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INTEGRAL RURAL DEVELOPMENT II

OPG PROJECT No. 515-0158

AN EVALUATION

BY

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VIII

TABLE OF CONTENTS

	<u>PAGE</u>
ACKNOWLEDGEMENTS.....	iii
 <u>CHAPTER</u>	
I. <u>Introduction</u>	
A. Purpose and Scope of the Study.....	1
B. Methodology.....	1
C. Content of the Study.....	1-2
II. <u>Conclusions and Recommendations</u>	
A. Conclusions.....	3-5
B. Recommendations.....	5-7
III. <u>Program Background</u>	
A. Integral Rural Development OPG II.....	8-10
B. Previous Evaluation Efforts.....	10
IV. <u>External Factors</u>	
A. Project Setting.....	11-12
B. Validity of Assumptions.....	12
V. <u>Inputs and Outputs</u>	
A. Inputs	
1. AID OPG.....	13-15
2. AITEC Counterpart.....	16
3. GOCR Counterpart.....	17-18
4. Local Groups Contribution.....	19
B. Outputs.....	21-29
C. Project Purpose.....	30
D. Project Goal.....	30-35

	<u>PAGE</u>
VI. <u>Institutionalization of AITEC Methodology/ Process of Local Participation.....</u>	36-39
VII. <u>Income vs. Project Costs.....</u>	40

TABLES

1. USAID/Costa Rica IRD OPG II Budget Modifications....	15
2. AITEC Counterpart.....	17
3. GOCCR Counterpart Costs.....	20
4. Objectively Verifiable Indicators (A measure of progress).....	22
5. AITEC Coordinated Training Activities and Number of Participants.....	28
6. Major Areas of AITEC Training.....	29
7. AITEC Survey Results.....	33

CHARTS

1. Rural Development Program Organization Chart.....	38
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ANNEXES

ANNEX A	Projects Visited
ANNEX B	Persons Interviewed
ANNEX C	Comparison of Logical Framework Assumptions, Original vs. Revised
ANNEX D	IRD Seminars and Program Personnel Trained

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CHAPTER I

INTRODUCTION

A. PURPOSE AND SCOPE OF THE STUDY

As stated in the Scope of Work for the study, the purpose was to evaluate the Integral Rural Development II Operational Program Grant (OPG) Project No. 515-0158, based on the program proposal submitted to AID by Acción Internacional Técnica (AITEC) with specific reference to the Logical Framework Matrix and the Schedule of Accomplishments expected at the end of the third year of the OPG.

The study which attempts to cover the period after July 1980 (an earlier evaluation covered the period of August 1979 to July 1980), was also to specifically address: 1) the Life-of-the-Project counterpart contribution, 2) whether the institutionalization of AITEC Integrated Rural Development Methodology of local participation occurred at both local and national levels, 3) the economic benefits of rural objectives vis-a-vis Project costs and, 4) recommendations to improve implementation of the Project in the time remaining until PACD.

B. METHODOLOGY AND SOURCES

The methodology and sources of information used for the preparation of the evaluation, which proposed to measure Project progress towards objectives and targets, were based on: 1) an analysis of Program documents and data, 2) interviews with Government of Costa Rica (GOCR) and AITEC Program and Project personnel at the central and field level and, 3) visits to Project sites and interviews with beneficiaries of four of the five areas in which the Project operates.

C. CONTENT OF THE STUDY

This report is organized in the following manner:

1. Chapter II consists of a summary of findings/conclusions and recommendations on implementation to the PACD.
2. Chapter III provides the Program background to the Integral Rural Development II Operation Program Grant (OPG) No. 515-0158 from 1971 to the present and summarizes previous evaluation efforts.

3. Chapter IV discusses the project setting; the economy, institutional aspects, validity of assumptions and attempts to evaluate the life of the project Inputs - namely: USAID's, AITEC's, GOCR counterpart and Local Group Counterpart.
4. Chapter V attempts to evaluate project Inputs and Outputs vis-a-vis the logical framework matrix and the schedule of objectively verifiable indicators as revised by AITEC in May, 1981.
5. Chapter VI attempts to determine whether the institutionalization of the AITEC Integrated Rural Development methodology process of local participation has occurred at both local and national levels.
6. Chapter VII attempts to present an analysis of the economic benefits of the rural projects developed vis-a-vis project costs.

CHAPTER II

CONCLUSIONS AND RECOMMENDATIONS

Conclusions and recommendations based on findings presented in Chapters III - VII are summarized as follows:

A. CONCLUSIONS

1. General

The lack of GOCR counterpart funding and political support prevented the implementation of the Project as originally designed. This factor was incorporated in AITEC's May, 1981 revised Logical Framework. However, GOCR support became even less than what earlier projections indicated and required AITEC to modify its work plan by undertaking rural development project specific activities at the local level; an integral rural development strategy was no longer possible.

Institutionalization of the AITEC operational methodology was not achieved at the national level but has been well accepted at the Project specific level by local communities especially in the areas of Puriscal, Santos and the Peninsula of Nicoya.

2. Specific

Conclusions regarding Project Inputs and Outputs follow:

a) Inputs

a.1) AID responded in a timely and flexible manner to AITEC's requests for changes between budget line items. Major budget modifications included an increase in expenditures for administrative, personnel and travel expenditures to permit AITEC to respond to the lack of GOCR counterpart funding. Additional staff was employed, vehicles procured and travel to project sites authorized to assist projects which should have been assisted by GOCR institutions. Except for \$4,000, which were unavailable at the time of the final obligation, all OPG funds had been obligated. The devaluation of the colon stretched OPG funds and permitted an extension of the PACD from July 31, 1982 to March 31, 1983.

a.2) AITEC

AITEC reported counterpart as of August 31, 1982 was \$78,370 (\$2,214 above the Grant Agreement budget). AITEC projects additional counterpart of \$10,261 from September, 1982 to the PACD.

a.3) GOCR

GOCR direct and institutional costs were approximately 24.5% of the total originally budgeted.^{1/} Reduced counterpart funding was attributed to the overall deterioration of the Costa Rican economy and a lack of political support for the IRD Program.

a.4) Local Groups

Contribution by local groups was reported to be approximately \$97,000 in personnel time, materials, office space and equipment and farm land. Verification of this figure was not possible but interviews conducted during field visits revealed important local contributions to AITEC supported projects in labor, materials and land.

b) Outputs

Outputs were measured on the basis of AITEC's revised Logical Framework Matrix of May, 1981.

b.1) Participation in planning, coordinating and implementation and evaluation of local activities exist at the Project specific level and are conducted by local groups such as rural development associations and cooperatives.

b.2) AITEC coordinates GOGR institutional activities at the Project specific level. Projects are implemented through agreements with local development institutions such as the CAC or local organizations such as rural development associations or cooperatives.

b.3) Program of integrated rural development was not fully established and operating at the GOGR institutional level. Program personnel trained totalled 43, but of the 23 remaining with the Program only four are GOGR staff. Internal administrative, organizational, operational and evaluation system were initially established by the GOGR with AITEC assistance. These, however, were only adopted during the initial stages of the Program. After the GOGR phased out its participation in the Program, such control mechanisms were discontinued. AITEC maintains its own control procedures.

b.4) A minimum of 500 farmers were to receive training and technical assistance. This output target was achieved. A total of 907 farmers participated in AITEC training and technical assistance activities in all five areas where AITEC operates. Training/assistance involved short courses, field trips and work sessions.

^{1/} Without devaluation of the colon.

b.5) Only 54 of a minimum of 130 entrepreneurs were trained. AITEC concentrated its training activities among small farmers rather than entrepreneurs.

b.6) The IRD Program was originally designed to undertake a minimum of 18 projects related to services and infrastructure. Given the lack of GOCR support AITEC eliminated this Output from its Logical Framework revised in May, 1981.

c) Project Purpose

The Project purpose output consisted of having a minimum of five separate projects underway in each of the five areas where AITEC operates. With one exception, all areas had at least five projects underway related to intensified agricultural production, diversification and commercialization and creation of new marketing alternatives.

d) Project Goal

The Project goal was to increase family income and employment opportunities among the target group in selected rural areas of the country. An AITEC survey revealed that well above 360 participants increased their average income by over 15% above base-line levels. Farmers and community representatives interviewed were generally satisfied with income increases derived from AITEC assisted projects.

AITEC's survey also revealed that 200 ^{1/} new employments were generated. Verification of this figure was not possible but Project beneficiaries and community leaders interviewed indicated projects to have generated additional labor both directly and indirectly and that some projects may generate additional employment in the future.

B. RECOMMENDATIONS

AITEC is optimistic that it will receive funding from other sources ^{2/} which will permit the continuation of Project activities. New funds would be channeled through a private sector group formed by young Costa Rican businessmen. Project activities could also be extended for a limited period with AITEC's own resources. Given the uncertainty regarding additional funding sources, recommendations on improving the implementation of the Project in the time remaining until the PACD follow:

^{1/} May include projected employment especially for dairy and coffee development projects.

^{2/} The IAF, IOB and Compact have been approached for new funding, \$200,000, \$500,000 and \$100,000 respectively.

1. AITEC should avoid engaging in any new projects until additional funding is secured.

2. The "consolidation" of on-going projects is essential for their survival and continuation without AITEC assistance.

3. On the basis of point 2, AITEC should reexamine the status of each project.^{1/} Work sessions should be held at the earliest opportunity with AITEC field staff and different project beneficiaries to discuss their needs, concerns and plan assistance in a manner which will permit a smooth phase-out of AITEC assistance.

4. To the extent possible, AITEC should try to insure that on-going projects eventually be supported and assisted by a GOOCR institution or another PVO. Agreements with MAG, CNP, DINADECO and the SFN ^{2/} or other relevant GOOCR institutions should be undertaken prior to the PACD. This would prevent leaving behind "orphans" who may not be able to survive on their own.

5. An effort is required to provide training in managerial and financial controls for AITEC assisted projects. Project beneficiaries were frequently concerned about their inability to manage or maintain simple accounting systems for their projects. Given the short time remaining until PACD, AITEC should consider providing such assistance with its own staff and/or coordinate it with a GOOCR institution.

6. AITEC should provide assistance in marketing. Markets are required for different Project activities. For instance, female artisans in the Santos Area must be assured of marketing alternatives for their handicrafts. Broom manufacturers in Nandayure may be better off selling closer to home rather than frequently depending on AITEC for transportation of their broom production to San José.

7. AITEC should attempt to get local groups to legalize their status. Groups with legal status have the opportunity of receiving formal assistance from GOOCR institutions and/or PVOs which could "take over" the Project from AITEC.

8. AITEC field and office staff should spend more time with beneficiaries during the remaining months until PACD. Frequent communication with Project beneficiaries may disclose problems and assistance requirements which may not necessarily be apparent during work sessions. Closer field supervision may do much to "speed up" Project activities.

^{1/} Its recent survey may be of value.

^{2/} The SFN also provides technical assistance.

9. As was mentioned earlier, AITEC is in the process of forming a private sector association comprised of young Costa Rican businessmen, interested in rural development.^{1/} This group, however, should be properly mixed to include some agriculturists. Otherwise, AITEC may be in danger of creating an association more concerned with supporting urban entrepreneurs rather than the farming projects it currently supports, thereby defeating its objective from the outset.

^{1/} In this regard, contact with similar/private sector association engaged in rural development activities in other countries may be of interest. Costa Rica's neighbor, Nicaragua can provide a wealth of experience in this area.

CHAPTER III

PROGRAM BACKGROUND

A. INTEGRAL RURAL DEVELOPMENT OPG II

1. 1971-1973

The Integral Rural Development Project had its origin in 1971 when AITEC was contracted for a two year period by the National Community Development Service (DINADECO) to improve its administrative, operational, training and evaluation systems used in working with rural community organizations. AITEC and DINADECO jointly undertook a socio-economic study of a random sample of rural communities. The study, which concluded that a marked inequality existed between the country's central and peripheral regions, resulted in an attempt by the GOCR to improve rural living conditions by investing in infrastructure and services such as health, education, transportation, and communication. However, this GOCR effort was often described as a period of "modernization" rather than "development" because little had been done to improve rural income.

2. 1974-1976

AITEC's work with DINADECO was followed by a socio-economic study of rural areas (the Central Plateau area was excluded). This study, prepared for the Municipal Development Institute (IFAM), was based on an analysis of census and other existing data and interviews in 860 communities of 56 Costa Rican counties. Among its major findings, the study concluded that: a) significant rural to urban migration was occurring, especially in the areas with the highest rates of under and unemployment, b) the incidence of traditional services and infrastructure in any region had little relevance to the levels of migration from that region, c) the area in agricultural production increased substantially while the number of new jobs created in the agricultural sector declined during the same period and, d) GOCR agencies and municipal governments and community organizations were more concerned with providing social services rather than with employment and income generation or migration problems.

Other findings indicated that principal obstacles to increased production as perceived by small and medium sized farmers were: lack of access to bank credit, the lack of or high cost of agricultural inputs, lack of or poor condition of roads, a deficient transportation system, lack of land or land titles, lack of markets, price fluctuations, and not enough government services reaching the peripheral regions. The study recommended "a strategy of integrated rural development encouraging maximum participation of local communities and the decentralization and coordination of the work of government agencies".

3. 1976-1978

In 1976 USAID/Costa Rica financed an OPG through AITEC to undertake, in conjunction with various government agencies, an experimental Integrated Rural Development Project in the counties of Hojancha and Nandayure designed to "test the viability and replicability of an integrated rural development strategy". Subsequently, the Carazo administration, which took office in May 1978, expressed its desire to apply the Hojancha and Nandayure experience to other areas by creating a Program of Integrated Rural Development. AITEC assisted in the preparation of the Program's philosophical framework, work strategies and the selection of target areas and was officially requested to advise the GOCR on all aspects of the implementation of the Program.

4. 1979-1983 1/

The Integral Rural Development Program was inaugurated by President Carazo on February 17, 1979 and officially authorized by Decree No. 9908-P published in "La Gaceta" on April 30, 1979. The Integral Rural Development (IRD) II OPG No. 515-0158 was signed by USAID/ Costa Rica and AITEC on July 31, 1979. As described in the Grant Agreement, Annex A - Program Description, the purpose of the OPG was to - "define, promote and implement a series of concrete actions leading to improved production and marketing patterns among small and medium farmers and rural micro-entrepreneurs of Costa Rica to increase family income and employment opportunities among the target group 2/ in six selected areas of the country, these being:

<u>AREA</u>	<u>COUNTY</u>
1	Puriscal, Mora and Turrubares;
2	Acosta, Aserrí and the southern part of Desamparados and part of Corralillos District;
3	Esparza, San Mateo, Orotina and Part of Jacó, Atenas and Montes de Oro;
4	Peninsula of Nicoya - Nandayure and Hojancha;
5	High areas of Bagaces and parts of Upala and Cañas;
6	Aguirre and Parrita

1/ The initial PACD was extended from July 31, 1982 to March 31, 1983 by Amendment No. 5 dated May 24, 1982.

2/ The target group was defined as small and medium sized farmers (maximum 100 hectares), small rural entrepreneurs, and the rural under and unemployed of which the Program was expected to directly affect approximately 52,000.

The planned concrete actions involved the "intensification, diversification and commercialization of agriculture, improved land use and landholding patterns, creation of appropriate marketing alternatives and the promotion of small agro-industrial activities".

The operational methodology of the Project originally stressed the participation of rural community representatives (associations, committees, cooperatives, etc.) in the planning, design, implementation and evaluation of development projects coordinated through AITEC with GOCR institutional resources. This "abajo hacia arriba" or "bottom up" approach used in AITEC's Hojancha Pilot Experimental Project was to be applied to the six areas mentioned earlier with substantial GOCR counterpart contribution and policies favorable to the small and medium size producer.

B. PREVIOUS EVALUATION EFFORTS

One evaluation of the OPG was undertaken which covered the period of August 1979 to July 1980. This evaluation concentrated on an institutional analysis and provided, on the basis of statistical data available, information on Program activities.

Major findings of the first year evaluation are summarized as follows:

1. The lack of institutional support was the major difficulty facing the Program; a GOCR austerity program originating from a weakened Costa Rican economy limited the hiring of Program personnel thereby reducing program activities to three of the six planned areas.

2. Placing management of the Program, which was in effect a dependency of the Ministry of the Presidency, with an official of the Central Bank of Costa Rica (BCCR) involved bureaucratic operational procedures not in line with "the direct grass roots-level approach of the program" thereby further contributing to delays in implementing planned activities.

3. An acute shortage of bank credit resulted in the cancellation of a number of potentially feasible projects.

4. A shortage of transportation also affected the program by limiting access to the field.

However, despite the major problems mentioned above, the evaluation concluded that the project's operational methodology "had been well received in the target communities".

CHAPTER IV

EXTERNAL FACTORS

A. PROJECT SETTING

1. The Economy

A continuing deterioration of the Costa Rican economy combined with insufficient political support resulted, despite active AITEC lobbying, in a series of budget cuts which severely affected the execution of Project activities. For instance, a 1981 $\text{Q}6.2$ million budget was slashed down to $\text{Q}1.6$ million, $\text{Q}1.0$ million of which was not disbursed by the Central Bank of Costa Rica (BCCR) because the IRD Program had been transferred to the Ministry of Agriculture and Livestock (MAG). Furthermore, $\text{Q}3.8$ million in the Ministry of the Presidency's budget for 1982 was deleted by the Legislative Assembly. Such lack of direct counterpart financial resources resulted in a reduction of GOCR administrative and technical personnel and less travel to project sites.^{1/}

The worsening of the country's economy also reduced the availability of bank credit. The National Financial System (SFN), which already lacked the proper operational mechanisms to reach small and medium size producers, placed its scarce financial resources with "risk free" medium and large producers and business enterprises ^{2/}. Even when credit was available, high interest rates (18-22% in 1980) resulted in many small and medium size producers postponing projects. Given such financial constraints USAID/Costa Rica restructured its Commodity Systems Loan No. 515-T-027 to permit the funding of county level agricultural projects at reasonable terms. Under this Loan, credits originally limited for specific crops in certain areas were made available to all crops in those same areas and eventually to almost all food crops country-wide.

Costa Rica's inflationary rate for 1981 and 1982 was approximately 100% in each of those years. The colon, which in September, 1980 stood at $\text{Q}8.60/\text{\$}1$ devalued in less than a year to $\text{Q}64.00/\text{\$}1$ by May, 1982.^{3/} Farmers and other persons interviewed often complained of prohibitively high prices for agricultural inputs in proportion to the prices for which their commodities were sold.

^{1/} The life-of-the-project counterpart will be analyzed in Chapter V.

^{2/} AITEC cites: a) the preference of bank personnel to working with few medium and large producers rather than with a large number of small producers and, b) a lack of accessibility to the rural areas as two major reasons for providing less credit to small/medium rural sector.

^{3/} As of October 6, 1982, the rate of exchange has moved up to $\text{Q}52.10/\text{\$}1$.

2. Institutional Aspects

The IRD Program was established as a dependency of the Ministry of the Presidency but actual management was carried out by a BCCR Director and support personnel funded from the BCCR's budget. A Board of Advisors consisting of the Ministers and Executive Directors of various GOCR autonomous and semi-autonomous institutions were to decide general IRD policies. This group never met. Also, an interinstitutional technical committee which included representatives of some ten GOCR entities to assist in coordinating, planning and implementing activities of participating IRD activities only managed to meet at the beginning of the Program. It is worth noting that the objective of the first three years was to "firmly implant and institutionalize a process for effectively dealing with rural development problems".

It was found that having set the management of the IRD Program with the BCCR and the lack of interinstitutional coordination and support created delays in the execution of program activities. The BCCR's operational regulations and functions were found to be incompatible with a rural development oriented Program. The Mission and AITEC managed to convince the BCCR to have IRD management responsibilities transferred to an institution more "in tune" with rural development -- the Ministry of Agriculture and Livestock (MAG). This transfer became effective in March, 1981^{1/}.

B. VALIDITY OF ASSUMPTIONS

Given the economic, political and institutional changes discussed in the previous section, a number of assumptions listed in the Logical Framework had been revised by AITEC to reflect a more realistic situation and projection of potential Project achievements by the PACD^{2/}.

Revision of assumptions generally concentrated on shifting support for the IRD Program from the government to public institutions and local groups, both jointly and independently. However, AITEC did assume that the GOCR would provide financing to open Area 5. This assumption was based on €3.8 million budgeted by the Ministry of Presidency to support the Program in 1982. As mentioned earlier, this budget was not approved by the Costa Rican Legislative Assembly. AITEC did, however, open Area Five with OPG funds.

By eliminating most GOCR support from its revised assumptions, AITEC in effect converted the Integral Rural Development Program into a Rural Development Program providing assistance to specific agricultural projects in five of the six areas originally planned.

^{1/} Another reason was the possibility of coordinating IRD financing requirements with credit available under AID's Commodity Systems Loan.

^{2/} See Annex C for a comparison of original vs. revised assumptions.

CHAPTER V

INPUTS AND OUTPUTS

A. INPUTS

Project inputs were to include: a) \$494,000 through a USAID/Costa Rica OPG to AITEC for technical assistance administrative costs, in-country training and observational trips abroad, publications, special studies and demonstration projects; b) \$95,156 as AITEC counterpart for personnel, administrative costs, training materials and indirect costs; c) \$1,747,582 in GOOCR direct costs covering personnel, administration, per diems and transportation of central and field office personnel; d) \$667,447 for support costs by GOOCR institutions for training, technical assistance, materials and equipment and; e) \$351,288 by local groups for time and materials. The Costa Rican budgeted counterpart contribution represented direct operational costs and did not include the value of actual execution of projects in terms of investment outlays and credit extended.

1. AID OPG No. 515-0158

The AID grant-financed budget components were modified on three occasions through amendments No. 2, 3, and 5 to permit AITEC to overcome insufficient GOOCR budgetary support which severely affected the implementation of project activities. Major OPG budget changes included the transfer of funds between Budget Line Items and a six month extension of the PACD from July 31, 1982 to March 31, 1983. Specific changes to the OPG budget are summarized as follows:

- a) Amendment No.2 (7/30/80). This amendment transferred \$3,504 from Budget Line Item - Special Studies to Budget Line Items-Personnel (\$1,996) and Administration (\$1,508), to cover additional May, 1980 expenditures for AITEC salaries and fringe benefits, office supplies, communications and direct AITEC administrative support (2% increase).
- b) Amendment No.3 (12/15/80). This amendment reprogrammed the use of OPG funds to permit AITEC the procurement of one 4X4 vehicle. \$8,500 were transferred from Budget Line Items - Training and Publications (\$3,800) and Demonstration Projects (\$4,700) to Budget Line Item-Administration.
- c) Amendment No.4 (5/22/81). This amendment obligated \$290,000 and also approved an increase in AITEC staff by six (two rural development experts and four field assistants), the procurement of one 4X4 vehicle and one motorcycle.

- d) Amendment No.5 (5/24/82). This amendment transferred funds from Budget Line Items - Personnel (\$6,000), Travel and Per Diem (\$2,500), and Special Studies (\$3,000) to Budget Line Items - Administration (\$6,000) and Training and Publications (\$5,500) for a total transfer between Budget Line Items of \$11,500. The devaluation of the colon generated additional local currency which permitted project activities to be extended from July 31, 1982 to March 31, 1983^{1/}. This amendment was justified on the basis of insufficient GOCR budgetary support - most program personnel and transportation had been suspended.

To date AID has responded in a flexible and timely manner to AITEC's input needs. The Project started out with: one part-time Executive Director ^{2/}, one employee responsible for Planning and Community Development, one Agricultural Economist responsible for formulation and execution of projects, one Secretary and one Office Assistant. In May, 1981, when it became obvious that the GOCR counterpart would be reduced to even more critical levels, AITEC utilized OPG funds to increase its staff by eleven: one Agronomist in charge of Nandayure and Hojanca counties, one Marketing Coordinator, five Field Coordinators and four Field Assistants.

Interviews conducted during site visits revealed strong acceptance by beneficiaries of AITEC field personnel especially for "their ability to coordinate technical assistance and training activities with Program related GOCR institutions".

AID disbursements as of June 30, 1982 were reported totalling \$404,899. Except for \$4,000 of authorized funds which were unavailable at the time of the final obligation, all OPG funds have been obligated. Major budget modifications included an increase of \$35,633 in Personnel, \$20,455 in Administration and \$11,716 in travel and per diem to cover the hiring of additional personnel, procurement of vehicles and motorcycles and travel to project sites, respectively. See Table 1 on the following page for OPG budget modifications.

^{1/} Some projects, still in development stages, required continued AITEC assistance.

^{2/} One fifth of salary paid with OPG funds and four fifths with AITEC counterpart.

TABLE No. 1
USAID/COSTA RICA
IRD OPC II BUDGET MODIFICATIONS

CATEGORY	(A) ORIGINAL BUDGET	(B) OBLIGATIONS	(C) A M E N D M E N T S ^{e/}			(D) MODIFIED BUDGET ^{d/}	(E) DIFFERENCE (D) - (A)
			No. 2 ^{a/} No. 3 ^{b/} No. 5 ^{c/}				
A. Personnel	\$207,334	\$246,971	+\$1,996	-	\$-6,000	\$242,967	\$+35,633
B. Travel and Per Diem	29,640	43,856	-	-	-2,500	41,356	+11,716
C. Administration	44,464	48,911	+1,508	+8,500	+6,000	64,919	+20,455
D. Training & Publications	77,618	47,357	-	-3,800	+5,500	49,057	-28,561
E. Special Studies	69,160	46,894	-3,504	-	-3,000	40,390	-28,770
F. Demonstration Projects	65,784	56,011	-	-4,700	-	51,311	-14,473
T O T A L S	\$494,000	490,000 ^{f/}	-	-	-	\$ 490,000 ^{f/}	4,000 ^{f/}

^{a/} Dated July 3, 1980 to cover additional May, 1980 personnel and administrative expenditures.

^{b/} Dated December 15, 1980 to permit procurement of one 4X4 vehicle.

^{c/} Dated May 24, 1982. Also extended PACD from July 31, 1982 to March 31, 1983.

^{d/} For Projected expenditures to March 31, 1983.

^{e/} Amendments Nos.1 and 4 dated June 25, 1980 and May 22, 1981 increased obligations by \$100,000 and \$290,000 respectively. Amendment No.4 also approves increasing AITEC staff by six and procurement of one 4X4 vehicle and two motorcycles. Amendments do not include transfer between line items totalling less than 15%.

^{f/} \$4,000 of authorized funds were unavailable at the time of final obligation.

15

2. AITEC

AITEC was to provide the equivalent of \$76,156 in counterpart contribution consisting of personnel time, administrative and support costs, training materials, and indirect costs.^{1/}

Direct contribution costs reported by AITEC included; time of the Director (eight man-days/month), travel and per diem, Secretarial /Controller time, support publications, training materials, and overhead costs on salaries of Advisors. As of August 31, 1982 AITEC reported \$78,370 (\$2,214 above the Grant Agreement Budget), in direct and indirect cost counterpart. Table 2 on the following page breaks down AITEC reported counterpart by year. Major modifications in AITEC contribution are: an additional \$1,892 in travel and per diem not originally included as part of AITEC's contribution, \$1,505 less in time of the Director, \$5,985 in additional Secretarial/Controller time, and \$3,123 less in training materials. AITEC also projects a counterpart contribution of \$10,961 from September, 1982 to the PACD date, March 31, 1983.

3. GOCR

a. GOCR Direct Costs

Since financial reporting and verification procedures regarding GOCR counterpart contribution had not been established, GOCR counterpart contribution during the past three years was estimated on the basis of project documents, correspondence and interviews with program related personnel.

Program direct costs were to include: personnel, travel, per diem and administration of the central and six field offices. When reading this Section note that the IRD Program was, during most of its duration, implemented in three of the six geographical areas originally contemplated in the Grant Agreement. Only during the last year was a fourth area opened with a fifth area added in May, 1982. An analysis of actual GOCR direct counterpart contribution, resulted in the following findings.

From the outset, only nine, of the fourteen employees budgeted for the Program were employed; these being: one National Director, one Chauffeur, one Statistician and one Research Economist. Technical staff was formed by one Agricultural Economist, one Community Organization Specialist, one Office Assistant and one Secretary. The Executive Secretary, one "Advisor", one Accountant, one Agronomist and one Draftsman were never employed.

The Central Bank was to pay for the salaries and benefits of one Director, one Agriculture Promoter, one Secretary and one Social

ALTA COUNTERPART

JULY, 1973 TO AUGUST, 1982 AND

PROJECTION TO MARCH, 1983

CATEGORY	BUDGET	1979	1980	1981	1982	TOTAL	DIFFERENCE (1) - (6)	PROJECTION SEPT./82 TO MARCH/83
I. PREPROGRAM COSTS								
- 100 Man-days at \$125/day for Program Development, Proposal preparation and final pre-project preparation	\$12,500							
- Secretarial time	1,000							
- Translation costs of Proposal	700							
- Local travel & per diem to possible areas	300							
- Travel and per diem for interviews with top candidates for full-time positions	2,500							
- Overhead 20% of salaries	2,500							
SUB-TOTAL (I)	\$19,000^{1/}	-0-	-0-	-0-	-0-	-0-	-0-	-0-
II. LIFE OF PROJECT COSTS								
(A) DIRECT COSTS								
- Travel and per diem	\$ -0-	\$ -0-	\$ 490	\$ 896	\$ 506	\$ 1,892	\$ +1,892	\$ 750
- 8 Man-days/month at \$125/day of Director of Operations and/or Executive Director	36,000	6,000	12,000	12,000	4,495	34,495	-1,505	3,430
- Secretarial/Controller time	4,000	1,695	4,257	3,729	2,304	11,985	+5,985	1,491
- Materials, support publications, miscellaneous	3,000	502	1,110	921	391	2,924	-	400
- Training materials (in kind)	4,000	194	777	1,127	527	2,677	-3,123	700
SUB-TOTAL (A)	\$51,000	\$ 8,393	\$18,756	\$18,673	\$ 8,523	\$34,173	\$ +3,173	\$ 6,971
(B) INDIRECT COSTS								
- Overhead at 70% on salaries of Advisors	25,156	1,800	7,600	8,157	4,445	26,197	-	3,000
SUB-TOTAL (B)	\$25,156	\$ 1,800	\$ 7,600	\$ 8,352	\$ 4,445	\$26,197	\$ - 659	\$ 3,000
TOTAL (II)	\$76,156	\$12,193	\$26,356	\$27,025	\$12,968	\$78,370	\$ +2,216	\$10,971

^{1/} Preprogram costs are included as part of life of project

17

Promoter for each of the six area offices. However, only three area offices were opened and the National Bank of Costa Rica assisted the Central Bank by financing part of the field staff, i.e., three area Directors. The Central Bank paid for the salaries of three secretaries and three agricultural promoters. DINADECO paid for the salary of one Social Promoter.

The lack of direct counterpart support also reduced travel, per diem and administration costs. In fact, both the Central and National Banks terminated their assistance by December, 1980. Management of the Program was transferred from the Central Bank to the Ministry of Agriculture (MAG) in March, 1981. The MAG still pays for the salaries of the Director of the IRD Program and the Program Coordinator. The Director and Program Coordinator also function as Chief of the Ministry's Extension Service and his assistant and devote approximately 25% and 80% of their time to IRD Project activities, respectively. Other direct assistance is not provided by the GOCR; the Costa Rican Legislative Assembly voted against a ₡3.8 million colones budget for CY 1982 and the Central Bank only disbursed ₡0.6 of ₡1.6 million allotted for the Program during CY 1981. The Central Bank refused to disburse CY 1981 funds allegedly on legal grounds because management responsibilities had been transferred to MAG.

Based on the little information available, GOCR Program Direct Costs totalled approximately \$349,769, or 20% of the \$1,747,582 budgeted as GOCR counterpart contribution^{1/}. See Table 3 for GOCR and local groups counterpart contribution. Reasons for the lack of GOCR participation were discussed in Chapter IV, Project Setting.

b. Institutional Costs

Institutional counterpart was also difficult to determine. Again, the failure to establish pertinent reporting procedures resulted in a general lack of information required to calculate institutional counterpart. It may be concluded, however, that with the exception of the Ministry of the Presidency and INVU, nine institutions have contributed to the IRD Program by providing technical assistance, training, special studies, materials, equipment and transportation. Counterpart expenditures were estimated at \$250,213 or 37% of the total \$667,447 budgeted^{2/}.

Overall GOCR direct and institutional costs were approximately 24.5% of the total originally budgeted. (If devaluation of the colon is considered, counterparts costs are only 16.3% of the total originally budgeted).

^{1/} Taking into account the devaluation of the colon, the GOCR counterpart contribution was closer to \$283,364 or approximately 16% of total originally estimated.

^{2/} The devaluation of the colon reduces counterpart costs to approximately \$115,000.

c. Local Groups

Table 3 shows local group costs to be \$96,960 in personnel time, materials, office space and equipment, farm land, etc. provided by individuals, community groups and municipalities. This estimate was based on a letter submitted to AID by AITEC on January 19, 1982. A more recent AITEC estimate revises this figure to approximately \$306,000 distributed between 37 active projects in five geographical areas. Two projects (dairy and coffee) in area 4 account for approximately \$253,571 or 83% of the total local group counterpart. It was not possible to verify these figures but interviews conducted during field visits revealed that local groups have contributed labor, materials and land to different IRD projects. Strong enthusiasm and deep commitment regarding project activities were evident. (See Annex A for a list of individuals interviewed and project sites visited).

1/ \$19,000 in AITEC preprogram costs was not included as life-of-the-project counterpart contribution.

TABLE No. 3
 COUNTERPART COSTS
 AUGUST, 1979 TO JULY, 1982
 (COCR, COCR INSTITUTIONS AND
 LOCAL CONTRIBUTIONS)

COUNTERPART COSTS	BUDGET	APPROXIMATE EXPENDITURES	DIFFERENCE (1) - (2)
I. COCR COSTS			
A. PROGRAM DIRECT COSTS			
1. CENTRAL OFFICE ^{a/}			
Personnel	\$ 400,949	\$103,013	\$(297,936)
Travel	73,863	33,056	(40,807)
Per diem	16,860	7,116	(9,744)
Administration	177,687	40,948	(136,739)
SUB-TOTAL 1.	\$ 669,359	\$184,133	\$(485,226)
2. AREA OFFICES ^{b/}			
Personnel	\$ 716,640	\$ 98,009	\$(618,631)
Travel	210,004	32,255	(177,749)
Per diem	42,680	11,302	(31,378)
Administration	108,899	24,070	(84,829)
SUB-TOTAL 2.	\$1,078,223	\$165,636	\$(912,587)
TOTAL A.	\$1,747,582	\$349,769 ^{d/}	\$(1,397,813)
B. INSTITUTIONAL COSTS ^{e/}			
	\$ 667,447	\$250,213	\$(417,234)
TOTAL B.	\$ 667,447	\$250,213 ^{e/}	\$(417,234)
TOTAL I.	\$2,415,029	\$599,982	\$(1,815,047)

II. LOCAL GROUP COSTS			
	\$ 351,288	\$ 96,960	\$(254,328)
TOTAL II	\$ 351,288	\$ 96,960	\$(254,328)

- ^{a/} Include Central Bank and National Bank of Costa Rica expenditures.
^{b/} Three out of six area offices opened. Support provided by Central Bank, DINADECO, MAG and National Bank.
^{c/} Includes approximately eight COCR institutions.
^{d/} Calculated at P. 60/US\$1.00 with devaluation the total amount was approximately US\$283,366.
^{e/} Same as point ^{d/} above. With devaluation of the colon the amount was approximately \$115,000.

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B. OUTPUTS

The Logical Framework Matrix was revised in May, 1981 to reflect the effects of external factors on Project activities. In fact, from the beginning the project operated in three and then in four of the six geographical areas where the Hojancha experience was to be replicated 1/. This evaluation of actual Project outputs vis-a-vis Project purpose and goals was undertaken on the basis of the May, 1981 AITEC revised Logical Framework. For comparison purposes, however, Table No.4 on the following page compares output Indicators as established in July, 1979 with the revision undertaken in May, 1980. The Table also measures progress towards end of Project Status (EOPS) as of August, 1982. Findings regarding actual outputs follow:

1. Local Participation in the Planning, Coordination, Implementation and Evaluation of Development Activities

Appropriate mechanisms to develop productive projects were to be formed and functioning by the end of the third year of the project in all operating areas.

Local development commissions or mechanisms as contemplated in the Project Paper and the Revised Logical Framework Matrix of May, 1981, were to be composed of local leaders and representatives in each area and given responsibility for: "the definition, planning coordination and promotion of those priority projects to be carried out at the community level with institutional assistance".

AITEC has worked closely with local groups in each of the five areas to establish mechanisms aimed at developing specific rural development projects rather than engaging in an integral rural development program. In most cases, local formal and informal groups were participating in specific projects to resolve needs of their respective communities and/or undertake activities promoted by the GOCR or AITEC aimed at contributing to the improvement of the welfare of each community. While local groups such as Rural Development Associations have been formed and are operating with AITEC assistance, the survival of such groups will depend on the linkages which have been established with GOCR institutions participating in rural development. One such effort, with proper GOCR support, has the potential of serving as the vehicle for assisting the rural sector in defining, planning, coordinating and promoting priority rural development projects.

1/ A fifth area was "opened" in May, 1982 comprising the counties of Tarrazú, Dota and León Cortés in the region known as Los Santos. The Project, as originally designed, also included further activities in the Hojancha county.

TABLE No. 6

OBJECTIVELY VERIFIABLE INDICATORS
(A Measure of Progress)

OUTPUT INDICATORS	(A) JULY/79	(B) REVISED MAY/81	(C) AS OF SEPT/82	(D) OCT/82 TO MARCH/83	(E) TOTAL (C) + (D)
1. Farmers trained and/or assisted	500	600	907	N.A. <u>f/</u>	N.A. <u>f/</u>
2. Entrepreneurs trained or assisted	120	130	54 <u>d/</u>	N.A.	N.A.
3. Local organizations trained and/or assisted. <u>a/</u>	15	10	22	N.A.	N.A.
4. Local groups trained and/or assisted. <u>b/</u>	60	60	15	N.A.	N.A.
5. Local development mechanisms formed. <u>c/</u>	6	5	-0-	N.A.	N.A.
6. Program personnel trained	30	30	43	N.A.	N.A.
7. Infrastructure and service projects implemented. <u>c/</u>	18	-0-	-0-	-0-	-0-
8. Program participants receive income increases of average 15% or basis established for future increases	300	360	32 <u>g/</u>	N.A.	N.A.
9. Additional man-days of labor generated (in thousands)	60	50	200 <u>h/</u>	N.A.	N.A.

a/ Previously: "Municipalities trained in Planning and Evaluation". Organizations have legal status.

b/ Previously: "Local groups trained in Planning and Evaluation". Groups have no legal status.

c/ Commissions included in the original Logical Framework.

d/ Other type of training: included a visit by 160 participants to biogasifier plants.

e/ Not included in May, 1981 revised Logical Framework Matrix.

f/ N.A. = Not Available.

g/ Projects involving 1,366 participants. Data provided by AITEC relates to specific projects (averages) without referring to individual participants.

h/ Employment generated = Man/days 60,000.

On January 8, 1981, the regulations governing a law established on December 26, 1969 (eleven years earlier) were approved by the Costa Rican Legislative Assembly. These regulations concerned the County Agricultural Centers (CACs) which had been established in 1969 to promote the participation of the local population in the planning and execution of programs aimed at developing the nation's agriculture to assure agricultural efficiency and improve the social welfare of the community. The so-called CACs were subscribed to the Ministry of Agriculture and Livestock under the guidance of the Agricultural Extension Service and the Office of Planning and Coordination. The CACs are subject to the National Agricultural Plan and are authorized to contract bank credits with the National Financial System (SFN) to provide credit for their associate members and auxiliary committees. The Board of Director of each CAC is formed by two GOOCR officials (extension agents and one SFN representative), one member of the local municipality, four farmers of the area and two representatives with proven records on "improving agriculture and rural welfare".

This law in effect has served as a conduit for AITEC to work with some local groups and organizations. The CAC in Hojancha (Area 1) appears to serve this function better than any of the CACs in other areas since it closely works and coordinates Project activities with AITEC field personnel. In Mandayure (Area 1) local dairy farmers are working with AITEC and the CAC in planning and constructing milk collection centers. Also, fruit growers in the Santos area (Area 5) contacted AITEC for assistance through the local CAC. Despite such collaboration efforts, the CACs normally function through an "up-down" rather than AITEC's "down-up" methodology. Only where organized groups exist is AITEC's methodology observed.

Workshops and other follow-up sessions with representatives of local groups involved in project activities are regularly held in each area. However, The lack of GOOCR counterpart contribution has done little to promote more favorable GOOCR policies benefitting rural producers. Despite such lack of support, local groups assisted by AITEC have had some success in obtaining assistance from GOOCR institutions. They have, in some cases, also presented convincing arguments which have changed specific GOOCR policies. Getting the GOOCR to permit coffee production in Hojancha, coordinating technical assistance with the MAG and the CAC for dairy cattle development and milk collection centers in Mandayure, and promoting apiculture in different areas of the country are some examples in which local groups were effective in changing or affecting GOOCR Policy.

2. Institutional Coordination Exists at Project Specific Level

A minimum of three work plans and/or agreements were to be drawn up and implemented in each area.

AITEC currently assists 37 projects in the five areas where it operates. Most of these projects are implemented through agreements signed with local development institutions such as the CAC's or local organizations such as rural development associations or cooperatives.

AITEC field coordinators provide assistance to each project in their respective areas and coordinate technical assistance and/or training activities for specific projects with regional GOCR institutions such as the MAG, DINADECO, CNP and the SFN for bank credit. Also, AITEC coordinates with GOCR institutions, the preparation of special technical/feasibility studies. Note that institutional coordination is an AITEC function and initiative rather than an established GOCR institutional practice.

3. Program of Integrated Rural Development Fully Established and Operating with AITEC Assistance

A. Training of Program Personnel

AITEC is the first to recognize that given the lack of GOCR support, the Integrated Rural Development Program is now a Rural Development effort concentrating on specific rural development projects in each of the areas where AITEC operates.

An indicator of the change in the focus of the Program was evident during an analysis of actual accomplishments regarding the training of Program personnel. Thirty Program staff were to be trained by the end of the third year; forty-three individuals were actually trained in the AITEC work methodology (Philosophical framework and strategies of integrated rural development as defined and carried out in Hojanca), and in their respective functions and responsibilities.

Training of Program personnel occurred in two phases; Phase I, involved training of AITEC and GOCR personnel related to the Program and, Phase II training of new AITEC staff when it became evident that the GOCR was unable to provide Program support. (See Annex D Program Personnel Trained).

A.1 Phase I

During Phase I twenty Program staff members were trained: sixteen belonging to participating GOCR institution such as the Central Bank, the National Bank, MAG, CAC, and DINADECO. The remaining four belonged to AITEC. Of this group only seven remain with the Program; two CAC members from Hojanca, one MAG official, one DINADECO representative and three AITEC staff members. Training seminars took place in October, 1979 and February, 1980.

A.2 Phase II

After the GOCR discontinued most of its direct Program support, AITEC initiated a training program for newly employed AITEC staff. Other staff previously working with the Program also participated. Training seminars were held in May, 1981 and March, 1982 involving twenty-one staff members (two staff members did not receive training), sixteen of which still remain with the Program. In total, including Phase I, there are twenty-three active staff members; four belonging to GOCR institutions, two CAC members and seventeen AITEC central and field office staff chiefs and assistants.

An excellent working relationship exists between AITEC central and field staff and local groups participating in rural development projects. AITEC field employees are generally young, active and dedicated individuals who are well respected in the communities where they work and live. Farmers and representatives of local organizations praised AITEC staff especially for their ability to coordinate project related activities with GOCR institutions. While AITEC field employees are mostly young and fairly inexperienced, they are individuals with leadership potential who have much to contribute in their respective communities.

AITEC Central Office employees were found to be experienced, dedicated specialists, who work closely and effectively with AITEC field staff and officials of participating GOCR institutions.

Remaining GOCR staff are involved principally in administrative functions through the MAG and in promotional activities related to the formation of formal and informal local groups.

B. Internal Administrative, Organizational, Operational and Evaluation Systems were to be Designed and in Use by the Third Year

AITEC was to provide "technical assistance in all organizational and operational aspects by assisting the GOCR Program Director in determining the appropriate central and area office organization, prepare descriptions, document office and department functions, project financial needs, etc. The evaluation system to be designed was thought to be essential to provide continual feedback to personnel regarding the Program's effectiveness and to provide a measure of the impact on the target population".

AITEC assisted the GOCR in establishing administrative, and organizational systems. These, however, were only adopted during the initial stages of the Program. After most GOCR support was discontinued, and the Ministry of Agriculture (MAG) became responsible for the Program, no distinction was made regarding MAG's normal areas of operations and IRD specific activities. The IRD Program Director and Coordinator were also the head and assistant of the MAG's agricultural extension service. Their salaries are paid for through the MAG's budget.

Because of the overall lack of financial and staff support, control mechanisms regarding GOCR and institutional counterpart and an evaluation system were not established. AITEC was forced to expand its staff with AID authorization to make up for the lack of GOCR support and to set up administrative, organizational and operational systems. In October, 1982 AITEC designed and conducted a survey aimed at providing feedback regarding the Program's effectiveness. Findings of the survey are discussed in subsequent sections of this report.

4. Small and Medium Farmers Receive Training and Assistance

A minimum of 500 farmers were to receive training and technical assistance. This output target has been achieved. A total of 907 farmers have participated in AITEC coordinated training and technical assistance activities in all five areas where AITEC operates. Training/assistance involved: short courses, field trips and work sessions.

AITEC coordinated training and assistance with different GOCR institutions such as MAG, CNP, DINADECO, INFOCOOP and the University of Costa Rica to provide the expertise required for specific activities. Between April 1, 1981 to September 31, 1982 a total of 95 training/technical assistance activities were conducted in such fields as: apiculture, tree nursery, basic grains, fruit and vegetables, biogas, dairy farming and coffee production.

Farmers interviewed were generally satisfied with the quality of training/technical assistance received. They were able to adopt many recommendations because of their appropriateness (low-cost, labor intensive). Many individuals interviewed, expressed a need for more training/technical assistance, especially in such areas as marketing, management and accounting. Some projects have attained a phase in which increased sales require local groups to seek new markets for their produce and to establish simple managerial and financial controls of their operations.

Almost half (47.3%) of all training/technical assistance took place in Area 4; 22.1% in Area 3; 12.6% in Area 2 and only 18.0% in Areas 1 and 5. As had been contemplated in AITEC's revised May, 1981 Program, most training/technical assistance concentrated on apiculture (26.3%); tree nursery (14.7%); basic grains (13.7%) and fruit and vegetables (17.6%). See Tables 5 and 6 on the following pages for a break down of training/technical assistance activities. AITEC also printed and distributed a series of pamphlets which provide farmers with simple "how to" illustrated instructions on different farming techniques. Here again farmers interviewed praised this effort but indicated a need for more such information.

5. Small Entrepreneurs Receive Training

A minimum of 130 entrepreneurs were to be trained 1/. Only 54 have been trained, including (25 carpenters and 29 female artisans in the manufacturing of handicrafts). The principal reason for this low total trained was due to AITEC's decision to benefit a larger number of people. This was done by organizing or working with existing local groups or organizations, most of which are engaged in agricultural or livestock activities. Since AITEC works more closely with GOCR institutions involved with agriculture and livestock production, research and marketing, it was natural step to utilize scarce human resources to train farmers rather than entrepreneurs.

6. Project of Services and Infrastructure are Used Where Necessary for Integral Development

The IRD Program was originally designed to undertake a minimum of 18 projects related to services and infrastructure. AITEC decided, during the revision of the Logical Framework Matrix concluded in May, 1981 to eliminate this Program Output, principally on the basis of a lack of GOCR support. As mentioned in an earlier Section AITEC realistically concluded that the Program should focus on specific Rural Development projects rather than on an "Integrated" approach when the GOCR had been unable to provide infrastructure and services.

1/ Original Logical Framework Matrix included artisans.

TABLE No. 5

AITEC COORDINATED TRAINING ACTIVITIES
AND NUMBER OF PARTICIPANTS
APRIL, 1981 - SEPTEMBER 31, 1982

ACTIVITY	AREAS						TOTAL
	1	2	3	4Aa/	4Bb/	5	
<u>(A) Number of Activities</u>							
1. Short Courses	7	8	10	9	6	1	41
2. Field Trips	1	3	-o-	8	6	4	22
3. Work Sessions	1	1	5	10	2	3	22
4. Other <u>c/</u>	-o-	-o-	6	4	-o-	-o-	10
TOTAL	9	12	21	31	14	8	95

a/ Nandayuro includes some field trips to Hojancha.

b/ Hojancha.

c/ Involves activities with small entrepreneurs, biogas demonstration and artisans, includes work sessions and field trips.

TABLE No. 6
MAJOR AREAS OF AITEC TRAINING

	AREAS						TOTAL	%
	1	2	3	4A	4B	5		
1. Apiculture	4	7	7	1	3	3	25	26.3
2. Tree Nursery	2	-o-	1	5	6	-o-	14	14.7
3. Grains	1	3	2	4	3	-o-	13	13.7
4. Fruit and Vegetable Production	2	2	2	1	-o-	5	12	12.6
5. Dairy Marketing	-o-	-o-	-o-	4	1	-o-	5	5.3
6. Coffee Production	-o-	-o-	-o-	5	-o-	-o-	5	5.3
7. Biogas	-o-	-o-	3	3	-o-	-o-	6	6.3
8. Other <u>a/</u>	-o-	-o-	6	8	1	-o-	15	15.8
TOTAL	9	12	21	31	14	8	95	
%	9.5	12.6	22.1	32.6	14.7	8.4		100.0%

a/ Includes non agricultural activities.

C. Project Purpose

The purpose was to "define, promote and implement a series of concrete actions leading to improved production and marketing patterns among small farmers and rural entrepreneurs.

In each area a minimum of five separate projects were to be underway by the end of the third year related to intensified agricultural production, diversification and commercialization, land use patterns, creation of new marketing alternatives and small industry promotion.

With the exception of Area III there are currently at least five active projects in each of the areas where AITEC operates. Projects by area are broken down as follows:

<u>Area</u>	<u>Projects</u>
1	5
2	8
3	11
4	10
<u>5</u>	<u>3</u>
Total	37

AITEC, in accordance with its revised plan of operations for 1982-86 is concentrating on projects which incorporate collection centers and improvement of the traditional marketing channels for basic grains, apiculture, milk products and fruit. Other valuable activities include transfer of technology, reduction of post-harvest loss and the promotion and conservation of renewable resources and artisanal family size industries.

D. Project Goal

The Project Goal was to increase family income and employment opportunities among the target group in selected rural areas of the country.

Given time limitations, the Analyst was unable to conduct a complete survey among project participants to determine actual percentage of income and man days of labor generated. However, on the basis of a recent survey conducted by AITEC and project participants interviewed 1/ conclusions regarding outputs vis-a-vis project goal was possible.

a) Income

In five areas of operation, "the incomes of 360 participants were to have increased an average of 15% over current levels by the end of the third year or the basis for future income increases will have been established".

Farmers and community representatives interviewed were generally impressed by income increases derived from AITEC assisted projects. Most farmers felt they were financially better off after having participated in AITEC assisted activities and expected additional improvement in the coming year. Basic grain farmers in Area II (Acosta) affirmed that the solar grain dryer reduced grain losses by 30-40% thereby encouraging farmers to increase land area under grain production. Members of the Chirracá Fruit Tree Nursery believe that a small investment in an irrigation system will substantially increase fruit tree production and generate additional income which could be invested in community projects. Female artisans have learned from each other to make different products and expect that eventual marketing of their products in San José may duplicate their current incomes. Milo and broom production in Area IV has lead farmers to increase land area in Milo production, increased income and indirectly generated additional labor on land cultivated by project participants. A dairy development project near Nandayure has helped cattlemen in the area to diversify from beef cattle into dairy cattle. They also view the current construction of milk collection centers as a first step towards establishing a milk processing facility in the area. Swine production and a coffee development project in Hojancha are aimed at diversifying production activities, increasing income and generating additional employment which may reduce farm labor migration to Costa Rican urban areas.

While many farmers and community representatives are convinced that AITEC assisted projects have had a positive effect on income or established the basis for increase in income and generation of labor, they also expressed concern that some projects, as they develop, may

1/ Farmers and local community representatives.

eventually "die out" for lack of management "know how" or capability and/or marketing. It was generally felt that AITEC could do more to provide management oriented training and explore marketing alternatives before encouraging farmers or entrepreneurs to produce more.

Table 7 on the following page summarizes AITEC's survey results regarding income and employment generated by project between May 1, 1981 and October 1, 1982. Percentage income increases, as presented by AITEC, are impressive but it must be noted that the devaluation of the colon and the inflation during this period in time was substantial 1/. Also it was not clear whether estimates on income include income increases for some future date. Examples are: the coffee and dairy development projects in Area IV.

Data was available for 17 of the 37 projects surveyed comparing "previous" and "current" income. Percentage increases ranged from 25% for an apiculture project in Area V to 764% for another apiculture project in Area I. Income for all projects (excluding the dairy and coffee development projects in Area IV), increased from Q2.45 million to Q11.76 million a 380% 2/ increase.

1/ According to AITEC inflation rate was estimated at 100% and colon was devaluated by more than 500%.

2/ No adjustment made for devaluation or inflation.

PROJECT	PARTICIPANTS EMPLOYED	PARTICIPANTS TRAINED	INVESTMENT	COMPLETION	% VARIATION	EMPLOYMENT GENERATED
AREA 1						
Tree Nursery, Hart	30	20	-	75,750	-	5
Corn Marketing	30	60	130,700	44,825	360	15
Sweet Cane Parcels	9	9	27,000	105,000	300	2
Apianian Development	35	35	15,000	280,000	264	5
Fruit Trees Parcels	3	3	-	-	-	-
TOTAL	107	127	170,700	944,575		27
AREA 2						
Tree Nursery (A.B)	40	20	100,000	195,500	94	8
Fruit Trees Parcel	1	30	-	-	-	-
Apianian Development	30	30	35,000	300,000	757	5
Grains Commercialization	30	30	25,000	270,000	143	8
Corn Seed Reproduction	20	30	2,000	60,000	257	8
Gandul Seed Reproduction	15	15	-	25,000	-	-
Female Artisan	15	15	-	274,370	-	5
Chiraca Fruit Trees Nursery	25	25	50,000	60,500	201	2
TOTAL	226	195	237,000	1,117,370		36
AREA 3						
Buds Bank	40	30	-	27,350	-	-
Rindigostar (S.M)	4	20	-	-	-	2
Collection Center	15	3	-	150,000	-	3
Corn Seed Parcels	15	10	-	20,500	-	1
Rindigostar (S.E)	6	20	-	-	-	-
Fruit Tree Nursery	25	4	-	350,000	-	4
Female Artisans	14	14	-	212,000	-	3
Cigar Development	65	15	-	30,000	-	1
Carpentry shop	25	25	50,000	300,000	500	6
Apianian Dev. (S.M-O)	25	25	28,000	100,000	237	4
Apianian Dev. (Esp.)	14	14	23,000	80,000	271	1
TOTAL	272	282	101,000	1,276,350		25
AREA 4						
Forest and Fruit Tree Nurseries	30	10	-	265,000	-	3
Rindigostar	1	20	-	-	-	-
Dairy Development	40	50	1,779,375	19,033,000	-	3
Milk & Brown Feed.	30	30	200,000	640,000	225	-
Forest and Fruit Trees Nurseries	40	80	400,000	900,000	125	7
Apianian Development	54	54	837,000	2,250,000	288	3
Forestral Parcels	60	90	-	1,700,000	-	3
Coffee Development	250	50	3,000,000	13,500,000	350	70
Van Miller	30	10	-	20,000	-	1
Quine Production	25	25	-	250,000	-	3
TOTAL	720	519	5,216,375	30,508,000		85
AREA 5						
Fruit Tree Nursery	40	40	-	248,350	-	5
Apianian Development	23	23	280,000	150,000	25	2
Fruit Marketing	15	35	280,500	720,500	249	10
TOTAL	78	98	560,500	1,168,850		17
TOTAL						
Area 1	107	127	170,700	944,575		27
Area 2	226	195	237,000	1,117,370		36
Area 3	272	282	101,000	1,276,350		25
Area 4	720	519	5,216,375	30,508,000		85
Area 5	78	98	560,500	1,168,850		17
TOTAL	1383	1231	6,285,575	34,955,145		190

2/ Printed May 1, 1981 on October 1, 1982.

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b) Employment

"Approximately 50,000 additional man days of labor in productive activities were to be generated by the end of the third year".

AITEC's survey revealed 60,000 man/days 1/ of labor generated by AITEC supported projects. Employment generated by area was as follows: Area I, 27; Area II, 36; Area III, 25; Area IV, 95 and Area V, 17. The total includes 70 employments generated by the coffee development project in Area V. It is not clear, however, whether AITEC's estimates also include projected employments.

A complete breakdown of employment generated by project as taken from AITEC's survey is presented below:

TABLE No. 8

EMPLOYMENT GENERATED
BY
PROJECT ACTIVITY

<u>Project</u>	<u>Employment Generated</u>
- Fruit and Forest Tree Nursery/Plots	40
- Grain Marketing and Corn Seed Reproduction	32
- Apiculture	21
- Female Artisans	8
- Fruit Marketing	10
- Swine Production	3
- Coffee Development	70
- Dairy Development	6
- Sugar Cane Parcels	2
- Bioidigestors	2
- Carpentry Shop	6
<hr/>	<hr/>
Total	200

1/ 200 Employments x 300 man/days per year.

Verification of AITEC data was not possible. Project beneficiaries and community leaders interviewed expressed projects to have generated additional labor both directly and indirectly. They also believe some projects have the potential for additional employment generation in the future.

Several milo and broom producers in Area IV employ farm labor while they dedicate time to manufacturing brooms. Female artisans in Area III now spend time producing handicrafts which will be sold to stores and supermarkets in San José. Dairy, coffee and apiculture development, in Area IV (Nandayure and Hojanca), have encouraged farmers to increase their dairy herds, plant more coffee trees and invest in honey producing operations to the extent that additional family or other farm labor must be employed to meet the demands of growing farm operations. However, as in the case of apiculture development in Hojanca, production of honey has grown to the point where production has reached its peak capacity requiring some farmers to move their bee hives to areas where production yields have the potential of reaching prior levels.

CHAPTER VI

INSTITUTIONALIZATION OF AITEC
METHODOLOGY/PROCESS OF
LOCAL PARTICIPATION

This Chapter attempts to analyze the institutionalization of the AITEC Integrated Rural Development methodology/process of local participation at the national and local levels.

a) Background

At the national level the Program was officially designated as a dependency of the Minister of the Presidency. General policies of the Program were to be decided by a Board of Advisors formed by the Ministers and Executive Directors of the autonomous and semi-autonomous institutions. ^{1/} In addition, an interinstitutional technical committee was formed to help coordinate the technical and operational inputs of participating institutions. The objective of the first three years was to "firmly implant and institutionalize a process for dealing with sector problems by having local groups define their own development priorities" AITEC had found that: "a tendency on the part of the government to undertake development projects with little or no prior consultation with the local community". In its advisory role, (through its advisors and short-term consultants) AITEC provided technical assistance and training.

b) National Level

The Integrated Rural Development OPG as originally conceptualized, was from the outset a very ambitious undertaking. Even under the best of circumstances, the intention of trying to replicate AITEC's integral rural development experience of Hojanca to six other Costa Rican rural areas required substantial financial and human resources, as well as a concentrated effort by GOCR institutions in coordinating assistance to the selected areas. Furthermore, having set the IRD Program as a dependency of the Ministry of the Presidency operating from the Central Bank of Costa Rica handicapped the Program from the very beginning - more might have been accomplished if the IRD Program had been managed, as it eventually was, by an institution such as the MAG directly responsible for and having the "know how" regarding agricultural development. When the Program was finally transferred to

1/ This group never met.

MAG, it was too late. The deterioration of the Costa Rican economy and the overall lack of political support forced AITEC to reformulate its Program and invest OPG funds in what should have been GOCR counterpart; vehicles, personnel, and additional staff training.

Even under the current Costa Rican administration there may be little room for AITEC's "de abajo hacia arriba" methodology. The MAG appears to be on the track of becoming a "super ministry" concerned with undertaking large foreign exchange generating agricultural development projects in which local groups have little or no voice. The pattern of a "arriba hacia abajo" approach rather than AITEC's "down-up rural development strategy has been maintained by the GOCR. Chart 1 on the following page illustrates what has occurred regarding the IRD Organization. Solid lines show planned organizational relationships and dotted lines show existing relationships^{1/}. AITEC field coordinators are in effect serving as the linkages between rural development projects and GOCR institutions rather than, as originally planned, having an Interinstitutional Committee coordinate GOCR institutional assistance activities to local group organizations through AITEC management. AITEC management and central office staff are in direct contact with individual participating GOCR institutions. Coordination of assistance/training activities is undertaken by AITEC staff - no such operational coordinating mechanism exists between GOCR institutions.

To summarize, because of the lack of GOCR financial and political support the institutionalization of the AITEC methodology/process has not been established at the national level. Note that of the total 43 Program staff trained, twenty-three remain with the Program but only four belong to GOCR institutions.

Despite such GOCR shortcomings, AITEC has established a close working relationship with individual GOCR institutions ^{2/} which has enabled it to successfully expand several projects (apiculture, grain marketing, dairy development, tree nursery), to more than one of the areas in which the Program operates.

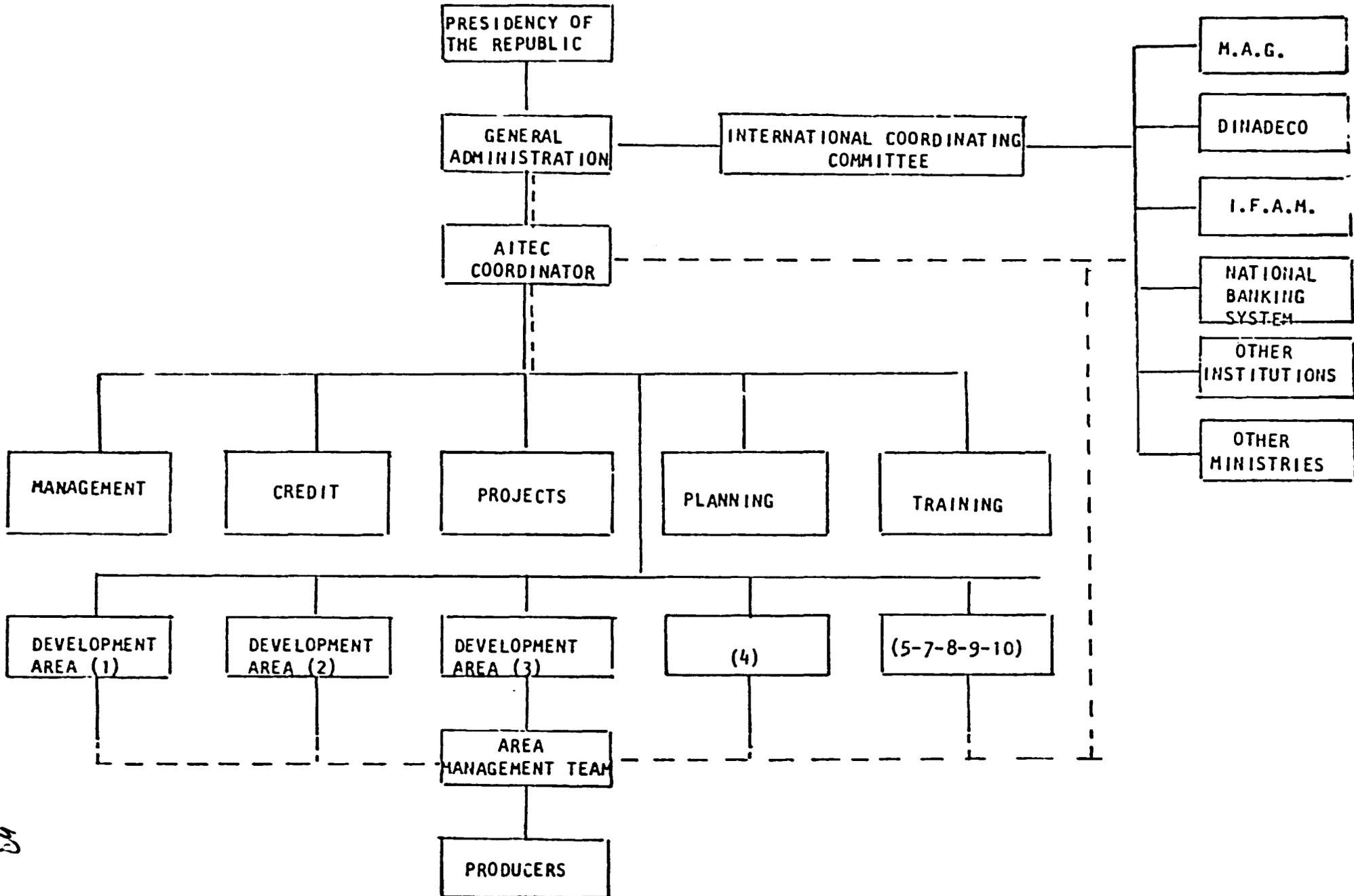
c) Local Level

At the local level AITEC's implementation of its field methodology has undergone some variations; especially since AITEC's rural development strategy was changed from an "integral" to "project - specific" concept. In this regard AITEC's methodology of local group participation "in the planning, implementation and evaluation of

1/ (solid lines for AITEC Organization are currently valid).

2/ Especially MAG, DINADECO, CNP and the University of Costa Rica.

CHART No. 1
 RURAL DEVELOPMENT PROGRAM
 AITEC/COSTA RICA
 (ORGANIZATION CHART)



52

development related activities", no longer requires that several steps of AITEC methodology be followed. Workshops involving local agricultural development associations, country agricultural centers or associations and some MAG or other GOCR institution representatives are held to discuss specific agricultural development projects rather than a broader range of county or community problems and objectives.

Site visits revealed that AITEC had effectively assisted local farmers in organizing into local formal and informal groups. Group interaction, project participation and strong leadership was evident in Hojanca, Nandayure and the Santos Area. Local groups interviewed expressed that AITEC had brought communities together and provided them with a forum in which local problems were discussed and encouraged them to participate in projects which had already generated or established the basis for additional income and employment.

In general terms it may be concluded that the methodology/process of local participation has been established among several communities in three of the areas in which AITEC operates (Puriscal, Acosta and the Peninsula of Nicoya-Hojanca).

CHAPTER VII

INCOME vs. PROJECT COSTS

A survey conducted by AITEC disclosed that 1,283 participants increased their income from Q7.2 million to Q44.3 million for the period May 1 to October 1, 1982. These figures include 310 participants of a dairy and a coffee development project in Area IV who increased the income from Q4.8 to Q32.5 million. All remaining projects increased income from Q2.4 million to Q11.7 million. In other terms, 973 project participants increased income on the average from Q2,466.60 to Q9,558.07. In absolute terms this result is substantial but it should be noted that considerable inflation/devaluation of the colon during this period partially contributed for this increase in income.

Cost-wise, average investment per beneficiary during the past three years was:

	<u>Cost/Participant</u>
1. AITEC	\$ 59.36
2. GOCR Direct	272.62
3. GOCR Institutional	<u>195.02</u>
TOTAL	\$527.00

ANNEX A

PROJECTS VISITED

AREA 2

PROJECT

9/26/82

Apiculture Association of Acosta and neighboring communities.

Small Artisan Production of San Luis de Acosta.

Solar Drying, Storage and Commercialization of Basic Grains.

Acosta Basic Grains Seed Bank

Chirracá Tree Nursery.

AREA 3

10/05/82

Mastatal Tree Nursery

Mastatal Solar Drying, Storage and Commercialization of Basic Grains

AREA 4

9/28/82 (Nandayure)

El Cacao Milo and Broom Production.

Agricultural School Tree Nursery.

Agricultural School Biogas Production.

El Zapotal Milk Collection Center.

Centro Agrícola Cantonal/Ministry of Agriculture Office.

9/29/82 (Hojanca)

Agricultural School Tree Nursery.

Agricultural School Honey Production Demonstration Plot.

AREA 4 (Cont.)

Agricultural School Hog Production with Centro Agrícola Cantonal.

Privately Owned Tree Nursery Plot.

Coffee Production

Hog and Biogas Production.

Bee Frame and Box Production.

Centro Agrícola Cantonal.

AREA 5

10/05/82

San Pedro de Tarrazú Fruit Production and Marketing
(Interviewed farmers in AITEC San José Office).

ANNEX B

PERSONS INTERVIEWED

<u>ORGANIZATION</u>	<u>NAME/POSITION OR OCCUPATION</u>
AITEC	Henry Karczinsky/Director Roberto Jiménez/Project Design and Implementation Alvaro Hernández/Organization and Training Arnoldo Aguero/Marketing Miguel Fernandez/Area 2 Coordinator Elias Campos Duque/Area 4 Coordinator Jorge Hidalgo/ Area 5 Coordinator Mayela Azofeifa/Area 2 Assistant Pablo Montoya/Area 1 Coordinator
MAG	Guido Aguiler/IRD Coordinator Gilberto Campos/Director of IRD and Extension Jose Céspedes/Nandayure Extension Agent
DINADECO	Erwin Molina/IRD Counterpart
INFOCOOP	Victor Charpentier
CAC	Gilberto Guido/Nandayure President and Farmer Javier Moreno/Nandayure Vice-President and Farmer Carlos Coto/Hojancha President Oscar Campos/Hojancha Manager and Farmer Luz Bermudez/Honey Production Advisor
<u>AREA 2</u>	
Acosta Businessman	Miguel Mora/Basic Grains Seed Bank Coordinator
Chirracá	Carlos Badilla/Farmer Evelio Badilla/Farmer
San Luis, Acosta	Edith Hernández/Artisan Producer <u>1/</u> Carmen Méndez/Artisan Joaquín Fernández/Farmer Hugo Fernández/Farmer
<u>AREA 3</u>	
Mastatal	Alberro García/President IRD Association Carlos Guzmán/Secretary IRD Association

1/ Four (4) additional artisan producers were interviewed.

43

AREA 4 (Nandayure)

El Cacao Broom José Sequeira/Manager
Producers Association. Rafael Carrillo/Broom Maker and Farmer
 Javier Espinoza/Broom Maker and Farmer
 José Anchia/Broom Maker and Farmer
 Walter Carrillo/Broom Maker and Farmer

Ag. School Roger Leiva/Tree Nursery Manager
El Zapotal Abraham Fara/Cattleman
Milk Marketing Fernando Ocon/Cattleman
Committee Ricardo Arroyo/Cattleman

AREA 4

Hojancha Orlando Esquivel/Farmer
 Jorge Moreno/Farmer
 Flavio Sandoval/Bee Frame and Box Production
 Angel Marin/Agricultural School Director

AREA 5

San Pedro de Roque Mora/Association President and farmer
Tarrazú Fruit Antonio Morales/Association Member and farmer
Producers Association. Froylan Montero/Marketing Committee Member and
 farmer
 Roger Garro/Association Secretary and farmer.

ANNEX C

COMPARISON OF LOGICAL FRAMEWORK ASSUMPTIONS

ORIGINAL. VS. REVISED

Goal Level

- | | |
|---|---|
| 1 a) That the present government will continue to support and endorse the stated objectives of the newly created IRD Program. | 1 a) That government institutions and local organizations will continue supporting the objectives of the IRD Program. |
|---|---|

Purpose Level

- | | |
|--|--|
| 1 a) That the government will promote policies favorable to small farmers and rural entrepreneurs in the areas of credit, technical assistance, training and marketing, etc. | 1 a) Local organizations with support by government institutions will promote policies, in the areas of credit, technical assistance, training, marketing, prices, etc., which will favor the small agricultural producer. Financing will be obtained from GOCR counterpart to "open" zone five. |
|--|--|

Output Level

- | | |
|--|--|
| 3 a,b) GOCR will continue to be open and receptive to ALTEC technical assistance. | 3 a,b) Local organizations will be receptive to IRD technical assistance. |
| 6 a) GOCR has resources available and is willing to invest in identified service and infrastructure. | 6 a) Local organizations have resources available to develop activities included in the IRD Program. |

Input Level

- | | |
|--|-----------|
| 2 a) GOCR honors its commitments over three years. | 2 a) None |
|--|-----------|

ANNEX D

IRD SEMINARS AND PROGRAM PERSONNEL TRAINED

Name	Institution	1st. Seminar (Oct/79)	2nd. Seminar (Feb/80)	3rd. Seminar (May/81)	4th. Seminar (Mar/82)
Acuero, Vargas Arnaldo	() AITEC, O.G.			X	X
Acular, Guido	() MAG			X	X
Anzola Antonio	DINADCO	X	X	-	-
Arava, Calvo Edda	() AITEC, Espanza			X	X
Arce, Rodriguez Romilio	Ben. Central	X	X		
Asho, Jeff	AITEC, USA				X
Asofefa, Monce Mavela	() AITEC Acosta			X	X
Avman, Joyce	(*) Cuerpo Paz, Terraza				X
Burns, Sarah	(*) AITEC, USA		X		
Burns William	AITEC, USA	X	X	-	-
Calderón, Maritza	Ben. Central				
Camacho, Rodolfo	Ben. Nacional				
Canno, Elías Dume	() AITEC, Mandavure	X	X	X	
Cannos, Fulvio	Ben. Nacional	X	X	-	-
Cannos, Gilberto	() MAG			X	X
*Cannos, Oscar	CAC, Hoiancha	X	X	-	-
*Cannos, Ovidio	CAC, Hoiancha	X	X		
Carvajal, Edelmira	() AITEC, Hoiancha	X	X	X	X
Carvajal, Hernández Alvaro	() AITEC, O.G.	X	X	X	X
Castro, Marcos	Ben. Central		X		
Chavarría Rodolfo	Ben. Nacional	X	X		
Chavarría, Villarreal John	() AITEC, Espanza			X	X
Concín Fernando	Ben. Nacional	X	X		
Fernández, Cascante Miguel	(*) AITEC Acosta			X	X
Flores, Eduardo	Ben. Central		X		
Granados, Fabio	() AITEC, Mandavure			X	X
Hidalgo, Fallas Jorge	() AITEC, Terraza			X	X
Jiménez, Roberto	() AITEC, O.G.			X	X

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Name	Institution	1st. Seminar (Nov/79)	2nd. Seminar (Feb/80)	3rd. Seminar (May/81)	4th. Seminar (Mar/82)
Meifa, Gerardo	(*) AITEC, Bianacla				X
Medina, Rodriquez Edwin	() DINADFCO, D.C.	X	Y	X	X
Monte, Carlos	Sec. Central		X		
Montoya, Vargas Juan Pablo	(*) AITEC, Puriscal			X	X
Muñoz, Castro Frosia	(*) AITEC, D.C.			X	X
Nevin, Pablo	AITEC, USA				
Ortiz, Roberto Elías	(*) AITEC, Manayara			X	X
Salazar, Alvaro	Sec. Nacional	X	X		
Sanabria, Echavarría Maura	(*) AITEC, D.C.			X	X
Sánchez, Henrique	Sec. Central	X	Y		
Salas, William	DINADFCO	X	X		
Selárazano, Nils	MAG	X	X		
Soto, Adela	Sec. Central			X	
Valladares, Fernando	AITEC			X	X
Vargas, María	Sec. Central			X	

* Still with Program.

Best Available Document