596 0069

PD-AAF-567

UNCLASSIFIED
CLASSIFICATION

PROJECT EVALUATION SUMMARY (PES) – PART I

Report Symbol U-447

1. PROJECT TITLE	2. PROJECT NUMBER	3. MISSION/AID/W OFFICE
REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT	596-0069 (Loan 596-T-016)	ROCAP

4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 80-2

☐ REGULAR EVALUATION ☐ SPECIAL EVALUATION

5. KEY PROJECT IMPLEMENTATION DATES

A. First PRO-AG or Equivalent FY / /
B. Final Obligation Expected FY ___
C. Final Input Delivery FY 82

6. ESTIMATED PROJECT FUNDING

A. Total $ 20,000,000
B. U.S. $ 15,000,000

7. PERIOD COVERED BY EVALUATION

From (month/yr.) February 1977
To (month/yr.) February 1980
Date of Evaluation Review March 1980

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

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Streamline Implementation Procedures - CABEI needs to examine its review procedures to focus on social impact review requirements and shift feasibility review elements to the ICIs.	ROCAP/CABEI	Ongoing
2. Finance Technical Assistance - To finance TA a closing fee of 2% be charged by CABEI to ICIs for all sub-project loans.	ROCAP/CABEI	For successor loans
3. Impact Assessment Analysis - Develop plans for a special impact analysis of four or five subprojects in late 1980 using baseline PAFs.	ROCAP	12/80

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

☐ Project Paper
☐ Financial Plan
☐ Logical Framework
☐ Project Agreement
☐ Implementation Plan e.g., CPI Network
☐ PIO/T
☐ PIO/C
☐ PIO/P
☐ Other (Specify) _____
☐ Other (Specify) _____

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

A. [X] Continue Project Without Change
B. ☐ Change Project Design and/or
☐ Change Implementation Plan
C. ☐ Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)

R. Franco
Assistant CDO

12. Mission/AID/W Office Director Approval

Signature

Typed Name
Robert Hechtman, Act. Dir.

Date

AID 1330-15 (3-78)

EVALUATION REPORT

REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT

AID Loan No. 596-T-016

March 1980

ROCAP Guatemala

by: Lehman B. Fletcher
Fred L. Mann

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EVALUATION REPORT
REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT

Introduction

AID Loan Agreement No. 596-T-016 for $15.0 million and $5.0 million counterpart was signed between ROCAP and the Central American Bank for Economic Integration (CABEI) on February 2, 1977. Initial conditions precedent were satisfied on June 2, 1977. According to the terms of the loan agreement, the final date for receipt by AID of requests for commitment is June 2, 1981, and final date for receipt by AID of requests for disbursement is December 2, 1981. The purposes of Loan 016 are twofold:

1. to develop non-traditional agribusiness activities in Central America that benefit the rural poor, and
2. to improve institutional capacity of CABEI and Intermediate Credit Institutions (ICI's) to finance agribusiness activities oriented to the rural poor.[1]

The objectives of this evaluation are to assess:

1. the effectiveness and efficiency of loan implementation and
2. the effectiveness of loan utilization by sub-borrowers (ICI's) from CABEI in relation to the purposes of loan.

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[1] Previous ROCAP experience in agribusiness development is described in Annex XI.

During the evaluation we have reviewed information on actual and potential economic and social impact of the loan project in terms of:

1) small farmer participation,
2) "extraordinary" employment generation, and
3) increased farmer/worker income.

We also have addressed questions related to achievement of loan purposes, including possible restrictiveness of subloan criteria and desirability of including additional types of rural production in the project. Specific questions addressed in the evaluation include the following:

1) project achievements to date in terms of loan purposes and in terms of what might have been achieved under alternative approaches,

2) nature of unplanned impacts and their effect, and

3) specific changes that might be undertaken to improve project achievements.

Evaluation team members were in Central America from February 18 through February 29. Country visits were made to Guatemala, Honduras and Costa Rica. In addition to visiting CABEI headquarters, visits were made to four ICI's, three subproject sites, and two country AID missions. Several small farmers being benefitted by a subproject were also visited. (See Annex XII for list of persons contacted).

This report presents the findings and recommendations of the evaluation team with regard to CABEI operations in implementing the project and the effectiveness of ICI's in supporting and assisting rural agribusiness activities, especially in terms of impacts on employment and incomes. It includes specific

recommendations for revisions in project design and implementation.

The report is organized as follows: First, an overall assessment of the current project situation and prospects is presented. Next, ten specific issues related to project performance and future implementation are addressed in terms of the team's findings and recommendations. In addition, a series of tables and brief working papers providing supporting detail are included as annexes to the report. These are appropriately referenced in the body of the report.

Current Project Situation

As of February 25, 1980, twenty-five ICI's had been approved by CABEI as eligible for participation in the project. Seven of these institutions were among the thirteen originally identified in the Project Paper as potential participants. Three additional ICI's that applied for eligibility were rejected.[1] Of the eligible ICI's, eight have signed commitment contracts with CABEI. At least two more are expected to sign when pending subprojects are approved. Four ICI's were offered commitment agreements, but declined to accept them on the grounds that conditions and reporting requirements were not acceptable. Commitment agreements have been approved by CABEI for seven additional ICI's, and four more have requested commitment agreements. (See Table F in Annex VI.)

Twenty-three subprojects have been approved for financing by CABEI, with disbursements initiated in fourteen

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[1] At least two of these are quite closely and directly linked to the target groups under the program.

subprojects and completed in nine.[1]

Another seventeen subprojects have been identified and are in active processing by CABEI. Thus, a total of forty subprojects have been identified and approved or are under consideration by CABEI. (This number is approaching the fifty subprojects estimated in the Project Paper to be financed under the program.)

Nineteen subproject loans to seven ICI's totalling more than $6.5 million had been approved by the CABEI project coordinator as of February 27, 1979. All but two of these had received final CABEI approval. Another $10.5 million in loans for sixteen identified subprojects of seven ICI's (four without previous subprojects) were under active consideration by CABEI as of that date.

Project implementation staff in the CABEI Coordinator's office were asked to project the most pessimistic, most probable, and most optimistic dates for disbursement of project funds (loan and counterpart) for existing subprojects and for the total loan program. The results of these projections are shown in Annex I and II. All project funds ($20.0 million) are projected to be committed by the terminal commitment date under each of the three scenarios. However, the terminal disbursement date is projected to be six, nine, and twelve months less than needed under the most optimistic,

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[1] Of these, five were processed prior to the reorganization of CABEI. No information was provided to us for those five projects. Therefore, they are not included in the subsequent discussion.

most probable and most pessimistic projections, respectively. Under the most probable time frame, all presently identified subprojects will be disbursed by the terminal disbursement date specified under the Loan Agreement. Based on evaluation team discussions and observations, these projections appear to be realistic and reflect a marked increase in disbursement in 1979 and 1980.

Following loan approval, implementation was slow. First, ICI's were slow in coming forward to request eligibility. Next, once a request was received, CABEI took an average of three months for approval. Then, on the average, about one year elapsed from the time of eligibility approval until a commitment agreement was signed. Finally, another eight months elapsed before subprojects were presented. However, from the time of subproject presentation to first disbursement, only two to six months have been required, and the trend in this stage of implementation has been toward improved efficiency since mid-1979.[1] Since many future subprojects will be with ICI's that already have had a subproject under the program, it is reasonable to expect CABEI and ICI performance efficiency to continue to improve during the subproject approval stage of project implementation.

Streamlining Implementation Procedures

As discussed above, implementation has been slow. The following factors have contributed to slow implementation:

1. There was considerable delay on the part of CABEI in achieving a workable internal organizational structure

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[1] See Annexes III, IV, and V.

responsive to the needs of the program. In fact, until reorganization and establishment of the Coordinator's office in mid-1979, implementation responsibility was not well focused, resulting in considerable time loss through inaction.

2. Until mid-1979, active recruiting of ICI's and subprojects by CABEI staff did not take place. Even after mid-1979, only a minimal amount of professional staff time has been available for active recruiting, as opposed to monitoring and review.

3. Present review procedures within CABEI require that subprojects move from one department (area) to another in a successive fashion. Delays or lack of adequate information in one department may require going back to the ICI. Later, further information may be required from the ICI for the review taking place in another department. If the various departmental review responsibilities could be integrated and carried out simultaneously, considerable savings in time might be achieved.

4. The major part of CABEI's operations prior to this project had been direct lending to government entities or major companies that directly execute relatively large projects. Under this project, CABEI functions as a "second story" credit institution (commonly called an "intermediate credit bank" in several United States organizations) lending to other credit institutions that, in turn, lend to entrepreneurs involved in agribusiness enterprises. Also, each subloan under this project generally has been relatively small as compared to other CABEI lending. Yet CABEI apparently carries out feasibility reviews for ICI lending to sub-borrowers under this project in a manner similar to that used for its direct lending operations.

As might be expected, CABEI review procedures reflect their direct lending experience. Complete review of technical, economic, and financial feasibility is normal procedure for CABEI. By contrast, for this project, primary responsibility for feasibility review should rest with the ICI's.

CABEI needs to examine its review procedures to focus on social impact review requirements unique to the project, and seek ways to shift feasibility review elements to the ICI's

themselves. Such a shift is consistent with the fact that ICI's are assuming full economic and financial risk for all subprojects. Subprojects of financially sound ICI's demonstrating an ability to carry out competent feasibility studies should require only social impact review by CABEI. (The section which follows on technical assistance discusses how less experienced and financially weaker ICI's might be assisted in the preparation of subloan proposals.)

In order to improve turnaround time within CABEI, consideration should be given to secunding to the Project Coordinator's Office, personnel from the various departments (areas) presently reviewing subprojects. All review then could take place in the Coordinator's Office. Secunded personnel would consult with their respective departments on a need basis. An interdepartmental loan committee then could act on a given subproject based on the single report (Dictamen) from the Coordinator's office. This report would require clearances (Visto Bueno) of secunded personnel from each department.

Technical Assistance

The Project Paper, the Loan Agreement, and Implementation Letter No. 1, all identify the need for technical assistance as a part of the loan program. Implementation Letter No. 1 makes clear that technical assistance is to be provided at three levels: 1) to ICI's, 2) to agribusinesses, and 3) to small farmers. To date, technical assistance has been limited almost entirely to agribusiness enterprises, made available through government institutions or funded

under the appropriate subproject loan.

The Project Paper estimated that approximately ten percent of total project costs would be needed for technical assistance. Six approved subprojects include specific loan amounts for technical assistance ranging from $3,200 for smaller projects ($62,600 loan) to $65,000 for the Hule subproject ($3.1 million loan). Total funding for technical assistance for sixteen subprojects with total financing of approximately $20 million is approximately $111,000 or only about 0.5% of total subproject costs.

Technical assistance to small farmers has not been emphasized, partly because the nature of approved subprojects to date does not lend itself to such a requirement. Neither has technical assistance to ICI's been emphasized. CABEI has provided some advice and assistance in subproject development to some ICI's as a part of their subproject review process when subproject applications were inadequate. However, it appears that many ICI's (and their sub-borrowers) need substantial technical assistance in subproject identification, design and feasibility analysis.

It is likely that CABEI has not provided more technical assistance to ICI's (and insisted on more in subprojects) because of difficulties in funding. Sub-borrowers may be hesitant to finance much of this type of technical assistance as a direct part of subproject loans. It also is unlikely that ICI's would willingly finance much technical assistance from their interest rate margin. Neither is it likely that

CABEI is willing to absorb significant costs of this kind.

We conclude that a considerable part of the problem related to slowness in project implementation can be attributed to the lack of technical assistance to ICI's. To finance such technical assistance, we recommend that a closing fee (probably of 2%) be charged by CABEI to ICI's for all subproject loans. Income thereby generated would fund technical assistance to ICI's. One suggestion as to how this technical assistance might be organized is as follows:

> Eligible (and potentially eligible) ICI's in each country would be classified by CABEI as to level of technical assistance required to generate satisfactory subproject feasibility studies to permit CABEI review to be limited primarily to social impact analysis. Emphasis would be given to working with these approved and potential ICI's that are closely related to small farmers and most likely to generate subloans that impact favorably on small farmers. Based on such classification, CABEI would estimate levels of technical assistance required (by country). Individuals or firms would be contracted in each country to provide that level of technical assistance. These individuals or firms would be monitored by the CABEI Office in that country, and would be subject to management oversight by the CABEI Coordinator's Office.

Achievement of Social Impact Objectives

Considerable attention was focused by the evaluation team on the extent to which the project is achieving the desired social impact and income distribution objectives.[1/] Only six of twenty subprojects reviewed for that purpose show significant small farmer impacts. Of these, four involve

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[1] Additional information on the role of the project in relation to the target group is given in Annex X.

marketing of traditional grain crops although existing marketing structures already exist. Thus, the degree of income benefit to these small farmers may be limited at best. It still is too early to quantify the level of income benefits accruing to these farmers. Documentation available to us did not include estimates of these benefits. PAF's (Project Assessment Forms) should include such estimates as discussed below.

The remainder of the twenty projects reviewed have been justified on the basis of "extraordinary employment generation", one of the criteria specified in the Loan Agreement. The question arises as to what is "extraordinary employment generation?" One issue is capital intensiveness, i.e., how much capital is invested to produce a job? The second and corollary issue is the nature of the jobs produced. Do they develop skills that lead to higher wages and employment opportunities outside the project for the workers? Is there demonstrable impact on family welfare and living levels? Is there an increase or a decrease in the dependency relationship of workers to owners? We believe these issues are critical whether the employment is on-farm or off-farm.[1/]

In our opinion, it is not sufficient to show that a project generates employment even with claimed higher worker productivity and income potential than currently prevails. In the first place, the problem of appropriate technology must be addressed. What realistic alternatives exist for using

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[1]CABEI and ROCAP personnel assisted us in making a preliminary qualitative assessment of the impacts of the approved and proposed subloans. The results are shown in Annexes VIII and IX.

more labor relative to capital? This issue is important because more labor-intensive technology spreads the increased employment opportunities more widely and stretches scarce investment capital over more investment projects.

As a basis for comparing the capital costs of creating jobs in this program, we have obtained the following estimates for job creation:

		Capital Per Job
		$
1.	Small farm agriculture (estimate for Central America)	$2,000
2.	Guatemala rural small-scale enterprises (baking and food) Panel study	$4,850
3.	Honduras rural small-scale industry (seamstress, tailor, baker, woodworking, brickmaking, etc.) with under $2,500 investment (Kelley study)	$ 117
4.	Industrial enterprises financed by LAAD-CA in 1977--Checchi Report	$13,880 ($2,256)[1]
5.	ROCAP/CABEI Program Employment Generation subprojects:[2]	
	a. Seven most capital intensive subprojects ($15.1 million new investment; 1,400 new jobs created)	$10,786
	b. Five least capital intensive subprojects ($3,784,000 new investment; 900 new jobs created)	$ 4,204
	c. Range for approved subprojects	$2,062 to $13,583

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[1] See Table 3, page 76 of Project Paper for projected job creation for Six Representative LAAD Agri-industry Projects. (197

[2] See Annex VII.

Guidelines for Establishing Priorities

As far as on-farm production is involved, we propose that job creation benefits be substituted for income benefits to small farmers only where the case can be convincingly made that organization of farm production of a product is economically unfeasible under small farm conditions. Using this criterion, the rubber subproject, for example, would not have been approved since production of rubber by small farmers is a recognized success in other countries.

Our review of disbursement prospects under Loan 016 suggests that it is time to establish guidelines for more rigorous evaluation of the priority to be attached to given social and economic impacts for subproject proposals. These guidelines should also be applied to the utilization of roll-over funds and any additional funding that may become available for the loan program.

First priority should go to subprojects that raise incomes of small producers. The ranking of a particular subproject proposal will therefore depend upon:

1. increased farm income generated per dollar of investment, and

2. the proportion of the increased income that goes to small farmers.

The implication of this criterion is that subprojects with the largest impact on small-farmer incomes will be given first priority under the loan program. A subproject that merely uses products produced by small farmers, but has no demonstrable effect on small farmer incomes, would have lower priority.

Second priority would go to employment generation. The criterion for ranking subprojects in this group should be capital costs per job. The feasibility study should first determine that the most labor-intensive technique that is economically justifiable has been selected. Next, any proposal where capital costs per job created exceeds a cut-off level should be eliminated. We suggest $5,000 per job. Finally, the lower the capital cost per job created, the higher the priority given to the subproject.

The implementation of these criteria requires that CABEI assist those ICI's most directly linked to small farmers in the preparation of priority subproject proposals that will leave large impacts. We feel this active approach is much preferred to a passive approach on CABEI's part, involving mere review of ICI proposals. We feel subloans that fit the proposed criteria exist but they are likely to be identified only if CABEI works closely with the ICI's to identify them.

Additional guidelines could include:

1. Degree of dependency relationship established (inverse relationship),
2. Technical assistance going to small farmers,
3. Upgrading of labor skills,
4. Export promotion,
5. Import substitution,
6. Increase in domestic food supply.

Foreign Exchange Risk

The AID loan to CABEI is in United States dollars. CABEI passes foreign exchange and convertibility risks on to ICI's. ICI's, in turn, have consistently passed on foreign exchange risk to sub-borrowers, while convertibility risk in

some cases is being assumed by the ICI. In the case of some countries (such as Guatemala and Honduras) that have a long history of dollar exchange stability, required assumption of foreign exchange risk by ICI's does not appear to be a significant impediment to loan demand. Additionally, in the case of public sector ICI's, this factor does not appear to be a constraint to borrowing. However, in the case of Costa Rica (and now, El Salvador and Nicaragua), private sector ICI's most likely are constrained by this risk. CABEI has suggested that in these countries, it may be necessary to lend only through central banks that will assume foreign exchange risk for the ICI's. If this is necessary, it diminishes the role of CABEI as a regional intermediary institution for channeling AID funds to rural agribusinesses.

In the case of subprojects producing for the export market, the foreign exchange risk should not loom as a serious problem. Furthermore, central banks generally can be expected to permit convertibility for enterprises that are generating foreign exchange. At the present time, we conclude that foreign exchange and convertibility risks are not serious constraints to utilization of project funds. However, the importance of these risks should be closely monitored.

Export Development

The Project Paper emphasized the orientation of the project toward production for the export market, especially production and processing of fruits and vegetables. Annual foreign exchange earnings for the total project were

projected at $1.20 annually for each $1.00 invested. Subprojects to date do not approach this level. Only one subproject (rubber production) involves production for export. The rest produce primarily for in-country consumption, and generally to increase food supply rather than to substitute for imports.

This poor performance in export development will be somewhat improved as some of the subprojects now under consideration come on-stream (e.g., marañon and ajonjoli production and processing).

Regionality

The regional nature of Loan 016 was justified on the basis of:

1. greater resources attracted to the project because of CABEI counterpart (in addition to ICI resources required), and

2. greater flexibility of resource flows in the region.

Experience to date suggests that these reasons continue to be valid. Of a total of $4.2 million of AID loan funds being invested in sixteen subprojects, $4.5 million of additional funds is being invested by CABEI and ICI;s, and another $11.2 million by sub-borrowers for a total of $19.9 million. Thus, for each $1.00 of AID loan funds invested, an additional $3.67 of investment is achieved. Furthermore, resource flows definitely are moving more heavily into some countries than into others. A review of present approved subprojects and subprojects under consideration shows that approximately sixty percent of

resource flows will go to Costa Rica, twenty-seven percent to Guatemala, nine percent to El Salvador and five percent to Honduras.

This suggests that if this loan had been made on a country basis (in Nicaragua, for example) funds may not have been disbursed at all. A similar situation may well emerge in El Salvador. At the same time, preservation of the regional nature of the program requires that it not be focused primarily in one or two countries. There is danger of this happening in Costa Rica and Guatemala. We believe that implementation of an aggressive technical assistance program as suggested above can assure a more balanced program among countries. Moreover, the uniformity of lending criteria and procedures that results from a project of regional scope should bring economies of scale to the development of institutional capability at the "second-story" level (CABEI), which otherwise would need to be developed by an institution in each country.

Project Evaluations

The Project Paper specifies that three types of evaluations are to be carried out:

1. Joint CABEI/ROCAP reviews after disbursement of each $2.5 million of AID funds. This review is to focus on subproject compliance with the Congressional Mandate and impact on the target group and problem subprojects.

2. Annual evaluation of subproject progress based on baseline PAF's and annual updates.

3. Special assessments involving intensive analysis of selected subprojects, utilizing outside technical personnel.

We feel that all three of these evaluations are extremely important to ROCAP and to CABEI's own operations, as well as in terms of the operations of ICI's in subproject identification, design, analysis and implementation. We recommend that plans be developed immediately for a special impact assessment analysis of four or five subprojects in late 1980. Suggested subprojects for assessment are:

1. Rubber production - FIGSA
2. Poultry production - BANFINAN
3. Commercialization - Fedecaces
4. Seed and Concentrates - COFISA

Utilization of PAF's

There has been some resistance to use of baseline PAF's, and annual updates as specified in the Project Paper have not been required. It is our strong opinion that carefully prepared baseline PAF's and annual updates are critical elements in the implementation of this project. It appears that concerns about loan disbursement have overshadowed the more fundamental nature of this project, i.e., to break new ground in testing the feasibility of utilizing a regionally-based intermediate credit-banking mechanism to identify and fund rural agribusiness enterprises that have a clear direct benefit to the rural poor. The nature and extent to which this mechanism can actively accomplish this purpose is a critical component of the project. The baseline PAF's and annual updates are the basic information source by which this key component of project performance can be measured. Reliability of PAF information will be tested, and complemented in turn, through the special impact assessments.

We feel that ROCAP should reaffirm to CABEI the fundamental importance of carefully completed PAF's and annual updates. CABEI, in turn, should make this clear to ICI's and assist them in obtaining the necessary information.

We did not have time in this evaluation to do more than a cursory review of the PAF to determine its adequacy to serve its purposes. If this is an issue with CABEI and ICI's, staff or consulting time should be allocated to reviewing the PAF, visiting CABEI and ICI personnel to determine their specific observations, and revising the PAF documents accordingly.

It seems likely that implementation of the technical assistance program proposed in this report will alleviate much of the criticism of the PAF.

Future Role of ROCAP

ROCAP should continue to receive PAF's for proposed subprojects, and should continue to carry out an internal review to assure compliance with benefit requirements to the target groups. These reviews should be based on mutually agreed criteria as suggested in the section on guidelines.

ANNEX I - TABLE A

REGIONAL RURAL AGRIBUSINESS PROGRAM
CRITICAL PATH FOR SUB-PROJECTS

	PROYECTOS 1/	Institución Intermediaria	Monto	Identificado 2/	Aceptado	Aprobación Coordinador	Análisis Terminado	Comunicación I.C.I.	Aprobación ROCAP	Desembolso Completado	Optimista Pesimista 3/	Nivel de Confianza (%)
1	Cultivo de Uva	FIGSA	40,000	10- 7-78	N/A	21- 7-78	N/A	21- 7-78	2- 8-78	31- 3-79		100
2	Industrias Lácteas	FIGSA	200,000	23- 6-78	N/A	22- 1-79	N/A	22- 1-79	31- 1-79	31- 3-79		100
3	Comercialización	FACACH	126,000	22- 8-78	N/A	5-22-78	N/A	5-12-78	26-12-78	31- 3-79		100
4	Reforestación	FIGSA	50,000	17- 2-78	N/A	25-10-78	N/A	3-11-78	2-11-78	31- 3-79		100
5	Reforestación	FIGSA	250,000	1- 6-79	1 -8-79	28 -8-79	2-10-79	19-10-79	7-12-79	27-12-79		100
6	Cultivo de Hule	FIGSA	3,100,000	5- 4-79	5- 7-79	10- 7-79	17- 9-79	25-10-79	16-10-79	1-12-81		100
7	Granja Avícola El Virrey	BANFINAN	62,600	15- 6-79	18- 7-79	31- 7-79	13- 8-79	21- 8-79	18- 9-79	26- 9-79		100
8	Granja Avícola Ticamaya	BANFINAN	62,600	15- 6-79	18- 7-79	31- 7-79	13- 8-79	21- 8-79	28- 9-79	1-10-79		100
9	Comercialización	FEDECACES	56,800	1- 5-79	8- 6-79	31- 7-79	13- 8-79	28- 8-79	28- 9-79	23-10-79		100
10	Granja Avícola PIPASA	COFISA	300,000	8- 6-79	23- 7-79	13- 8-79	14- 9-79	24-10-79	7-12-79	30- 3-80		100
11	Semillas y Concentrados	COFISA	712,900	8- 6-79	8- 8-79	12- 9-79	28- 9-79	26-10-79	7-12-79	15- 3-80		100
12	Granja Avícola Choloma	BANFINAN	78,600	10- 8-79	10- 9-79	17- 9-79	27- 9-79	26-10-79	7-12-79	23-11-79		100
13	Cereales bajo Riego	FISAL	95,900	30- 6-79	10- 9-79	19- 9-79	26-10-79	31-10-79	7-12-79	15- 4-80		80
14	Cereales bajo Riego	FISAL	125,500	30- 6-79	10- 9-79	28- [illegible]-79	26-10-79	31-10-79	7-12-79	15- 4-80		80
15	Comercialización de Arroz	FEDECACES	350,000	15- 8-79	1-10-79	31-10-79	27-11-79	3-12-79	1- 8-80	1- 5-80	(16-24)	100
16	Agroindustria de Alimentos	BANFINAN	179,500	1-11-79	11-12-79	14-12-79	8- 3-80	15- 3-80	1- 4-80	1- 6-80	(4-10)	90
17	Avícola El Switch	BANFINAN	202,300	2- 1-80	14- 1-80	22- 1-80	13- 2-80	19- 2-80	15- 3-80	15- 4-80	(2-6)	100
18	Producción de Pollos	BANDEINSA	500,000	2- 1-80	4- 1-80	18- 1-80	18- 2-80	21- 2-80	15- 3-80	30- 3-80	(4-10)	100
19	Cooperativa San Alejo	FEDECACES	36,376	2- 1-80	15- 2-80	27- 2-80	18- 3-80	21- 3-80	15- 4-80	30- 4-80	(2-8)	100
	SUB-TOTAL		6,529,076									
	EN PERSPECTIVA											
1	Ajonjolí	FIGSA	500,000	1- 8-69	1- 4-80	15- 4-80	15- 5-80	20- 5-80	20- 6-80	1- 8-80	(4-12)	90
2	Enlatado de Frutas	COFISA	500,000	1- 8-79	1- 6-80	15- 6-80	15- 7-80	20- 7-80	20- 8-80	1-10-80	(4-12)	40
3	Palmito	ITCO	2,900,000	1-10-79	15- 4-80	15- 5-80	15- 6-80	20- 6-80	20- 7-80	1- 1-81	(48-96)	80
4	Marañón	ITCO	2,156,500	1-10-79	15- 4-80	15- 5-80	15- 6-80	20- 6-80	20- 7-80	1-12-81	(48-96)	80
5	Apicultura	ITCO	102,500	1-10-79	15- 4-80	15- 5-80	15- 6-80	20- 6-80	20- 7-80	1-11-80	(8-24)	90
6	UPCOPAPA	INFOCOOP	1,050,000	1- 1-80	15- 4-80	30- 5-80	30- 6-80	5- 7-80	5- 8-80	1-11-80	(8-24)	80
7	Fábrica de Jaleas	INFOCOOP	120,000	1- 1-80	15- 4-80	30- 5-80	30- 6-80	5- 7-80	5- 8-80	1-10-80	(8-20)	80
8	Almacén Llanoverde	INFOCOOP	25,000	1- 1-80	15- 6-80	15- 7-80	15- 8-80	20- 8-80	20- 9-80	1-11-80	(8-20)	75
9	COPESILENCIO	INFOCOOP	275,000	1- 1-80	15- 6-80	15- 7-80	15- 8-80	20- 8-80	20- 9-80	1-11-80	(8-20)	75
10	Diversificación Pequeña Empresa	FEDECREDITO	182,900	10- 1-80	15- 4-80	1- 5-80	1- 6-80	8- 6-80	8- 7-80	1-11-80	(6-24)	70
11	Producción de Jaleas	FEDECREDITO	16,000	10- 1-80	15- 4-80	1- 5-80	1- 6-80	8- 6-80	8- 7-80	1-11-80	(6-24)	70
12	Expansión Coop. CATACAMAS	FACACH	250,000	15- 2-80	15- 3-80	1- 4-80	1- 5-80	5- 5-80	5- 6-80	1- 7-80	(4-10)	100
13	2a. Expansión Coop. CATACAMAS	FACACH	250,000	15- 2-80	1-10-80	1-11-80	1- 1-81	5- 1-81	5- 2-80	1- 3-80	(4-10)	90
14	Cooperativa Yoro	FACACH	1,000,000	15- 2-80	15- 3-80	15- 4-80	15- 5-80	20- 5-80	20- 6-80	1-10-80	(8-32)	90
15	Industrias Kaspe	BANCAFE	160,000	10- 1-80	30- 3-80	30- 4-80	30- 5-80	5- 6-80	5- 7-80	1- 8-80	(4-16)	80
16	Granja Avícola Garita	COFISA	900,000	25- 2-80								
	SUB-TOTAL		10,387,900									
	GRAND TOTAL		16,916,976									

1/ No incluyen los primeros cinco proyectos del programa.
2/ Fechas estimadas.
3/ Cifras en paréntesis indican tiempo (en semanas) optimista y pesimista de los desembolsos.

N/A Not available.

TABLE B
ANNEX II

ACTUAL AND PROJECTED CABEI DISBURSEMENTS FOR REGIONAL RURAL AGRIBUSINESS PROGRAM

Período de Desembolso		Fecha final de c. período		Planned Al inicio del Programa Anual	Planned Al inicio del Programa Acumulado	ACTUAL Anual	ACTUAL Acumulado	PROYECTADO 1/ Anual	PROYECTADO 1/ Acumulado	ACTUAL Y PROYECTADO Anual	ACTUAL Y PROYECTADO Acumulado	Actual and projected Commitments Annual	Actual and projected Commitments Cumulative
Año	1	12/2/78		2.0	2.0	-	-	-	-	-	-	2.0	1.0
Año	2	12/2/79		4.0	6.0	0.9	0.9	-	-	0.9	0.9	2.5	4.5
Año	3	12/2/80		6.0	12.0	-	-	6.4	6.4	6.4	7.3	11.7	16.2
Año	4	12/2/81	TDD 2/	8.0	20.0	-	-	8.7	15.1	8.7	16.0	3.8	20.0
Año	5	9/2/82	Ext. 3/					4.0	19.1	4.0	20.0	--	--

1/ Proyecciones:

Basado en tiempo "más probable" para completar desembolsos de la totalidad de los fondos del Programa. Tiempo "más optimista" llegará a los $CA 18. millones a la fecha final de desembolsos y requeriría un período de seis meses de extensión. Tiempo "más pesimista" llegaría a los $CA 14.5 millones, a la fecha final de desembolsos y requeriría un año de extensión. Sin embargo, aún en el tiempo "más pesimista" la totalidad del préstamo habrá sido comprometido para la fecha actual de compromiso; o sea que en ningún caso se prevé una extensión en la fecha final de compromiso.

2/ Fecha final desembolsos.
3/ Extensión requerida para completar desembolsos (necesidad mas probable).

Preparado por: Luis E. Rojas.
BCIE-PROMAG
27 febrero 1980
LER/caa.

TABLE C
ANNEX III

APPROXIMATE ELAPSED TIME TO COMPLETE LOAN IMPLEMENTATION PROCESS BY INTERMEDIATE CREDIT INSTITUTION
(Sub-Projects to December 31, 1979)

	Eligibility request to approval (weeks)	Eligibility Approval to line of credit request (weeks)	Line of credit request to approval (weeks)	Line of credit approval to contract signature (weeks)	Contract signature to project presentation	Project presentation to approval	Approval to first disbursement	Elapsed time since last action (to 2/15/80) (weeks)	Year
GUATEMALA									
FICGA	11	5	11	23	54	16	—	16	77
FIASA	16	10	9	--				98	77
CORFINA	14	13	12	--				(refused by ICI)	77
BANDESA	15	9	11	--				. . .	77
BANCO INTERNACIONAL	8	—	--	--				85	78
FENACOAC	--	--	--	--				(rejected by CABEI)	77
BANCO DE LOS TRABAJADORES	22	6	7	--				33	78
BANCAFE	11	12	4	--				23	79
EL SALVADOR									
BANDEINSA	17	11	14	48				34	77
FISAL	13	2	14	5	49	7	—	25	78
FEDECREDITO	9	7	30	26				41	77
FEDECASES	10	33	8	30	13	2	8	16	77
BCO. HIPOTECARIO	5	--	--	--				20	79
BCO. FOMENTO AGRO-	6	4	--	--				12	79
HONDURAS									
FACACH	20	3	14	23				--	77
BCO. HIPOTECARIO (SOGERIN)	14	3	13	—				(refused by ICI)	77
BCO. CONTINENTAL S.A.	11	8	19	--				. . .	77
BANFINAN	10	23	10	36	30	5	5	20	77
BANATOM	18	4	11	--				20	78
NICARAGUA									
FED (BCO. CENTRAL)	17	24	29	—				65	77
BANAMIC	9	30	--	—				45	77
CNI	—	--	—	—				(rejected by CABEI)	78
FUNDE	--	--	--	--				.	77
INFONAC	9	17	16	--				96	77
COSTA RICA									
BANCO CENTRAL	6	15	8	—				38	78
ITCO	27	11	15	—				27	78
INFOCOOP	11							14	79
COFISA	7	10	5	11	6	13	--	16	78
WEEKS (rounded) RANGE OF ELAPSED TIME	5-27	2-33	4-30	5-48	6-58	5-16	4-10	7-98	
MEDIAN	16	18	17	27	32	11	7	52	
AVERAGE	13	12	13	23	35	9	7	31	
MONTHS (rounded) RANGE	1-6	1-8	1-7	1-11	1-13	1-4	1-2	2-23	
MEDIAN	4	4	4	6	7	3	2	12	
AVERAGE	3	3	3	5	8	2	2	7	
Subsequent to Projects									
BANFINAN					30	5	6	20	
BANFINAN					38	6	4	12	
BANFINAN					50	--	--	9	
COFISA					8	11	--	30	
FEDECASES					29	9	--	10	
FICGA					58	11	10	7	
FISAL					49	7	—	15	

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TABLE D - PROJECT IMPLEMENTATION TIME

STEP		Months of Elapsed time to complete the step (Rounded to nearest month)		
From	To	Range	Median	Average
1. Eligibility request	Eligibility approval	1-6	4	3
2. Eligibility approval	Line-of-credit request	1-8	4	3
3. Line of Credit request	Line of credit approval	1-7	4	3
4. Line of Credit approval	Commitment agreement signing	1-11	6	5
5. Commitment agreement signing	Sub-Project presentation	1-13	7	8
6. Sub-Project presentation	Sub-Project approval	1-4	3	2
7. Sub-project approval	First disbursement	1-2	2	2
8. First disbursement	Last disbursement	1/		
9. Elapsed time from last action to 2/15/80		2-98	12	7

1/ Completed disbursements to date have been those cases where ICI's used bridge funds to carry out sub-projects while their applications were sending in CABEI. Then, once approved they obtained one-time reimbursement.

ANNEX V

TABLE E - TIME REQUIRED FOR SUB-PROJECT REVIEW BY CABEI

REGIONAL RURAL AGRIBUSINESS PROGRAM

CABEI Acceptance	Coordinator Approval	Analysis Termination	I.C.I. Notification	Total Months
7/79	7/79	9/79	10/79	4
7/79	7/79	8/79	8/79	2
7/79	7/79	8/79	8/79	2
7/79	8/79	9/79	10/79	4
8/79	8/79	10/79	10/79	3
8/79	9/79	9/79	10/79	3
9/79	9/79	9/79	10/79	2
9/79	9/79	10/79	10/79	2
9/79	9/79	10/79	10/79	2
10/79	10/79	11/79	12/79	3
12/79	12/79	3/79	3/80	4
1/80	1/80	2/80	2/80	2
1/80	1/80	2/80	2/80	2

ANNEX VI

TABLE F - INTERMEDIATE CREDIT INSTITUTIONS RELATED TO THE REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECTS

(ROCAP/CABEI LOAN NO. 596-T-016)

STATUS AS OF 2/25/80

	When Selected For Consideration		ELIGIBILITY					COMMIT. CONTRACT (DATE)			Sub-Project Status (Number)			
	project paper	during implementation	approved	pending	withdrawn	rejected	signed	apprvd. sign. pend.	reqstd. & pend.	offrd. & refsd.	in disbursement	approved	Submitted pending rejected	in preparation by ICI
HONDURAS														
1. Banfinan	X	-	9/7/77	-	-	-	12/22/78				3		2	
2. Bancahsa	X	-	-	-	-	-								
3. Facach	X	-	11/8/77	-	-	-	8/22/78				2			
4. Banafom	-	X	3/28/77	-	-	-		X						
5. Beo Hipotecorio (Sogerin)	-	X	11/8/77	-	-	-	-	-		X				
6. Beo Continental, S.A.		X	11/8/77	-	-	-				X				
NICARAGUA														
1. Banco Nacional (Pananic)	X	-	7/8/77						X					
2. Infonac	X	-	7/8/77					X						
3. Funde	X	-	-	-	-	X								
4. Bonco vacinalde Pearrollo (Bun, Fed, Infonac)														
5. CNI	-	X	-	-	-	X								
Fed (Bco central)			7/14/77					X						
GUATEMALA														
1. Fiasa	X	-	11/8/77					X						
2. Corfina	X	-	7/22/77	-	-	-	-	-	-	X				
3. Figsa	-	X	9/7/77				6/23/78				4	1		1
4. Fenacoac	-	X	-	-	-	X								
5. Boncodelos Trobojdores	-	X	3/28/79					X						
6. Bancafe	-	X	5/23/79					X						
7. Bandesa	-	X	11/8/77				-	-	-	X				
8. Banco Internacional	-	X	6/28/78											
COSTA RICA														
1. Banco credito agric Cortago	X	-	-	-	-	-								
2. Banco anglo CR	X	-	-	-	-	-								
3. Cofisa	X	-	12/12/78				6/15/79					2		2
4. Banco Nacional de CR	X	-	-	-	-	-								
5. Banco Central	-	X	12/12/78					X						
6. ITCO	-	X	5/23/79						X					3
7. INFO Coop	-	X	7/25/79						X					1
EL SALVADOR														
1. Figape	X	-	-	-	-	-								
2. Bandeinsa	-	X	1/24/78				6/21/79						1	
3. Fisal	-	X	4/26/78				9/29/78					2		
4. Fedecredito	-	X	2/22/78				5/10/79						2	
5. Fedecaces	-	X	1/24/78				3/12/79				1	1		
6. Banco Hipotecorio	-	X	9/26/79											
7. Banco Famento Agropecuario	-	X	10/24/79						X					
											(10)	(6)	(5)	(7)

ANNEX VII

TABLE G - ESTIMATED CAPITAL INVESTMENTS PER DIRECT JOB CREATED BY SELECTED SUB-PROJECTS UNDER - LOAN 016

	ICI	Country	Project Title	Significant Small Farmer Benefits (yes or no)	Capital Investment per Direct Job Created
1.	Figsa	Guatemala	Grape Production	No	2,062
2.	Figsa	Guatemala	Milk Processing	Yes?	3,026
3.	Figsa	Guatemala	Reforestation	No	3,850
4.	Fisal	El Salvador	Irrigation	No	4,265
5.	Cofisa	Costa Rica	Seed & Feed	Yes	6,970
6.	Figsa	Guatemala	Reforestation	No	9,030
7.	Fisal	El Salvador	Irrigation	No	10,222
8.	Cofisa	Costa Rica	Poultry Prod.	No	10,311
9.	Figsa	Guatemala	Rubber Prod. & Proc.	No	11,000
10.	Banfinan	Honduras	Poultry Products	No	12,083
11.	Banfinan	Honduras	Poultry Products	No	12,083
12.	Banfinan	Honduras	Poultry Products	No	13,583

NOTE: These estimates were calculated by RAFAEL FRANCO based on information available in ROCAP.

Annex [illegible]

SHEET "B"

PANAMA - ROCAP/CABEI REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT

LOAN # 596-T-016

SUBPROJECT ANALYSIS FEBRUARY 1980

Status 2/29/80	SUB - PROJECTS	I Type of Project	II ICI Organizational Structure: Cooperative Organization	II: Individual Entrepreneur	II: Private Stock Company	II: Public Sector Entity	II: Private Voluntary Organization	III Final Borrower Organizational Structure: Cooperative Organization	III: Individual Entrepreneur	III: Private Stock Company	III: Public Sector Entity	III: Private Volunt. Organiz.
	1 Cultivo de [illegible]	B			X					X		
	2 Reforestación I *											
	3 Industrias Lácteas							X				
	4 Comercialización I (FACACH)	E	X					X				
	5 Comercialización II (FACACH)	B	X		X				X			
	6 Granja El [illegible]	E			X				X			
	7 Granja [illegible]	B			X				X			
	8 Granja [illegible]	B										
	9 Comercialización I (FEDECACES)**	B			X					X	X	
	10 Reforestación II *	B			X					X		
	11 Cultivo [illegible]	B			X					X		
	12 Granja [illegible]	B			X					X		
	13 Semillas y Concentrados	E			X				X			
	14 [illegible]	B			X				X			
	15 [illegible]	B						X				
	16 Comercialización II (FEDECACES)**	E	X							X		
	17 [illegible] Alimentos	E			X					X		
	18 [illegible] ([illegible])	E			X			X				
	19 Comercialización III (FEDECACES)**	B	X						X			
	20 [illegible] El [illegible]	B			X							

IV INVESTMENT AND INCOME CHARACTERISTICS

No.	Investment by Source: [illegible] [*]	ICI	Final Borrower	Total	No. of Agr. Producers Directly Benefitted: Small	Medium	Large	Total Net Increase in Net Farm Income $	Ratio Investment to Increased Farm Income %	Proportion Increased Income to Small Farmers %	[illegible] Total Sales [*] y [**]	Total Annual Jornals $	[illegible] Sales / Annual %
1													
2													
3													
4	130.0	66.6	0.6	165.0	1450			1155.0			--	902.0	--
5	121.2	255.0	0.6	841.0	300			255.0			--	105.0	--
6	67.6	71.6	60.6	514.0		60		44.0			456.2	9.9	2.8
7	62.6	21.6	60.0	144.0		46		84.0	[illegible]		446.2	9.0	3.0
8	78.6	71.8	62.1	162.3		70		90.0			406.2	9.9	2.1
9	79.7	25.0	13.0	98.0	246			590.0			--	105.0	--
10	213.0	91.0	129.7	767.7	--	--	1				--	60.3	--
11	167.0	465.9	7360.6	1033.0	--	--	1				8754.6	825.0	-10.0
12	273.0	157.0	151.0	442.0	112			700.0			3661.8	15.0	3.3
13	719.3	829.7	416.3	1390.5	700						3754.6	---	--
14	135.5	177.0	2175.0	2154.0							485.0	222.2	42.0
15	95.9	40.2	473.5	835.6							441.8	158.8	35.6
16	253.0	466.7	24.6	785.3	200	40.0	50.0	256.3				140.2	--
17	177.5	70.5	270.6	470.3		2		11.2					
18	533.0	160.0	171.3	811.3		13	3.	2110.6			390.1	1112.5	--
19	56.3	13.7	5.9	56.0		57	21.	347.0				25.0	
20	257.3	65.1	52.0	335.0		30		45.0			410.8	12.3	2.6

B = Bre[illegible] — 21 $ AID

E = Expansión — 25 $ CABEI

* Reforestación [illegible] etapas diferentes Total $ 851.2

** Comercialización FEDECACES:

11 Procesamiento y Comercialización Arroz 171.7

21 Cooperativa Ahorro y Crédito Zapotitán 16.[illegible]

Preparado por: Luis E. Rojas Montero

DCIE-PANAMA, 28 Febrero 1980

LER/[illegible]

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TABLE I

ROCAP/CABEI REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT - LOAN NO. 596-T-016: SUB-PROJECT ANALYSIS SUMMARY, FEBRUARY, 1980

SHEET A

Rafael Franco

PROJECTS		I	II					III				
			ICI Organizational Structure					Final Borrower Organizational Structure				
Status	Approved and under consideration (as indicated in PAF and/or project feasibility study)	Type of project N = New E = Expansion	Cooperative Organization	Individual Entrepreneur	Private Company	Public Sector Entity	Private Voluntary Organization	Cooperative Organization	Individual Entrepreneur	Private Company	Public Sector Entity	Private Voluntary Organization
D	Cultivation of grape Figsa	N			X				X			
D	Deforestation Figsa	N			X				X			
D	Dairy Plant Figsa	E			X					X		
D	Commercialization Facah	N	X					X				
D	Commercialization Facah	N	X					X				
D	Poultry Bonfinan	N			X				X			
D	Poultry Bonfinan	N			X				X			
D	Poultry Bonfinan	N			X				X			
D	Commercialization Fedecaces	N	X					X				
D	Deforestation Figsa Foresa	N			X					X		
D	Rubber Figsa	N			X					X		
D	Poultry Cofisa	N			X					X		
D	Seeds & Feed Cofisa	N			X							
A	Irrigation Fisal	N			X				X			
A	Irrigation Fisal	N			X				X			
A	Commercialization Fedecaces	E	X					X				

*Information not available from PAF

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TABLE I

ROCAP/CABEI REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT - LOAN NO. 596-T-016: SUB-PROJECT ANALYSIS SUMMARY FEBRUARY, 1980

SHEET 8

Rafael Franco

IV

Investment and Income Characteristics

PROJECTS Approved and under consideration (as indicated in PAF and/or project feasibility study)	Investment by Source ($) AID 75%	CABEI 25%	ICF	Final Borrower	Total	Number of Agricultural Producers Benefitted Small	Med.	Large	Annual Increase in Agriculture Producer Incomes ($)	Ratio of Investment To Annual Increase In Producer Incomes ($)	Proportion of Increased Incomes Going To Small Farms (%)	Enterprise Income Attributable to Project Total Annual Sales ($)	Total Annual Jornales ($)	Ratio of Jornales to Sales ($)
Cultivation of grape Figsa	40	60	75	126	301		1		*	*		*	*	*
Deforestation Figsa	38	12	50	555	605		1							
Dairy Plant Figsa	150	50	50	213	463		4							
Commercialization Facah	91	30	759		880	1								
Commercialization Facah	-	100	67	-	167	1								
Poultry Bonfinan	47	16	22	60	145	1								
Poultry Bonfinan	47	16	22	60	145	1								
Poultry Bonfinan	59	20	22	62	163	1								
Commercialization Fedecaces	44	15	26	13	98	1								
Deforestation Figsa Foresa	188	62	99	421	770		1							
Rubber Figsa	2,325	775	1,674	6,165	10,939			1			0			
Poultry Cofisa	225	75	150	179	629									
Seeds & Feed Cofisa	535	178	210	476	1,394			1						
Irrigation Fisal	102	34	160	2,189	2,484			1						
Irrigation Fisal	72	24	81	659	836			1						
Commercialization Fedecaces	263	87	407	25	782		1							
	(4,226	1,554	3,874)	11,203	20,857									
	Total - 9,654													

*Information not available from PAF

TABLE I

ROCAP/CABEI REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT - LOAN NO. 596-T-016: SUB-PROJECT ANALYSIS SUMMARY, FEBRUARY, 1980

SHEET C

Rafael Franco

PROJECTS		V LOCATIONAL CHARACTERISTICS* SUB-PROJECT AREAS					VI IMPACT RATING* FOR SUB-PROJECT					
								Permanent Crop		Market Improvement SF		
Approved and under consideration (as indicated in PAF and/or project feasibility study)	Country (name)	migrant labor out-flows	migrant labor in-flows	small farm concentration	large farm concentration	Production Improvement	Create processing market for raw materials purchased from small farmers	Pro-duction	Processing Marketing	Trad. Crops	Non.Trad. Annual Crops	Ani-mals
Cultivation of grape - Figsa	Guatemala	N	N	L	L	L	N	L	L	N	N	N
Deforestation Figsa	Guatemala	M	N	M	L	L	N	N	N	N	N	N
Dairy Plant Figsa	Guatemala	N	N	L	L	M	L	N	N	N	N	N
Commercialization Facah	Honduras	N	L	H	L	M	H	L	H	H	L	N
Commercialization Facah	Honduras	N	L	H	L	M	H	L	H	H	L	N
Poultry Bonfinan	Honduras	N	N	M	L	M	L	N	N	N	N	H
Poultry Bonfinan	Honduras	N	N	M	L	M	L	N	N	N	N	H
Poultry Bonfinan	Honduras	N	N	M	L	M	L	N	N	N	N	M
Commercialization Fedecaces	El Salvador	N	N	H	L	M	H	L	L	H	L	N
Deforestation Figsa Foresa	Guatemala	M	N	M	L	M	N	H	H	N	N	N
Rubber Figsa	Guatemala	N	H	L	H	H	N	H	H	N	N	N
Poultry Cofisa	Costa Rica	N	L	M	M	M	N	N	N	N	N	M
Seeds & Feed Cofisa	Costa Rica	N	N	M	M	M	H	L	L	H	L	N
Irrigation Fisal	El Salvador	M	N	L	H	H	L	L	L	N	N	N
Irrigation Fisal	El Salvador	M	N	L	H	H	L	L	L	N	N	N
Commercialization Fedecaces	El Salvador	M	N	H	L	M	H	L	L	H	L	N

*Items V, VI and VII are to be rated on a Scale as follows: N = none
L = low
M = medium
H = high

If further explanation is required to clarify the rating, do so in a footnote.

TABLE I

ROCAP/CABEI REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT - LOAN NO. 596-T-016: SUB-PROJECT ANALYSIS SUMMARY, FEBRUARY, 1980

SHEET D

Rafael Franco

PROJECTS

VI
IMPACT RATING* FOR SUB-PROJECT

Approved and under consideration (as indicated in PAF and/or project feasibility study)	Increase in Labor Force**					Direct Impact on Rural Family Living Conditions			Skills Up-Grading		Technological Improvement			Dependency Relationship	
	On-Farm S	On-Farm M/L	Non-Farm Rural	Non-Farm Urban	Ratio of Employment to Investment	Housing	Social Services	Incomes	Pro-duction	Employ-ment	Pro-duction	Pro-cessing Marketing	Direct Accrual to Small Farmers	In-crease	De-crease
Cultivation of grape Figsa	N	L	L	N	1/2062	N	N	L	SF N	L	L	L	N	L	N
Deforestation Figsa	N	L	L	N	1/9030	N	N	L	N	L	L	N	N	N	N
Dairy Plant Figsa	L	L	L	L	1/3026	N	N	L	N	L	L	L	L	N	N
Commercialization Facah	L	L	H	N		N	L	M	N	L	L	M	M	N	N
Commercialization Facah	L	L	H	N		N	L	M	N	L	L	M	M	N	N
Poultry Bonfinan	L	N	L	N	1/12083	N	N	L	N	L	N	M	N	N	N
Poultry Bonfinan	L	N	L	N	1/12083	N	N	L	N	L	N	M	N	N	N
Poultry Bonfinan	L	N	L	N	1/13583	N	N	L	N	L	N	M	N	N	N
Commercialization Fedecaces	M	N	N	N		N	N	M	N	L	L	M	M	N	N
Deforestation Figsa Foresa	N	H	N	N	1/3850	N	L	L	N	L	L	M	N	N	N
Rubber Figsa	N	H	L	N	1/11000	H	H	L	N	M	H	M	N	H	N
Poultry Cofisa	L	N	L	N	1/10311	N	N	L	N	L	N	M	N	N	N
Seeds & Feed Cofisa	L	N	L	N	1/6970	N	N	L	L	L	L	M	N	N	N
Irrigation Fisal	N	H	N	N	1/10222	N	N	L	L	L	L	L	N	N	N
Irrigation Fisal	N	H	N	N	1/4265	N	N	L	L	L	L	L	N	N	N
Commercialization Fedecaces	M	N	N	N		N	N	M	N	L	L	M	M	N	N

*Items V, VI and VII are to be rated on a Scale as follows: N = none
L = low
M = medium
H = high

If further explanation is required to clarify the rating, do so in a footnote.

TABLE I

ROCAP/CABEI REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT - LOAN NO. 596-T-016: SUB-PROJECT ANALYSIS SUMMARY, FEBRUARY, 1980

SHEET E

Rafael Franco

PROJECTS	VII			
	Market Place for Product**			
Approved and under consideration (as indicated in PAF and/or project feasibility study)	in - Country Increase Supply	in - Country Import Sub.	CA CM	Rest of World
Cultivation of grape Figsa	L	L	N	N
Deforestation Figsa	L	N	N	N
Dairy Plant Figsa	L	N	N	N
Commercialization Facah	H	M	N	N
Commercialization Facah	H	M	N	N
Poultry Bonfinan	H	N	N	N
Poultry Bonfinan	H	N	N	N
Poultry Bonfinan	H	N	N	N
Commercialization Fececaces	H	L	N	N
Deforestation Figsa Foresa	H	N	L	N
Rubber Figsa	L	N	L	H
Poultry Cofisa	H	N	N	N
Seeds & Feed Cofisa	H	L	N	N
Irrigation Fisal	M	L	N	N
Irrigation Fisal	M	L	N	N
Commercialization Fedecaces	H	L	N	N

**due to Sub-project, annual

*Items V, VI and VII are to be rated on a Scale as follows: N = none
L = low
M = medium
H = high

If further explanation is required to clarify the rating, do so in a footnote.

TABLE I

ROCAP/CABEI REGIONAL RURAL AGRIBUSINESS DEVELOPMENT PROJECT - LOAN NO. 596-T-016: SUB-PROJECT ANALYSIS SUMMARY, FEBRUARY, 1980

SHEET F
Rafael Franco

PROJECTS

Approved and under consideration (as indicated in PAF and/or project feasibility study)	Market Place for Product			
	in-* Country		CA CM	Rest of World
Cultivation of grape Figsa	L	L	N	N
Deforestation Figsa	L	N	N	N
Commercialization Facah	L	N	N	N
Commercialization Facah	H	M	N	N
Poultry Bonfinan	H	M	N	N
Poultry Bonfinan	H	N	N	N
Poultry Bonfinan	H	N	N	N
Commercialization Fedecaces	H	N	N	N
Deforestation Figsa Foresa	H	L	N	N
Rubber Figsa	H	N	L	N
Poultry Cofisa	L	N	L	H
Seeds & Feed Cofisa	H	N	N	N
Irrigation Fisal	H	L	N	N
Irrigation Fisal	M	L	N	N
Commercialization Fedecaces	M	L	N	N

Annex X

BACKGROUND ON CENTRAL AMERICAN AGRICULTURE

A classic dualism exists in the Central American agricultural sector. A relatively small group of farms (mostly large) produce traditional export products (coffee, sugar, bananas, cotton, cattle) while a large number of small farmers grow basic food grains, beans, and other domestic food crops. Underemployment in small-farm and landless-worker families is endemic, and value-added per farm worker is only 50 percent or less of that in other sectors. Income per hectare of traditional export crops ranges from two to ten times that of basic food crops. The main direct impact of traditional export production on small farmers and rural landless is through employment on large farms, which is often seasonal.

Continued high population growth has led to excessive expansion of cultivated land in densely settled areas by small farmers. This expansion, plus the absence of conservation practices, has caused widespread degradation in natural resources. Further cutting of forests and steep-slope cultivation are resulting in serious soil erosion and loss of water resources.

The basic requirements for rural progress in the next twenty years are to increase production of basic foods and a variety of export products, to broaden the economic participation of small farmers and the rural landless through productivity improvements and employment creation, and to improve the delivery of basic economic and social services to rural communities. The key to this transformation is to increase output

and income within the traditional sectors through increased access to land and other productivity-increasing resources. The myth of raising incomes and living levels for the rural poor majority by drawing them into "commercial agriculture" must be dispelled!

The main potential impacts of the Rural Agribusiness Project on the target population are higher incomes of small farmers and increased rural employment. Higher incomes could result from improved technology for existing crops, expanded markets or improved marketing for existing crops, new crops, new inputs, or lower priced inputs. Not only should the nature of the impact be identified but its cost-effectiveness should be appraised as well. In other words, a positive impact is necessary but not sufficient to justify the program. It should be further shown that the magnitude of the impact is as large or larger than the impacts of alternative programs funded at the same level.

Annex XI

ROCAP PREVIOUS PROJECT EXPERIENCE IN AGRIBUSINESS DEVELOPMENT

The "model" for the CABEI loan was the previous ROCAP lending program to the Latin American Agribusiness Development Company (LAAD), a private development finance company incorporated in Panama in 1970. Its principle office is located in Miami, Florida. The fifteen shareholders of LAAD are United States agribusiness and financial corporations and one international development corporation. LAAD was created to finance and develop small and medium sized agribusiness companies in Latin America involving all phases of production, processing, storage, services and marketing in agriculture, livestock, forestry and fishing. In 1971, LAAD established a subsidiary, LAAD de Centroamérica, S.A. (LAAD-CA). Under two ROCAP Loans LAAD-CA has invested $11 million in agribusiness operations in the Isthmus.

It is claimed that this program is benefiting nearly 9,000 small farmers directly, and has created more than 7,000 new jobs. The average annual net income of the benefiting farmers has increased by $1,400. Total value added as a result of the program is approximately $38.0 million and total foreign exchange earnings for the first typical year of the projects financed will be in excess of $30.0 million. (These figures do not take into consideration rollover use of AID and LAAD-CA matching funds, nor do they include indirect benefits resulting from LAAD-CA financing.)

An evaluation of LAAD-CA, completed by Checchi and Company in November, 1977, reached the following conclusions:

Access to Resources and Opportunities for the Rural Poor

1. Raw Material Purchases

a. LAAD-CA's maximum potential impact on small farmers results from loans that open new markets for products that have not traditionally been grown on a large commercial scale. Loans to processing plants are likely to accomplish this most directly.

b. Small farmers benefit most when processing plants are able to offer contracts that offer the farmer greater price stability and an assured market for all he can grow on the contracted acreage.

c. Small farmer participation is maximized when the processing plant takes charge of transportation arrangements.

d. Although many processors have not traditionally dealt directly with small farmers nor taken responsibility for transportation, it is in their interest to do so. Such arrangements may stabilize raw material supplies, lessen dependence on individual suppliers, and allow for raw material to be purchased at a slight discount below the average open market price.

e. By making loans to processors of non-traditional products, LAAD-CA does help to create new opportunities for economic and social advancement to both the landed (primarily through raw material purchases) and landless segments (through employment) of the rural poor, whose only previous access to

such opportunities was through migration. Analysis of LAAD-CA's direct loan and intermediate credit institution subprojects seem to indicate that greater economic impact is created through raw material purchases rather than employment at somewhat capital intensive, processing plants.

f. The small farmers affected by LAAD-CA's activities tend to be those who are already active in commercial agriculture. They already possess rational and even entrepreneurial economic attitudes. Cultural incompatibility between their new agricultural activities and their native culture is therefore not an issue.

g. Participation in LAAD-CA-sponsored projects does result in even further changes in farmers' cultural attitudes and value systems. The farmers involved do not seem to regret these changes, and they are the ultimate judge of the desirability or undesirability of such cultural change.

h. The raw material scarcity faced by some processors occurs because: (i) the processor is attempting to introduce into the area a completely new crop; (ii) he is not using purchasing arrangements which act as an incentive for steady and adequate supply; (iii) the normal supply-and-demand operation of the market has led farmers to grow other more profitable crops; or (iv) farmers mistrust the processor as a result of previous mismanagement. Such scarcity is not due to

a conservative or non-receptive attitude on the part of small farmers. Nor is it due to a lack of production credit, except in the case of such crops as fruits, which require a separation of several years between the initial investment and the first harvest.

2. Employment

a. Participation by small farmers in LAAD-CA's projects leads to increases in family labor time, increases in the productivity of such labor, and increases in the family's agricultural investments.

b. Although AID/ROCAP has strongly emphasized the landed segment of the target group, LAAD-CA-sponsored commercialization of non-traditional agricultural products can also benefit, although to a lesser extent, the landless segment of the rural poor.

c. The projects evaluated seemed to be capital-intensive, requiring $16,393 to create one full-time job. (This represents a slight shift towards capital intensiveness compared to that found in the first Checchi evaluation of LAAD-CA activities.)

d. A major proportion (64 percent) of LAAD-CA's projects create direct employment opportunities in rural areas. Indirect rural employment is likely to be even greater.

e. Non-traditional processors may have a significant indirect effect on rural employment as the result of the encouragement they give to non-traditional medium and large

farmers, who offer a new type of more skilled, year-round employment. These jobs are qualitatively different from the unstable, highly seasonal, or migratory jobs offered by large farmers in many traditional crops.

f. Small farmers do not generally utilize labor beyond their families when initially making the transition from traditional to non-traditional production, but do create additional jobs for hired workers in the medium term.[1/]

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[1] Checchi & Company, Evaluation of CADP de CentroAmerica. Washington, D.C., November 1977.

ANNEX XII
LIST OF PERSONS CONTACTED

A. ROCAP
1. Robert Hechtman, Acting Director
2. Donald Feister, Rural Development Officer
3. William Naylor, Controller
4. Rafael Franco, Acting Capital Development Officer and Project Manager

B. USAID/GUATEMALA
1. James Bleidner, Rural Development Officer
2. Clemence Weber
3. David Peacock
4. David Fledderjohn

C. USAID/COSTA RICA
1. Steve Knaebel, Director

D. USAID/HONDURAS
1. William Janssen, Rural Development Officer
2. Don Anderson, Senior Advisor

E. CABEI
1. Ing. Carlos Ortega, Coordinator General
2. Manuel Lepe B. Tesoreria
3. Leonidez Maran B. Tiag
4. Rodrigo MacGregor
5. Adan Palacio, Jefe Tiag
6. Ruben A. Rodezno, Anef
7. Renan Sagastume F., Juridico
8. Oscar Tulio Lopez, Tes
9. Luis E. Rojas, Promag
10. Julio L. Pereira Beckman, Tes

F. HULE Subproject Staff
1. Dr. Romeo Martinez, Fisiologo
2. P.A. Antonio Ovalle
3. Ing. Agr. Max Edgar Zepeda

G. OTHERS
1. FACACH: General Manager, President, Chief of Agro-Industrial projects
2. Guillermo Serrano, COFISA
3. Jorge Arrea, COFISA
4. Luis Fernando Escalante, COFISA
5. Manager of Agricola De Cartago
6. Edgar Zuniga, Info Coop
7. Ricardo Charpentier, CABEI Representative in Costa Rica
8. FIGSA: General Manager, Agro-Industry Specialist