest of Costa Rica. The Cordillera separated the project area from the influence of the Pan American Highway to the west, and from the economically active and growing San Carlos area to the south and

east. The Northern Zone Consolidation Project (NZCP) area includes the cantones of Guatuso and Upala, and the districts of Santa Cecilia to the west and Caño Negro to the east.

Population estimates based on an estimated 4.10% annual increase from the 1986 figure show that at the end of 1991 the area's population will exceed 50,000, distributed in some 160 towns, villages and hamlets.

The project area includes numerous micro climates. This means that these diverse fertile lands, offer excellent production potential for a wide variety of agricultural enterprises. Land availability is not a constraint, a workable road network is in place and being improved, a well organized network of 55 farmers associations covers the entire project area. Considerable social infrastructure is in place. This includes schools, potable water, sanitation, electricity and the national telephone system. The project area is increasingly being integrated into the national economy and is capable of expanding contributions to the economic growth of Costa Rica.

2. Private Sector Technical Assistance

The project design team, after careful study of the potential for non-traditional exports crops selected cocoa, heart of palm, black pepper and passion fruit for initial emphasis. They did not include the addition of other crops or the deletion of one or more of the primary four crops selected, should they fail to prove profitable. Their assumption was that at the project level the criteria for selection would be, which crops can with reasonable assurance return the most profit to farmers and foreign exchange to GOCR.

The design team further elected the option of initially providing training and technical assistance (TA) to project farmers for the production of cacao, heart of palm, black pepper and passion fruit through the private sector. This was done in order to help establish the concept of farmers paying for their own technical assistance. This was apparently a new idea in the project area although it is well known in coffee as well as large scale plantings of other crops in Costa Rica and Central American countries. In the US it is called farm management and is a multibillion dollar industry. Fees in the U.S. range from 15 to 25 percent of the net profit. The farm management discipline succeeded because they include all factors for successful production.

On December 20, 1990 the Contraloría General of Costa Rica approved a contract with Sustainable Transfer of Technology and Management, S.A. (SISTTEMS) to provide training and Technical assistance for the selected crops or crops to be selected.

The design team assumed that the farm management conception of the scope of activities covered under training and technical assistance would be applied in project implementation. It was assumed that SISTTEMS would have the responsibility for assisting the farmers, through associations in groups of ten or more in all five production factors

from securing timely credit or inputs, selecting planting sites, planting, cultivation, pest control, and marketing.

Unfortunately in project implementation a much more restricting definition of training and T.A. was adopted. Two key elements of the five factors for successful production were beyond SISSTEMS control or responsibility according to their contract as interpreted at the field level. It was assumed that these two factors: credit or inputs and marketing were to be implemented by the Project Coordination Office. In point of fact, the credit and marketing elements as well as the pilot projects and special studies elements were placed under the PCO as service functions for the contracted T.A. This faulty interpretation of the project has caused undue friction and loss of valuable time. The evaluation team believes that this grave problem can be solved without a contract amendment.

3. Agricultural Credit

The initial strategy of the project designers called for branches of the Commercial Banks to lend 1,000 million colones to cooperating farmers supported with technical assistance from SISTTEMS. As an incentive to secure bankers' interest, the project proposed to remit 20% of the value of each production loan made to the lending bank as a bonus to cover operating cost and possible losses. Up to 200 million colones was available in the project for this purpose. The Commercial Banks, for various expressed reason, did not chose to participate in this plan.

No credit was made available to farmers for the diversified crop program in 1990, thus assuring little or no progress toward meeting project objectives. A second strategy was finally devised in 1991. However, as the last quarter of the year begins this strategy, although nearly approved, is still not operative. The strategy proposes the creation of four funds that are supposed to disburse and collect loans at market interest rates. The total fund is 200 million colones. Forty million colones for the time being, remain uncommitted. The participating private sector voluntary organizations who have already signed contracts with the project are CARE, Caravanas de Buena Voluntad, Centro Agrícola Cantonal de Guatuso and Centro Agrícola Cantonal de Upala. Contracts with these organizations is no more than a "Stop Gap" measure until sound credit criteria and credit availability can be worked out. It is suggested that a highly qualified, experienced credit specialist be contracted through the existing project T.A Contractor to assist project management in working out criteria and establishing the credit flow.

The evaluation team recognizes that all significant agricultural credit funds in Costa Rica are, in fact, in the Commercial Banking system. Therefore any significant expansion of crop production in the Northern Zone must depend upon credit flows from the Commercial Banking System.

The four credit contracts with voluntary agencies require excessive detail in reporting and securing clearances for the smooth flow of credit funds. Reporting requirements are likely to cause similar problems as developed in the SISTTEMS contract that necessitates that contract's current revision. Much of the detail required in reporting for these contracts goes far beyond the basic requirements for sound project monitoring and enters into technical detail that neither PCZN nor MIDEPLAN are staffed to properly utilize. A qualified credit specialist should review these contracts and recommend the necessary adjustments in order to avoid time consuming implementation delays that are sure to occur as the contracts are currently written. It is advisable to keep reporting requirements simple since in any event the implementing agencies records are always available for audit.

Under these contracts, it appears that an implementing role is contemplated for PCZN; a portion of which, training and technical assistance, would be done by SISTTEMS. It would make for less confused implementation if PCZN'S role were confined to services monitoring and the contracting of quality technical guidance as required. SISTTEMS should guide and help the credit agencies determine the timing and amount of credit required and help verify that the credit is utilized in accordance with the technical package recommendations.

The amended MIDEPLAN - SISTTEMS contract changes the production target to be reached by the PACD of September 30, 1993. The new targets in hectares are maracuya (passion fruit) = 100, heart of palm = 1000, black pepper = 50, and rehabilitation of cacao = 625, for a total of 1775 hectares grown by 1500 cooperating farmers.

Based upon the technical packages, current market prices and market cost of money, SISTTEMS has provided to the evaluation team cash flow charts for the four crops to be produced. These charts clearly demonstrate the need for adjustment on the part of project management.

4. Credit Requirements

1). Credit requirements were roughly calculated from the charts using the production targets for the crop years 1992/93 and 1993-94 from the new SISTTEMS contract amendment (See Table No. 15). The targets call for planting of 1500 hectares with 1775 producers, credit requirement for the two years amounts to \$3,047,182. The credit availability under the project is \$1,538,000 or a \$1,509,182 shortfall. In addition, in order to ensure the success of future harvests, continuing credit availability will be required. As such, we have also projected in Table No. 15, credit needs for a third year (1994/95). In view of the demonstrated reluctance of the Commercial Banking System to make credit resources available to project farmers for the target crops, it is urgent that credit negotiations be initiated at once with the Commercial Banking System with the assistance of a high level credit specialist.

2). All four cash flow charts (See Table No. 16) show the value of family labor as a production expense but do not include this value in the required loan. Thus the value of family labor is increased income above the net. Table No. 16 shows the net income without family labor, the value of family labor and the total income per year per hectare.

5. Marketing

No element of the PCZN directly addresses on a continuing basis, marketing problems. The team has noted that due to the continuous high humidity in the project area the quality of cacao and black pepper is very low. The easiest way to add value to these commodities is to vigorously promote the installation and use of fermenting and drying facilities for both products.

These installations are relatively inexpensive, under \$50,000, and can quickly become self supporting. The project has limited funds that could be used to demonstrate the value added that would come from proper processing and marketing.

The income from heart of palm and passion fruit is very good beginning in the third year. The initial costs are quite high and put severe demands on scarce credit resources. The current project's credit availability is little more than seed capital. As farmer associations prove their productive capability, every effort must be made to promote their integration into the banking system. The PACD of September 30, 1993 means that SISTTEMS, in order to achieve its targets, may have to promote new production faster than the new plantings can be assured of ample credit. This poses quite a dilemma for project management.

If SISTTEMS were also charged with the responsibility for managing the credit input and assuring a viable market outlet for produce, this problem could be somewhat mitigated.

6. Conclusions

SISTTEMS is technically competent and is carrying out its mandate to provide training and technical assistance to Project farmers in groups. They have 1500 farmers that are ready and eager to plant 1775 hectares of the four selected crops. Limited credit will soon be available. Market outlook for heart of palm and passion fruit is favorable. In order for black pepper and cacao to be reasonably profitable fermentation and drying units will have to be in operation at the community level. Without adequate assured credit resources under the guidance of SYSTEMS, production targets will have to be greatly reduced. This will dampen the high level of expectations participating farmers now display. The success of the agricultural diversification element of the project is contingent upon the integration of all five of the factors for production under unified management. As this component is now structured primary objectives cannot be achieved within the PACD.

With adjustments (Administrative and Technical) and a two-year extension of the PACD, project goals and purposes can be achieved.

TABLE NO. 15

**NZCP CREDIT REQUIREMENTS IN U.S. DOLLARS AND PROJECT PRODUCTION TARGETS
1992/93 thru 1994/95**

CROP	NO. OF PRODUCERS	TARGET	CREDIT HECTARES	1992/93	1993/94	1994/95	TOTAL
Cacao Rehabilitation	250	625	70	43,750	79,282	76,290	199,322
Heart of Palm	1000	1000	881	881,000	1,409,000	1,181,000	3,471,000
Black Pepper	150	50	1,767	88,350	47,500	47,500	183,350
Passion Fruit	<u>100</u>	<u>100</u>	3,249	<u>324,900</u>	<u>173,400</u>	<u>145,000</u>	<u>643,300</u>
TOTAL	1500	1775		1,338,000	1,709,182	1,449,790	4,496,972

TABLE NO.16

NZCP NET PLUS LABOR INCOME IN US\$ FOR THE SELECTED PROJECT CROPS

YEAR	1	2	3	4
1. <u>Cacao net</u>	115.5	100.9	100.9	100.9
plus labor income	<u>332</u>	<u>277.4</u>	<u>277.4</u>	<u>277.4</u>
Total	447.5	378.3	378.3	378.3
2. <u>Heart of Palm net</u>	(291)	(397)	295	1,218
plus labor income	<u>0</u>	<u>(148)</u>	<u>544</u>	<u>1,467</u>
Total	0	(595)	839	2,685
3. <u>Black Pepper Net</u>	(233)	(2684)	(106)	(106)
plus labor income	<u>0</u>	<u>0</u>	<u>224</u>	<u>224</u>
Total	0	0	118	118
4. <u>Passion Fruit Net</u>	(121)	(41)	666	353
plus labor income	<u>592</u>	<u>201</u>	<u>970</u>	<u>595</u>
Total	471	160	1636	948

D. Community Development Component

The assistance agreement established that this component has as its purpose to provide support for the organization of associations of community development through DINADECO, as well as financial resources to improve the social infrastructure of the Northern zone. At the same time, the communities must contribute 30% of the cost of the projects in terms of labor and land. According to the project budget, the component had to execute 158 million colones for 1988 and \$150,000. (62.5 million colones and \$75,000 in community projects, forty million colones in credits for housing; 2.6 million colones in equipment; 29.5 million colones in personnel expenses; 8.6 million colones and \$50,000 in operational costs and the rest for contingencies).

The Community Development component is coordinated by a professional sociologist who has previous experience in the area of urban community organization, and who has worked with the project since August 1, 1989. This position is under the Project Director and is responsible for the follow up of the work done by DINADECO in the consolidation of existing community organizations in the zone (approximately 60 community development associations) and of the allocation of resources according to a joint plan between PCZN and DINADECO.

The specific goals were defined in the following way: donations for social infrastructure projects which do not cost more than the \$7,500.00 limit, donation of up to 2,000 latrines for a total amount no higher than 750 colones per unit, partial financing of 34 potable water systems, partial reimbursement of up to 20,000 colones per housing unit, with a limit of 2,000 loans for the construction of rural houses.

The 4 regional offices of DINADECO assumed the responsibility of consolidating the community organizations which were promoted by the initial project, and the responsibility of organizing the community for the purpose of achieving the goals set.

This component was initiated in August 1989 based on the previous experience derived from the completion of approximately one hundred community projects which were financed with resources of PL-480 funds of the project for the development of infrastructure in the Northern Region. In spite of that fact, it was necessary to design an initial phase with representatives of the participating entities to formalize the technical and administrative procedures which were required to make the project operational.

In 1990, several workshops were organized which gathered the representatives of the Basic Technical Counsels of the Ministry of Health, the Institute Water Systems, and DINADECO.

In these workshops, a common working language was defined, the working plans of the organizations were made known, the priorities of the institutions were discussed, and some progress was made in the technical and administrative procedures to be followed in order to work within the framework of the PCZN. As a result of these meetings the following priorities of infrastructure for the component were defined: water projects, latrines, dining halls/schools, and others.

Table No. 17 shows that up to 23 August 1991, 47 projects had been completed with a total cost for the project of 33 million colones. These projects faithfully followed the agreed priorities. Of the total payments, 32% were for water projects, 25% for schools, 20% for dining halls, 10% for latrines, 5% for health stations, and 8% for other projects.

These projects benefited more than 70 communities of the Northern Region, and a total of 27,034 inhabitants. The electricity projects show the biggest impact since they benefitted 6,987 people in 12 communities.

The payments made for the financing of community projects represented 53% of the authorized expenses for the project for a two-year period during which the component has been in operation. The programming for the second semester of 1991 has kept the expected high level of performance, which incorporated additional payments for 20 million colones in social action projects and it is expected to use the authorized funds for this project during 1992. This means that the goals of the component will be reached before the current PACD.

The success achieved by this component seems to be due to two factors. First, the previous experience of team work, and the use of technical and administrative procedures to reach the goals of the project. Second, effective coordination on the part of the professional staff specialized in the field of community organization.

E. Component of Settlement and Titling Development

The PCZN, will reimburse IDA for the cost of settling up to 500 families in an amount not to exceed 130.000 colones per family (See Table No. 18). This is subject to the fulfillment of the requirements of the environmental project elements which include settlement areas for no less than 50 families, topographic plans, and IDA-beneficiary contracts including payment conditions. The beneficiary will have access to agricultural supplies and technical assistance to assure the production of basic food crops.

TABLE No. 17
NZCP COMMUNITY PROJECTS DEVELOPED BY
THE COMMUNITY DEVELOPMENT COMPONENT
IN THE NORTHERN REGION 1984-1991

	No. of Projects *	No. of Beneficiaries	Amount Paid (thousands of colones)
1. Antecedents (1)	6	2,378	10,535
2. Latrines	10	6,978	3,252
3. Dining Halls	10	4,277	6,490
4. Schools	14	3,651	8,425
5. Health Stations	3	5,220	1,635
6. Other	4	4,521	2,742
TOTAL	47	27,034	33,079

* Data to the 23 of August, 1991

TABLE No.18
NZCP GOALS AND RESULTS IN THE COMPONENT OF
SETTLEMENT DEVELOPMENT AND TITLING, 1991

Headings	Goals	Results	In process
1. Titles to lots (0-2 Ha's)	1,000	-----	81
2. Titles to farms (2-100 Ha's)	600	45	46
3. Family settlements	500	68	
		In Phase I:	34 families (San Miguel) 28 families (Argendra-Dos Rios) 6 families (col. Blanca)

NOTE: Incentives to IDA are: 2,000 colones/title per lot
5,000 colones/title per farm
130,000 colones/per family

In a second phase, and within a period of time no longer than 18 months after the signing of the contract, the beneficiary will receive title to the parcel, free of liens, for credit purposes. In addition, the PCZN will reimburse IDA for the donation cost of the titles for up to 1.600 families.

- 600 titles of 2-100 Ha @ 5.000 a title
- 1000 titles, parcels smaller than 2 Ha @ 2.000 a title

The component also includes funds for the purchase of 800.000 trees to reforest up to 600 Ha's.

Situation of the component:

On August 3, 1990 the agreement between IDA-MIDEPLAN was signed and validated by the National Comptroller's Office on October 2, 1990. This represents a delay of two years with respect to the original framework of the agreement.

The reimbursements will be made after delivery of the titles and the settlement of families as follows: 40% (colonos 52.000) upon fulfillment of the requirements of the first phase and the remaining 60% (colonos 78,000) upon completion of Phase II.

This component has had a staff member since July 1989. This person reports directly to the Project Director and maintains a permanent working relationship with IDA and the communities. The activities of this component are to coordinate with IDA so that the conditions established in the agreement are fulfilled.

The identified problems are:

- The establishment of settlements depends on the IDA's own resources and the institution is affected by a decrease in income from the government.
- The contribution from PCZN to IDA takes place after a long period of time required to complete the First Phase (40%) and an even longer period for Phase II. The PCZN contribution covers about 18% of the total IDA cost. There is little motivation for the institution to accelerate implementation of this component.
- In the 2nd quarter of 1991, the first reimbursement was made to IDA in the amount of colonos 2 million. This was done because it was not until this year that the activities of this component began. There is a sum of colonos 8.0 million allocated for the 2nd Quarter and the projections for 1992 and 1993 are respectively: 42,3 and 22,2 million colonos.

F. Environmental Management

Due to the size and complexity of the NZCP, the design team recognized that some project activities could have unintended negative impacts on the environment. This concern led to the creation of an Environmental Management Specialist (EMS) position attached to the Project Coordination Office in Upala. An Environmental Technical Assistant (ETA) position was also created to assist in the development and implementation of environmental support activities. The EMS, the ETA and a secretary staff the Environmental Management Office within the Project Coordination Unit in Upala.

The mandate of the EMO is to insure that environmental concerns are well integrated into all project activities, and to ensure that adequate technical staff and resources are available to identify and implement required mitigative measures and promote environmental enhancement.

The Environmental Management Office has been subject to the same frustrations and delays as have the other project elements which are largely caused by the complex project design. For example: The Environmental Management Specialist position was advertised for open competition in January, 1989. The EMS selected didn't begin work until September 1989. The ETA whose contract had been pending since December 1990 was finally hired in January 1991.

Despite the multitude of problems and delays, the EMO has made remarkable progress in carrying out its mandate. The office has earned the respect of the leadership of other project elements, the communities being served and a long list of other concerned GOOCR and private sector agencies. The office has proven its ability and willingness to give development assistance beyond the call of duty.

The team held intensive interviews with the EMS who justifiably took pride in explaining his system of meticulous record keeping with careful attention to administrative detail.

He is successfully implementing an Environmental Management program in a frontier region of a country that for the first time is being exposed to the validity of environmental concerns.

G. Role of Women in Project Activities

1. Overview

The Northern Zone Consolidation project as designed does not single out Women in Development concerns as an area for action. However, two of the components, agricultural production and community development, have been identified as having WID implications. This section reports the results of a brief 4-day visit to the Northern Zone

to study the effect of the projects on the situation of women in the area and suggests actions that would increase the impact within the present parameters of the project.

Due to the fact that WID information has not been tracked during project implementation, and that implementation of all components except community development are seriously behind schedule, the evaluation looked primarily at qualitative information and implementor opinions on project opportunities, rather than project results. Interviewees included MIDEPLAN technical staff and management, DINADECO and SISTTEMS trainers and field personnel, and approximately 48 women, 8 individually, 25 attending a course as representatives of their separate groups, and 15 working together in the production of passion fruit.

The first and overriding impression is that women participate actively throughout the project as technicians, as community representatives, and as participants. While the ratio of women to men does not reach 50-50 in any of the activities, the percentage is considered higher now than before the start of the project. Women account for 33.7% of DINADECO trainees, 30% of organized groups working with DINADECO, and 14.1% of interested clients of SISTTEM'S training and T.A. activities.

For most women not directly connected with the project, however, the economic effect to date is seen as neutral, i.e. little direct spin-off effect that has brought about changes in their personal situation. The impact of the project for them must be seen in terms of improvement in general welfare from the activities of the first Northern Zone project and the community projects of the second.

Before discussing the separate components, some observations on the general situation of women in the project area were derived from interviews:

- Under standard practice, up to now, the role of the woman has been to take care of the house and family, the "barnyard" animals, and help with the harvest. Any income that she receives comes from the sale of her pigs or poultry products.
- Except for the single women, all of the women interviewed prefer part-time to full-time work, to allow them to take care of house and family.
- Although there is some talk of machismo, in general most of the women interviewed asserted that the men welcome the possibility of women's economic contribution. In some cases, they help with the heavy work or provide inputs.

- The drive to seek some way to earn cash income is not new, but for most women, this will be their first experience in trying to earn money. They are beginners.

In one area where the production of pineapple for export has really taken off, the women and men share the work almost 50-50. But, it is the man who sells the product and who apparently disposes of the income.

- They are also the ground-breakers. Most of them could not cite any other women in their community who were also trying to earn money outside the house or were even interested.
- Most of the women have not fully thought through the ramifications of their projects, especially on the market end, i.e. sales, breakeven point, economic demand for their product, etc. Except for ones now starting to work with SISTTEMS, they start with standard housewife activities, such as sewing and poultry. There were two groups, however, who had started that way and then moved on the more feasible and standard production modes.
- Most women outside the Upala and Guatuso who have expressed interest in economic activities appear to prefer to work in groups rather than individually.

The evaluation looked at the record and the potential for women's participation in two components of the Northern Zone Consolidation project, community development and non-traditional agricultural production. Since the community development project has been more or less on track, the results are in, whereas the agricultural component has been underway only a few months.

2. Community Development

Under this component, the project has financed community infrastructure and organizational training. Women's participation is common and accepted, if not high. DINADECO promoters said that most of the sixty Integral Development Associations (ADI) have at least one women director, usually the secretary, and that in a few, women have the majority (specific numbers were not available). However, ancillary organizations and committees have arisen around the consolidation and continued activity of the ADI (health center, schools, churches, soccer fields, etc.) including approximately 30 women's organizations. The chief catalytic factors to this increase in activity are thought to be the improved communications with the outside world via roads built in the first project, the increased work of public institutions such as Health and DINADECO, and the progress in

education and training. However, the entrance of Costa Ricans from the interior, with their long experience with committees and other groups, also contributed.

The ADI's reaction to the parallel women's groups is apparently mixed, ranging from hostile ("groups de vagas") to supportive. DINADECO, although they did not promote the formation of these groups, have fully included them in the overall training program.

The most significant event in this process was a recent forum for production groups which attracted representatives from ninety different groups, twenty of which were women's groups. These groups were separated into six sectors - farm supply and other stores, dairy and fruit preserve businesses, agricultural production, sewing and handicraft groups, cement block factories, transport, farm machinery, and poultry and swine production. DINADECO has now begun to coordinate training and information sessions for each sector (for example, recent meetings with Banco Popular to discuss their credit programs), but does not plan to become technical advisors for them.

Most of the women's groups are interested in areas that are traditional to women, i.e. sewing, handicrafts, baking and poultry. They start with what they know how to do, or perhaps what the National Apprentice Institute (INA) teaches them to do.

Some social figures that DINADECO provided: average family income is ¢15,000 to ¢20,000 per month, of which approximately half comes from auto consumption of farm products. This translates into per capita income of some ¢20,000 (assuming family size of 5). Only 10% of primary students go on to high school (national average is around 30+%). The major problem aside from lost farm or household labor, is the cost and difficulty of transportation. Approximately 5% of women work as peones.

3. Agricultural Production

This component, has been unable to move forward from basic promotion into planting due to difficulties discussed elsewhere (credit, contract management). As a result the WID impact cannot be gaged by results, but can be examined in terms of potential for participation, expressions of interest, and appropriateness of mechanism.

4. Potential for Participation

All four products that are being promoted by SISTTEMS - maracuya (passion fruit), peguibaye (heart of palm), black pepper, and cacao - can be worked by men and women alike. Peguibaye is considered to be most difficult in terms of heavy labor, but the profit potential makes it attractive. In maracuya there is already one group of 18 women working and if they are successful, the goal is to extend the planting to 1/2 ha. per person. The rehabilitation of cacao has been more difficult to sell in general, and was not cited as an example for women's participation, except in the case of a woman who is working her own

farm and who saved the day for the promoter by soundly supporting cacao as a product that she, by god, is going to keep growing.

The product that has been identified as particularly appropriate for women is black pepper. It can be worked in small plots (1/3 - hectare) which can be located near the house. It is labor intensive and requires near daily attention. The promoters see it as a product that women can handle more easily than the others in the course of their daily work, with or without family labor. They also assert that women usually manage the crop better than men do. The constraints of black pepper production are discussed elsewhere.

5. Expressions of Interest

This is the only measure of progress to date under the project. Since the SISTTEMS group began working, 8901 farmers, men and women, have expressed definite interest in producing one or more of the four products, and have passed the first screening of the SISTTEMS groups. Of these, 126 are women.

To date, the distribution of participants per product is as follows:

<u>Product</u>	<u>Men</u>	<u>Women</u>	<u>Total</u>
Cacao	182	8	190
Peguibaye	546	37	583
Black Pepper	110	83	193
Maracuya	56	4	60
TOTAL	894	132	1,026

6. Conclusions

a) If possible, some funds should be reprogrammed to DINADECO to permit it to support organizational, administration and marketing training for the 90 some groups that have emerged with production projects. These groups are men's, women's and mixed groups.

For the women's groups in particular, special training in market and product assessment are warranted, with the intention of making the transition from the general selection of a type (ex.sewing) because they know how to do it, to a more commercially feasible product with higher probability for success.

b) Create a program linkage between the work of SISTTEMS and DINADECO, to create NTA clients on the one hand and to strengthen administrative capabilities of the women and men already working in the diversification component.

c) If upon further analysis the potential profit from black pepper is adequate, continue to stress black pepper as a prime production opportunity for women, and investigate the feasibility of financing drying facilities for area production.

d) The SISTTEMS technical assistance group should take into account that most women in the target areas are beginners and make additional efforts to inform and invite them to initial product meetings in the communities already served.

e) Similarly, without excessive special attention, SISTTEMS, MIDEPLAN, and the different credit groups should keep tabs on factors that may impede women's continued participation in the production component, i.e. uncertainty in credit management, difficulty traveling or even moving around affecting obtaining of inputs and sale of products, etc. These entities should also help the women work out solutions to overcome any constraints if linked to other project components such as credit or group development, and should inform Project Management of any constraints so that the cross-linkages can be exploited.

III. CONCLUSIONS AND SUGGESTIONS

A. Introduction

The Evaluation Team has carried out a mid-term "process" evaluation of the Northern Zone Consolidation Project oriented towards remedial actions for administrative and technical problems constraining the achievement of the project goal and purpose.

The team experienced excellent cooperation and candidness at all levels from the Ministry of Planning, USAID, on site project personnel, contractors, local officials and participating or interested organizations. The universal attitude has been: " Let us identify what is wrong; what will be required to fix or adjust the problems and let us get started immediately on implementing suggested adjustments. The Team feels highly gratified that this evaluation is not likely to simply gather dust upon the shelf.

The overall project is in serious trouble. It would be reasonable to recommend that it be terminated at once were it not for the high expectations that are shared by thousands of area farmers and residents.

The Evaluation Team is convinced that the project sponsors, both the GOCR and the US have a moral obligation to make the necessary project adjustments that will offer good prospects of largely fulfilling the expectations of the Northern Zone people and help them become valuable contributors to the national economy.

Adjustments suggested are given below by project component.

B. Administration

Replace the current project advisor, whose resignation is effective November 30, 1991 with an experienced, innovative advisor with agricultural background and experience. This advisor should also be knowledgeable in credit and marketing. The Environmental Assessment Officer should be appointed as acting project advisor until the replacement is on board.

An Agricultural and Rural Development Specialist with broad experience should be contracted for periodic short term assignments to assist at all levels in project adjustments.

Upgrade the position of agricultural technician and recruit an experienced technically proven Costa Rican capable of monitoring as well as giving technical assistance to SISTTEMS.

Upgrade the position of agricultural credit technician and recruit an experienced person with the stature to help negotiate with bank officials.

Make sure that the Administrator fulfills the functions of his position, thus freeing up valuable time of the Director.

In project design it was assumed that the Project Coordinating Office would be a semi-autonomous unit. Under this assumption working manuals and financial systems were developed.

The expected autonomy did not come about and the work of the Project Office and of the National Planning Office cause duplication of effort with corresponding confusion. The AMV, however, does have autonomous status. Experts in public administration should be contracted to determine if and how this could be utilized to help alleviate project funding constraints.

Clearly redefine technical, administrative and monitoring functions. Devise continuing means to assure that these functions are clearly understood at all levels and are being adhered to.

C. Rehabilitation and Maintenance of Roads

The Evaluation Team sees little or no chance that AMV can become a self-sustainable organization. It is however, and can continue to be an influential voice in road maintenance affairs as well as assuring participation of the Northern Zone residents in the solution of area development problems.

Under currently existing conditions, equipment should not be procured for AMV. They should, with well qualified technical assistance immediately initiate action to contract for road maintenance and rehabilitation.

AMV's administration should be reorganized for this purpose and NZCP may assume administrative responsibilities. However, money disbursements are to be maintained within the AMV's own organization.

After project completion, AMV could be transferred to the Liga de Municipalidades de la Zona Norte. The Liga has responsibilities for road construction and maintenance and therefore AMV could continue fulfilling its role in this area.

D. Crop Production and Diversification

The problem of not having clearly defined scopes of work for SISTTEMS and the project support elements is delaying implementation of the project crop production element. This constraint should be addressed immediately.

There is reason to believe that a highly qualified credit specialist can be extremely useful to project officials in helping to secure the necessary follow-on credit for the major crops before the voluntary agencies project donated credit resources are exhausted.

This specialist should also define the roles and interactions required between SISTTEMS, the farmers support and guidance, the project support elements, the voluntary agencies offering credit and the Commercial Banking System. More than one trip to Costa Rica will likely be required in order to stabilize this key element for successful production and marketing.

Encourage SISTTEMS to be innovative in their mandate to increase exports and profits from non-traditional crops. They may well help promote the establishment of processing facilities for cacao and black pepper at the community level, establish dual purpose production of peguibaye for heart of palm and animal feed from the fruit, or discover and develop new targets of opportunity. The Project's Pilot Project Fund could be expanded to help with initial financing of these initiatives.

In view of the millions of dollars United States firms (e.g., Cargill, Inc.) are investing in Brazil for citrus production and processing, and the proven incapacity of U.S. domestic production to meet demand, is it not time to assist the target groups of farmers of the Northern Zone in the production and export of citrus crops?

E. Community Development

The Directorate for Community Development (DINADECO) with project funding and outstanding technical assistance from the project technical advisor, has developed an organizational capability of Development Associations, so that they have become more independent and capable of meaningful participation in area development. DINADECO has the capability to play a leading role in the Seed and Plant Material Activity outlined below. Should they elect to participate, it is suggested that the Project supply the additional resources required.

Unfortunately there are thousands of rural Costa Ricans throughout the project area that are at or near the subsistence level. Large numbers of these people have or have access to a limited land area within their house yard or a nearby land plot. There is ample evidence that many of these people have made some effort to supplement their diets by planting such things as bananas, platanos, fruit trees, yuca and perhaps some vegetables around their house sites. Many others have planted nothing at all. Even where house plantings occur there is little evidence of new or improved varieties.

Costa Rica has good sources of seed and plant material with collections of most of the improved varieties of tropical fruits and food crops. This material can be rapidly multiplied by cooperating associations and distributed by DINADECO and/or volunteer organizations to low-income rural people at a modest cost.

"Packages" of seed and plant material adapted to the zones distinct microclimates could be designed by SISTTEMS. The cost of producing and delivering a package would be minimal.

F. Land Settlement and Titling

This activity is progressing slowly but according to plans. No further funding is recommended from the Project.

G. Environmental Management

This elemental, after a slow start is progressing normally. It is suggested that SISTTEMS be encouraged to take full advantage of the valuable assistance offered by this project element.

H. Role of Women in Project Activities

This element carries its own recommendations which are supportative of the other elements.

All technicians should be encouraged to give positive support to an increasing role for women in the project.

ANNEXES

- A. Questionnaire**
- B. Scope of the Evaluation**
- C. Bibliography**
- D. List of Interviews and Meetings**

ANNEX A
QUESTIONNAIRE
PROJECT EVALUATION
NORTHERN ZONE CONSOLIDATION PROJECT
(AID PROJECT No.515-0-235)

I. General Information
01. Informant's name:

Relationship with PCZN (position, starting date, salary, other)

02. Relationship with other components.
(coordination, hierarchical relationship, relationship with other institutions).

II. Support instruments**01. Legal**

(Indicate agreement type, by-laws, etc.)

02. Financial

(Indicate resources, special funds, working funds, etc.)

04. Institutional counterparts

(Indicate parties at other institutions, coordination, etc.)

III. Programming

(Goals and results by period)

1. First year period August 88/August 89
2. Second year period August 89/August 90
3. Third year period August 90/August 91
4. Lessons learned

IV. Programming Goals

1. Fourth year period August 91/August 92
2. Fifth year period August 92/august 93
3. Problems to be resolved

NOTE: Use additional sheets if necessary

ANNEX B**SCOPE OF THE EVALUATION****PROJECT EVALUATION FOR THE CONSOLIDATION OF THE NORTHER ZONE
(AID PROJECT No. 515-0235)****I. INTRODUCTION AND FRAMEWORK OF REFERENCE****A. Project Objective and Purpose**

The objective of the project for the consolidation of the Norther Zone is to improve the socio-economic development of Costa Rica in the Northern Zone through the use of underutilized agricultural land, to enhance a more efficient and diversified use of agricultural resources, and to promote the access to markets and services.

The purpose of the project is to contribute to the consolidation of an efficient and egalitarian socio-economic development of the areas of Upala and Guatuso, Santa Cecilia de la Cruz and Caño Negro de los Chiles.

B. Characterization of the project context.

(Social, economic and political aspects)

C. Evaluation team and methodology**II. RESULTS: AN EVALUATION OF THE IMPLEMENTATION PROCESS, PRESENT PROGRESS OF THE ACTIVITIES, LIMITATIONS AND SUGGESTIONS**

This analysis includes a comparison between the established goals and the progress of the respective activities: Identification and explanation of the factors that have delayed the progress in some of the activities, as well as specifications of the observed relevant problems that require immediate action proposed as suggestions.

A. Support Component to Agricultural Diversification

In this section, we present an analysis of the effects generated by the two substantive instruments that make up this component. That is, the technical assistance offered to a group of approximately 1,000 farmers who live in the area covered by the project through

SISTTEMS, as well as the factors that have delayed the credit utilization that was originally intended under the original strategy of the project.

A.1 Technical assistance to farmers through SISTTEMS S.A.

This evaluation considers an organizational analysis of the organization and technical capacity of SISTTEMS to fulfill the original project requirements, that is, to provide training and technical agricultural assistance in crops like passion fruit, palm heart, black pepper and the rehabilitation of cocoa.

Such assistance is offered to organized groups of ten or more farmers in the area covered by the project. The company also has the responsibility to identify and develop agricultural production alternatives.

For the adequate development of these activities, a concerted effort with the project is required in order to provide credit to certain groups of farmers beneficiary of the project. This aspect will also have to be evaluated.

A.2 Supplementary support in the form of resources to enable the attainment of credit by beneficiaries of the technical assistance of the project.

a. Conception and limitations of the original strategy of the project that proposed to create resource national banking system because of loans assigned to beneficiaries of the project.

b. Effects of the delay in the component of agricultural technical assistance, as a result of the lack of implementation of the strategy of credit compensation to the national banking system.

c. Limitations and potentialities of the second strategy of financial support to the farmer by the creation of funds for agricultural credit that will be administered by CARE, CARAVANAS DE BUENA VOLUNTAD and the AGRICULTURAL CENTERS OF UPALA and GUATUSO.

B. Component of Rehabilitation and Road Maintenance

Analysis of the actions developed by the Project to organize and put into effect the ASSOCIATION FOR ROAD MAINTENANCE (AMV).

Since the AMV is in its initial stage, its capacity to fulfill the objectives proposed in the Project will be analyzed, as well as the MOPT and community participation in the rehabilitation and upkeep of roads.

- B.1 Organizational development of the AMV, and its present and future relation with the PCZN.**
- B.2 Technical and administrative capacity to execute the activities planned to rehabilitate and maintain roads during 1991/93. A revision on the practicality of the AMV manuals is also included.**
- B.3 The identification of options for the financial self-sustainability, according to the proposed goals of the Project.**
- C. Component of Community Development**

This component has been structured over previous work done by the Project of Construction and Infrastructure of the Northern Zone, which left a base of more than 60 community organizations working in the zone. This evaluation considers directing efforts towards the reinforcement of such organizations and their activities oriented to community needs such drinking water, latrine construction, schools, and school eateries.

- C.1 Analysis of the project links with DINADECO (Executing entity) and community support organizations (Ministry of Health, Water Department, Ministry of Education, and others)**
- C.2 Factors that explain the achievement of established Project goals.**
- C.3 Effect of the component on beneficiary population**
- C.4 Effects of the component on the female population at the level of community organizations.**
- D. Component of Settlement and Titling**

This analysis includes the Project linkages with the AGRARIAN DEVELOPMENT INSTITUTE (IDA), the fulfillment of goals as well as the delaying factors that account for IDA's actions concerning other Project requirements.

- D.1 Analysis of the interinstitutional relationship between IDA and PCZN and the operational procedures to settle 500 families in the Project area and the titling of land to participating families in the area.**
- D.2 Evaluation of the achievement of goals and factors that have delayed their fulfillment.**
- D.3 Problems and possible solutions**

E. Activities to Support the Environment

The project introduces, for the first time in Costa Rica, support to the environment. The evaluation will analyze the effects that such support has generated in the fulfillment of the goals of the components of the Project, especially those that affect ownership and use of land and natural resources. The relationship and relevance of training activities and environmental education will also be analyzed.

F. Female Participation Activities

Although the Project has a general formulation that does not intend to discriminate its benefits, it is possible to identify its effects on the role of women in the productive processes that are promoted by the Project in farmer settlements and community organizations.

The administration and coordination of the Project, has not structured information sources, concerning the participation of women in its different activities. For this reason, the analysis of this area will be on the qualitative basis of the people responsible of the Project as well as direct field observation.

G. Component of Administration, Coordination and Project Follow-up

This evaluation includes an analysis of the infrastructure of the organization and the operational systems of the Project in its present state. In particular, we will analyze the aspects of direction, coordination and control with the purpose to determine restrictions that could affect the decision making process, the interinstitutional process, and the use of resources that has been programmed for the next two years of the Project.

The applicability and the implementation of organizational, procedural, accounting, and budget manuals will also be analyzed.

- G.1 Analysis of the structure of the organization and the operational systems.**
- G.2 Identification of restrictions that affect the direction process and the institutional control.**
- G.3 Evaluation of applicability of manuals in the areas of organization, procedures, accounting, and budget.**

III. CONCLUSIONS AND RECOMMENDATIONS

IV. ANNEXES

- A. Questionnaire**
- B. Scope of work for evaluation**
- C. Interviews**
- D. Bibliography**

ANNEX C

BIBLIOGRAPHY

01 - Project Paper

02 - ANEXOS TECNICOS:

- Anexos A,B,C (apoyo a la producción)
- Anexo D (Crop production and expansion)
- Anexo E (Road maintenance and rehabilitation)
- Anexo F (Community development)
- Anexo G (Land settlement and titling)
- Anexo H (titling)
- Anexo I (social analysis)
- Anexo J (Economic analysis)
- Anexo K (project coordination and monitoring)

03 - Acuerdo de asistencia GOCR-USAID

04 - Project Implementation letter No. 1
PIL No. 2 -- No. 17

05 - Manuales PCZN

- Organización y procedimientos
- Desembolsos
- Recursos Humanos
- Contabilidad y presupuestos

06 - Manuales AMV

- Catálogo de cuentas
- Procedimientos administrativos
- Sistemas de costos
- Administración financiera
- Funciones de los puestos de trabajo

07 - Convenios institucionales
DINADECO, IDA, IMAS, AMV, MAG

08 - Contratos en colones:

SISTTEMS (Asistencia Técnica)
CARE, CARAVANAS DE BUENA VOLUNTAD, CACU, CACG

09 - Informes del PCZN

- Informes anuales
- Informes trimestrales
- Informes de encargados de componentes
- Otros informes

10 - Información administrativa-presupuestaria

- Informes de jecución presupuestaria de egresos
- Manual de clasificación de puestos.

11 - Pobreza rural en Costa Rica 73-84. MIDEPLAN

ANNEX D**LIST OF INTERVIEWS AND MEETINGS**

1. Banco National de Costa Rica. Regional Manager
2. CARE. Project Official for the Palangue - Margarita Project and the Area Coordinator.
3. DINADECO. Area Coordinator and the Training and Community Development Officer.
4. A y A. Project Coordinator for Colonia Blanca Acueducto.
5. Municipality of Upala. Ejecutivo Municipal
6. Asociación de Desarrollo El Salto. Member Junta Directive and Responsible for Public Roads Committee.
7. Asociación de Desarrollo Colonia Blanca. Members of Junta Directiva.
8. MIDEPLAN. Director of Project Division
9. Asociación de Mantenimiento Vial
Members of Junta Directiva
Manager of AMV
Chief Engineer
Accounting Officer
Five Representatives of Community Organizations
10. SISTTEMS
Members of Junta Directiva
Manager and Unit Coordinators

11. COOPENARANJO

Farmer Credit Officer Assisting Colonia Maguengal

OFICINA COORDINACION DEL PROYECTO EN UPALA

- Former and Present Project Directors
- The Project Administrator

LIST OF VISITS TO THE NORTHERN ZONE

1. Projects of Community development

Project of Pinapple packing in Maguengal

Project CARE in Palenque Margarita

Project Puente Pequeño, El Salto

Project Nutrition Center Rio Celeste

Project Group of Women in San Rafael, Guatuzo

Project Water Aqueduct in Colonia Blanca and Birmania

Project Latrine in San Isidro, Yolillal

2. Peasant Settlements

Colonia Blanca, Aguas Claras

Colonia El Salto

3. Public Roads Projects

Camino El Salto - Santa Rosa

Camino Troncal 9- Maguengal

Camino San Rafael Guatuzo -El Silencio - Palenque Margarita

Route 4. San Rafael Guatuzo - Upala - Santa Cecilia

Camino Upala - Colonia - Blanca

Camino Colonia Blanca - Dos Ríos - Brasilia

Camino Brasilia - Cuatro Bocas - Sta. Clara - Upala

4. Farmers Beneficiaries of the Project

4. Plant propagations sites, one was for forestry

6. Cacao rehabilitation parcels

3. Heart of Palm pilot parcels

1. Large planting 100 ha. of heart of palm

3. Pilot Renovation plantings of black pepper

4. Plantings of passion fruit

5. Communities

Colonia Blanca

El Salto

Santa Rosa

Reserva Indígena Palenque Margarita

Maguengal

Birmania

Canalete

San Rafael de Guatuso

Río Celeste