EVALUATION OF THE INTERNATIONAL DIVISION OF INSTITUTIONAL DEVELOPMENT AND ECONOMIC AFFAIRS SERVICE, INC. (IDEAS), THE INTEGRATED RURAL DEVELOPMENT MODEL IN MEXICO, and THE POSSIBILITIES FOR ITS REPLICATION

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Submitted to Mr. I. Austin Heyman, Private and Voluntary Cooperation, Agency for International Development, Washington, D.C. 20523,

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PREFACE

This report contains findings and conclusions and recommendations therefrom, based on field visits to IDEAS International headquarters in Fort Collins, Colorado; Mexico City; Guadalajara and Zapotitan; San Jose; and Guatemala in the period November 27 to December 13, 1979, (see Annex 7). Before and after these field visits, several officials of the Agency for International Development were interviewed. Pertinent files in AID/W were examined.

The factual findings contained in this report were reviewed with IDEAS' Washington representative on December 21, 1979.

Mr. Herman L. Myers, Director, Washington Evaluation Associates, a professional agricultural economist with more than 30 years experience in rural and economic development project design and evaluation assisted in conducting this evaluation.

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CHAPTER I

Major Findings and Recommendations

A. IDEAS International Division did not in the three years of the AID grant establish an effective, efficient, viable institution with the capability of managing the replication in other countries of the Mexican Rural Development Model (Model).

B. IDEAS International Division has not been able to obtain sources of funding other than AID and is not able to identify potential sources for future funding other than AID.

C. During the three-year grant period, the rural development Model was financed and managed by Mexicans. Rather than operating as a part of or dependent on IDEAS, it functions as an independent and separate entity. Technical personnel of the Mexican organization have developed a programming evaluation and training capability. They appear anxious to establish direct association with sources of financing and entities interested in employing their services.

D. The Model operating in Mexico has unique features unlikely to be found elsewhere. Replication within Mexico has been slow and at least one effort has failed. The Model does not appear to be self-sufficient financially at any level.

E. Modification of the Mexican Model to make it suitable for replication elsewhere reduces it to an approach similar to that of others in the rural development field.

F. Reactions in Costa Rica and Guatemala to the Model, while informal, were generally favorable, but capital and technical assistance from host country or private sector sources are not assured.

G. AID/W should consider making its own intensive audit of IDEAS, tracking all monies disbursed, ascertaining services performed, and dispelling any doubt arising from the organizational arrangements and other sources of income.

H. Any future AID/W financial arrangements with IDEAS should include specific requirements for frequency and content of reporting on uses of funds and on personnel. Deadlines should be set and action taken on non-performance.

I. If AID/W and AID missions consider projects in the rural development field which might benefit by technical assistance or training by the Mexican personnel, AID might want to examine the option of a direct contract with the Mexican institutions.

CHAPTER II

Background and Brief Historical Review

A. Background: Scope Of the Evaluation

In 1976, AID-PHA/PVC approved a three-year Development Program Grant (DPG) to Institutional Development and Economic Affairs Service (IDEAS) for $583,000 (AID/pha-G-1163) to ---"strengthen its institutional capability to multiply the application of an integrated rural development methodology in selected, less developed countries (LDCs)."

The DPG is scheduled to terminate on March 15, 1980. PVC called for a final evaluation by outside consultants to determine possibilities of replication of a rural development model functioning in Mexico and also to determine desirability of continuation of support to IDEAS.

The authorization for this evaluation asks for a report to deal with the following questions:

1) Whether IDEAS International Division is appropriately staffed and financed to effect the replication of the model in Mexico to other countries in Latin America?

2) Whether the development model now operating in Mexico is consistent with current AID objectives?

3) Whether the model appears susceptible to being transferred to other low-income countries in Latin America? and

4) If the model is found to be transferable, whether in Costa Rica and Guatemala political, social, and financial

conditions exist so that the model could be replicated or, if modified, it would achieve the same objectives?

B. Brief Historical Review

1. IDEAS, a non-profit, tax-exempt, organization was founded in 1965 with principal offices in Washington, D.C. Its President and founder is Brian Beun;

2. In 1965, Dr. Simon Williams received a $250,000 grant from AID through the International Marketing Institute of Cambridge; he went to Mexico, located a site for an experiment;

3. In 1966, Williams became unpaid associate of IDEAS.

4. In 1968, Williams obtained funds from a private Mexican group, Ingenieros Civiles Asociados (ICA), to launch a model rural development corporation, FORUSA de Jalisco;

5. In 1969, CRAC (Coordinacion Rural) was created as an entity within ICA to coordinate and direct rural development projects; Williams became its first General Manager;

6. In 1976, IDEAS moved its offices out of Washington to the home of its President in Denver; Williams left CRAC and established the International Division of IDEAS in his home at Fort Collins, Colorado;

7. In 1977, AID/W provided a three-year DPG of $583,000 to IDEAS to strengthen the institutional capability of its International Division and to start rural development models outside of Mexico;

8. In 1978/9, an attempt to start a model in Dominican Republic failed;

9. In 1978, Associate Director for Field Programming, Alberto Jaime, resident in Mexico was replaced by Jose Recinos, resident in Guatemala;

10. In 1979, Recinos began promotional activities in Costa Rica and Guatemala for establishment of the Model; GOCR and GOG officials visited Mexican model and Mexicans associated with Model visited Costa Rica and Guatemala;

11. According to Williams, Associate Director for Evaluation and Programming, Miller was replaced in 1979 by Brian Beun, President of IDEAS;*

12. In 1979, IDEAS hired former AID employee, Tom MacMahon, as its Washington representative;

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* (Payroll information reflects that Mr. Beun has been paid as Associate Director of the International Division from the beginning of the DPG (see Annex #1).

CHAPTER III

The Development Program Grant: Requirements and Performance

The DPG lists what IDEAS and AID agreed would be the output of three years' work.

The fundamental objective stated in the DPG was the building of an institution, i.e., an effective and viable International Division of IDEAS. As stated in the grant, the funds were to be used to enable the Division to hire and train new staff personnel and to organize them to be able to transfer the development model.

The 1976 logical framework in the grant document (see Annex #2) sets forth several concrete verifiable indicators of accomplishments over a three-year period as follows:

-- five new staff hired and trained;

-- operational evaluation and program system developed;

-- two new members added to the Board of Trustees;

-- at least four sites identified for project implementation;

-- one Resource Center/Library functioning;

-- scheme developed for replication of IDEAS methodology;

-- adequate non-AID funding for continuation of capability (staff) secured;

-- implementation of at least four projects for integrated rural development.

An evaluation of results requires a recognition that the objectives stated at the start of a three-year grant may be

overtaken by events beyond the control of the grantee. Or in striving to achieve the objectives, other ways to reach them than by the original blueprint may be found. Then, too, priorities shift as well as circumstances. Development itself is a long, complicated process, which is not yet adequately understood. The experience of IDEAS International Division over the past three years should be reviewed with these realities in mind.

The following paragraphs describe objectives in the logical framework and discuss IDEAS performance.

1) The International Division--Staff and Organization

The DPG provides for a Director of the International Division; an Associate Director for Planning/Evaluation; an Associate Director for Field Programming; a secretary; and two Research Associates.

As of December 1979, the International Division, according to Dr. Simon Williams, consists of himself, incumbent of the Director position from the start of the DPG who has his office in his home in Fort Collins, Colorado; Mr. Brian Beun, the President of IDEAS, who since the spring of 1979* has been the Associate Director for Planning/Evaluation, who has his office in his home near Denver, Colorado; Mr. Jose Recinos, Director for Field Programming, who was hired in 1978 and has his office in his apartment in Guatemala City; and Mr. Thomas McMahon, Washington representative who has his office in his home in Vienna, Virginia.

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*(Payroll information indicates that Mr. Beun has been paid from the DPG since its beginning.)

There is no full-time secretary hired since part-time help was deemed adequate by IDEAS. There are no Research Associates. Mrs. Williams, the wife of Dr. Williams, performs occasional services on an hourly basis to assist Dr. Williams. Ms. Marylou Dominiguez, who resides with Mr. Recinos, does part-time secretarial work for him.

Dr. Williams believes that IDEAS would not need to hire additional personnel in the U.S. to manage actual replication of the development model in one or two countries. The Division would have to recruit a project manager to work in Costa Rica, however, were a project to be launched there. IDEAS has not met the stated personnel targets of the DPG. Indeed, the actual duties and precise contributions of each member of the U.S. based personnel in the International Division are difficult to ascertain and thus to assess. It would appear that Williams and Beun do planning, evaluation, programming and other conceptual tasks on an interchangeable basis, on their own for the most part. When they communicate, it is usually orally and informally. Chain of command, lines of authority, areas of responsibility, are not formally delineated. The location of staff in four widely separated locations requires a well organized communications system to make the institution effective and efficient. Such a system does not appear to exist in IDEAS International Division.

The employment with DPG funds of the salaried President of IDEAS as the Associate Director of the International

Division suggests that AID consider seriously an AID/W in-depth audit following up the one by the Defense Accounting Agency's Denver office. This suggestion is made in the best interests of both IDEAS and AID since it would be to the benefit of both parties to allay doubts about the organizational arrangements and other income sources.

Dr. Williams stated that Mr. MacMahon, the Washington representative, serves as IDEAS liaison to AID and other U.S. government agencies. As such, he is expected to facilitate potential alternate sources of financing to meet the DPG objective of viability of the International Division. This position is not specifically listed in the DPG.

2) Operational Evaluation and Program System

The DPG calls on the IDEAS International Division to develop an evaluation and program capability in its staff. This does not appear to have been done. Rather IDEAS seems to rely on the capability developed in CRAC in Mexico. While IDEAS might have thought it reasonable to rely on CRAC, it must be noted that the Mexican capability is independent of IDEAS, would have to be hired, and would disappear were CRAC to go out of business.

This raises a point which readers should bear in mind. IDEAS documentation asserts that IDEAS and the Mexican institutions (CRAC/FORUSA), to be described later, are one and the same. Sometimes they are called sister institutions. Often, the Mexican model is called the IDEAS/CRAC Model. In my opinion, this is misleading.

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The [illegible] owes much to Dr. Williams for its creation and early formation. The only link to IDEAS is through Dr. Williams association with IDEAS beginning in 1966. Even Dr. Williams, during the life of the DPG, has rendered only occasional advisory and consulting services to the CRAC model.

In the past two or three years, it appears that the Mexican group has perfected a methodology for evaluation and programming. It has also prepared the framework for a new training center for rural development managers.

It is fair to say though that through Dr. Williams, IDEAS can easily obtain access to the Mexican methodology of evaluation and programming but this is not a substitute for this capability within IDEAS itself, which the DPG called for.

3) Board of Trustees

A list of the Board members and the dates of their membership was requested of Dr. Williams on November 28, 1979. The list was submitted on December 28 and shows that two new members were appointed on October 31, 1979. Reportedly, meetings of the Board have been held when needed.

4) New Sites for Replication Of the Development Model

No systematic analysis of potential host countries for the development model appears to have been made; at least, not in writing. Three site (country) selections

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have been made, largely on the subjective judgment of Dr. Williams, but my impression is that country selection has been opportunistic, that it is based on the fortuitous acquaintance with an interested national who occupies a significant position to help launch a project. This was the case in the selection of the Dominican Republic where a major effort failed to get a model started. This appears true also of Costa Rica and Guatemala where promotional efforts have been underway for a year or more.

5) Resource Center/Library

The library exists in Dr. Williams' home.

6) Replication Methodology

There is no written guide for the IDEAS procedures for replication. Dr. Williams articulates his approach for replication clearly and enthusiastically. But application of the methodology in the field tends to be so informal that the proposed designs for other settings permits the model to take almost any form which would be acceptable to potential supporters.

7) Adequate Funding for IDEAS International Division

No source of funding for the International Division other than AID has been found by IDEAS. Dr. Williams stated that almost no work was done to locate other sources in the three-year period because of pressure of other work, and because it was known that private business and foundations were reluctant to involve themselves in rural development abroad. He stated that he believes that funds might be

obtained in the next couple of years as the attitudes of U.S. sources mature and show more understanding. No specific foundations or organizations, U.S. or foreign, have been cited as potential substitute sources of funding.

8) Implementation of New Projects

None are actually underway. In Costa Rica and Guatemala promotional work is being carried out by IDEAS.

Conclusions:

IDEAS failed:

1) to establish an appropriate international organization;
2) to obtain funds from other than AID;
3) to initiate replication of the Model in other countries;
4) to prepare, in writing, systems for replication, factors to be analyzed, and analysis of countries where it wishes to locate the Model;
5) to establish its own independent evaluation and programming system.

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CHAPTER IV

The Model Characteristics, Strengths, and Defects

The rural development Model now in operation in Mexico with the support of a large private financial group, Ingenieros Civiles Asociados (ICA), is the product of that group's small rural development unit and the earlier work of Dr. Simon Williams. The system is fully Mexican as to management, financing, staffing, and training. It owes a debt to Williams for his intellectual contribution of 10-15 years ago, for his early efforts as the director of the ICA rural unit, Coordinacion Rural (CRAC), and for intermittent advice.

It appears that the Model is not the result of IDEAS' efforts as an organization, nor, in my view, can IDEAS claim credit for recent activities or the development of training and evaluation capability in Mexico. They are the fruits of ICA/CRAC and its rural development entities, Fomentadora Rural S.A. (FORUSA). In several documents submitted by IDEAS to AID/W, there is language by which IDEAS arrogates to itself what is actually CRAC/FORUSA. The statement in IDEAS' second Annual Report that IDEAS and ICA/CRAC should be considered as one and the same is misleading.

The history of the evolvement of the CRAC/FORUSA approach has been described by IDEAS in many documents submitted to AID and will not be repeated here.

The structure of the Model can be seen from the diagram (Figure 1) which lists the major purposes of each component.

ICA provides the necessary financial support with grants, loans, and equity capital. Within its own organization in Mexico City, ICA operates its rural development unit, CRAC, composed of 17 professionals in the fields of business administration, financial management, sociology, anthropology, audio-visual training and veterinary medicine.

At the local field level, the system relies on a Rural Development Corporation (FORUSA). The FORUSA in Jalisco, the first and best developed project, has seven (7) professionals including a Sociologist as manager, a business and financial advisor, agricultural engineers and a specialized agronomist.

The FORUSA in Jalisco has created three Sociedades in the State of Jalisco. The original and best organized is the Sociedad del Valle located in the Zapotitan Valley. It has 80 members, having started with 23 members in 1971. At one time in 1978, it had more than 150 members but membership has dropped off through disinterest, failure of individuals and groups to repay loans and probably other reasons not readily ascertainable

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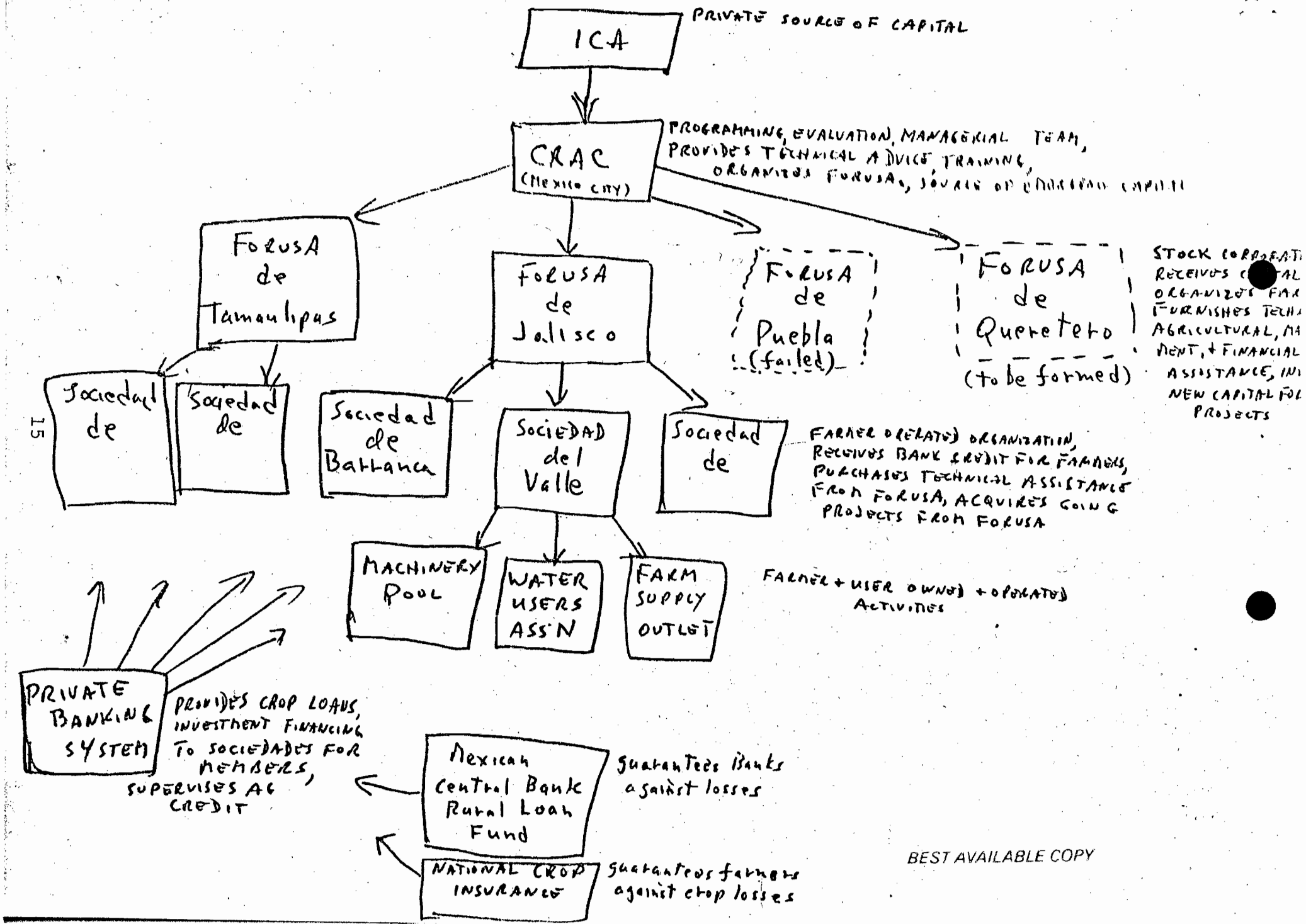
FIGURE [illegible] — MEXICAN RURAL DEVELOPMENT MODEL



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1) Positive Characteristics

The operating Model has the following positive characteristics:

- five voluntary farmers' organizations established on a business-like basis such as the Sociedad del Valle;
- professional and enthusiastic technical assistance from two FORUSAs, private corporations;
- acquisition of capital assets, creation of new wealth by farmer-operated Sociedades;
- credit to the Sociedad for its members from private Mexican banks at lower rates and better terms than traditional credit from state banks;
- farm loans guaranteed by a central bank fund;
- continuing annual subsidies from private sector group, ICA, to CRAC and to FORUSA;
- business-like approach at all levels with objectives of efficiency in production, development of community spirit, formation of effective entrepreneurial capacity;
- highly skilled and motivated central directing entity, CRAC;
- the creation of a proposed training center.

2) Defects

- After ten years of operation, the Mexican Model is not financially self-sufficient, even though that is its stated objective. At the CRAC level,

continual subsidies are furnished by ICA for salaries and expenses. At the FORUSA level, according to CRAC officials, the balance sheet does not include the costs of personnel and their expenses since these are also subsidized by ICA. The balance sheet of the FORUSA of Jalisco shows that it has incurred annual deficits and has covered these in large part by drawing down its capital. The farmer organization, Sociedad del Valle, does not include depreciation in its balance sheet, which would put it in a deficit position, also.

- The Model is vulnerable financially since it depends upon one source of grant funds. The great interest shown by CRAC officials in other sources of financing may reflect the weakening of the ICA commitment to furnish annual subsidies which reportedly average about $400,000.
- The Model has not shown rapid growth in the number of farmers joining a Sociedad, in the number of Sociedades or FORUSAs created nor in new capital forming projects. One effort at creating a new FORUSA in Puebla failed, and only one new FORUSA has been launched successfully in ten years.
- The Model in Jalisco has encountered continued harassment, according to FORUSA sources by the

traditional power structure of the Ejido which was hurt by the introduction of the new approach using private capital and private technical assistance. This opposition may explain in part the current efforts by Mexican government entities to establish, with official Hungarian government assistance, a compulsory collective farm in the exact area where the Sociedad del Valle exists. This effort, if it succeeds, will destroy the original CRAC/FORUSA Model of rural development.

3) Unique Mexican Factors

The key factors in Mexico on which the rural development Model depends are:

- prior agrarian reform with system of collective farming (Ejidos) which provides farmers with title to use their land;
- in Model area farmers live in village center and travel to their parcel of land;
- a source of continuing private capital for subsidies and grants as well as equity and loan capital;
- a strong private banking system offering supervised agricultural credit;
- a Central Bank farm loan guarantee fund to backstop the private banks;
- a national crop insurance program.

4) The CRAC Training Center for Rural Development Managers

The Mexican group, CRAC, has developed a plan for a training center (see Annex 3) to prepare candidates as rural development managers. It will be limited to about 10 or 12 students who will be given one week classroom instruction each month, followed by three weeks in the field at a FORUSA. The one-year program is to be divided into two segments; the second differing from the first in that the field work will be actual work on a job. The candidates will be formed into two or three teams in the second period to study new projects and project sites; prepare feasibility studies; and launch the new activities. The planners believe that real jobs will materialize for the candidates at the conclusion of the training in the very projects they developed.

Spaces will be held open for candidates from other countries, especially from Costa Rica, in anticipation that IDEAS or the Costa Rican authorities will obtain funds to cover the students' costs.

It should be noted that financing is not yet available for the training center, its instructors, and scholarships for its students. CRAC plans to locate the center in Queretero and has obtained approval in principle from the Governor of that state to provide a budget and a location. Nonetheless, CRAC is prepared to work directly with other sources of financing.

This activity when launched and proven successful could be separated from other CRAC services and considered as a resource for AID participant training.

5) FORUSA Evaluation System: Decision by Consensus

The Mexicans in FORUSA, assisted by CRAC technicians, have developed an intensive internal system of self-evaluation. A specific list of objectives is developed for a month's work by discussion and agreement between each technician and each FORUSA manager. This is prepared in writing. Then at the end of the month, the manager reviews with each employee actual results and assesses a grade, i.e., percentage of the objective attained. An overall percentage of preference is given. At a meeting of all employees, the supervisor reads each list of objectives and announces the monthly score. As a group, the employees review their entire performance, identify significant problems, and propose solutions. These are summarized in writing and form the basis of each employee's next monthly list of objectives.

The system is based on self-criticism in front of peers, employee participation in the discussion of the work of others, and the evolving of consensus decisions.

Discussions are frank and impersonal. The result is the setting of realistic and measurable goals and the development of an effective group working toward common purposes.

CHAPTER IV-A

The Integrated Rural Development Model In Mexico and Its Relationship To AID's Objectives

AID objectives in the rural area are perceived to be:

- to provide technical and financial help to the rural poor;
- to provide that help as directly as possible to the beneficiaries;
- to seek to improve the quality of life for poor farmers;
- to create or strengthen institutions dealing directly with poor farmers.

The concept of the integrated rural development model in Mexico is described by IDEAS in documents it has submitted to AID as follows:

> "...program and process of integrated, self-sustaining investment oriented rural development aimed at getting private and public sectors to work together for rural development based on private investment or loan capital alone or in joint venture with public sector ..." and

> "...priority given to private sector easing away from the impact of political whimsy which characterizes shifts in public power...".

Insofar as the Model focuses on rural poor and helps beneficiaries in the most direct manner, it fits within AID's objectives, even though the Model is not targeted on the poorest of the poor nor is it aimed at job creation.

CHAPTER V

Replication

Since there are essential factors of the rural development Model which seem to be peculiarly Mexican, it appears extremely difficult for the Model to be replicated where those elements do not exist. Nonetheless, IDEAS International Division believes that there is an underlying process or approach which can be replicated. This process is essentially the organization of farmers into a voluntary association, the provision of credit and technical assistance, and emphasis on good management and capital formation. This approach could be adapted elsewhere by relying on official capital and official technical assistance, but would, in my opinion, lose most of the unique features of the Mexican Model and would be quite similar to other rural development in Latin America, some of which is financed by AID.

The question of the time required for replication, even of a modified Model, needs to be addressed. In the DPG, both AID and IDEAS were optimistic about the time in which new Models could be replicated. The Mexican experience shows that replication in the same country is slow even with continuing annual private subsidies. Since the formation of the FORUSA in Jalisco ten years ago, only one other FORUSA,

that in Tamulipas, has been established. The effort to create a FORUSA in Puebla failed and work on the establishment of one in Queretero has been underway for some time. I conclude that the establishment of a Model, even modified, to accord to the circumstances of other areas is a long, slow complicated procedure with a high risk of failure or of impact on only a small number of beneficiaries. To reduce the risk of failure, it seems that high quality analysis of financial and technical factors is required before promotional work is started on replication.

A. Efforts by IDEAS To Reproduce CRAC/FORUSA Model In the Dominican Republic

IDEAS failed in its first attempt to replicate the Model outside of Mexico. The effort was launched in the Dominican Republic and consumed about 1-1/2 year's staff time and effort. According to Dr. Williams, the effort collapsed when members of the Dominican Development Foundation's Board of Directors firmly opposed using a non-Dominican group. A series of other problems in getting the project initiated had been encountered and for the most part overcome, according to Dr. Williams.

It appears that the IDEAS International Division did not make an adequate analysis of the political and social factors with which it was dealing. This shortcoming should have been caught by the IDEAS International Division. Not to have done so over the course of 18 months suggests a

lack of adequate backstopping and possibly a fundamental flaw in management which could beset any other attempt at replication. The Dominican failure suggests that guaranteed commitments from capital sources and government entities in the form of solid contracts or similar binding arrangements must be obtained at the outset, taking into account time needed for promotion.

B. Replication In Costa Rica

IDEAS has been discussing adoption of the CRAC/FORUSA Model in Costa Rica for more than one year. Mr. Recinos, IDEAS representative in Central America, arranged for the visit to Mexico in several of his key contacts. These men and the Second Vice President of Costa Rica, Jose Miguel Alfaro, claim to be favorably disposed to the concept, if adjusted to fit country circumstances. At the technical level, however, new project possibilities generally are welcomed as possible sources of additional budget.

To get the concept off the ground, Mr. Recinos hopes to have ITCO donate a Government-owned rice farm which will be divided up among 100 farmers not yet selected. He hopes to organize the farmers, develop a money-making activity for the community, conduct a crop demonstration on a portion of the land, and leave a part of the land for the farmers to cultivate as they wish. Once in operation, technical assistance would come from a FORUSA to be organized as a private entity. At the beginning, Recinos expects that the Government would offer the full-time services of ITCO

personnel in the form of two or three full-time agronomists. Recinos hopes that the state development bank, CODESA, would provide credit and eventually that some elements of the private commercial sector (as yet unidentified) could provide investment capital to the FORUSA. There are no commitments, so far, of technical assistance or financial support, either public or private.

The sequence of steps in proposing to replicate the Model in Costa Rica bears little resemblance to the positive characteristics and experience of the Mexican Model.

The risks of failure to replicate a new rural development approach in Costa Rica are great. The negative factors can be divided into two areas:

1) Costa Rican economic problems, social customs, and level of living;

2) IDEAS field staff work to date.

The GOCR is undergoing severe budgetary problems. A huge deficit on current account is being experienced in 1979 budget operations and cuts are being projected for 1980 expenditures. ITCO, the entity with which IDEAS plans to mount the CRAC/FORUSA Model, has sustained a cut of 18% in its 1980 budget. It is now in the process of reducing its staff by 30 employees. A US$12,000 IDEAS contract with ITCO to study the specific farm project was found to be languishing in the GOCR. A copy of this document is attached (Annex #4). A tight and worsening budget suggests that a new experimental project request may not be welcomed by the

GOCR and even if given initial support could falter before it can be fully implemented.

The Costa Rican authorities have indicated that there has been an excess of rice production in recent years. They are discouraging production by limiting public credit and insurance. The lack of irrigation at this time on the proposed site limits potential alternative crops. Furthermore, rice farmers in the area are receiving a relatively high return using present resources, and it seems unlikely that they would readily shift to other crops or new technology which might be demonstrated at the proposed Model site.

The social conditions in Costa Rica's agricultural area are currently in need of improvement, but the Costa Rican farmer is relatively well off. He is literate and educated to an extent well above neighboring countries. As compared with Mexico, where the Model is expected to provide income to meet social and economic needs, public health care is readily available. More than 35 national government entities are active in the rural area. The quality of such services varies and may not be fully satisfactory, but the rural population is used to and expects to receive these services at no cost. The Costa Rican farmer prefers to live on his own plot of land and not reside in village centers.

The Costa Rican private sector is small, highly specialized, and generally not disposed to finance unrelated activities or to provide subsidies.

IDEAS field work has concentrated on promotion in the GOCR and USAID. An official government of Costa Rica position on technical assistance and financing has not yet emerged. Meantime, IDEAS has sought financing by ITCO of a study of its farm project to back up their promotion of the rural development approach. IDEAS has approached the AID Mission in Costa Rica for funds to help with the study (see Annex #5).

At the same time, the IDEAS representative, Mr. Recinos has been devoting some of his time to developing a separate and new AID project on worker owned and operated industries. He is doing this as an expert based on his prior work experience for Louis Kelso of San Francisco and in response to the interests of the AID Mission in speeding up progress on an existing loan for such industries in San Jose. The AID Mission has projected an FY 1981 loan for WOOIs to be located outside of San Jose and proposes to give an OPG to IDEAS for this project (see Annex 6).

Efforts by Mr. Recinos to develop a worker owned industry project not related to integrated agricultural development may be outside the scope of the DPG.

Mr. Recinos believes that there is a need for assistance in both areas and that they are related, i.e., a worker owned and operated industry may financially support a FORUSA in the farm area in the future.

A vast amount of work has yet to be done to bring some focus to the IDEAS field work in Costa Rica. For example, what is the actual position of the Costa Rican Government to the initiation of a CRAC/FORUSA Model? What is it prepared to finance by way of technical assistance, training funds and supervised agriculture credit? How long a commitment will it give? Can the Costa Rican farmer be convinced to join an organization to which he will have to pay a membership fee and a fee for technical assistance? Will the private sector of Costa Rica contribute to the FORUSA? How does the initiation of a small project relate to existing alternatives and to replication further within Costa Rica to other areas and products? Can the farm project become financially viable?

It may be that the only way to answer these questions is to take a risk, start a small project, and observe the results. However, given the foregoing doubts and unsettled questions, it appears that the chances of successful duplication of a CRAC/FORUSA Model in Costa Rica are quite limited.

C. Guatemala

The government budget situation in Guatemala is relatively good but is based on conservative policies which limit expenditures. The Guatemalan private sector is equally conservative. The agricultural sector is divided into a well developed commercial group and a large body

of subsistence farmers, primarily Indians in remote regions. The commercial interests are export oriented and have shown little interest in the plight of the indigenous rural poor. The indigenous farm population is further limited by language and cultural differences, which because of the lack of cohesion, makes it difficult if not impossible to demonstrate and replicate new techniques either in organization or in production.

Mr. Recinos, as a part of his efforts to promote the Mexican rural development model, has held discussions with the AID Mission. The Mission's position is that while the concept of the Mexican Model is theoretically interesting, it is unable to consider financing an experiment via an OPG since funds are limited and a large number of worthwhile documented projects are now under active consideration. Mission personnel state that if IDEAS were to obtain financing elsewhere, they would have no objection to their working in Guatemala and would offer moral support. Before IDEAS could obtain the AID Mission's serious consideration of a possible OPG, it would have to prepare a thorough study with careful attention to significant financial and technical aspects of a proposed project.

There is no indication of an official Guatemalan Government position on the rural development Model. As in Costa Rica, Mr. Recinos carried out his promotional efforts at a technical level below the ministerial decision making level.

Discussions with people in and out of Government indicate that the Guatemalan decision makers, even if approached on a high-level personal basis, would probably not be receptive. No firm sources of technical assistance or capital are yet evident. It appears that Guatemala is not a likely candidate for replication of the Mexican Model.

ANNEX 1

BRIEF SUMMARY PAYROLL[1/] [2/]

IDEAS International Division

	FY 1977 (March-June)	FY 1978 (July-June)	FY 1979 (July-June)
Director-Simon Williams	$10,027.00	$34,026.83	$36,852.80
Associate-Director-Brian Beun	6,406.02	22,748.08	17,842.13
Eugene Miller 3/	2,788.46	26,924.65	23,625.00
M. Durst 3/	2,093.40	824.55	--
Alberto Jaime (Mexico) 3/	1,534.59	21,119.12	1,625.54
Jose Recinos (Guatemala)			14,522.79

1/ Data for FY 1980--July 1, 1979 to November 30, 1979--was requested but was received from IDEAS December 28 and appears below.

2/ IDEAS was also asked but failed to furnish an organizational chart of its International Division by job title, incumbent and dates of incumbency.

3/ No longer employed by IDEAS.

July 1 - November 30, 1979		Annual Rate[4/]
Director-Williams	$16,449.18	$ 39,478
Associate Director-Beun	9,047.12	21,713
Joe Recinos (Guatemala)	8,461.53	20,307
Tom MacMahon (Vienna, Va.)	6,663.47	15,992

4/ Calculated by dividing July to November figures by five (5) and multiplying it by twelve (12).

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VII. PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

-21-

Life of Project:
From FY 77 to FY 79
Total U.S. Funding 583
Date Prepared: 7/12/76

Project Title & Number: Development Program Grant for IDEAS

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes: To improve the living standards and increase social and economic growth among the poor majority.	Measures of Goal Achievement: 1. The numbers of people directly benefiting from IDEAS' initiated programs in LDCs will have been significantly increased. 2. Increased net income for those benefiting from the IDEAS' program.	1. Documentation from IDEAS. 2. Documentation from Host Country. 3. Site/Field visits.	Assumptions for achieving goal targets: That IDEAS demonstrated rural development methodologies have a specific & relevant role in process of rural, economic, & social development. That IDEAS programming can be designed & implemented to elicit new behavior among a larger population whose socio-economic & cultural environment is changing.
Project Purpose: To enable IDEAS to significantly strengthen its institutional capacities to multiply the application of methodologies for integrated rural development in selected LDCs.	Conditions that will indicate purpose has been achieved: End of project status. 1. Implementation of at least 4 projects for integrated rural development. 2. Adequate funding for continuation of capability (staff) secured. 3. Scheme for replication of IDEAS methodology developed.	1. IDEAS reports and financial records. 2. Site visits and field reports.	Assumptions for achieving purpose: 1. IDEAS can obtain funding for project implementation. 2. IDEAS will develop effective methodologies of program planning, implementation & evaluation. 3. Conditions exist in selected LDCs where IDEAS can integrate natural resources to implement project. 4. Size & number of new projects is kept manageable.
Outputs: a. International Division with Planning & Evaluation Office capable of providing staff training & developing an evaluation system & program documentation. b. Increased IDEAS Board of Trustees. c. Identification of LDCs for project implementation. d. Resource Center/Library established. e. Cooperating relationships with PVOs and development institutions established.	Magnitude of Outputs: a. Five new staff hired and trained and operational evaluation and program system developed. b. Two new members of IDEAS Board of of Trustees. c. At least 4 sites identified for project implementation. d. One Resource Center/Library functioning. e. As many relationships established as deemed necessary by IDEAS.	1. A review of IDEAS personnel and organizational records. 2. A review of IDEAS program documentation. 3. Site visits to IDEAS headquarters.	Assumptions for achieving outputs: 1. DPG funded at requested level. 2. Qualified personnel for International Division are available. 3. Relevant training is available. 4. Interested persons available for IDEAS Board of Trustees. 5. PVOs & development institutions are receptive to IDEAS' efforts to build relationships.
Inputs: 1. Development Program Grant in amount requested. 2. Access to AID-sponsored training programs. 3. Advice & counsel from appropriate AID Bureaus and Missions.	Implementation Target (Type and Quantity) (Budget) (Implementation Plan)		Assumptions for providing inputs:

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