

7. PROJECT EVALUATION

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7.1 Economic Evaluation

- a) EIRR has been calculated at 15.5 percent and Project implementation is considered appropriate from a national economic viewpoint.
- b) More than 90 percent of petty producers and distributors will profit from benefits derived from Project implementation and benefits for the poverty class will be large.

7.2 Financial Evaluation

The FIRR was calculated separately for the market centers at the production and consumer sites, due to their different activities.

- a) Marketing center at the production site

During the initial three years of operation, the center will show a deficit in recurring profits following depreciation, but it will be in the black from the fourth year of operations. FIRR will be 13.2 percent, nearly equivalent to the city bank interest of Bolivia (14%) and the center will be financially viable.

- b) Marketing center at the consumer site

The recurring profits following depreciation will continue to show a deficit throughout the Project period. However, if the Project is implemented on government loans, etc. where depreciation of buildings and infrastructure of the center need not be considered, the Project will be financially viable.

7.3 Social Evaluation

In addition to measurable social and economic benefits which will stem from Project implementation, indirect benefits such as effective use of resources, improved lifestyles for women, city environmental reforms, improved sanitary and educational environment, etc. are anticipated.

7.4 National Policy Support

Project implementation is in accord with and supports the three major national policies of "citizen participation", "privatization", and "educational reform" which are based on the basic principle of relief for the poor.

8. RESULTS OF CONSENSUS BUILDING

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8.1 Objective of Consensus Building

Agricultural marketing and market operations in Santa Cruz Department is a complicated organization of relevant government institutions, and numerous institutions including private distributors. Although CRAMA is responsible for coordinating these relevant institutions, it is currently not functioning and coordination between these mutual parties has been neglected. As a result, it has become difficult to resolve marketing issues, since mutual opinions among these relevant parties have not been coordinated.

Cultivating a common awareness among marketing related institutions on agricultural marketing conditions and problems and marketing reform issues in Santa Cruz Department, is vital in formulating a marketing improvement plan. Therefore, the Project study team formulated an improvement plan in conjunction with consensus building between marketing related organizations and relevant agencies of the central government.

8.2 Results of Consensus Building

Major results derived from consensus reached through deliberations between marketing related organizations and central government institutions are presented below.

- (1) Awareness of agricultural marketing problems and issues on marketing reform have permeated among marketing related personnel through workshops.
 - a) Opinions and intentions of relevant institutions and organizations were confirmed through an exchange of opinions and deliberations between market related institutions, organizations, and cooperatives at each level through two workshops.
 - b) Using a video to clarify conditions and problems in agricultural marketing, a collective understanding on marketing problems and improvement issues was accelerated at each level of marketing, from production sites and transport to consumer sites in Santa Cruz Department.
- (2) A structure of cooperation between marketing related personnel on improvements pertaining to marketing related facilities was established.
 - a) Due to deliberations held through workshops and an understanding reached on market improvement structure (M/P) through technology transfer seminars, the volition to participate in the planning stage of market reforms among marketing related organizations was accelerated.

- b) A resolution was formulated on improvements and reforms pertaining to agricultural marketing facilities in Santa Cruz by the seven organizations of CORDECRUZ, ASOFRUT, Santa Cruz City, etc. using the market; and with the uniform cooperation of relevant institutions, a resolution to contend with market reforms was adopted.
- (3) A structure of cooperation was established between marketing related institutions and Santa Cruz City's efforts to contend with marketing system reforms.
- Santa Cruz City which had heretofore pursued its own market improvements, reached a consensus with marketing related institutions and has made marketing facility improvements a priority issue in city redevelopment.
- (4) The central government has decided to make the marketing improvement plan of this Project a nationwide model on marketing reforms.
- a) Understanding was achieved on the proposal to establish a "Project Coordination Committee".
 - b) The marketing improvement plan of this Project has become a model for future marketing improvement plans by SNAG. A priority issue in developing a marketing plan is incorporating improvements which are based on a consensus of relevant institutions for legal, organizational, and operational structures.

9. CONCLUSIONS AND RECOMMENDATIONS

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9.1 Conclusions

- (1) Marketing efficiency has decreased in conjunction with an increase in the marketing volume of produce.**

Since the institution of land reforms in 1953, the Bolivian government has pursued a policy of equal opportunity in all aspects of agricultural marketing; and harvests by a limited number of distributors have been controlled. However, despite the government emphasis on impartiality, the efficiency of marketing activities has dropped and produce flow volume has inversely deteriorated.

- (2) A major factor contributing to chaotic market operations is the government institutions' lack of controlled intervention.**

Due to the lack of controlled intervention by government institutions, market operations have become chaotic and marketing related facilities have become nonfunctional in many cases.

- (3) Due to an increased consumer population, separating wholesale and retail functions at the market has become essential.**

Originally, produce marketing in Bolivia functioned as a retail market linking consumers with the producers through brokers. Since the start of Abasto Market which incorporated genuine wholesale activities for the first time, marketing activities have continued to grow against a jumbled background of wholesale and retail activities. In conjunction with a rapid rise in the population of Santa Cruz City, the handling volume of the market has expanded abruptly; and a separation of wholesale and retail functions has become unavoidable.

- (4) Reorganization and renovation of the existing produce market have become essential in the redevelopment and urban improvement of Santa Cruz City.**

The majority of the wholesale and retail markets of Santa Cruz City are located in and around the outskirts of the city, which has contributed to the deterioration of the city environment. As a result, redeveloping the market has become an issue. Consumers have access to the market either by private car or public transportation. In addition, due to the spread of refrigerators, there is a growing tendency for consumers to purchase produce in larger volumes. As a result high expectations are held regarding the relocation of the market, improved sanitary environment, and new market facilities.

- (5) Consensus is requisite in accelerating the transfer of distributors in conjunction with new wholesale market facilities.**

More than 60 percent of market users involved in wholesale activities such as the distributors' cooperative, farmers' association, etc. at the Abasto Market in Santa Cruz City have expressed their desire to relocate the market. However, although the petty farmers and merchants expressed dissatisfaction with deteriorating market functions, only half aggressively cited the desire to move. Efforts to accelerate the transfer to new wholesale market facilities will require a consensus between relevant personnel.

- (6) Reforms in the produce marketing system are also countermeasures against poverty.**

The majority of the population flowing into Santa Cruz City are petty distributors handling agricultural products, etc. who hold jobs in the informal sector. These distributors commonly sell their produce illegally along the roadside; and the majority of the producers who transport their produce to the market are petty farmers. The majority of the sellers are women who work and live under coarse conditions. The produce marketing system in Bolivia is also a countermeasure against poverty.

9.2 Recommendations

- (1) Marketing system reforms which will be implemented in short-term, middle and long-term, and very long-term phases, should be carried out in separate stages for the marketing related facilities at both the production and the consumer sites.**

In addition to expanding the capacity to dispose of the rapidly growing handling volume, resolving the various social and management problems experienced in the past is desirable. With this viewpoint in mind, this Project proposes implementing the improvement plan in stages. The utilization rate of existing marketing related facilities at both the production and consumer sites will be improved in the short-term phase; and with the introduction of organized marketing during the middle and long-term phase, the existing facilities as well as the new collection and shipping facilities and wholesale market will be operated efficiently while creating employment. The wholesale market operating system established during the middle and long-term plan will be continued in the very long-term phase and expanded nationwide.

- (2) The institution responsible for promoting Project implementation should establish a project implementation and coordination committee at the central and regional government levels.**

When implementing the improvement plan in stages, personnel at each level of marketing should have a common awareness of the future structure of produce marketing. In order to achieve this, a "national development and coordination committee" (temporary name) comprised of central government institutions at the policy level and a "Santa Cruz regional development and coordination committee" (temporary name) comprised of Santa Cruz regional institutions at the management level should be established to accelerate Project activities. In addition, a "collection and shipping cooperative" and "public corporation for wholesale produce", etc. in charge of maintaining and operating the marketing centers at the production and consumer sites should be established. Furthermore, ample consensus of relevant personnel should be obtained at each stage of operations.

- (3) A trial implementation of reforms should be carried out at existing marketing facilities during the preparation stage of Phase 1.**

When various activities proposed in the improvement plan are implemented, foreign technology and cooperation funding should be sought. Prior to actual Project implementation, recruiting market management advisors from advanced nations for the "Santa Cruz regional development and coordination committee" is recommended. In conjunction with this, the Bolivian government should immediately implement reforms in the operational structure and in the organization and system of the existing Abasto Market on a trial basis during Phase 1 (preparation period). Based on these results, F/S study findings on an improved collection and shipping system at the production sites and new wholesale market facilities at the consumer site can be anticipated.

- (4) Measures to be implemented by the Bolivian Government**

The following measures are proposed as trial reforms which will be implemented at marketing related facilities during Phase 1 (preparation stage).

- 1) Establish a "Project preparation committee" responsible for produce marketing system reforms.

A "Project preparation committee" will function in lieu of the "Santa Cruz regional development and coordination committee" during the preparation stage and it should be comprised of CORDECRUZ, Santa Cruz City authorities, the Santa Cruz branch of SNAG, and private sector representatives (producers, distributors, consumers).

2) Implement an improvement plan for a trial marketing system.

Operational reforms of the existing collection and shipping facilities at the production site and of the Abasto wholesale market in Santa Cruz City will be implemented on a trial basis by the "Project preparation committee". The results will be reviewed and the underlying causes of improvements which were feasible and unfeasible will be clarified and compiled into a report, in order to accelerate consensus among relevant parties.

The following will be incorporated in the trial marketing reforms and in the compiled report.

- a) Reforms in marketing organization, management and operations
- b) Reforms in regulations pertaining to marketing facility use
- c) Simultaneous reforms within the distribution market
- d) Improved sanitary conditions within the market compound and its surrounding areas

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