

A. REPORTING A.I.D. UNIT:

USAID/Guatemala
(Mission or AID/W Office)

B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN?

yes slipped ad hoc

C. EVALUATION TIMING

Interim final ex post other

Eval. Plan Submission Date: FY 89 0

D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; If not applicable, list title and date of the evaluation report)

Project #	Project/Program Title (or title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
520-0276	Agribusiness Development Project in Guatemala. Evaluation of the Cooperative Development Component.	1985	3/90	2,333	2,333

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

- Action(s) Required
- Develop log frame for use in developing the draft amendment to the Cooperative Strengthening Project.
 - Prepare SOW and PIO/T for PP Amendment design team.
 - Prepare Action Memo and PIO/T for no-cost extension of NCBA Cooperative Agreement.
 - Circulate draft Amendment for Mission review and authorization.

Name of officer responsible for Action

Date Action to be Completed

JMcGill:DAI
TCornick:ORD

12/89

REduardo:PDSO

1/90

TCornick:ORD

1/90

TCornick:ORD
BLennon:ORD
REduardo:PDSO

5/90

(Attach extra sheet if necessary)

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo 12 day 15 yr 89

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature	Signature	Signature	Signature
Typed Name: Tully Cornick	John Sandbach	Thomas Kellerman	Anthony J. Cauterucci
Date: 4/20/90	Date: 4/20/90	Date: 4/25/90	Date: 4/30/90

H. EVALUATION ABSTRACT (do not exceed the space provided)

The Agribusiness Development Project (520-0276) was initiated in 1985 to complement four other USAID/Guatemala project efforts to help small farmers in Guatemala. The Project's goals were to increase rural family incomes and expand and diversify Guatemala's export of non-traditional agricultural products. The Purpose was to "... provide small farmers with profitable outlets for their fruits and vegetable production through new or expanded agribusiness enterprises in rural areas."

Three separate development activities were funded as separate components under the project: (a) credit to finance fixed assets, working capital and feasibility studies through the private banking system, (b) promotion of non-traditional exports through the Gremial de Exportadores de Productos No-Tradicionales (the GREMIAL), and (c) export-oriented technical assistance to small farmer cooperatives. In early 1989, the cooperative development component, implemented by the Cooperative League of the United States of America (CLUSA), was amended to increase the total level of funding and extend the period of that activity through the established project activities completion date (PACD) of March 1990. A final evaluation covering only the cooperative development component of the project was carried out by a 2 person technical team from Development Alternatives, Inc., using project documents, field visits to participating organizations, and interviews with USAID and project staff. The major findings and conclusions are:

- * The project was successful in demonstrating that cooperative development strategies that emphasize the enterprise development of cooperative organizations have significant and immediate effects on rural producers, increasing average prices received by the cooperatives for the products marketed, increasing foreign exchange earnings, increasing levels of rural employment and wage income, and increasing on-farm income for the producers.
- * The project successfully introduced improved production technologies, better methods of irrigation, cultivation, and proper use of pesticides. It also developed concepts of and skills in post-harvest handling, quality control, processing and cold storage and assisted the cooperatives and associations in improving, expanding and acquiring production and packing facilities.
- * Because of the intensiveness of the technical assistance required to achieve the above gains, the project was not able to cover the number of cooperatives originally envisaged in the project paper, reducing the overall impact of the project.
- * In the three years of project implementation, the focus on production, post-harvest handling, and marketing was not adequately complemented with organizational development in financial and business management skills.

The evaluators noted the following lessons:

- * A project that provides intensive assistance and focuses on "doing the work" can achieve significant results in a relatively short period of time. The trade-offs, however, are (a) little leveraging of resources, (b) reduced chance of replication, and (c) reduced local capacity to sustain activities.
- * Building a sustainable capacity to replicate project activities requires implementing a project through, or in coordination with, a host institution.

L EVALUATION COSTS

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (US\$)	Source of Funds
Name	Affiliation			
John McGill	Development	Contract between CLUSA and DAI	\$52,369	DA/Coop. Agreement 520-0276-A-00-5062-00
Percy Avram	Alternatives, Inc. DAI			

2. Mission/Office Professional
Staff Person-Days (estimate) _____

3. Borrower/Grantee Professional
Staff Person-Days (estimate) _____

A.I.D. EVALUATION SUMMARY PART II

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)
Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID/Guatemala Date this summary prepared: 4/19/90
Title and Date of Full Evaluation Report: Agribusiness Development Project in Guatemala
Evaluation of the Cooperative Development Component Dec., 1989

Background Description: The Agribusiness Development Project (520-0276) represents a complex series of project initiatives designed to provide small farmers with profitable outlets for fruit and vegetable production through new or expanded agribusiness enterprises in rural areas. The Agribusiness Development Project was designed with three separate elements--a Bank of Guatemala agribusiness credit component, a cooperative improvement component, and a Non-Traditional Products Exporters Guild--each with separate termination dates. The overall project PACD is March 21, 1990.

Two of the components -- a grant to the Nontraditional Products Exporters Guild and a grant/loan to the Bank of Guatemala -- continue to December, 1989 and to the PACD of the Project, respectively. The Project provides funding to the Guild to develop a market information system and to strengthen its export and investment promotion activities. The funds for the Bank of Guatemala provide lines of credit to BANDESA and the commercial banking system for on-lending to cooperatives and private firms. The third component, implemented through a Cooperative Agreement signed on September 25, 1985 with the National Cooperative Business Association (NCBA), was amended on March 8, 1989 extending the termination date to March 21, 1990. The initial agreement provided \$1.33 million to assist in strengthening management and operating procedures of cooperatives and farmer associations and to improve the marketing of fruits and vegetables produced by their members. An additional \$1 million was also added to the cooperative strengthening component, increasing total funding for this component to \$2.33 million. At that time, the Mission also decided to not extend the Agribusiness Project, and to merge the Agribusiness Development Project cooperative strengthening component with the Cooperative Strengthening Project.

Under the amended project, it was decided that the cooperative strengthening component would target six primary cooperatives and farmer associations by concentrating direct technical assistance, management development support and training on them. The decision to concentrate project efforts on six cooperatives and farmer associations (10 cooperatives had originally been targeted) was made based on the following rationale:

1. The November 1987 mid-term evaluation indicated that the greatest improvement in cooperative and farmer association management and operations and the most effective delivery of training were accomplished when technical assistance team members worked on a one-to-one basis with individual organizations.

2. Several of the cooperatives and farmer associations were entering into expanded production, processing and marketing activities in 1989. This increased level of effort required extremely close working relationships between members of the TA team and the organizations.

3. To provide the required level of technical assistance to more than the six farmer organizations identified would diffuse the technical assistance delivered and seriously weaken the overall component effort.

Evaluation Purpose and Methodology: A final evaluation covering only the cooperative development component of the project was carried out in November and December 1989 by a 2 person technical team from Development Alternatives, Inc. The purpose of the evaluation was two fold: To assess the impact of the Mission's Agribusiness Development Project cooperative development component and recommend to the Mission how best to merge the cooperative strengthening component of the Agribusiness Development with the Cooperative Strengthening Project while maintaining the spirit and distinct approaches of the two cooperative strengthening activities. The evaluation was carried out using project documents, field visits to participating organizations, and interviews with USAID and project staff.

The evaluation results will be used to improve the delivery of technical assistance to nontraditional agricultural exporting cooperatives and farmer associations when merged into the Cooperative Strengthening Project.

Principal Findings and Conclusions: The evaluation noted that the project had worked intensively with three small-scale farmer organizations -- two cooperatives and one association and less intensively with three other cooperatives. The project had a significant and measurable impact on the three organizations that received intensive technical assistance. Project activities were responsible for increasing average prices received by the cooperatives for the products marketed, increasing foreign exchange earnings, and for increasing levels of rural employment and wage income. The introduction of new varieties for export has caused a significant increase in demand for rural labor. There has been a major increase in employment, fulfilled first by the families, and then by outside workers. A large portion of the new labor force is comprised of women.

The evaluation also noted that the project made a major contribution in increasing on-farm income for the producers, in developing access to foreign markets, in increasing the volume of produce exported, in the introduction of improved production technologies, including better methods of irrigation, cultivation, and the proper use of pesticides. Directly as a result of project interventions, the cooperatives in the project achieved the following growth levels in membership, gross sales and net profits:

	1986 Status	1989 Status
Rincon Grande		
Membership	26	51
Gross Sales (\$000)	2.4	277.5
Net Profit (\$000)	0.2	94.8
Association Aguacatan		
Membership	--	375
Gross Sales (\$000)	--	359.7
Net Profit (\$000)	--	54
Chichan		
Membership	--	35
Gross Sales (\$000)	--	165.4
Net Profit (\$000)	--	7

Despite the gains made with the three cooperatives that received intensive technical assistance, the evaluation noted several shortcomings with the project. These included:

* The initial project design was based on an assumption that only limited market assistance -- introducing the cooperatives to potential buyers and training them in how to produce, handle and package produce to meet market conditions -- was required to establish successful export programs in the individual cooperatives. This turned out to be incorrect. Export marketing is an extremely complex activity, and one that requires considerable skill and practice.

* Because of the flawed assumptions above and the resultant greater than expected intensiveness of technical assistance required, the project had only worked with a limited number of cooperatives -- reduced from the original objective of 10 cooperatives specified in the project paper, to 6 specified in the 1989 amendment, to 5 at the present time.

* Equally important, the project did not bring about sufficient institutional changes in the three cooperatives it worked with intensively. While productivity and production increased, other aspects of cooperative business development were not developed.

* The project did not leverage resources well. Because it did not work with a host institution, project impacts were limited to those activities directly implemented by the project team itself, leaving no on-going program to continue to assist cooperatives in the future.

* Finally, there was a question of the cooperative's ability to sustain project improvements and changes. Training activities were not implemented to the extent envisioned in the amendment. Similarly, the ability to manage the cooperatives effectively and perform key production and marketing functions in the absence of continued project assistance was not convincingly demonstrated.

In summary, the Agribusiness Development Project demonstrated that, with an appropriate mix of technical assistance and financial resources, small-scale farmer cooperatives and associations can achieve significant increases in income through non-traditional exports. It also demonstrated that many of the assumptions underlying previous efforts in the area of nontraditional agricultural export cooperative development are incorrect, and that much more intensive levels of technical assistance are required than originally thought.

Principal Recommendations: With a view to the future and a concern for consolidating gains before merger with the Cooperative Strengthening Project, the evaluation team provided a series of short-term recommendations:

- * The present CLUSA cooperative agreement be extended through August 1990.
- * During the extension period the team should work only with three small-farmer organizations -- Rincon Grande, Aguacatan and Chichan.
- * In addition to assistance provided by the resident technical assistance team, the project should continue to provide specialized short-term assistance in specific areas of pest control, post-harvest handling and marketing.
- * "Management support" should be continued, but in the context of a development plan for each assisted cooperative, and with a realistic phase-out plan.
- * CLUSA should document basic procedures, technologies and other technical assistance "outputs" for each of the assisted cooperatives.
- * CLUSA needs to focus during the remaining life of project on developing sustainable management processes within the assisted cooperatives.

Recognizing that the cooperatives and associations that participated in this project have a need for continued technical assistance in a variety of efforts, and that there appears to be a major opportunity for achieving significant beneficial impacts from encouraging small farmers to engage in high-intensity farming of non-traditional agricultural products for export, the evaluation made the following long-term recommendations concerning the merger with Cooperative Strengthening Project:

- * Assistance to help improve administrative and financial management in the cooperatives should be provided through the Cooperative Strengthening Project.
- * Short-term, low-intensive production, processing and marketing assistance should also be provided through the Cooperative Strengthening Project.
- * The smaller non-federated cooperatives should be encouraged to establish relationships with one of the federations receiving assistance through the PMO.
- * Because of the extremely complex nature of strawberry farming, Rincon Grande is likely to need intensive assistance for an extended period of time. Aguacatan and Chichan are also likely to require substantial assistance.

Major Issues: The evaluation raised two major issues that require resolution as the cooperative development component of the Agribusiness Development Project is merged with the Cooperative Strengthening Project. These include:

1. It is not clear that the Cooperative Strengthening Project is designed to provide intensive technical assistance in production and processing. Accordingly:
 - * USAID/Guatemala should determine if it is interested in continuing efforts to increase production of non-traditional export crops among cooperatives.
 - * If USAID/Guatemala is interested in supporting this through a single umbrella project, it should consider a subproject under the Cooperative Strengthening Project to specialize in intensive agricultural production and processing assistance for small farmer cooperatives.
 - * USAID/Guatemala should also consider whether or not the HADS project would be a better umbrella project for activities focusing on intensive agricultural production and processing assistance for small farmer cooperatives.

2. The initial Agribusiness Development Project design was based on an assumption that only limited market assistance -- introducing the cooperatives to potential buyers and training them in how to produce, handle and package produce to meet market conditions -- was required to establish successful export programs in the individual cooperatives. This turned out to be incorrect. Export marketing is an extremely complex activity, and one that requires considerable skill and practice. Accordingly:

* USAID/Guatemala needs to conduct a more thorough review of the basic constraints to export market development for small farmers. In particular, USAID/Guatemala needs to understand the implications of rapidly changing import restrictions in the U.S. on the feasibility of direct and indirect exporting.

* USAID/Guatemala needs to develop an export market strategy for small farmer organizations.

Major Lessons Learned:

* Developing a new cooperative requires intensive assistance. Likewise, introducing major new production, processing or marketing technologies is likely to require intensive, long-term assistance.

* A project that provides intensive assistance and focuses on "doing the work" can achieve significant results in a relatively short period of time. The trade-offs, however, are (a) little leveraging of resources, (b) reduced chance of replication, and (c) reduced local capacity to sustain activities.

* Building a sustainable capacity to replicate project activities requires implementing a project through, or in coordination with, a host institution.

* The presence of a single dynamic and capable individual in the role of manager or permanent advisor increases the likelihood that a cooperative will succeed.

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier)

Agribusiness Development Project in Guatemala: Evaluation of the Cooperative Development Project.

ATTACHMENTS

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRANTEE

The DAI evaluation fully met the terms of the Scope of Work included in the work order. The Mission reviewed a draft of the evaluation report in December, 1989 and a final report in January 1990 as part of a larger review to provide direction for the proposed amendment to the Cooperative Strengthening Project.

The Mission decided at that time to: (1) merge continued assistance of agricultural export cooperatives and farming associations in the proposed amendment of the Cooperative Strengthening Project and, (2) to provide a no-cost extension of the CLUSA cooperative agreement until the 31 of August 1990 to allow (a) time for design of the above mentioned amendment and (b) to allow NCBA to assist the cooperative Rincon Grande finish the re-establishment of their strawberry beds.

The no-cost extension will allow NCBA to address several short term recommendations, including:

- * 1. continued provision of short-term technical assistance in areas of pest control, post-harvest handling, and marketing,
- * 2. continued provision of management assistance within a context of a development plan for each assisted cooperative and with a realistic phase-out plan for the management assistance,
- 3. documenting basic procedures, technologies, and other technical assistance outputs for each of the assisted cooperatives,
- * 4. producing appropriate operating, policy, procedures, and other manuals and training materials,
- * 5. focusing on developing sustainable management processes within the assisted cooperatives.

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**Agribusiness
Development Project
in Guatemala:**

**Evaluation of the
Cooperative
Development
Component**

Prepared for U.S. Agency for International Development under subcontract to the
National Cooperative Business Association

John H. Magill
Percy Avram

December 1989



Development Alternatives, Inc. 624 Ninth Street, N.W. Washington, D.C. 20001

Office of Rural Development

Agribusiness Development Project
in Guatemala:

Evaluation of the Cooperative
Development Component

Development Alternatives, Inc.
DAI

December 1989

PREFACE

The Agribusiness Development Project (520-0276), which began in 1985 and is scheduled to end in March 1990, has three separate components: financing through the Bank of Guatemala, export promotion through the Non-Traditional Products Exporters' Guild, and cooperative improvement. This evaluation covers only the cooperative improvement component of the project.

The cooperative improvement component of the project initially provided \$1.3 million to assist in "strengthening management and operating procedures of cooperatives and farmer associations and . . . [improving] the marketing of fruits and vegetables produced by their members." Cooperatives to be assisted by the project are engaged in the production and export marketing of nontraditional agricultural products such as garlic, strawberries, and fresh vegetables. Although the cooperative component of the project was scheduled to end in October 1988, the U.S. Agency for International Development Mission in Guatemala first approved a series of no-cost extensions through February 1989, and then approved a \$1.0 million funded extension through March 1990. In approving the funded extension, the Mission amended the original project paper to place increased emphasis on training and management development.

Development Alternatives, Inc. (DAI) was contracted to conduct an evaluation of the cooperative development component of the Agribusiness Development Project. The purposes of the evaluation are to:¹

Assess the impact of the . . . Agribusiness Development Project cooperative development component and . . . identify [the] changes in emphasis or direction [that] are called for to improve the impact of the program on the targeted cooperatives and farmer associations in the context of the original goal and purpose statement; and

Recommend to the Mission how to merge the cooperative strengthening component of the Agribusiness Development [Project] with the Cooperative Strengthening Project, while maintaining the spirit and distinct approaches of the two cooperative strengthening activities.

Specifically, the evaluation team was to:²

1. Assess overall project development strategies and the impact of the technical assistance on participating organizations and member cooperatives;
2. Evaluate the effective use of project resources to strengthen participating organizations and increase administrative and management capabilities in agricultural production, processing, and marketing;
3. Recommend changes or adjustments in the implementation of activities to increase the chances for success, accelerate institutional development, and enable the targeted cooperatives and associations to carry on project activities at some future point independent of external technical assistance; and

¹ A.I.D./Guatemala, "Statement of Work: Agribusiness Project Cooperative Component Evaluation," pp. 1 and 7.

² *Ibid.*, p. 7.

4. Provide guidance to the Mission on how to most effectively include both cooperative strengthening activities under a single project framework.

An evaluation of all three components of the Agribusiness Development Project had been conducted in 1987. In addition, a social analysis of the project was completed in September 1989. This evaluation focuses exclusively on the cooperative strengthening component. It covers a period from the previous evaluation (November 1987) through November 1989, although primary emphasis is on the period covered by the project extension, which began in October 1988.

Field work for this evaluation was carried out between November 1 and November 22, 1989. The DAI evaluation team consisted of John H. Magill and Percy Avram. The team reviewed project documentation, interviewed A.I.D./Guatemala and Cooperative League of the USA (CLUSA) personnel, visited all six of the cooperatives receiving assistance during the project extension, and interviewed officials from other agencies associated with the project.

The team wishes to express its appreciation to A.I.D./Guatemala staff, CLUSA field personnel, and the members and officials of the associations and cooperatives assisted by the project for their cooperation and assistance. As always the conclusions and recommendations of the evaluation are the sole responsibility of the evaluation team.

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EXECUTIVE SUMMARY

MAJOR FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The Agribusiness Development Project (520-0276) was initiated in 1985 to complement four other A.I.D./Guatemala project efforts to help small farmers in Guatemala. The project's goals were to increase rural family incomes and expand and diversify Guatemala's export of nontraditional agricultural products. The purpose¹ was to "provide small farmers with profitable outlets for their fruit and vegetable production through new or expanded agribusiness enterprises in rural areas."

Three development activities were funded as separate components under the project (1) credit to finance fixed assets, working capital and feasibility studies through the private banking system; (2) promotion of nontraditional exports through the Gremial de Exportadores de Productos No-Tradicionales (the GREMIAL); and (3) export-oriented technical assistance to small farmer cooperatives and other forms of producer organizations. In late 1988 and early 1989, the cooperative development component was amended to increase the total level of funding and extend the period of that activity through the established project activities completion date (PACD) of March 1990. This evaluation covers only the cooperative development component of the project.

A. MAJOR FINDINGS

1. Major Accomplishments

The project team has worked intensively with three organizations of small-scale farmers -- two cooperatives and one association -- and has had a measurable impact on those three organizations. In terms of the goals relating to family income and exports, project activities have been responsible for:

- **Increasing average prices received by the cooperatives for the products marketed.** In Rincon Grande the increase was from Q.50 per pound in the local market to an average of Q1.00 overall. Aguacatan and Chichan benefitted from increased prices for exported garlic and the fact that shifting production from creole to improved garlic boosted local prices for creole garlic.
- **Increasing foreign exchange earnings.** Between the start of the project and the 1988-89 export season, the three cooperatives increased the total value of exports from \$232 (in 1986) to more than \$573,000.
- **Increasing levels of rural employment and wage income.** The introduction of new varieties for export has caused a significant increase in demand for rural labor. There has been a major increase in employment, fulfilled first by the families, and then by outside workers. Women make up a large portion of the new labor force.

¹ This terminology -- project goals, purpose, outputs, and so forth -- reflects the standard A.I.D. Logical Framework for project evaluation.

- **Increasing on-farm income for the producers.** The combination of increased production, increased prices, demand for family day labor, and greater spread between operating costs and income has significantly increased income levels.

At the purpose level, in the area of new or expanded agribusiness enterprises, project activities have contributed directly to:

- **Developing access to foreign markets.** The project has developed market contacts for Aguacatan, Chichan, Rincon Grande, and, to a lesser extent, Cuatro Pinos, through participation in international marketing trips to Europe and the United States, as well as participation in the First International Trade Fair (AGRITRADE). These meetings have resulted in contracts for produce, and have permitted the cooperatives to successfully export their products.
- **Increasing the volume of produce exported.** The volume of produce exported has increased dramatically in the three cooperatives.

In terms of outputs, project activities have:

- **Improved production technologies.** The project has introduced the concept of using improved seeds in Rincon Grande and the two garlic cooperatives. It has also been instrumental in installing better methods of irrigation, cultivation, proper use of pesticides, and other production technologies.
- **Increased the volume of production in those cooperatives that received production assistance.** Although initial production statistics were unavailable, Rincon Grande increased annual strawberry production to about 1.7 million pounds; Aguacatan increased improved garlic production to 500,000 pounds; and Chichan increased improved garlic production to 60,000 pounds.
- **Developed concepts of and skills in post-harvest handling, quality control, processing, and cold storage.** Aguacatan now has a better understanding of the importance of meeting standards. Rincon Grande has an elaborate program of harvesting, handling, storage, and shipping.
- **Improved, expanded, and acquired facilities.** The project has installed a juice extractor in Manzaneros and supervised the installation of a sophisticated irrigation system in Rincon Grande. It has helped the cooperatives build and purchase or lease needed facilities, and provided telecopier and photocopier equipment needed to improve operations.
- **Helped gain access to credit.** Project efforts have helped resolve some outstanding delinquency issues with the National Agricultural Development Bank (BANDESA), facilitated loan preparation for BANDESA loans, and introduced in BANDESA the concept of loaning against the crop rather than as a fixed percentage of operating costs.
- **Introduced concepts of the need for competent management, sound policies, planning, and operational controls.** The cooperatives have a basic understanding of these needs, even though they lack the experience to implement them effectively.

2. Major Project Shortcomings

At the same time, there are some notable shortcomings in the project as it is now designed and implemented.

The project has worked only with a limited number of cooperatives -- reduced from the original objective of 10 cooperatives specified in the project paper, to the six specified in the 1989 amendment, to five at present. In reality, the project has provided major assistance to only three cooperatives and associations (Rincon Grande, Aguacatan, and Chichan). This represents a significant reduction in expected project impact.

Equally important, the project has not brought about sufficient changes in the three cooperatives it has worked with intensively. While productivity and production have increased, other aspects of cooperative business development have not been developed. There are no business plans, investment plans, market strategies, internal reporting and statistics, or written production, processing and marketing procedures. The project has not developed the skills necessary to perform these functions.

The project has not leveraged resources. Because it did not work with or through a host institution, project impact has been limited to those activities directly implemented by the project team itself.

There is little prospect for replication of the program. Again, because the project did not work with a host institution, there is no ongoing program that will continue to assist export-oriented cooperatives in the future.

Finally, the ability of the assisted cooperatives to sustain project improvements and changes once the project ends is questionable. Training activities have not been implemented to the extent envisioned in the 1989 amendment. Managers and staff are not supported by effective financial and administrative systems and procedures. The ability to manage the cooperatives effectively and perform key production and marketing functions in the absence of continued project assistance has not been demonstrated.

3. Summary

The project's most significant impact has been in one 51-member cooperative, Rincon Grande. Through major effort the cooperative has developed a modern production technology, significantly increased production, and begun to export quality products. Less spectacular, but equally positive, benefits have been achieved in the Chichan cooperative and, to a lesser extent, the Asociacion de Agricultores de Aguacatan.

Even though the accomplishments in these three cooperatives are impressive, they are too limited to classify the project as "successful." It will not achieve the original project purpose of strengthening and developing effective marketing operations in 10 cooperatives, or even the revised objective of strengthening six primary cooperatives. The "piggy-back" marketing arrangements have had only limited success. Even within the three primary cooperatives, key managerial capabilities and systems necessary to sustain project activities have not been developed.

B. FACTORS INFLUENCING PROJECT PERFORMANCE

1. Project Design

The project design, both in the original project paper and later amendment, lacked specificity. Objectives were poorly defined, and there were few indicators and targets. As a result, the project design provided neither guidance to the Cooperative League of the USA (CLUSA) team, nor standards to measure performance.

Several of the fundamental (but unarticulated) assumptions underlying the project were flawed. For example, the project strategy assumed that CLUSA would be working with established cooperatives that required only periodic short-term assistance. In fact, most of the cooperatives identified by CLUSA were new or weak organizations that required intensive assistance in basic production. The project design also assumed that an adequate export infrastructure existed in the country. In fact, the lack of physical infrastructure is a significant impediment to developing effective export operations for the cooperatives.

The management support (or salary support) activity was poorly planned. Even though planning documents recognized that the cooperatives would not be able to absorb the costs of the management support program by the end of the project, no alternatives for assuring the success of the effort (other than continuing the subsidy under the Cooperative Strengthening Project) were even discussed.

2. Implementation

The CLUSA technicians did not work out development plans with the assisted cooperatives. In none of the cooperatives visited did the evaluation team find an assistance plan or a business plan for the development of the cooperative. The concept of conducting a financial and management diagnosis of the cooperatives was introduced by A.I.D./Guatemala rather than the team. Even then the diagnoses were conducted very late in the course of the project, and the results were never used to plan development assistance to the cooperatives. Chichan, Aguacatan, and Kato Ki have not even received or reviewed copies of their diagnoses.

Management support has not been used effectively. Salary subsidies have not been implemented in the context of a developmental strategy, and little other support (training, systems support, or methods) has been provided to the institutions or people supported by the project. Projections to show the ability of the cooperatives to absorb the cost of the management support program were never developed by the CLUSA team, and a rational strategy for phasing out the management support program within the time frame of the project has not been developed.

The project team has been too oriented toward accomplishing specific activities rather than developing a capability among the assisted cooperatives to carry out the work.

Although the project team was required to implement a "broad spectrum of training activities," very little actual training has been carried out, especially during the period covered by the project amendment. The project relied heavily on Gremial to conduct required training, but there are indications that the training was often neither sufficient nor appropriate; in particular, none of the training addressed basic cooperative management issues; more than 50 percent of the participants in long-term training activities did not complete the training; and most Gremial training was directed toward a more sophisticated level of personnel than exists in the cooperatives.

The project was never fully staffed during the amendment phase. One of the two scheduled agronomists was never hired. The departure of one team member in August 1989 reduced the expatriate staff team to one full-time technician and a part-time administrator during August and September. Even now the team leader is more engaged in administrative activities than in providing technical assistance to cooperatives.

3. Institutional Performance

Design, planning, and implementation were carried out by three separate groups: A.I.D./Guatemala, CLUSA's Washington Office, and the in-field CLUSA team.

A.I.D./Guatemala

To a considerable extent, the shortcomings mentioned above reflect weaknesses in A.I.D./Guatemala project design and monitoring. Both the initial project design and the project design contained in the project paper amendment are weak, with few concrete objectives and no targets. Nothing in the original and amended project paper specified objectives, indicators, and output targets in quantifiable or qualitative terms. The amended project paper detailed actions the team was to perform, but no end-of-project-status objectives were specified and output indicators were imprecise. The Mission did not require CLUSA to prepare a development strategy and action plan at the initiation of technical assistance activities, and although CLUSA was to do so at the beginning of the extension, these plans did not contain objectives related to the end-of-project-status expected in each assisted cooperative.

A.I.D./Guatemala also failed to establish and enforce adequate monitoring and reporting requirements. Semi-annual reviews held by the Rural Development Office were more administrative than technical. Indicators were never adjusted to reflect changes in the scope or progress of the project. As a result, the Mission did not hold the grantee responsible and accountable for adherence to the broad objectives of the grant.

There was also a lack of continuity in Mission supervision of the project. Three different A.I.D./Guatemala project managers were associated with the project during the last three years, resulting in a lack of consistency in supervision and in amount of time spent managing the project.

CLUSA/Local Team

The CLUSA team has not worked together as a team. Team leadership has been notably weak throughout the project. Team members were given excessive freedom to plan their own work independent of its impact on achieving the project purpose, and were not held accountable for achieving the project purpose. There was a notable lack of organizational discipline, which engendered team disagreements and poor morale. The openly conflictive and hostile relations among team members were detrimental to the effectiveness of the technical assistance effort.

CLUSA did not develop appropriate internal management, monitoring, and reporting systems. Statistics on time spent in the field, time spent with each cooperative, and progress against objectives have not been maintained in a systematic fashion. Quarterly reports list activities undertaken, but do not compare planned accomplishments (as opposed to activities) with actual achievements.

The CLUSA team has not been particularly strong in the art of transferring technology and skills on anything but an intensive one-on-one situation. The team had a tendency to "do things itself" rather than teach beneficiaries how to do it. This shows up especially in marketing and general management decision making.

Finally, the team did not accomplish parts of its work plans on schedule. The most notable recent example is the preparation of diagnoses and projections: although A.I.D./Guatemala placed a requirement that these be completed by June 1989, two were not completed until September, one has never been finalized, and the projections have

still not been produced. These analyses were to be used to develop specific technical assistance and training plans to address the shortcomings, but this was not carried out by the team.

CLUSA/Washington

CLUSA's home office did not provide an effective conceptual framework for the project. There is little evidence of a "CLUSA approach" to cooperative development in this project. Considering the fact that two of the team members had no prior experience in either cooperatives or international development programs, the absence of home office guidance as to how best to approach the project was a notable shortcoming.

Nor did CLUSA/Washington provide standard operating procedures and other standards to guide team activities. There were apparently no reporting standards or requirements, or these were not enforced by the home office during implementation.

CLUSA/Washington did not provide appropriate personnel resources for the second phase. The amendment placed considerable emphasis on training and management development, yet none of the team members was particularly skilled in these areas.

Finally, CLUSA/Washington failed to take timely action on team problems, with the result that intra-team problems and team member relations with external individuals and groups became a major concern to the Mission and jeopardized project success.

C. LESSONS LEARNED

The experience of this project has highlighted a number of lessons that need to be considered in future cooperative development programs. These include:

1. The development of a new cooperative requires intensive assistance. Also, the introduction of major new production, processing, or marketing technologies is likely to require intensive, long-term assistance.
2. A project that provides intensive assistance and focuses on "doing the work" can achieve significant results in a relatively short period of time. The trade-offs, however, are (1) little leveraging of resources, (2) reduced chance of replication, and (3) reduced local capacity to sustain activities.
3. The building of a sustainable capacity to replicate project activities after the end of a project requires implementing the project through, or in coordination with, a host institution.
4. Objectives -- project goals, purpose and outputs -- need to be well articulated for a project to successfully accomplish its objectives. In this case, the project design should have been clarified early in the project. Specific objectives, indicators, and targets should have been developed, and the Mission should have insisted that the grantee develop a comprehensive, implementable strategy for carrying out the work.
5. A project such as this needs an effective monitoring system that focuses periodic reviews on accomplishment of objectives. There should have been a standardized reporting format for this project that focused on outputs and project purpose -- with less narrative and more data -- and that forced a regular comparison of planned versus actual performance. Periodic reviews held by the Mission should have focused more effectively on project performance

and accomplishments, especially in terms of achievement of Mission objectives and targets.

6. Problems with personnel conflicts need to be resolved promptly.
7. Projects need to be aware of complementary resources available through other in-country development efforts, and need to build on those efforts wherever possible. In this case, the World Council of Credit Unions (WOCCU) project had carried out considerable research in computer systems for agricultural cooperatives and federations, the Non-Traditional Agriculture Export Program for Central America and Panama (PROEXAG) was capable of providing specific market-oriented technical assistance, and Peace Corps volunteers might have been a useful short-term management assistance tool.
8. The presence of a single dynamic and capable individual in the role of manager or permanent adviser increases the likelihood that a cooperative will succeed.

D. RECOMMENDATIONS

1. Short-Term

- The present CLUSA cooperative agreement should be extended through Aug 1990.
- During the extension period, the team should concentrate its work on three small farmer organizations -- Rincon Grande, Aguacatan, and Chichan. Limited assistance should be provided to Kato Ki to support that cooperative's reorganization plan, and to Cuatro Pinos in the form of short-term assistance to plan food processing initiatives.
- In addition to assistance provided by the resident technical assistance team, the project should continue to provide specialized short-term assistance in specific areas of pest control, post-harvest handling, and marketing;
- Management support should be continued, but in the context of a development plan for each assisted cooperative, and with a realistic phase-out plan.
- CLUSA should document basic procedures, technologies, and other technical assistance outputs for each of the assisted cooperatives. CLUSA should also produce appropriate operating, policy, procedures, and other manuals and training materials.
- CLUSA needs to focus, during the remaining life of the project, on developing sustainable management processes within the assisted cooperatives. This implies concentrating on training and advising rather than performing the work that needs to be accomplished. In particular, Rincon Grande personnel need to assume greater responsibility for carrying out repetitive tasks.

2. Long-Term

Expanded Marketing Assistance

- A.I.D./Guatemala needs to conduct a more thorough review of the basic constraints to export market development for small farmers. In particular, A.I.D./Guatemala needs to understand the implications of rapidly changing import restrictions in the United States on the feasibility of direct and indirect exporting.
- A.I.D./Guatemala needs to develop an export market strategy for small farmer organizations.
- A.I.D./Guatemala and the Government of Guatemala need to conduct an intensive review of legal impediments to successful export marketing activities by small farmer organizations, and develop a strategy to remove those impediments.
- Any effort to develop a central marketing operation should be preceded by a detailed market study that covers demand, availability of product, economic and financial feasibility, and acceptability to target group.
- Developing an effective and efficient export marketing system for small farmers may require a distinct project activity or separate project.

Intensive Production Assistance

- A.I.D./Guatemala should determine if it is interested in continuing efforts to increase production of nontraditional export crops among cooperatives. If A.I.D./Guatemala is committed to supporting this activity, it should first attempt to define the likely nature and magnitude of needed assistance.
- If A.I.D./Guatemala is interested in supporting this through a single umbrella project, it should consider a subproject under the Cooperative Strengthening Project to specialize in intensive agricultural production and processing assistance for small farmer cooperatives.
- A.I.D./Guatemala should also consider whether or not the Highland Agricultural Development (HAD) Project would be a better umbrella project for activities focusing on intensive agricultural production and processing assistance for small farmer cooperatives.

Merger with Cooperative Strengthening Project

- Assistance to help improve administrative and financial management in the cooperatives should be provided through the Cooperative Strengthening Project. This would require adding at least one local-hire employee in the Project Management Office (PMO) to coordinate activities with nonfederated cooperatives.
- Short-term, low-intensive production, processing, and marketing assistance should also be provided through the Cooperative Strengthening Project, if the PMO's services are expanded to include these types of assistance and the PMO is restructured along the lines recommended in the recent evaluation of that project.

- The smaller nonfederated cooperatives should be encouraged to establish relationships with one of the federations receiving assistance through the PMO, other cooperatives that have established infrastructure and export marketing relationships, or private enterprises that can provide needed support.
- Consideration should be given to creating one or more specialized federations of nontraditional agricultural export cooperatives that would specialize in services specifically related to producing and marketing nontraditional agricultural products for export. The focus of such structures should be on establishing cost-effective, fee-supported services.

3. General Guidelines

- Technical personnel should function as advisers rather than performing the work functions of the cooperatives;
- Project design needs to be clarified and strengthened, with clear objectives;
- Projects need to focus on developing activities that are both financially and administratively sustainable;
- There needs to be a long-term development strategy for each cooperative and each intervention;
- Projects need to produce appropriate operating, policy, procedures, and other manuals and training materials;
- Reporting systems should be more focused on outputs and project purpose--less narrative and more data -- with a regular comparison of planned versus actual activity; and
- There is a need to address the issue of improving cooperative law and regulation.

PART ONE

PROJECT HISTORY AND BACKGROUND

The Agribusiness Development Project (520-0276) that was initiated by A.I.D./Guatemala in 1985 contained three separate components. The largest was a program of credit for small farmers that was to be channeled by the Central Bank through BANDESA, the National Agricultural Development Bank. A second component helped install a market information system in the Non-traditional Products Exporters' Guild (the Gremial de Exportadores de Productos No-Tradicionales, or Gremial). The third component was a cooperative improvement effort to help a number of nonfederated cooperatives develop export marketing capabilities for nontraditional agricultural products. This third component has been implemented through a cooperative agreement with the Cooperative League of the USA (CLUSA).¹

All three components were evaluated in late 1987. The present evaluation is concerned only with the third component, the cooperative improvement activities. Even though project activities still have several months to go, this is considered an end-of-project rather than a mid-term evaluation. It has two basic objectives -- to record important lessons and findings from the project, and to recommend follow-up activities.

A. THE EARLY PERIOD

The cooperative improvement component of the Agribusiness Development Project initially provided \$1.3 million to assist in "strengthening management and operating procedures of cooperatives and farmer associations and . . . [improving] the marketing of fruits and vegetables produced by their members."² Although the Agribusiness Development was designed as a five-year project, technical assistance for cooperative improvement was scheduled for a three-year period ending in October 1988.

The initial CLUSA team was comprised of a team leader, a finance specialist, and a production/marketing specialist. The finance specialist was located in the western Guatemalan city of Quetzaltenango, and had primary responsibility for identifying and working with cooperatives in the western part of the country. The production/marketing specialist had primary responsibility for identifying and working with cooperatives in the central highlands and eastern part of the country. Although the team leader was assigned specific responsibility for working with several cooperatives in the central highlands, his major activities during the period involved negotiations with BANDESA, developing training programs in coordination with the Gremial, and administering the management support (salary support) component of the project.

¹ CLUSA is now officially named the National Cooperative Business Association, or NCBA. The name CLUSA has been retained on all project documents and official correspondence, however,

² Project Paper, p. 8.

B. THE 1987 EVALUATION

A mid-term evaluation conducted in late 1987 noted that:

- The project had worked intensively with only a few cooperatives;
- Development of even these cooperatives to a point where they could sustain production and export of their products could not be accomplished within the existing time frame of the project; and
- The greatest improvement in the management and operation of cooperatives and farmer associations and the most effective delivery of training were accomplished when technical assistance team members worked on a one-to-one basis with individual organizations.

The evaluation recommended that the Cooperative Agreement with CLUSA be extended by three years.

C. THE 1988 TO 1989 PERIOD

1. Extension of the Project

Although the original cooperative agreement with CLUSA was scheduled to end in November 1988, monies remaining in the grant were used to fund a series of no-cost extensions through early March 1989. At that time a project amendment added \$1.0 million to the cooperative strengthening component, to carry it through March 1990.

At the time of the first nonfunded project extension, CLUSA changed the composition of its technical assistance team. The chief of party was reassigned to work as administrative liaison for two CLUSA projects (Dairy and Agribusiness Development) in the country, spending 75 percent of his time on the dairy project, and 25 percent on the agribusiness development project. The technician residing in Quetzaltenango was reassigned to Guatemala City in March 1988, as recommended in the evaluation.

Work with several of the original cooperatives ended during this period. CLUSA decided that further work with La Encarnacion was not feasible. Assistance to Los Manzaneros ended when it became apparent that the cooperative could not expect to engage in significant export marketing due to the quality of its product. Work with La Magdalena terminated due to conflicts between the cooperative and the CLUSA technician assigned to work with it.

Team leadership and personnel issues became increasingly problematic during this period. CLUSA initially recommended that one of the two remaining full-time staff members be appointed chief of party. This proposal was rejected by A.I.D./Guatemala on the grounds that (a) a chief of party was not needed for a two-person team, each of which was assigned to work with a specific group of cooperatives, and (b) the two team members were so openly hostile toward each other that neither would accept supervision by the other. One of the technicians renewed his contract with CLUSA only upon receiving written assurance that the other would neither supervise him nor interfere in the program of assistance to his cooperatives. For a period of time CLUSA attempted to manage the project from its home office in Washington, D.C., through regular telephone calls. A.I.D. dissatisfaction with team performance reached such a level, however, that CLUSA management visited the project several times during 1988 to resolve team problems and deal with team leadership issues.

One of the two full-time staff members resigned in August 1989. The original team leader returned to assume a full-time administrator role with the Agribusiness Development project upon conclusion of the dairy project in September.

D. CURRENT SITUATION AND PROSPECTS

The Agribusiness Development Project is scheduled to end in March 1990. Funds available for the cooperative component will not have been exhausted by that time, however, and the Mission is considering a no-cost extension of the cooperative agreement with CLUSA through August 1990. The Mission is also considering continued support for agribusiness cooperatives through an amendment to the Cooperative Strengthening Project (520-0278).

PART TWO

MAJOR RESULTS: ACCOMPLISHMENTS AND SHORTCOMINGS

A. PROJECT OBJECTIVES

1. Original Project Paper

The original project paper contained few direct references to the cooperative improvement component of the Agribusiness Development Project. Both the goals and purpose of the project were stated in general terms covering all three program components.³ The goal was to "increase rural family incomes through improved production, storage, processing, marketing and employment opportunities for high-value crops." A project sub-goal was to "expand and diversify Guatemala's export of non-traditional agricultural products."

The project purpose was to "provide small farmers with profitable outlets for their fruits and vegetable production through new or expanded agribusiness enterprises in rural areas." By the end of the project:

- 15,000 small farmers were to have direct access to improved markets;
- 5,000 small farmers were to have improved productivity or reduced losses;
- 850 new rural jobs were to have been created;
- Marketing of nontraditional agricultural exports was to have been increased by an estimated \$150 million; and
- At least one-third of new agribusiness ventures established through the project were to have attained the break-even point in operations.

These were general objectives for the entire project; no specific goal or purpose (end-of-project status) objectives or targets were set for the cooperative improvement component. The only outputs identified for the cooperative strengthening component were to strengthen "at least 10 participating coops in financial management, accounting, product storage and marketing."⁴ "Strengthen" was not defined, and the project paper provided little or no guidance to the CLUSA activity.

³ A.I.D./Guatemala, *Project Paper*, p. 8. This terminology -- project goals, purpose, outputs, and so forth -- reflects the standard A.I.D. Logical Framework for project evaluation.

⁴ *Ibid.* Although the project paper makes no mention of small farmer organizations other than cooperatives, subsequent investigations revealed several types of rural organizations -- including associations and user groups -- that were considered equally valid recipients of assistance under the program.

2. The 1987 Evaluation

In 1987 the Mission contracted an evaluation of the Agribusiness Development Project. Several findings and conclusions of this evaluation have particular implications for both the project amendment that was drafted in 1989 and for this evaluation.

First, the evaluation observed that the project had worked intensively with only a few cooperatives, in spite of the project objective of working with "at least" 10 cooperatives. The majority of the time of the two field team members had been spent with only three cooperatives -- Los Manzaneros, La Encarnacion, and Rincon Grande. These three cooperatives showed marked or substantial improvement in their operations, while the five cooperatives that had received limited assistance showed little or no improvement.⁵ Also, the project's efforts to assist cooperatives to obtain loans from BANDESA were successful in two cases, although the funds were provided through credit lines other than the lines available to cooperatives from the Agribusiness Development Project.

Most of the effective training had occurred from the one-on-one interaction between the cooperative managers and the CLUSA team member(s) rather than through formal training activities sponsored through the Gremial. Most managers of the cooperatives assisted by CLUSA had attended one or more seminars on exporting agricultural products, and two visits had been arranged for personnel from two cooperatives to travel to production and marketing areas outside of Guatemala.

Specific shortcomings noted in the evaluation included:

- No specific training plan had been developed to assure adequate training of cooperative managers, accountants, and boards of directors;
- None of the mini-case studies called for in the work order had been prepared;
- Baseline data had not been systematically collected, and were too generalized to be useful for planning purposes;
- Only three of the cooperatives had developed formal production schedules, and those were highly flexible and of only limited use for planning;
- There was little likelihood that the cooperatives receiving management support assistance would be able to assume responsibility for those costs;⁶
- Except for strawberry production and marketing, which depended almost solely on the CLUSA team member's involvement, and one or two cases of "piggy-backing," there was no coordination of marketing efforts as called for in the project design.

⁵ Arthur Young, *Mid-Term Evaluation: Agribusiness Development Project (520-0276)*, December 1987, see pages viii-xii and 75-112.

⁶ Although, in fact, three of the cooperatives (La Magdalena, Los Manzaneros and La Encarnacion) absorbed the total costs of the management support assistance when CLUSA support ended.

Specific recommendations of the 1987 evaluation included the following:

- The CLUSA cooperative support component should be reorganized, with a full-time marketing specialist added to the CLUSA Team and placed in Quetzaltenango to continue assistance to cooperatives and agricultural groups under a separate project.
- The cooperative support component should be extended for at least three years from January 1, 1988;
- The CLUSA and credit and financial adviser located in Quetzaltenango should be moved to Guatemala City and assigned to work with cooperatives and with BANDESA on loan applications and loan restructuring;
- The marketing specialist working with Rincon Grande should expand his activities to include other cooperatives producing strawberries and to develop an arrangement whereby strawberries will be frozen by local processors until such time as other arrangements can be worked out; his assignment should be extended two years beyond the October 1988 project activities completion date (PACD), to be available on an "as needed" basis to other cooperatives with which CLUSA personnel have worked;
- The team leader and cooperative management, organization, and training adviser should continue to coordinate the activities of the team and to interface with the Gremial and other agencies dealing with the Agribusiness Development Project, devoting considerably more of his time on the training aspects of cooperative development;
- A.I.D. should fund another feasibility study of the Central Cooperativa de Mercadeo Agrícola (CECOMERCA) facility at Patzicia, incorporating updated information on estimated costs and returns, and taking into account the organizational and operational problems encountered in starting-up the new project;
- A.I.D. should encourage BANDESA to make a concerted and realistic effort to dispose of the facility at Patzicia;
- A.I.D. should change the terms of its Agribusiness Development Loan Fund to permit cooperatives to borrow in excess of US\$100,000, especially for processing facilities;
- A baseline study should be undertaken in the production areas around at least three cooperatives that are involved in producing and marketing fruits and vegetables; and
- Audits should be carried out on target cooperatives.

3. The 1989 Project Amendment

During the process of extending the project -- first through a series of no-cost extensions and later through a formal project amendment -- the Mission attempted to strengthen project requirements in terms of expected results and team performance. Reflecting the Mission's concern that the project was not developing sustainable programs within the cooperatives it was assisting, specific requirements included in the project amendment required the contractor to:⁷

- Conduct a financial and economic analysis of each primary cooperative or farmer association that has not yet been analyzed and, based on the results of those analyses, design specific programs of technical assistance and training for each organization to overcome the weaknesses identified in the financial and managerial analysis;
- Develop a set of indicators that measure the degree to which the cooperatives and farmer organizations are becoming self-sufficient in management of their production, post-harvest handling, and marketing operations; and
- Develop a series of projections, disaggregated by cooperative or farmer organization, of the volume and value of agricultural export products produced and marketed over the next five years that would indicate when each organization would be economically able to assume responsibility for the management support program.

All of these were to be completed within two months of the initiation of activities under the project amendment.

A.I.D./Guatemala also instructed CLUSA to identify, for each primary cooperative or farmer organization, key individuals with the capability of learning the managerial skills necessary for the organization to eventually become self-sufficient. CLUSA was to ensure that these individuals receive the training necessary to enable them to assume management responsibilities after the technical assistance was no longer available. The purpose of these requirements was to ensure that the cooperatives and farmers organizations achieve a level of self-sufficiency permitting them to sustain an improved level of production and marketing activities beyond the PACD.

The Mission also set specific performance guidelines in the areas of marketing, production and harvesting, food processing, business and cooperative administration, financial analysis, management support, and training, including the following:

- **Marketing.** The contractor will assist the six targeted primary cooperatives to improve their ability to carry out market research and identification, product promotion, and market penetration; to identify and maintain contacts with buyers; and to manage the transportation and shipping of their product.

All participating cooperatives and farmer associations will be coordinating marketing/processing through "piggy back" and other purchasing and processing agreements, including supervision of produce selection, handling, and contracting.

- **Production and Harvesting.** The contractor will plan and carry out training for the target groups to improve their own organizational capabilities and their membership's ability to carry out product and variety selection; develop planting and harvesting schedules; be knowledgeable about appropriate and safe use of fertilizers and pesticides, modern plant disease and insect control, improved

⁷ PIO/T, p. 1.

cultivation practices, efficient use of irrigation, technological adaptation, and the conduct of rudimentary field research and experimental trials; increase awareness of market-driven product grades and standards and methods of post-harvest protection for shipment.

Two-thirds of all participating cooperatives and farmer associations will have formal production schedules for participating members, with projections for marketing produce in the organization. Production schedules will also exist for each organization product to a primary cooperative.

- **Food Processing.** The contractor will provide technical assistance to the target groups to improve their abilities to establish and maintain quality control procedures, set and maintain health and safety standards, provide equipment maintenance, and be familiar with and able to implement appropriate cold storage techniques and freezing technologies.
- **Business and Cooperative Administration.** The contractor will provide technical assistance to the target groups to improve their own organizational capabilities and membership's ability to set up and maintain managerial and financial systems, internal controls, audits, plant scheduling, marketing and sales agreements and practices, control of inventory and receivables, cash flow management, organizational structure, personnel management and compensation, and procurement of inputs.
- **Financial Analysis.** The contractor will provide technical assistance to the target groups to improve their own organizational capabilities and membership's ability to carry out analysis of debt load, cash flow and credit worthiness, feasibility studies for diversification and expansion, loan packaging, and loan negotiations with BANDESA and other financial institutions.
- **Management Support.** This salary-support program will emphasize upgrading current management and accounting personnel, and develop the capacity of cooperatives and farmer associations to hire and maintain personnel that are essential to expansion of the organization's services and improved returns to members. As each participating cooperative or farmer association begins to generate profits from increased production and marketing activities, the organization will begin assuming a percentage of the salary support program costs. One year after the organization has shown a net annual profit of 15 percent, the organization will have assumed at least 50 percent of the cost of the management support program covering its employees.
- **Training.** The project will train at least one full-time manager and accountant in each of the participating cooperatives through mini-case studies, short courses, and follow-up, on-the-job training. Key management and production personnel in each cooperative and farmer association will be trained to work with member producers on production improvement and diversification and produce selection and handling. Key personnel in each organization will have been trained in marketing and will be participating in the coordination of marketing efforts among the various organizations. Skills to be developed include: the cooperative as a business organization; decision making in the cooperative; board/management functions, responsibilities and relationships in the cooperative; cooperative law; cooperative tax requirements in business operations, especially exports and imports; agribusiness enterprises; basic economics; markets and pricing policies; product inventory handling and controls; principles of accounting; the logistics of transportation for export marketing of perishables; quality control; inventory loss management; understanding financial statements; management control mechanisms; cost benefit analysis; procedures involved in financial transfers; market development; and determining break-even points on agribusiness ventures.

Mission dissatisfaction with team performance -- particularly with the openly conflictive relationships among team members and the tendency of individual technicians to work independently -- is also clearly reflected in personnel requirements for the extension. The CLUSA team had to be able to function as an effective team, made up of technicians with expertise and experience to amply cover and provide overlap among the three basic categories of management, organization and operations, and handling-marketing of agricultural products. Although each team member was to be sufficiently familiar with all three technical areas to work independently, the team had to be capable of working together in "an interactive team process in which other team members may be called upon by his or her NCBA colleagues to provide support in areas in which they have a particular strength or expertise." While each team member would "retain primary responsibility for the participating cooperative(s) which he is assigned, as well as responsibility for specific technical areas cited in the scope of work where his particular experience and expertise predominate . . .," the team members were to coordinate training and technical assistance inputs with other team members and short-term consultants.

Finally, specific requirements for home office support also reflected Mission concerns over two aspects of the project's performance -- achievement of project objectives and weak project management. CLUSA's Washington office was to exercise quality control and oversight to ensure that the needs of A.I.D./Guatemala and the targeted cooperatives were met. CLUSA/Washington was also to provide administrative support services in personnel, contract administration, finance and accounting, recruitment, and procurement.

B. MAJOR PROJECT ACHIEVEMENTS

1. Project Assistance to the Cooperatives

The original project paper specified that CLUSA was to assist "at least ten cooperatives." In the 1989 project amendment, the number of cooperatives to receive major assistance was reduced to six; CLUSA was to continue providing limited assistance to secondary cooperatives through "piggy-back" arrangements.

The Primary Cooperatives

The six primary cooperatives that were to receive intensive assistance from the CLUSA project team were Rincon Grande, the Farmers' Association of Aguacatan, Chichan, Cuatro Pinos, La Magdalena, and Kato Ki. The amount and type of assistance received by each organization varied considerably.

Rincon Grande

The CLUSA team began offering technical assistance to this cooperative in 1986, shortly after it was formed. At that time the cooperative members farmed their land as individual plots, using unimproved plant varieties and rudimentary cultivation technologies. In 1988 one member of the CLUSA team began working on a full-time basis with this cooperative.

CLUSA offered a variety of assistance to strengthen the cooperative's administrative capability to handle the voluminous production and sudden development. Salary subsidies were provided to encourage the cooperative to hire full-time professional management, including a manager/administrator, a full-time marketing director and an accountant.

Cooperative personnel participated in courses sponsored through Gremial. Several representatives from the cooperative participated in marketing visits to the United States and Europe. The project sponsored Rincon Grande's participation in the First International Trade Fair (AGRITRADE). Finally, the project also donated photocopy and telecopier equipment to allow the cooperative to maintain adequate records and establish direct contacts with foreign brokers.

The cooperative has made notable progress during the period of CLUSA assistance. In the first year the cooperative exported about 8,000 pounds of fresh strawberries to the United States, receiving an average of 64 cents per pound. Export production reached some 20,000 pounds the following year. In the 1988-89 season the cooperative exported some 600,000 pounds of fresh strawberries. It is estimated that the 1989-90 growing season will produce some three million pounds of strawberries, of which 60 percent will be sold through the export market. Prices average between \$1.00 and \$2.00 per pound.

TABLE 1
RINCON GRANDE

	1986 Status	1989 Status	Projected 1990
Membership	26 ^a	51 ^a	80 ^a
Gross Sales (\$000)	2.4	277.5	1,079.1
Net Profit (\$000)	0.2	94.8	179.9
Foreign Exchange Earned (\$000)	0.2	157.6	1,100.0
Employment (person-years)			
Fixed	0	7	10
Seasonal	55	250-300	300-350
Agricultural Production			
Total (tons)	n.d.	850	n.d.
For Export (tons)	0.2	300	1,100

^a Families

During 1988 major changes were made in production methods. The 51 families consolidated their land holdings and formed three large fields -- totaling some 50 acres -- to be cultivated, irrigated, and managed as a single commercial farm. The CLUSA team prepared a financial analysis and unique proposal in which the 51 members, individually and jointly, borrowed approximately \$325,000 from BANDESA and loaned it to their cooperative to finance the major capital improvements. Loan payments are current, and projected revenues will permit the retirement of this borrowed capital before the expiration date of the loan.

This production enterprise employed more than 500 workers, mostly women, over a period of eight months during the 1988-89 crop year. Daily earnings averaged between \$3.90 and \$6.00, at least three to four times greater than prevailing local agricultural daily wage rates of \$1.30 to \$1.50.

At the same time, management has been a continuing problem. The original manager developing a drinking problem, and had to be released. A second manager embezzled funds. The third manager (now called an administrator) has encountered

personal conflicts with board members. The marketing manager has just been offered a scholarship to study in Europe. Developing stable internal management has proved to be a more difficult task than originally anticipated.

Farmers' Association of Aguacatan

The Association, consisting of about 600 farm families in a small valley near Huehuetenango, was a producer of creole garlic before the inception of the CLUSA project. All of its output was sold on the local market. The CLUSA team visited the organization in early 1987, and identified the potential of increasing production and opening export possibilities by introducing new varieties of seed and improved methods of field husbandry.

In 1988, 6.5 tons of improved seed were imported from Mexico with funding provided by the Ministry of Finance. Approximately 400 families participated in planting and growing the improved seed. CLUSA provided management support assistance to help the cooperative hire a manager, accountant, and field technician. CLUSA technicians provided assistance in administration, accounting, internal controls, grading, packing, and marketing. CLUSA also provided extensive short-term assistance in production technology and post-harvest handling to the association.

The success of this activity was felt during the first year: using only hand labor for the harvesting, drying, grading and packing activities, the association (along with a small neighboring cooperative, described below) sold four container-loads of garlic to France, two container-loads to Britain, one container-load to Puerto Rico, and four container-loads to the United States. Marketing assistance provided by the CLUSA technicians was critical for gaining access to these markets.

TABLE 2
AGUACATAN

	1986 Status	1989 Status	Projected 1990
Membership	-	375	700*
Gross Sales (\$000)	-	359.7	889.6
Net Profit (\$000)	-	54.0	n.d.
Foreign Exchange Earned (\$000)	-	354.6	624.9
Employment (Persons-years)			
Fixed	-	8	11
Seasonal	-	340-400	370-500
Agricultural Production			
Total (tons)	-	n.d.	n.d.
For Export (tons)	-	250	850

* Aguacatan has a total membership of some 700 families, of which 375 produced garlic for export through the association during the 1988-89 growing season.

Income generated from the export sale of garlic allowed the association to repay its \$150,000 in production and seed loans from the Ministry of Finance and BANDESA.

Net earnings also financed the construction of a packing and storage shed, and the cooperative made a net profit of \$70,942.

Additionally, channeling the improved garlic production to the export markets eliminated an over-supply in the local market, which increased and sustained the price of the creole garlic. Due to this successful experience, new farmers are joining the Association, and 65 tons of seed that were retained from the 1988-89 harvest have been planted for the 1989-90 crop year.

Chichan

This small, garlic-producing cooperative was organized in 1986, with 35 member families, and legalized in 1987. At the present time it has 52 members. However, as can be seen in Table 3, in spite of its small size its operations are significant.

TABLE 3
CHICHAN

	1986 Status	1989 Status	Projected 1990
Membership	-	35*	52*
Gross Sales (\$000)	-	165.4	295.3
Net Profit (\$000)	-	7.0	52.0
Foreign Exchange Earned (\$000)	-	61.7	111.2
Employment (person-years)			
Fixed	-	5	10
Seasonal	-	20-30	40-70
Agricultural Production			
Total (tons)	-	n.d.	n.d.
For Export (tons)	-	30	70

* Families

CLUSA assistance was instrumental in bringing this cooperative into production. CLUSA helped with securing imported, improved seed through the Highland Agricultural Development (HAD) project in 1987. It provided management assistance to hire a manager/accountant, and sponsored participation in Gremial-sponsored training programs. Short- and long-term CLUSA technicians provided technical expertise in areas of production, post-harvest handling, and marketing.

Because of its limited production volume, Chichan opted to combine the marketing of its improved garlic production with the Aguacatan group. Their first-year results were a success. The cooperative has recently completed construction of a warehouse with funds donated by FICAH.

Cooperative Union of Cuatro Pinos

This cooperative was well established and producing nontraditional export crops when the CLUSA Project was launched in 1985. During the previous 10 years it had received extensive assistance from Swiss development agencies. The cooperative employs full-time professional management, is in sound financial conditions, and has a record of good earnings.

CLUSA has provided relatively little direct assistance to this cooperative. The project provided management support (salaries) for two administrative positions. It also sponsored Cuatro Pinos' participation in export-related training courses provided by the Gremial, and financed marketing exploration trips to the United States and Europe. During 1988, at the request of Cuatro Pinos, CLUSA led a team that analyzed Cuatro Pinos' financial and marketing situation. A later feasibility study conducted by project-financed, short-term assistants, explored the feasibility of developing a food freezing process. Based on the findings of the study, the CLUSA team prepared documentation to help Cuatro Pinos apply for a loan of \$800,000 from BANDESA to embark on its proposed expansion. In addition, the CLUSA Project provided the cooperative with 14 man-days of expatriate consultants, primarily in the area of controlling pesticide residues.

TABLE 4
UNION CUATRO PINOS

	1986 Status	1989 Status	Projected 1990
	-----	-----	-----
Membership	1,200 ^a	1,660 ^a	1,768 ^a
Gross Sales (\$000)	2,338.0	5,036.0	5,395.7
Net Profit (\$000)	359.7	575.5	791.4
Foreign Exchange Earned (\$000)	2,500.0	4,000.0	5,600.0
Employment (person-years)			
Fixed	40	60	80
Seasonal	25	180	240
Agricultural Production			
Total (tons)	2,500	3,500	4,925
For Export (tons)	1,500	2,500	3,500

^a Families

Kato Ki

Since this cooperative was organized as a credit union in 1972, it has grown from an initial membership of only 45 to more than 7,500. Only about 3,500 of these are active, however. Kato Ki's membership is primarily rural; farmers constitute about 2,500 of its active members.

Kato KI has evolved from a credit union into a multi-purpose cooperative. Its principal activities are focused on assisting 103 women's groups in artisan production projects, and on providing assistance to 30 farmer groups that produce about 400,000 pounds of snow-peas and an unspecified quantity of mini-vegetables. Although Kato

Ki did not initially promote nontraditional export crops, the Federation of Agricultural Marketing and Finance Cooperatives (FECOMERQ) it was affiliated with made several attempts to engage in export-marketing activities for its members. Due to a lack of volume, export expertise, and capital, FECOMERQ's export operations were not successful.⁸

The cooperative has serious financial problems. It is carrying operational losses from previous years in excess of \$90,000 on its books. With total assets of \$470,000, the cooperative has a past-due loan portfolio in excess of \$360,000. It is severely undercapitalized.

TABLE 5

KATO KI

	1986 Status	1989 Status	Projected 1990
Membership ^a	90	126	700
Gross Sales (\$000)	233.8	539.6	719.4
Net Profit (\$000)	28.8	19.4	107.9
Foreign Exchange Earned (\$000)	-	360.0	700.0
Employment (person-years)			
Fixed	6	21	12
Seasonal	20	80	60-120
Agricultural Production			
Total (tons)	500	800	1,000
For Export (tons)	n.d.	300	n.d.

^a Kato Ki has a total membership of approximately 4,000 families. Figures in the table relate only to those members participating in production of nontraditional crops for export.

CLUSA has provided little assistance to the cooperative, due both to restrictions placed by FECOMERQ and reticence on the part of Kato Ki's board and management. CLUSA is supporting the salary of an accountant/assistant manager, and the manager did participate in a European marketing trip and has attended training programs that CLUSA sponsored through the Gremial. Kato Ki also participated in CLUSA's booth at the 1988 AGRITRADE fair in Guatemala City. The Italian government is about to donate U.S. \$1.0 million to this cooperative, which could enable it to become viable and productive. However, this also reduces its interest in making business-oriented management decisions or undertaking other fundamental internal reforms.

La Magdalena

This cooperative, which markets snow peas and baby vegetables, was organized in 1981. La Magdalena has its own cooling plant and is in the process of expanding its

⁸ This and other poor investment decisions by FECOMERQ left Kato Ki severely decapitalized and with a large outstanding debt.

cold storage and packing facilities, which will provide a capacity to handle in excess of 2 million pounds of fresh product annually. Their main vegetable crops for export are snow peas, baby vegetables, french beans, broccoli, and brussel sprouts. The cooperative finances the total production costs of its members at a nominal interest rate of 6 percent annually.

Approximately 80 people, of whom 50 percent are women, are employed in the cooperative's cooling and packing plants. The daily wage rate is between \$1.80 and \$2.15, with opportunities for overtime pay. The operations are being computerized, the administration is competent, and the enterprise reflects growth and vitality, as Table 6 indicates.

TABLE 6
LA MAGDALENA

	1986 Status	1989 Status	Projected 1990
Membership	113 ^a	218 ^a	236 ^a
Gross Sales (\$000)	233.8	539.6	719.4
Net Profit (\$000)	28.8	19.4	107.9
Foreign Exchange Earned (\$000)	-	360.0	700.0
Employment (person-years)			
Fixed	6	21	12
Seasonal	20	80	60-120
Agricultural Production			
Total (tons)	500	800	1,000
For Export (tons)	-	300	-

^a Families

The CLUSA Project has provided only limited assistance to this cooperative. Assistance in the early years of the project included initial market contacts, preparation of a financial proposal that enabled the cooperative to secure a loan from BANDESA, and salary support for the manager and an assistant manager. The agronomist/adviser attended a Production Marketing Association event in Nashville and visited a number of brokerage houses in Miami sponsored by the project. Due to a series of events, in large part a clash of personalities in both entities, the cooperative rejected further assistance at the end of 1988, complaining of CLUSA interference in its internal operations.

CLUSA technicians attempted to develop a "piggy-back" operation, whereby La Magdalena would act as a marketing outlet for Kato Ki, which lacks facilities and skills in the area of export marketing. This initiative did not prove as successful as anticipated due to La Magdalena's inability to provide prompt payments. However, La Magdalena is once again packing for Kato Ki during the 1989-90 crop cycle, and has developed a joint venture with a local private company.

Secondary Cooperatives

Los Manzaneros

Los Manzaneros, located in Chichicastenango, is an apple production and marketing cooperative. Although CLUSA provided assistance to this cooperative during the early years of the project,⁹ this ended at the end of 1988, when it was decided that the export market potential of the cooperative's product was limited to Central America. The CLUSA technician established an inventory control, made modifications to reduce electricity costs in the cold storage rooms, and installed a juice operation to utilize apples that could not be sold on the fresh market. CLUSA also provided salary support to encourage the cooperative to employ a manager, accountant, and agronomist. The cooperative assumed salary support costs, retaining the manager and accountant after CLUSA assistance ended.

Santa Lucia (El Noviero)

This cooperative requested CLUSA assistance, but was so heavily indebted (\$460,000 as of October 31, 1987) that technical assistance did not appear to be feasible. The CLUSA team spent considerable time in analyzing the situation, and did help establish a market outlet for the cooperative's brussel sprouts through Consolidados S.A. The manager attended a two-day seminar on the "Export of Non-Traditional Crops." CLUSA donated a pump to provide irrigation to a few growers of broccoli and Brussel sprouts. CLUSA assistance was phased out and earmarked for more assured results elsewhere, although the cooperative still obtains some assistance through the HAD project.

Zunil

Located 5 miles south of Quetzaltenango, this cooperative has about 125 members and is engaged primarily in the sale of consumer goods and agricultural inputs. Members of the cooperative produce cabbage, cauliflower, carrots, and sweet peas.

The CLUSA team's interest in this cooperative was to have its members produce products suitable for dehydration, using facilities that were to be developed by the Zunil Geothermal Project that is currently in a testing stage. CLUSA encouraged and helped a number of farmers grow small plots of aromatic herbs and spices for test processing, but has withheld technical assistance and management support until the dehydration plant is operational. Several cooperative members participated in CLUSA-sponsored training seminars early in the project.

Llave de Almolonga

This cooperative, with about 35 active members, is situated about two miles south of Quetzaltenango. Although its charter describes it as a marketing cooperative, its primary activity is selling agricultural inputs to its members. After an initial analysis of this cooperative's operations, the CLUSA team felt prospects were not promising, and opted to focus efforts on other cooperatives. The cooperative did participate in early CLUSA-sponsored training seminars related to export operations.

⁹ The CLUSA team estimates that one technician devoted 75 percent of his time to this enterprise in 1986.

Bella Vista

This cooperative was organized in 1981, and currently has about 70 active members. It operates a store near the town of Tecpan that sells general merchandise, food, and agricultural inputs. It has received donated capital from several agencies, including A.I.D./Guatemala.

Bella Vista's members are principally producers of broccoli and Brussel sprouts, which are marketed to ALCOSA, S.A. or sent to the La Magdalena cooperative. The latter arrangement was developed by the CLUSA team.

The CLUSA team effort in assisting this cooperative has been minimal and consisted of providing some guidance in selling to the Magdalena cooperative and in advising on the best means to get an irrigation system established. The manager also attended seminars on exporting nontraditional crops sponsored by the Gremial and CLUSA.

El Asintal

El Asintal, located near Retalhuleu, is mainly a coffee cooperative that is beginning to diversify into ginger production for export. CLUSA has provided limited assistance to this cooperative, although short-term assistance in packing and shipping techniques allowed the cooperative to successfully export one container-load of ginger last year. The cooperative hopes to expand this to at least three container-loads during the 1989-90 season, but without direct CLUSA assistance. CLUSA did help the cooperative test the feasibility of dehydrating ginger at the Zunil Geothermal Plant facilities.

Summary

As was found in the 1987 evaluation, project assistance varied considerably from cooperative to cooperative. Three of the cooperatives -- Rincon Grande, Aguacatan and Chichan -- received major technical and financial assistance from the project. In all three of these cases, both long- and short-term technicians worked with the cooperatives on an extended basis, cooperative personnel participated in training activities sponsored by CLUSA, and project resources permitted cooperative personnel to participate in international marketing trips and in-country trade fairs. Salary subsidies permitted the cooperatives to hire accountants, managers, and field personnel. Also, the project was instrumental in establishing and facilitating export market contacts, and in helping the cooperatives successfully handle and export products.

Much less assistance was provided to the other three primary cooperatives and the secondary cooperatives. The project provided some salary subsidies for Kato Ki and Cuatro Pinos, sponsored some marketing trips and training programs, and made it possible for the cooperatives to participate in local trade fairs. Direct technical assistance for these cooperatives was very limited, however; a little tangible assistance was provided to the secondary cooperatives.

Several of the six targeted primary cooperatives, which had agreed to collaborate with CLUSA technicians in this project, experienced dramatic growth during the 1986-89 period. In a few cases -- Rincon Grande, Aguacatan and Chichan -- much of this growth could be directly attributed to project interventions. Growth cannot be attributed to project actions in the other three primary cooperatives because of CLUSA's limited involvement.

2. Accomplishment of Work Plan Objectives

As described in Chapter II, the 1989 project amendment established specific requirements for the project in seven different areas: (a) Marketing, (b) Production and Harvesting, (c) Food Processing, (d) Financial Analysis, (e) Business and Cooperative Administration, (f) Management Support, and (g) Training. An evaluation of the team's performance in the various areas reveals both accomplishment and shortcomings.

Marketing

The CLUSA team had good success in providing technical assistance for marketing strawberries and garlic, the major products of the three cooperatives receiving relatively intensive technical assistance. Export volumes increased significantly in all three cases.

Overseas orientation trips -- carried out to introduce the local cooperative technicians to specific export markets, importers and brokers, and to develop an understanding of the manner in which products they produce reach the American and European consumers -- were costly but effective. The benefits derived by the participants were specific and valuable, and the knowledge gained has had an impact on developing an understanding of the need to improve, maintain, and ship only quality products to the export market.

Sponsorship of a booth by the CLUSA project at the AGRITRADE show in 1988 was a positive initiative. It offered six participating cooperatives the opportunity to display their export products, meet foreign brokers and buyers, and make contacts and acquaintances -- steps they would have been unable to take individually. CLUSA sponsored a similar display in the 1989 AGRITRADE fair, shortly after this evaluation was carried out.

Although language is a barrier to effective exporting, CLUSA technicians have tended to perform too many of the marketing functions themselves rather than provide hands-on opportunities for the local technicians to learn how to contact, manage, and handle these activities.

Production and Harvesting

The technical assistance rendered to the three major cooperatives was adequate. With the advice and assistance of the advisers improved seed was procured, better methods of cultivation were introduced, proper application of herbicides and pesticides were practiced, and post-harvest handling, grading, storage and packing were upgraded. Rincon Grande, Aguacatan, and Chichan have achieved significant improvements in production and harvesting technologies.

Short-term technicians brought in to provide specific assistance were well qualified and respected by the cooperatives. However, the two garlic-producing cooperatives complained that visits were too short, that the Spanish of both the resident technician and the short-term adviser was difficult to understand, and that information was not explained well enough. The experience has, nonetheless, demonstrated that short-term specialized assistance can be an effective tool when dealing with specific technical production and handling issues. The cooperatives have not yet developed an understanding of hiring professional management or paying for short-term assistance as necessary investments that bring sufficient benefits to justify the high cost. They accept these functions as long as they are subsidized by external donors.

Sustaining the production and harvesting initiatives generated by the project requires considerable skill and knowledge on the part of local agronomists and field managers, whether hired by the cooperatives or drawn from the membership. Local agronomists and counterparts were incorporated rather late in the project period, limiting the project's impact on transferring technology to local staff and on developing an ongoing capability to provide guidance and direction after the expatriate technicians leave.

The CLUSA technicians did not produce any technical or reference manuals to use in training cooperative members and technicians or to leave behind as reference material.

Food Processing

The project has provided only limited assistance in the area of food processing in the 1988-89 period. Cuatro Pinos received some assistance in evaluating the feasibility of establishing a freezing operation and in preparing a business and financial plan. Planning and negotiations for reactivating the Patzicia facility occupied considerable time and effort, though little could be accomplished due to the complex legal and financial issues related to the facility. Some exploration of the possibility of dehydrating garlic and other products in a geo-thermal plant were carried out, but the plant is not yet operational, and has too limited a capacity to serve a large-scale processing operation. The need for technical assistance in the area of food processing was limited, as most current production is easily absorbed in the fresh produce domestic and export market, although net returns might be increased through more advanced food processing activities.

Financial Analysis

The purpose of the financial analysis assistance was to help the cooperatives improve their ability to carry out analysis of debt load, cash flow, and credit worthiness; feasibility studies for diversification and expansion; and loan packaging and loan negotiations with BANDESA and other financial institutions. During the initial phase of the project, CLUSA technicians performed financial analyses in at least four cooperatives in conjunction with the submission of loan applications to BANDESA. The absence of adequate baseline data, however, led to a requirement in the 1989 amendment to complete financial analyses on the remaining cooperatives within two months of the amendment.

Due to disruptions, personnel reassignments, and the termination of one team member, however, the work was not completed until nearly five months after the targeted completion dates. Financial and break-even projections have not yet been completed, and there is no indication that any of the cooperatives have developed a capability to do financial analyses, prepare feasibility studies, or prepare loan packages and negotiate loans with BANDESA and other financial institutions.

Business and Cooperative Administration

This aspect of the project was notably weak. Consistent with the findings of the 1987 evaluation, baseline data were still weak, and were not used as a basis for developing a long-term development plan with each assisted cooperative. None of the cooperatives visited had long-term development plans. Budgeting is rudimentary. Financial and break-even projections are still lacking, six months after they were due. There are no systematic data collection systems for measuring progress in achieving project objectives.

The technicians failed to recommend and establish up-to-date accounting procedures, timely monthly reports, and internal controls. There is little indication that the boards of directors understand the need for annual audits, and few of the cooperatives had received official audits.

The project has done little to help the cooperatives develop sound capitalization and reserving policies. Rincon Grande did modify its capitalization program based on CLUSA recommendations, and a program was worked out (but not implemented) for Aguacatan, but no definite guidelines or alternatives were developed and documented by the project team. This is an area that should have received considerable attention, given the weak capital structure of most of the cooperatives.

The CLUSA technicians detected that the Guatemalan cooperative legislation was antiquated and, in many instances, would not legally permit the cooperatives to undertake and operate the kinds of business enterprises the project was promoting. Considerable time and effort was spent during negotiations for the Patzicia facility on legal structures for cooperative ownership of business activities, without successfully resolving the problem. Even though the cooperative law is currently being revised, A.I.D./Guatemala and CLUSA have not attempted to develop a strategy for achieving needed changes in the law.

Management Support

Management Support, which is in fact a salary support subsidy, was introduced in order to induce cooperative boards of directors to accept the concept of hiring managers and other key technicians. Traditional distrust of external managers,¹⁰ and a tendency to view administration as an expense rather than a necessary investment to ensure the success of the cooperative, have led cooperatives to rely on volunteer rather than hired management. The concept of management support is that once the idea of having permanent management becomes accepted and understood, and once the institution can afford to pay for the services of professional management, the boards of directors would retain the manager. In at least three cooperatives -- Los Manzaneros, La Magdalena, and Union Cuatro Pinos -- this did occur.

As of September 1989, five of the six cooperatives were receiving salary support to employ managers and other key personnel. These cooperatives and the monthly support subsidy received (in Quetzales¹¹) are shown in Table 7 below.

¹⁰ See Ivo Kraljevic, *The Development of Viable Agricultural Organizations in Guatemala: an Assessment of Social and Cultural Factors*. September 1989.

¹¹ At the time of the evaluation the exchange rate was approximately 3.25 Quetzales per dollar.

TABLE 7
SALARY SUPPORT FOR COOPERATIVES

Position Supported	Cooperative				
	Rincon Grande	Chichan	Aguacatan	Kato-Ki	Union Cuatro Pinos
Administrator/ Manager	1,000	650	1,875	1,600	1,500
Marketing	700	-	-	-	1,500
Accountant	500	-	975	-	-
Agronomist	-	800	975	-	-
Other	475	-	-	-	-
Total	2,675	2,450	3,825	1,600	3,000

The unknown factor in the management support policy is that there is no definite plan that indicates when, and under what conditions, salary support terminates completely. Also, no forecasts to indicate when business volumes will be sufficient to sustain the salaries agreed upon and still give a fair return to the members have been developed as required in the 1989 amendment.

The management support component represented a potentially effective way to improve management and operations in the assisted cooperatives through the employment of competent personnel. Personnel should have been selected early in the project and provided sufficient training and support to develop the professionalism and skills required by the projects. In none of the cooperatives has this undertaking been satisfactorily implemented. Apart from the typical problems of locating and retaining qualified personnel, little other support has been provided to the personnel.

Training

This component of the AID/CLUSA agreement stipulated in clear and concise terms the topics to be included, and the activities to be carried out by the CLUSA team in its training responsibilities. The following comments are based on feed-back received from interviews and observation.

On-the-Job Training

The hands-on training in production techniques carried on in the field by the CLUSA technicians and the short-term consultants has been highly effective in terms of disseminating information and interpreting visually the production techniques relevant to the particular cooperatives. This has been helpful, for it involves not only the

cooperative leaders and officials but also the women and more adult children. They learn to appreciate the use of improved seed, modern cultivation methods, proper use of chemicals, the drip system of irrigation, and proper methods of harvesting, storing and packaging. In this respect, the hands-on and on-the-job training has been successful, although limited in its outreach.

Trade Fairs and Seminars

Participation in International Trade Fairs and related seminars has also been advantageous for the entry of the cooperatives and their small farmer members into the export market. The beneficiaries who were on these trips indicated in quite specific terms the benefits derived from the trip, not only for them personally but also for their cooperatives.

Formal Training

Rather than developing and presenting training directly, CLUSA arranged for all formal training to be carried out by Gremial. CLUSA's role was limited to identifying courses sponsored by Gremial that would be of interest to the cooperatives, publicizing the course to the cooperatives, and financing cooperative participation in the courses. In some cases CLUSA did provide suggestions on course content, but, for the most part, was content to "piggy-back" on established Gremial training activities.

A series of both short- and long-term training courses was held by the Gremial. Attendance by cooperative managers, staff, and members of the boards of directors is uncertain, since many trainees that registered for initial classes did not complete their training or attend regularly throughout. Only one course -- a twice-monthly, nine-month course -- was developed specifically for cooperatives.

Training involves development of training materials adapted to the needs of the cooperatives. The use of mini-case studies for problem solving and arriving at a consensus can be highly important. This aspect of the training was neglected. No training or reference manuals -- related to the crops produced, chemical and fertilizer application, irrigation techniques, harvesting, storing and packing -- were produced. The Gremial lecturers did not, for the most part, provide written materials covering their subjects to the trainees. The lack of this material makes it difficult to put together manuals for use in subsequent training sessions or as a reference guide at the local cooperative level.

Comprehensive Training Program

As specified in the scope of work for the project amendment:

Within the first two months from the date of signing of the cooperative agreement extension, the contractor will conduct a financial and economic analysis of each primary cooperative or farmer association that has not yet been analyzed. . . . The specific programs of technical assistance and training developed for each organization will be focused on overcoming the weaknesses identified in the financial and managerial analysis.

These analyses were never used to plan and prepare "specific programs of technical assistance and training." The action plans were prepared in advance of the analyses, in most cases, and do not address the specific weaknesses identified in the analyses. The evaluation team found no formal technical assistance and training plan that addressed these issues for any of the assisted cooperatives.

According to the 1989 Amendment, among the specific skills to be developed through the training component of the project were:

the cooperative as a business organization; decision-making in the cooperative; board/management functions, responsibilities and relationships in the cooperative; cooperative law; cooperative tax requirements in business operations, especially exports and imports; agribusiness enterprises; basic economics; markets and pricing policies; product inventory handling and controls; principles of accounting; the logistics of transportation for export marketing of perishables; quality control; inventory loss management; understanding financial statements; management control mechanisms; cost benefit analysis; procedures involved in financial transfers; market development; and determining break-even points on agribusiness ventures.

Training through the Gremial addressed very few of these points. The Gremial was not prepared to present courses in cooperatives as business organizations, decision making in cooperatives, board-management functions, cooperative tax requirements in business operations, or other general business and cooperative topics. By relying on the Gremial for all formal training, and by not developing custom-tailored programs to address these particular issues, the CLUSA project failed to take actions that would lead to achieving these objectives. The evaluation team found little indication that cooperative personnel were capable of performing the basic cooperative and business management functions independent of assistance from the advisers.

3. Major Project Accomplishments

Goal-Level Indicators

In the three cooperatives that have received major assistance, the project has indeed produced significant, visible impacts in terms of income, employment and foreign exchange earnings.

- **Increased average prices received in most cases.** By improving production quality, and therefore commanding higher prices, the project has succeeded in increasing the average price received in the three major cooperatives. In Rincon Grande, for example, the increase was from 18 cents per pound in the local market to an average of \$1.00 per pound for the entire production of strawberries. Aguacatan and Chichan received much higher prices for the new garlic varieties, and their move into export sales increased local prices as well.
- **Increased foreign exchange income.** Between 1986 and the 1988-89 growing season, foreign exchange earnings increased in the three major cooperatives from a total of \$232 to more than \$570,000:

	<u>1986</u>	<u>1989</u>
Rincon Grande	\$232	\$157,570
Aguacatan	0	354,585
Chichan	0	61,736
	-----	-----
	\$232	\$573,891

An estimated total of \$4.8 million was earned by the six primary cooperatives during their last crop year. By the end of the next crop cycle this figure should be in excess of \$8.0 million.

Increased levels of rural employment and wage income. The introduction of new varieties for export has caused a significant increase in demand for rural labor. Rincon Grande alone employs 60-70 people daily during the year, and 300 or more during the berry picking and marketing season, in addition to labor provided by its own members. Both Aguacatan and Chichan employ substantial outside labor during the agricultural year. In all cases growing labor shortages in the countryside, and the profitability of export production, are resulting in premium wages for rural labor in the cooperatives. More than 50 percent of the newly created jobs are filled by women.

Increased on-farm income for the producers and their families. A combination of increased production, prices, and demand for labor, and a greater spread between sales and operating costs have combined to increase family income levels. The increased demand for labor is filled first by family members; with several members of the family employed, total family income in all three of the cooperatives rose significantly during the project period.

Purpose Level

In terms of enhancing the means of production and marketing systems, the project has also had some success. The CLUSA technical assistance expanded the volume of production in those coops that received production assistance. Rincon Grande increased strawberry production to 1.7 million pounds from a low initial base production level. Aguacatan introduced improved garlic seed, and is currently producing 500,000 pounds of improved garlic for export. Chichan also introduced new seed varieties and is producing nearly 60,000 pounds of garlic for export. The ability to achieve significantly better prices has stimulated a further interest in producing large volumes of high-quality produce for the export market.

CLUSA technical assistance also improved export market accessibility for the three principal cooperatives. Perhaps most important, direct contacts by CLUSA long- and short-term technicians has successfully established marketing relationships between the cooperatives and international brokers. Direct involvement by CLUSA personnel in the marketing process has been critical for overcoming the innumerable obstacles to successful marketing during this initial period.

Other aspects of CLUSA's assistance program have been equally important for improving the marketability of the cooperatives' products. Market exploration and familiarization trips to the United States and Europe arranged for cooperative officers and members enabled them to understand (and report back on) the rigid standards, testing, and merchandising techniques that must be met to satisfy the demands of the export market. Advice on harvest and post-harvest techniques in cooling, storing, grading and packing have helped these cooperatives upgrade the quality of their products to meet export standards.

Encouraging the cooperatives to look to the future -- to open offices in the larger trade centers, to computerize, to utilize FAX machines, to participate in trade fairs, and to contact brokers for the latest market information -- has been equally important in developing self-esteem and pride and in orienting the cooperatives toward effective participation in the export market.

Output Level

The project has also:

- Introduced the concept of using improved seeds in Rincon Grande, in the two garlic cooperatives, and in Asintal (one of the secondary cooperatives).
- Installed better methods of irrigation, cultivation, proper use of pesticides and other production technologies in Rincon Grande and the garlic cooperatives. The project provided one short-term consultant (two days) to explain pesticide residue control to Cuatro Pinos.
- Developed some concepts and skills of post-harvest handling, quality control, processing and cold storage -- Aguatan now has a better understanding of importance of meeting standards, and Rincon Grande has an elaborate program of harvesting, handling, storage, and shipping.
- Improved, expanded, and acquired facilities. The project helped install a juice extractor in Los Manzaneros, install an elaborate drip irrigation system in Rincon Grande, built and purchased (or leased) facilities, collection shed, selection and packing facilities, and installed telefax machines and photocopiers in several of the cooperatives.
- Helped gain access to credit at better terms; helped resolve some outstanding delinquency issues; introduced concept of loaning against the crop rather than as a fixed percentage of operating costs.
- Introduced concept of the need for competent management, sound policies, planning and operational controls in the cooperatives. The project also highlighted the value of accurate accounting, timely financial statements, and internal controls.
- Developed several business aspects of cooperative operations in Rincon Grande and the garlic cooperatives, including division of labor, operations and functions.
- Raised the level of awareness of international export market requirements and characteristics, and established potentially beneficial market contacts.
- AGRITRADE participation was a positive reinforcement for all cooperative participants.

4. Major Project Shortcomings

In spite of the positive achievements listed above there are some notable shortcomings in the project as it is now designed and implemented. These generally fall into the categories of (a) level of accomplishment, (b) integrated cooperative development, and (c) prospects for sustainability.

Levels of Accomplishment

Perhaps the greatest single criticism of the project is that it has not worked with a sufficient number of cooperatives to justify the levels of funding and other resources provided. The original project paper specified that the CLUSA team would work to strengthen at least 10 participating cooperatives in financial management, accounting, product storage, and marketing. The implication of this wording is that the project was expected to produce major management, organizational, and procedural changes within

at least ten cooperatives, and was actually expected to produce those changes in a larger number of cooperatives. In the 1989 amendment this number was reduced to six because "the original target . . . was overly ambitious." With the withdrawal of La Magdalena from participation in the project in early 1989, the number of primary cooperatives assisted was further reduced to five.

In reality, the project has provided major assistance to only three cooperatives and associations (Rincon Grande, Aguacatan and Chichan). These three cooperatives have received continuous, intensive assistance from both the long-term advisers and short-term specialists. One of the CLUSA long-term technicians has worked almost full time with Rincon Grande since 1988. Another works primarily with the two garlic cooperatives. Repeated visits by garlic and strawberry production and handling specialists have provided a major level of assistance to these cooperatives.

Assistance to Cuatro Pinos and Kato Ki, on the other hand, has been limited to salary subsidies for a limited number of positions, participation in short-term training courses sponsored by the Gremial, and two international marketing trips. Direct technical assistance has been minimal. Cuatro Pinos has received help in studying the feasibility of a freezing plant operation. Kato Ki has generally not responded to offers of technical assistance in either marketing or management support.

Project documentation indicates that 6,000 small farmer families were to benefit from the project,¹² but 4,000 of those were in Kato Ki, which has received only minimal assistance. Direct project benefits have been limited to about 400 families: 51 in Rincon Grande, 52 in Chichan, and about 300 in Aguacatan. Even here, most project resources have been concentrated on the 51 families in Rincon Grande.

A.I.D./Guatemala was especially concerned about expanding the impact of the project during the amendment period. Although it recognized that intensive assistance was required in Rincon Grande, the project amendment specifically called for the expansion of strawberry production in a number of other areas and organizations as well:

Increased production of strawberries is important in the project's diversification efforts. A number of cooperatives have expressed interest in strawberries. . . . The strategy for expansion will be based on both new production at Rincon Grande and several other sites, as well as incorporation of new member growers into the Rincon Grande Cooperative.¹³

This did not occur. Plans for expanding Rincon Grande entail the purchase of new land for existing members rather than the incorporation of new members. The CLUSA team did not attempt to provide assistance to other cooperatives.

Assistance to the secondary cooperatives has been limited to periodic visits and consultations. The "piggy-backing" relationships that were to have been developed by the project have not materialized. The few attempts in this effort were abandoned when the secondary cooperatives felt they were being exploited by primary cooperatives.¹⁴

¹² Project Paper amendment, p. 4.

¹³ Project Paper amendment, p. 19.

¹⁴ Kato Ki is currently having La Magdalena package and ship its product, but, given the limited involvement of CLUSA with either cooperative (in fact, the CLUSA advisor was not aware of this arrangement), it is difficult to attribute this arrangement to CLUSA activities.

One reason that the project has worked with so few cooperatives is that it has been unable to leverage resources. Assistance has been limited to those cooperatives that could be assisted directly by team members -- at most one or two cooperatives per long-term adviser. With only two advisers working at the field level for most of the project, the effective reach of the technical assistance effort was limited to, at most, four cooperatives. Because the project did not work with a host institution, and because it did not establish mechanisms for leveraging the work of the advisers, project impacts have been limited to a small number of cooperatives.

Integrated Cooperative Development

Equally important, the project has not brought about sufficient changes in the three cooperatives it has worked with intensively. While productivity and production have increased, other aspects of cooperative business development have not been developed. None of the three cooperatives had business plans, investment plans, market strategies, internal reporting and statistics, or written production, processing, and marketing procedures.

Sustainability

Sustainability of project results is a concern for two reasons. First, there is the question of the ability of the individual cooperatives to sustain project-initiated changes. Second, there is a question of extending project benefits to a larger number of cooperatives.

The ability of the assisted cooperatives to sustain project improvements and changes is questionable. Training activities have not been implemented to the extent envisioned in either the project paper or the 1989 amendment. Managers and staffs are not supported by effective financial and administrative systems and procedures. The ability to manage the cooperatives effectively and perform key production and marketing functions in the absence of continued project assistance has not been demonstrated.

Finally, there is little prospect for replication of the program. Again, because the project was not designed to work with a host institution there is no on-going program to continue assistance to cooperatives in the future. Rincon Grande cannot be expected to help other strawberry cooperatives develop, for example. Aguacatan has demonstrated a decided tendency to limit benefits to its own members. The Gremial is not positioned to help new cooperatives find export markets or to provide cooperative-specific training programs in the absence of external subsidies and support. The long-range impacts of the project, therefore, are limited to the relatively small subset of cooperatives that have received direct assistance.

5. Summary

The project's most significant impacts have been in one 51-member cooperative, Rincon Grande. Through major effort the cooperative has developed a modern production technology, significantly increased production, and begun to export quality product. Less spectacular, but equally positive benefits have been achieved in the Chichan cooperative (50 members) and, to a lesser extent, the Asociacion de Agricultores de Aguacatan (300 members).

Even though the accomplishments in these three cooperatives are impressive, they are too limited to classify the project as "successful." The project has not, and does not appear likely to, achieve the original project purpose of strengthening and developing effective marketing operations in 10 cooperatives, or even the revised objective of

strengthening six primary cooperatives. Direct project benefits have been limited to about 400 families. The "piggy-back" marketing arrangements have had only limited success. Even within the three primary cooperatives, key managerial capabilities and systems necessary to sustain project activities have not been developed.

PART THREE
FACTORS AFFECTING PROJECT PERFORMANCE

A. MAJOR ISSUES AND PROBLEMS

Several factors contributed to the relatively unsatisfactory performance of the project. Initial project design was faulty. Implementation and project management were weak. Problems were not identified and dealt with in a constructive fashion. Corrective actions were not taken in a timely fashion. This chapter explores some of the major problems that affected project performance, in terms of both (a) the problems themselves and (b) the organizations that had major responsibility for the project. Although there is some duplication, it is useful to discuss the problems from both perspectives.

1. Project Design

Shortcomings in the initial project design had a major negative impact on the long-term success and impact of this project. The design did not provide adequate guidelines for developing or implementing the project, contained serious flaws in assumptions, and failed to provide criteria for monitoring performance and holding the project team accountable for achieving developmental objectives.

Absence of Objectives

The project design, both in the original project paper and later amendment, lacked specificity. Objectives were poorly defined, and there were few indicators and targets. As a result, the project design provided neither guidance to the CLUSA team, nor standards for measuring performance.

The only specific reference to objectives for the cooperative development component in the project paper is a single statement that says at least 10 cooperatives will be strengthened in financial management, accounting, product storage and marketing.¹⁵ In other paragraphs it states that 5,000 small farmer members of "groups and/or cooperatives" will benefit from BANDESA-provided investment credit,¹⁶ and that 60 entrepreneurs will be trained in financial and business management "(including cooperative managers),"¹⁷ but makes no specific reference to actions of the cooperative development program. In a one-page description of the cooperative improvement component, the project paper specifies how funds will be spent (\$730,000 for technical assistance, \$120,000 for salary subsidies, \$240,000 for training, and \$360,000 for inflation and contingencies), but sets no objectives or targets. The only reference to performance objectives in this section is a statement that this will "greatly expand on the few instances of ad hoc technical assistance to individual cooperatives."¹⁸ Other references

¹⁵ Project Paper, p. 9.

¹⁶ Ibid.

¹⁷ Ibid., p. 10.

¹⁸ Ibid., p. 24.

to objectives and targets -- such as 850 new jobs for rural families, of which 50 percent will be for women -- were for the project as a whole, not the cooperative improvement component.

The 1989 project amendment is equally vague -- reconfirming the project's original goals and purpose, but containing no end-of-project status objectives or targets. Only one reference -- "in each organization key members will have met and established personal relationships with brokers and buyers with whom their cooperative or association has been doing business" -- could be interpreted as an indicator that the purpose of providing small farmers with profitable outlets for their fruit and vegetable production had been achieved.

The logical framework contained in the project paper was sparse, containing few indicators and no assumptions relevant to the implementation of the project. Although the 1989 amendment was much more specific in terms of what the project was to do, the logical framework was not amended. Neither the project paper nor the 1989 amendment, therefore, provided adequate guidelines or standards for measuring project performance and success. The 1989 amendment did, however, set specific output requirements for the CLUSA project team, including:

- a. Training at least one full-time manager and accountant in each cooperative;
- b. Developing formal production schedules for participating cooperatives, with projections for marketing produce through the organizations;
- c. Training key production personnel to work with member producers and coordinate market efforts;
- d. Completing a financial analysis of each of the primary cooperatives within two months of initiating work under the amendment; and
- e. Developing a series of indicators to measure cooperative movement toward progressive self-sufficiency, including projections of export earnings and the rate at which the cooperatives could be expected to achieve the targets.

Poor Assumptions

The project paper and amendment contain no mention of assumptions that might affect the success of the project. Several of the fundamental (but unarticulated) assumptions underlying the project, however, were flawed. For example, the project strategy assumed that CLUSA would be working with established, sophisticated cooperatives that required only periodic short-term assistance or short-term training courses that could be provided by Gremial. In fact, most of the cooperatives identified by CLUSA were new or weak organizations that required intensive assistance in basic production, product handling and marketing.

The project design also assumed that an adequate export infrastructure existed in the country. In fact, the lack of physical infrastructure is a significant impediment to developing effective export operations for the cooperatives. Transportation, cold storage facilities, and basic equipment were not available and were not contemplated in the project design.

The project design failed to recognize the importance of financing in any attempt to strengthen the cooperatives. Credit funds were not allocated through the cooperative strengthening component. Negotiating financing with BANDESA was left to the CLUSA in-country team, with little support from either CLUSA/Washington or A.I.D./Guatemala.

2. Implementation

The project never developed an effective strategy for identifying and working with the cooperatives. Initial attempts to locate cooperatives to work with led to an uncoordinated and unstructured approach that left the technicians in isolated one-on-one situations. As a result, the scope of the project was reduced from assisting "at least 10" cooperatives in the original project design to 6 in the amendment. In fact, the project has worked intensively with only three cooperatives.

Many cooperatives were not assisted because they were primarily looking for donations in cash or equipment. The original project design contemplated a financing component for the cooperatives -- \$1.5 million in credit to fruit and vegetable cooperatives through the Small Farmer Marketing Project and \$1.0 million in local currency funding through the Instituto Nacional de Cooperativas (INACOP).¹⁹

Related to this, the technicians did not work out development plans with the assisted cooperatives, so that there was no overall business plan guiding project assistance efforts. Even in the three cooperatives that received intensive assistance there is no statement of what the cooperative is to be like when the project is finished, and no programmed set of activities that will achieve that objective within the time and resource constraints of the project. The work plans that were developed as part of the 1989 amendment list specific activities that are to take place, but do not relate those activities to achieving some end-of-project condition in the cooperatives.

The management support tool has not been used effectively. As designed and implemented, management support was little more than a program to pay the salaries of a limited number of full-time staff members in the cooperatives. While this was valuable in encouraging volunteer boards of directors to accept the concept of paid management, the financial support was not given in the context of a developmental strategy; that is:

- The persons hired under the program were not supported by a planned program of training, technical assistance, procedures, or materials that would have helped them perform effectively; and
- The staff employed under the management support program was not used in a systematic fashion to leverage scarce expatriate technician resources; with adequate staff in place the technicians should have been able to work with more cooperatives.

Neither was there a rational strategy for phasing out the management support program within the time frame of the project. Even though planning documents recognized that the cooperatives would not be able to absorb the costs of the management support program by the end of the project, no alternatives for assuring the success of the effort were even discussed. The amendment, for example, merely says that the cooperatives will be able to pay at least 50 percent of the cost of the management support program within one year of earning a net annual profit that is 15 percent greater than previous export earnings.²⁰ This does not, however, address the problem of who is to pay the remaining 50 percent, or what is to happen to the program if nobody pays it. The 1989 amendment merely states that the Mission will deal with this issue later.²¹

¹⁹ Project Paper, p. 24.

²⁰ This is an extremely puzzling formula. Amendment, p. 10.

²¹ *Ibid.*, p. 9.

The project team has been too oriented toward accomplishing specific activities rather than in developing a capability among the assisted cooperatives to carry out the work. The project team has been too heavily involved in supervising specific work and performing needed tasks rather than in training local counterparts to carry out those roles.

Although the project team was required under the 1989 amendment to implement a "broad spectrum of training activities," very little actual training has been carried out. The project relied heavily on Gremial to conduct required training, but it is the opinion of the evaluation team that this was often neither sufficient nor appropriate. Gremial, for example, was not in a position to provide the management, financial, and technical training required to strengthen the management capabilities of the individual cooperatives; this could have been better achieved through custom-tailored, on-the-job, practical training exercises provided directly by CLUSA technicians and counterparts. Likewise, the case-study and formal education approaches of Instituto Centro Americano de Administracion de Empresas (INCAE) and Gremial are suited for more sophisticated students than the managers and board members of most of the cooperatives.

The project was never fully staffed during the amendment phase. One of the two scheduled local agronomists was never hired. The departure of one team member in August 1989 reduced the expatriate staff team to one full-time technician and a part-time administrator during August and September. Even after the administrator returned full-time to the project in October, he is more engaged in administrative activities than in providing technical assistance to cooperatives.

Finally, the project failed to accomplish specific work output within appropriate time frames. The analyses that were to be completed by May 1989 are only now being finalized, and have not been shared (in some cases) with the cooperatives. Thus, they have not been used as a tool for planning the work program as envisioned in the 1989 amendment. The projections for exports and self-sufficiency, which were to be completed by May 1989, have not been completed.

3. Project Administration

Overall project administration was exceptionally weak. Initial planning was weak. Objectives were not effectively communicated to the project team. There is no indication that the project was subjected to routine, in-house evaluation or review.

Management information systems were not developed to track project performance or accomplishments. Reports submitted by the CLUSA team covered historical accomplishments, but did not contain factual data on objectives or performance compared to those objectives -- it is not possible to tell from the reports if the project is accomplishing its objectives or not. Problems were not highlighted in a systematic fashion. Technician field reports were transmitted orally, and little factual data on performance is available.

Both A.I.D./Guatemala and CLUSA/Washington should have been more involved in analyzing the content of periodic reports and performance of the field technicians. Early action to improve the monitoring and reporting function, and to backstop the project could have made this project far more productive.

4. Institutional Performance

A.I.D./Guatemala

To a considerable extent, the shortcomings mentioned above reflect weaknesses in A.I.D./Guatemala project design and monitoring. Both the initial project design and the project design contained in the project paper amendment are weak, with few concrete objectives and no targets. Nothing in the original and amended PP's specified objectives, indicators and output targets in quantifiable or qualitative terms. Nor did the Mission require CLUSA to prepare a development strategy and action plan at the initiation of technical assistance activities.

A.I.D./Guatemala also failed to establish and enforce adequate monitoring and reporting requirements. Semi-annual reviews held by the Rural Development Office were more administrative than technical. Indicators were never adjusted to reflect changes in the scope or progress of the project. As a result, the Mission did not hold the grantee responsible and accountable for adherence to the broad objectives of the grant.

Finally, there was a lack of continuity in Mission supervision of the project. Three different A.I.D./Guatemala project managers were associated with the project during the last three years, resulting in a lack of consistency in the nature and amount of time spent managing the project.

CLUSA Local Team

The work of the in-field CLUSA team does not appear to have been guided by an overall approach or strategy for cooperative development in its work with the independent cooperatives.

Nor did the team establish written development plans for the cooperatives it did assist. In none of the cooperatives visited did the evaluation team find an assistance plan or a business plan for the development of the cooperative. The concept of conducting a financial and management diagnosis of the cooperatives was introduced by A.I.D./Guatemala rather than the team. Even then the diagnoses were conducted very late in the course of the project, the results were never used to plan development assistance to the cooperatives, as specified in the terms of reference for the 1989 amendment. Chichan, Aguacatan and Kato Ki, for example, have not received or reviewed copies of their diagnoses.

The CLUSA team has not worked together as an effective team. At the initiation of the project, the team leader failed to define specific goals and objectives for each of the team members within the framework of an overall development strategy. Uncertainty over project direction and purpose contributed to a general decline in discipline and morale. At the same time, the egotistical nature and strong personalities of the team members made it difficult for the team leader to exercise effective leadership. This resulted in a rapid loss of control over the individual efforts of the team members: team members were given excessive freedom to plan their own work, independent of the impact on achieving the project purpose; performance standards were not developed and applied to work situations; and team members were not held accountable for achieving either their own work plans or the project purpose.

There was also a notable lack of organizational discipline, which engendered team disagreements and poor morale. Team members tended to overlook lines of authority and established protocol, and sought to build individual positions of power with outside authority figures -- including the Mission director, the ambassador, and even the president of the country. The sometimes conflictive and hostile relations among team

members reflected a lack of professionalism and became detrimental to the effectiveness of the technical assistance effort.

CLUSA did not develop appropriate internal management, monitoring, and reporting systems. There is no single plan of action, with scheduled inputs and technical assistance for the overall program.²² Statistics on time spent in the field, time spent with each cooperative, and progress against objectives are not being maintained in a systematic fashion. Short-term technicians do not submit written reports of their visits, and records maintained in country are not sufficient to identify actual dates spent in the field by each consultant. Quarterly reports list activities undertaken, but do not compare planned work and accomplishments with actual activities and achievements. Perhaps most significant, current periodic reports are not structured to reflect on the seven areas of assistance specified in the 1989 Amendment.

The CLUSA team has not been particularly strong in the art of transferring technology and skills on any level other than intensive one-on-one situations. The team had a tendency to "do things itself" rather than teach beneficiaries how to do it, especially in marketing and general management decision making.

Finally, the team did not accomplish portions of its work plans on schedule. The most notable recent example is the preparation of diagnoses and projections: although A.I.D./Guatemala placed a requirement that these be completed by June 1989, two were not completed until September, one has never been finalized, and the projections have still not been produced.

CLUSA/Washington

CLUSA's home office did not provide an effective conceptual framework for the project. There is little evidence of a "CLUSA approach" to cooperative development in this project. Considering the fact that two of the team members had no prior experience in either cooperatives or international development programs, the absence of home office guidance as to how to approach the project is a notable shortcoming.

Neither did CLUSA/Washington provide standard operating procedures and standards to guide team activities. Guidelines for field team behavior, approaches or philosophy for developing cooperatives, standardized training materials, and management control systems are notably absent. There were apparently no standards or requirements established for reporting performance and accomplishments to the home office.

CLUSA/Washington did not provide appropriate personnel resources for the second phase. The amendment placed considerable emphasis on training and management development, yet the team members fielded during the amendment period were primarily field technicians. None was particularly skilled in either training or institutional development.

Finally, CLUSA failed to take timely action on team problems, with the result that intra-team conflicts and team member relations with external individuals and groups became a major concern to the Mission and jeopardized project success.

²² Individual action plans were prepared for each cooperative each year, and approved by A.I.D./Guatemala, but these listed activities to be carried out rather than impacts to be achieved.

B. LESSONS LEARNED

Experiences with the cooperative improvement component of the Agribusiness Development Project have produced a number of lessons that should be considered in the design and implementation of future projects in this area.

1. Export marketing, especially of fresh or perishable products, is a high-risk endeavor. Absence of an adequate export infrastructure, unreliable air transportation, barriers placed by United States growers to competitive imports, low priority given to inspection and processing of imports by USDA and EPA officials at entry points in the United States, and the inability to control critical temperature and handling functions between delivery to the airport in Guatemala and transfer to cold storage facilities in the United States combine to make direct export marketing a highly sophisticated and difficult activity. As a result, it is a complex and arduous task to develop a sustainable capability to successfully perform these functions among relatively unsophisticated small farmer organizations.
2. Shifting small farmers from low-technology, low-unit-value crops produced for the domestic market to relatively high-technology, high-unit-value crops for the export market can significantly raise real income for small farmers and generate significant increases in rural employment.
3. Developing new business-oriented cooperatives requires intensive assistance -- much more intensive than the project was originally intended to provide.
4. A project that provides intensive assistance to a small group of beneficiaries, and that handles much of the supervision, problem solving and implementation, can achieve significant results in a relatively short period of time. The trade-offs, however, are (a) little leveraging of resources with the result that benefits are limited to a relatively small group; (b) a reduced chance of replication to nonprimary beneficiaries; and (c) a reduced local capacity to sustain activities once direct technical assistance is withdrawn.
5. Developing a sustainable capacity to continue assistance to cooperatives requires that a project work with and through an ongoing institution. This is needed both to continue support to cooperatives that received direct assistance under the project and to transfer the lessons and skills to other cooperatives after the project is completed. This poses a continuing problem for cooperative development in Guatemala, because neither government institutions nor the established federations have demonstrated a capability or interest in developing export marketing and promotion services.
6. For a project to be successful it must have well-defined and articulated objectives and well-defined and measurable ways to achieve these objectives. Project goals, purpose, and outputs need to be well articulated.
7. Effective project management requires an effective monitoring system that periodically reviews project activity and accomplishments, and that provides a mechanism for identifying problems and taking timely corrective action.
8. A contractor must be prepared to identify and remedy personnel issues promptly.
9. A single, dynamic and capable individual in a managerial or advisory role is required to make a cooperative succeed. This can be provided in the short run by a project technician, but in the long run the cooperative itself must recognize the value of such an individual and institutionalize the position. Projects need to concentrate on developing this awareness within the cooperatives.

10. Small farmer producers need to see positive results quickly. Cooperative improvement projects need to produce visible results immediately, and become economically viable in the short to intermediate term. Interventions that do not meet these criteria should be discouraged.
11. Potential margins need to be sufficiently high to justify the development effort -- capable of producing significant real increases in income, and sufficient to cover production-related assistance (such as agronomists, marketing specialists, and others) who will be needed over an extended period of time.
12. Developing a sustainable, commercial-oriented production and marketing cooperative involves more than just training personnel, providing technical knowledge, and demonstrating proper techniques. It takes an extended period of careful support to assure that the values and knowledge are internalized. Farmers in Rincon Grande, for example, decided to cut the dosage of fungicide because they felt the recommended dose would cost too much, not recognizing that the cost of not applying the correct dosage would be far higher. Good decision making is extremely difficult to teach.

PART FOUR

IMPLICATIONS FOR THE FUTURE

A. REQUIREMENTS AND OPTIONS

1. Short Term

There is a short-term need to continue specific project activities. In particular, there is a need to continue technical assistance to project-assisted cooperatives in specialized areas related to production, post-harvest handling, and marketing. Rincon Grande needs assistance at least through its first cycle of replanting the fields, which includes a complete overhaul of the irrigation system. Aguacatan should have continued assistance for the control of nematodes and to help it successfully manage a large block of funding that it will receive from the Ministry of Finance. Chichan requires continued assistance in nematode control and other production technologies. Kato Ki may require assistance in reorganizing the cooperative, and Cuatro Pinos has requested additional assistance in the area of studying food processing alternatives.

Management salary support should also be continued, but in the context of a development plan for each assisted cooperative that includes a realistic phase-out plan. Most of the cooperatives should be able to absorb the direct costs within a relatively short period of time. Funding could be continued through the Cooperative Strengthening Project.

Finally, CLUSA needs to help the cooperatives document basic procedures, policies, and operations.

Two options for providing this continued assistance are provision of a no-cost extension of the CLUSA activity through the end of the 1990 fiscal year, and termination of the CLUSA activity on schedule in March 1990, with continued assistance to the cooperatives provided through the Cooperative Strengthening Project.

2. Long Term

Longer-term assistance -- past August 1990 -- will still be required to solidify gains, even for those cooperatives that have received intensive assistance under the project. Periodic short-term assistance in production technology, pest control, post-harvest handling and exporting should be provided under a project umbrella. Since this assistance has no logical conclusion (it should be noted that large-scale private firms in the United States make continual use of specialized technical assistance), project assistance should be designed to assure the eventual internalization (and financing) of the assistance into the regular operations of the cooperatives.

The project design seriously underestimated the complexity of export operations. It now appears that any project to help small farmer organizations gain access to export markets must be prepared to dedicate significant resources and time to the effort. A major issue that is yet to be resolved is the question of whether or not relatively unsophisticated producers can participate successfully in direct marketing ventures. There is concern that the volatility of export market requirements -- in terms of pesticide residues, quality, packaging, and timing -- may exclude small producer groups from the market.

One alternative that has been suggested is to create a new joint-venture or cooperative-owned marketing intermediary that would have the sophistication and scale necessary to compete efficiently in the private export market. This is an issue that needs to be studied. In particular, there would need to be a detailed study of demand, competition, market characteristics, availability of product, economic and financial feasibility, and acceptability to potential small farmer suppliers of produce. Such a study should also explore the issue of involving small farmer organizations in advanced processing of agricultural products, including freezing and other value-added activities.

A basic project assumption that intensive production assistance would not be required was incorrect. In fact, the cooperatives assisted by the project needed extensive modifications in production technology -- from the introduction of new seed varieties to major improvements in irrigation and pest management -- to be able to compete in the world market. This required heavy involvement of project personnel.

Similar intensive involvement is likely to be required to bring other cooperatives into the export market. The Cooperative Strengthening Project is not designed to provide this intensive level of production-oriented technical assistance. It could work to establish ongoing, production-related technical assistance programs in the federations, but could not provide intensive assistance to individual cooperatives. It is possible that the HAD-II project could be a source of intensive production-oriented assistance.

A.I.D./Guatemala needs to decide whether or not it wants to support a major effort to expand organized small-farmer participation in nontraditional agricultural exports. Such an effort may require separate project funding.

Merger with Cooperative Strengthening Project

The Agribusiness Development (CLUSA) and Cooperative Strengthening (WOCCU) Projects have significantly different approaches to cooperative development. The CLUSA project provides intensive assistance in production and marketing to a very few cooperatives; it has been particularly weak in supporting management and financial reforms within the organizations. The WOCCU project, on the other hand, provides less intensive assistance to a larger number of cooperatives, concentrating on management and financial reforms; it has provided only minimal production and marketing assistance. The primary weaknesses observed in the CLUSA-assisted cooperatives are in the areas of finance and management. Thus, supporting these cooperatives through the WOCCU project could provide much-needed assistance in these areas.

Providing this type of assistance to the nonfederated cooperatives could be easily accomplished under the reorganization proposed for the Cooperative Strengthening Project. One advisor would need to be assigned responsibility for managing assistance to nonfederated cooperatives. Specific assistance would be coordinated by specialist advisors in finance, training, and agricultural services. For the cooperatives such as Cuatro Pinos that require periodic short-term assistance, this arrangement could work well.

On the other hand, the CLUSA project has shown that cooperatives entering the export market frequently require a more intensive level of technical assistance in production and marketing than originally assumed. The extensive (rather than intensive) approach of the Cooperative Strengthening Project is not particularly well suited to providing this type of technical assistance.

There are two organizational options for combining the assistance efforts of the two projects. One option would be to manage the two as separate subprojects under the single umbrella of the Cooperative Strengthening Project. Such an approach could maintain the intensive level of assistance to individual cooperatives as currently provided

by the CLUSA project. The second option would be to provide assistance through the proposed new structure of the Cooperative Strengthening Project.²³ This would lead to a less-intensive, periodic style of assistance that would meet the needs of some agribusiness cooperatives, but is not particularly well suited to developing new cooperatives or introducing major new production and marketing technologies.

B. RECOMMENDATIONS

1. Short Term

There is a need to continue technical assistance to project-assisted cooperatives. Rincon Grande needs substantial additional help in specialized areas, such as production technologies, renovation of fields, post-harvest handling, and marketing. This should be provided through at least the end of the first complete production cycle (July-August, 1990) on a fairly intensive basis. Aguacatan needs assistance to help implement the Ministry of Finance pilot project, but only if there is a definite development plan for the use of the funds and technical assistance. Chichan also needs continued intensive assistance in pest control, irrigation, and marketing through the present production and marketing cycle.

There is also a need to develop effective management controls and procedures in the participating cooperatives. CLUSA needs to work with each of the major participating cooperatives to ensure the sustainability of project-introduced technologies, and to develop appropriate controls and processes for sustaining effective management in the organizations.

Based on the above, the evaluation team recommends that:

- The present CLUSA cooperative agreement be extended through August 1990.
- During the extension period, the team should concentrate its work on three small-farmer organizations -- Rincon Grande, Aguacatan, and Chichan. Limited assistance should be provided to Kato Ki to support that cooperative's reorganization plan, and to Cuatro Pinos in the form of short-term assistance to plan food processing initiatives.
- In addition to assistance provided by the resident technical assistance team, the project should continue to provide specialized short-term assistance in specific areas of pest control, post-harvest handling, and marketing;
- Management support should be continued, but in the context of a development plan for each assisted cooperative, and with a realistic phase-out plan.
- CLUSA should document basic procedures, technologies, and other technical assistance outputs for each of the assisted cooperatives. CLUSA also need to produce appropriate operating, policy, procedures, and other manuals and training materials.

²³ See John H. Magill, Eric G. Nelson, and Miquel Angel Rivarola, *Midterm Evaluation of The Cooperative Strengthening Project in Guatemala*, DAI, November 1989, pp. 111-113.

- CLUSA needs to focus during the remaining life of the project on developing sustainable management processes within the assisted cooperatives. This implies concentrating on training and advising rather than performing the work that needs to be accomplished. In particular, Rincon Grande personnel need to assume greater responsibility for carrying out repetitive tasks.

2. Long Term

Long-term recommendations are based on three considerations. First, A.I.D./Guatemala has expressed the intention to terminate the Agribusiness Development Project and continue any major assistance for rural cooperatives through the Cooperative Strengthening Project (520-0278). Second, the cooperatives and associations that have participated in this project have a need for continued technical assistance in a variety of efforts. Third, there appears to be a major opportunity for achieving significant beneficial impacts from encouraging small farmers to engage in high-intensity farming of nontraditional agricultural products for export.

The Agribusiness Development Project has demonstrated that, with an appropriate mix of technical assistance and financial resources, small farmers can achieve significant increases in income through nontraditional exports. It has also demonstrated that many of the assumptions underlying previous efforts in this area are incorrect.

Long-term recommendations involve three separate issues: (a) long-term intensive market development requirements, (b) long-term intensive production assistance requirements, and (c) consolidating the cooperative component of the Agribusiness Development project with the Cooperative Strengthening Project.

Need for Expanded Marketing Assistance

The initial project design was based on an assumption that only limited market assistance -- introducing the cooperatives to potential buyers and training them in how to produce, handle, and package produce to meet market conditions -- was required to establish successful export programs in the individual cooperatives. This turned out to be incorrect. Export marketing is an extremely complex activity -- one that requires considerable skill and experience. Accordingly:

- A.I.D./Guatemala needs to conduct a more thorough review of the basic constraints to export market development for small farmers. In particular, A.I.D./Guatemala needs to understand the implications of rapidly changing import restrictions in the United States on the feasibility of direct and indirect exporting.
- A.I.D./Guatemala needs to develop an export market strategy for small farmer organizations.
- A.I.D./Guatemala and the Government of Guatemala need to conduct an intensive review of legal impediments to successful export marketing activities by small farmer organizations, and develop a strategy to remove those impediments.
- The development of an effective and efficient export marketing system for small farmers may require a distinct project activity or separate project.

Need for Intensive Production Assistance

Because of the extremely complex nature of strawberry farming, Rincon Grande will need intensive assistance for an extended period of time. Aguacatan and Chichan are also likely to require substantial assistance to overcome nematode problems and introduce crop diversification. The need for intensive assistance among other potential export producers is unclear at this time, although it appears that the production of nontraditional crops for export requires major improvement in production technologies.

It is not clear that the Cooperative Strengthening Project is, or should be, designed to provide intensive technical assistance in production and processing. In redesigning the Cooperative Strengthening Project

- A.I.D./Guatemala should determine if it is interested in continuing efforts to increase production of nontraditional export crops among cooperatives. If A.I.D./Guatemala is committed to supporting this activity, it should first attempt to determine the nature and magnitude of needed assistance.
- If A.I.D./Guatemala is interested in supporting this through a single umbrella project, it should consider a separate subproject under the Cooperative Strengthening Project to specialize in intensive agricultural production and processing assistance for small-farmer cooperatives.
- A.I.D./Guatemala should also consider whether or not the HAD project would be a better umbrella project for activities focusing on intensive agricultural production and processing assistance for small farmer cooperatives.

Merger with Cooperative Strengthening Project

The agribusiness cooperatives would benefit significantly from the types of assistance provided by the Cooperative Strengthening Project in the areas of strengthening administrative and financial management systems and capabilities in the cooperatives.

- Assistance to help improve administrative and financial management in the cooperatives should be provided through the Cooperative Strengthening Project. This would require adding at least one local-hire employee in the Project Management Office (PMO) to coordinate activities with nonfederated cooperatives.
- Short-term, low-intensive production, processing, and marketing assistance should also be provided through the Cooperative Strengthening Project, if the PMO's services are expanded to include these types of assistance and the PMO is restructured along the lines recommended in the recent evaluation of that project.
- The smaller nonfederated cooperatives should be encouraged to establish relationships with one of the federations receiving assistance through the PMO, other cooperatives that have established infrastructure and export marketing relationships, or private enterprises that can provide needed support.
- Consideration should be given to creating one or more specialized federations of nontraditional agricultural export cooperatives that would specialize in services specifically related to producing and marketing nontraditional agricultural products for export. The focus of such structures should be on establishing cost-effective, fee-supported services.

3. General Recommendations

Future activities in support of export-oriented cooperatives should follow certain guidelines:

- Technical personnel should function as advisers rather than performing the work functions of the cooperatives;
- A different mix of technical specialties is needed: in addition to production and marketing technicians, support should include management, planning, and training specialists;
- Project design needs to be clarified and strengthened, with clear objectives;
- Projects need to focus on developing activities that are both financially and administratively sustainable;
- There needs to be a long-term development strategy for each cooperative and each intervention;
- Projects need to produce appropriate operating, policy, procedures, and other manuals, and training materials;
- Reporting systems should be focused on outputs and project purpose -- less narrative and more data -- with a regular comparison of planned versus actual;
- Projects need to collaborate with other project and program activities;
- Any effort to develop a central marketing operation should be preceded by a detailed market study that covers demand, availability of product, economic and financial feasibility, and acceptability to target group; and
- There is a need to address the issue of improving cooperative law and regulation.

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**ANNEX A
GLOSSARY**

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GLOSSARY

ACDI	-- Agricultural Cooperative Development International
A.I.D.	-- U.S. Agency for International Development
BANDESA	-- Banco Nacional de Desarrollo Agrícola (National Agricultural Development Bank)
CDO	-- Cooperative Development Organization
CECOMERCA	-- Central Cooperativa de Mercadeo Agrícola
CENDEC	-- Central de Estudios Cooperativos
CLUSA	-- Cooperative League of the USA (now called the National Cooperative Business Association, NCBA)
CONFECOOP	-- Confederacion de Federaciones de Cooperativas Confederation of Cooperative Federations)
CU	-- Credit Union
DIGESA	-- Dirección General de Servicios Agrícolas (Directorate of General Agricultural Services)
EOPS	-- "End of Project Status": the conditions that signal that the purpose of a project has been achieved
FECOAR	-- Federacion de Cooperativas 'Agrícolas Regionales (Federation of Regional Agricultural Cooperatives)
FECOMERQ	-- Federacion de Cooperativas para Mercadeo y Servicios Varios de Quetzal (Federation of Agricultural Marketing and Service Cooperatives)
FEDECOAG	-- Federacion de Cooperativas Agrícolas de Guatemala (Federation of Agricultural Cooperatives of Guatemala)
FENACOAC	-- Federacion Nacional de Cooperativas de Ahorro y Credito (National Credit Union Federation of Guatemala)
Gremial/Guild	-- Gremial de Exportadores de Productos No-Tradicionales (Non-traditional Products Exporter's Guild)
HAD	-- Highland Agricultural Development
ICTA	-- Instituto de Ciencia y Tecnología Agrícola
INACOP	-- Instituto Nacional de Cooperativas (National Cooperative Institute)

- INGECOP -- Inspector General de Cooperativas (Government regulatory agency for cooperatives)
- NCBA -- National Cooperative Business Association (formerly the Cooperative League of the USA, CLUSA)
- PFC -- Proyecto Fortalecimiento Cooperativo (Cooperative Strengthening Project)
- PP -- Project Paper (an internal A.I.D. document)
- PROEXAG -- Non-Traditional Agricultural Export Program for Central American and Panama
- WOCCU -- World Council of Credit Unions

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ANNEX B
LIST OF INSTITUTIONS AND PERSONS CONTACTED

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Cooperative League of the USA (CLUSA)

Peter Bittner
John Sandbach, Team Leader
Peter Alfonso, Agronomist
Jorge Mendez, Agronomist

USAID/Guatemala

Gordon Straub, Rural Development Officer
Brian Rudert, Deputy Rural Development Officer
Tully Cornick, Assistant Rural Development Officer
Barry Lennon, Project Manager, Cooperative Strengthening Project
Gary Smith, Program Office

Cooperative "La Magdalena"

Desiderio Martinez Chanta, President
Calixto Juarez López, Vice President
Eduardo Chanta Pérez, Treasurer
José Eliatilde Chanta Velásquez, Secretary
Antonio Chanta García, Past President
Anselmo Martinez Pérez, Board Member
Edwin Sanabria, Adviser

Cooperative "Kato Ki"

Mario Hugo Cárdenas Díaz, Manager
Alvaro Ricardo Mayorca Ponce, Accountant

Cooperative "Rincón Grande"

Cornelio Cutzal, President
Juan Gómez, Vice President
Carlos Yool, Secretary
Guadalupe Peren, Treasurer
Francisco Peren, Board Member
Emelio Mulul, Chief Accountant
Gerardo Jurado, Administrator
Melvin Marasiegos, Marketing Manager

Union Cooperativo Cuatro Pinos

Tulio Rene Garcia, Executive Director
Fernando Ochoa, Operations Manager
Arturo Cabrera, Agronomist
Enrique Adolfo Say, Agronomist

Asociación de Agricultores de Aguacatán

Humberto Herrera Pérez, President
Julián Mendoza, Board Member
Pablo Cristobal López, Board Member
Francisco Mejía López, Board Member
Pedro Sales Solís, Board Member
Juan Mendoza Vicente, Board Member

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Walter Daniel Gutierrez, Manager/Accountant
Cruz Velásquez Mendoza, Secretary
Francisco Mendoza M., Member

Cooperativa "Los Manzaneros"

Jaime W. Villatoro A., Accountant

CONSULTECNICA (Zunil Geothermic Plant)

Oscar Maldonado Ordoñez, General Manager

Gremial de Exportadores de Productos No-Tra

Ricardo Santa Cruz, General Manager
Irma Calvillo de Arias, Chief, Training Depa