

# 7 THE AGRICULTURAL SERVICE AGENCIES

## INTRODUCTION

A part of the general strategy of the Puebla Project has been to assure that the farmers have access to materials and services essential for favorable change. Some of these services were being provided by public and private institutions in Puebla at the time the Project began, including: (a) production credit, (b) agronomic inputs at a favorable price, (c) crop insurance, and (d) an accessible market for farm produce, with a guaranteed price.

Since these services were available in Puebla in 1967, the Project concentrated initially on agronomic research. Had some of these services not been available, it is unlikely that the Project would have tried to provide them. Rather the Project would have sought a solution through encouragement of government action to create the institutions needed.

The role of the Puebla Project in working with the institutions (those involved in credit, the distribution of inputs, crop insurance, and marketing) has been that of assuring that these services are adequate for small farmers. The Project Coordinator assumed the major responsibility for this activity.

Planners of the Project felt it important that the Project be promoted as a joint effort of all the agricultural agencies, with representatives of the different institutions to be fully informed of Project activities and the needs of the farmers. As greater experience was gained, however, it became evident that some of the operating procedures of some institutions were restricting farmer use of their services. It was clearly necessary that Project staff should more fully understand the operations of these institutions and the way they reached decisions on farmers' requests. Thus, the staff began a more systematic effort to assess these institutional procedures.

After a problem had been fully analyzed, the Project staff proceeded to explain the nature of the problem to the indicated agency, usually working through the coordinator. Full cooperation was given to the agency in finding ways to improve its services to the farmers. This proved to be a most difficult task, however, and progress in improving the operating procedures of the service institutions has been modest.

In this chapter, certain characteristics of the service institutions in Puebla, their operating procedures, and their

accomplishments are described briefly. Changes in the institutions that have contributed to improved services are reported, as well as problems remaining to be resolved.

## THE IMPULSORA DE PUEBLA

The production and distribution of chemical fertilizers in Mexico is the responsibility of a decentralized agency of the federal government, Guanos y Fertilizantes de México (Guanomex). When the Puebla Project began in 1967, Guanomex had three authorized dealers in the state, Impulsora de Puebla and two others, all private companies. In addition, there was a network of local distributors in the villages, mainly retail dealers who purchased fertilizers in the city of Puebla or Mexico City and resold them to the farmers.

Guanomex changed some of its operating procedures in early 1971 when the three authorized distributors in Puebla were made official commission agents of Guanomex, each with the concession to distribute certain specific materials at a fixed commission. Impulsora de Puebla became the principal agent with the concession to handle low-concentration materials and mixtures. According to the new policy, local distributors in the villages would no longer be permitted to purchase fertilizers from the official agents; thus, they became less important in the distribution network.

Impulsora de Puebla, since its establishment many years ago, has functioned both as a fertilizer distributor and as a credit agency. Prior to 1968, the Impulsora had provided credit only to commercial or semi-commercial farmers who could offer security. In 1968, a sub-distributor of the Impulsora, Agrónomos Unidos, agreed to provide fertilizers on credit to the first farmers who decided to use Project recommendations on a part of their maize planting. These were all small farmers and were not required to put up collateral. Impulsora backed Agrónomos Unidos in this credit operation.

In 1969, Impulsora continued to back Agrónomos Unidos in its financing of small farmers who used the Puebla Project maize recommendations. In 1970, Impulsora continued its participation through Agrónomos Unidos and, in addition, provided credit directly to 253 farmers in 21 groups. Impulsora absorbed the clients of Agrónomos Unidos at the end of 1970, and has continued this credit program for small farmers.