

511-0486

CLASSIFICATION

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

PD:AAI-622

1. PROJECT TITLE Productive Credit Guaranty Program (PCGP)			2. PROJECT NUMBER 511-0486	3. MISSION/AID/W OFFICE USAID/Bolivia
5. KEY PROJECT IMPLEMENTATION DATES			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) <u>32-1</u>	
A. First PRO-AG or Equivalent FY <u>78</u>	B. Final Obligation Expected FY <u>NA</u>	C. Final Input Delivery FY <u>NA</u>	6. ESTIMATED PROJECT FUNDING (Guaranty) A. Total \$ <u>5.0 million</u> B. U.S. \$ <u>2.5 million</u>	
			7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>July, 1978</u> To (month/yr.) <u>March, 1981</u> Date of Evaluation Review	

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, PID, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. USAID/B will request that the Bolivian Central Bank (BCB) a) give the Regional Technical Offices (RTOs) authority to approve loans under the PCGP, and b) make the Automatic Rediscount System functional for the PCGP.	Michael Deal	10/31/81
2. USAID/B will request that the BCB submit a PCGP promotion plan which emphasizes native language radio broadcasts, make greater use of support institutions, and includes bulletins and pamphlets for potential borrowers to be distributed by ICIs and TAF technicians.	Michael Deal	11/15/81
3. USAID/B will require the BCB to submit a schedule of regular training courses for BCB, ICI, TAF and supporting institution personnel.	Michael Deal	11/15/81
4. USAID/B will require the BCB to revise the TAF Operating Manual and have it printed and distributed to all ICIs and TAF technicians.		
5. BCB will advise all participating ICIs that the guaranty commission is considered an eligible item for financing with the resources of the subloan and that the commission should be added to the subloan amount requested rather than deducted from it.	Juan Medinaeli	10/31/81
6. BCB should contract legal assistance in order to advise borrowers on the processes involved in applying for a loan, especially with regards to obtaining land titles. The BCB will also design and submit to USAID a schedule for training courses for ICI officials and TAF technicians which will focus on guiding the borrower in ways to speed-up the loan application process.	Juan Medinaeli	12/31/81

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT
<input type="checkbox"/> Project Paper <input type="checkbox"/> Financial Plan <input type="checkbox"/> Logical Framework <input type="checkbox"/> Project Agreement <input type="checkbox"/> Implementation Plan e.g., CPI Network <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Other (Specify) _____	A. <input type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)	12. Mission/AID/W Office Director Approval
BCB: Dennis Vargas, Fernando Tamayo, Kurt Von Borries, Ariel Chamas, Oscar Bellido and José Torrico. USAID: Ernesto Garcia, DR; Michael Deal, DR; Marcelo Miranda, DP; Héctor Diez de Medina, DP; Armando Gomez (PCGP Advisor).	Signature: Typed Name: Henry H. Bassford Date: 10/14/81

Clearances: DR: Michael Deal MA; DP: Howard Handler HH CON: JO Hill JH

AID 1330-15 (3-78)

13. Summary

13.1 Formation and Development of the Guaranty System

a. Background

The authority to carry out an experimental program in agricultural and productive credit and self-help community development was transferred to AID from the Overseas Private Investment Corporation (OPIC) in May, 1975, by virtue of Section 222A of the Foreign Assistance Act (FAA) of 1974. The change in the FAA authorized AID to issue guarantees of up to \$15 million in five Latin American and Caribbean countries in order to encourage private banks, credit institutions, cooperative and other non-bank financial intermediaries to make loans on reasonable terms to small farmers, small-scale entrepreneurs and community groups to carry out credit and self-help projects for which they are unable to obtain credit on reasonable terms. In 1979, Section 112(b) of the International Development Cooperation Act, increased the number of countries to six and the guaranty authority to \$20 million, it also extended the authority of Section 222A until September 30, 1982.

b. The Guaranty Program in Bolivia

Initial discussions were held in 1977 between Bolivian Central Bank (BCB) and AID personnel concerning the establishment of a Guaranty System. The AID/W PCGP Technical Unit, short-term technical advisors and Mission personnel assisted the BCB in developing the project in 1977 and early 1978 leading to the signing of the Project Agreement on July 21, 1978. By the end of September 1978, 15 private banks had signed guaranty contracts with the BCB.

Once operating manuals were printed, training courses were conducted by project advisors and BCB personnel throughout the country. These training courses were conducted jointly for the PCGP as well as the Agribusiness and Artisanry (A&A) Refinancing line (AID loan 511-T-060/Grant 511-0472) and the Technical Assistance Fund (TAF), which was established as a component of the A&A project to provide a wide range of technical and promotional services to participating ICIs and sub-borrowers under the various refinancing programs managed by the BCB as well as under the PCGP. Approximately 190 participants, composed of intermediate credit institution (ICI) loan officers, TAF-approved technical advisors and supporting institution personnel, attended the various courses which ran through June 1979. Several promotion activities were also undertaken during this initial period of the guaranty program, such as: the nationwide circulation of a 15 minute color film on the A&A, TAF and PCGP activities, the printing of pamphlets on the program for all participating ICIs, press and radio advertisements and the publication of a Quarterly Bulletin emphasizing support and technical assistance opportunities for ICIs, technical advisors and subborrowers.

The PCGP program began slowly not only due to the delays encountered in printing and distributing operating manuals and in conducting training courses throughout the country, but also because of the lengthy process of gaining acceptance of the program by the participating ICIs. Political and economic turmoil and the overall liquidity problems affecting the private banking system have had a negative influence on the program from its initiation. Also, shortly

after the program became functional nationwide, the AID/W PCGP technical unit insisted on certain changes in the program which led to a complete revision and reprinting of the operating manual. This effort detracted from the BCB's capacity to administer and promote the program as projected. A final factor to consider in the slow start of the program is the fact that the Savings and Loan System, which signed a guaranty contract with the BCB in September 1978 with the intent of lending for rural housing only, was not allowed to participate with BCB refinancing until 1980. The S&L system is the first and only non-banking institution to be allowed access to BCB refinancing, and the mechanism controlling its participation took considerable time to negotiate.

Despite delays in start-up, since June of 1979, when the program became functional, project paper projections have actually been exceeded. As of March 31, 1981, the cut-off date for this evaluation, 850 guaranties had been approved for a total amount of US\$3,266,312.

13.2 Program Rationale

The principal objective of the PCGP in Bolivia is to provide institutional credit to persons or groups who presently lack access to such credit because they possess insufficient collateral to meet the normal requirements of the lending institutions.

Access to the resources of the private banking system by small farmers, community groups and small-scale entrepreneurs is limited primarily by high collateral requirements for obtaining loans. Collateral requirements are usually twice the amount of a loan, and often higher. In addition to the unaffordable collateral requirements, potential borrowers in these groups are generally unfamiliar with the banking system and what it has to offer, and there often

exist language differences between these groups and the banking community, which makes access to the system difficult. Bankers tend to consider these groups as higher risk borrowers and are reluctant to extend their operations to include them under existing conditions. In addition, the private banks generally lack the staff and financial resources to undertake the additional promotion, analysis and follow-up required for loans to these groups.

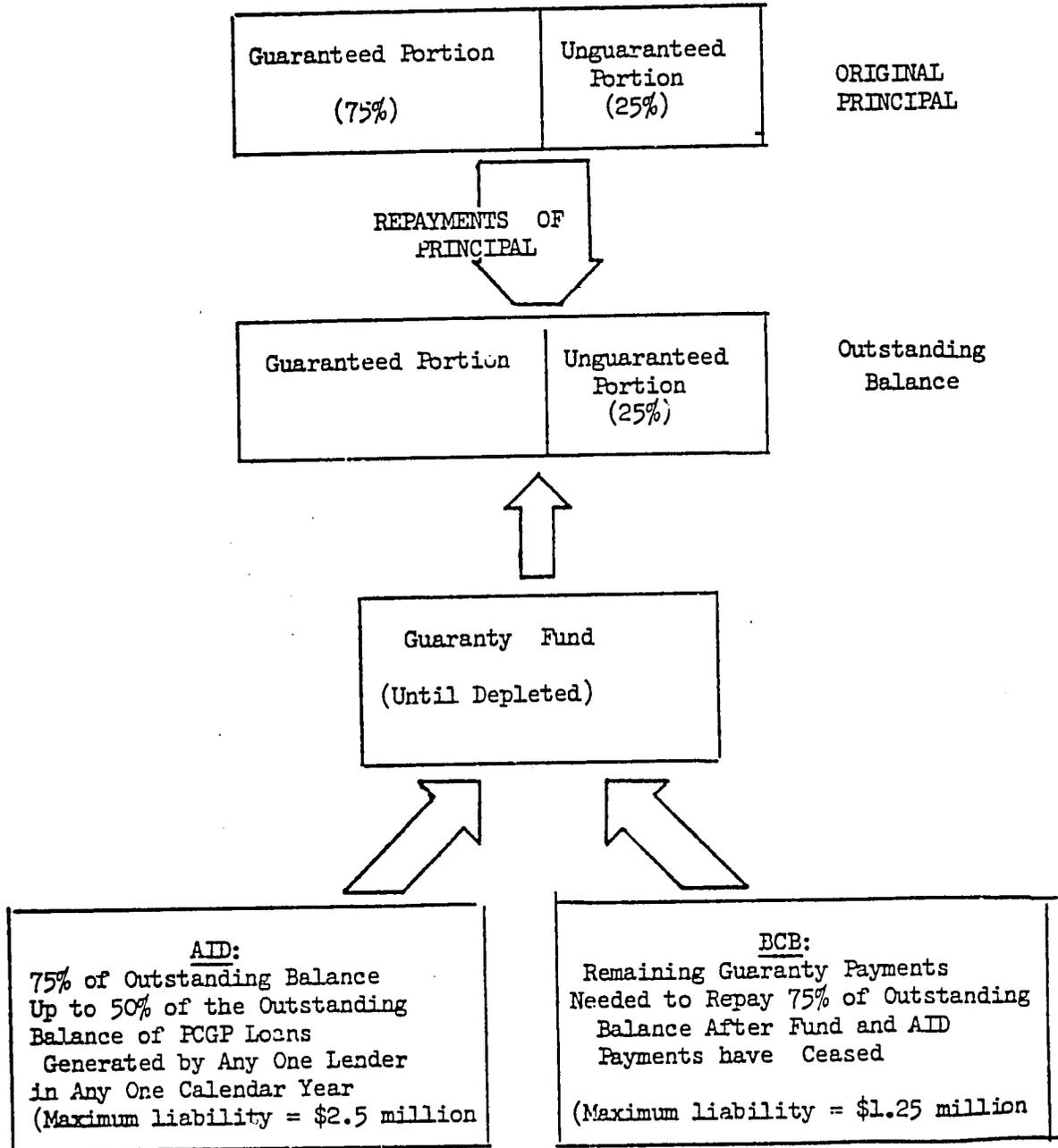
The PCGP is designed to address these constraints by greatly reducing the risk of the lenders on projects undertaken by these groups, by providing technical assistance to the ICIs and to borrowers and through promotion of the program to encourage greater awareness on the part of the target groups of the resources available from the private financial system. The guaranty program contributes to the Mission's goal of increasing per capita income and the standard of living of the rural poor by promoting productive credit in rural areas. These investments help alleviate constraints to increased small farmer income such as limited markets, the general lack of factor markets for agricultural inputs and the dearth of agricultural-related service enterprises. The promotion of these types of investments in rural areas provides new incentives and opportunities to increase rural incomes by strengthening rural sector linkages with the national economy at the departmental and interdepartmental levels and promoting the integration of the rural sector linkages with other key sectors of the economy.

13.3 Description of the Guaranty Fund and Risk Distribution

The Guaranty Fund was established in the PCB to guaranty 75 per cent of eligible loans made by private financial institutions under

the FCGP in Bolivia. The Fund is capitalized with a guaranty commission of 5 per cent charged one time only on each loan made under the system (originally the commission was set at 4 per cent on short-term loans and 5 per cent on medium and long-term loans). The Fund is also supported with up to \$2.5 million in AID guaranty authority under the FCGP and up to \$1.25 million from the BCB. In the event the resources of the Guaranty Fund are exhausted, the AID guaranty will cover up to 50 per cent of total portfolio losses. If the AID limit of 50 per cent is reached, the BCB will cover up to an additional 25 per cent of the portfolio; participating lenders assume the financial risk for the remaining 25 per cent (see Chart). The participating lenders' risk will in turn be covered by additional collateral supplied by the borrower up to a maximum 100 per cent of the face value of the loan. This additional collateral will include any mortgagable goods purchased with loan resources. The lender is obliged to continue the recuperation process for a defaulted loan and, in the event a portion of the loss is recuperated, will pay to the Guaranty Fund 75 per cent of the amount recuperated, minus the costs involved in the recuperation. The project paper estimates that these combined guaranties should stimulate approximately \$11.0 million in small loans to eligible target group borrowers over the four years of the project.

FCGP Guaranty Coverage



Funds for lending under the guaranty program come from the resources of the participating private lending institutions and/or from established rediscount lines administered by the BCB. Technical assistance and loan supervision are provided to borrowers by qualified technicians working on their own or with participating lenders or private and public technical assistance organizations. Technical assistance services are financed from the Technical Assistance Fund (TAF) administered by the BCB or by the borrowers out of sub-loan resources. The administrative system is designed to achieve self-sufficiency after an initial start-up period, which is expected to result in the institutionalization of a financially viable loan guaranty program in Bolivia.

In addition to the guaranty commission, a charge of one per cent to cover technical assistance costs was originally made as part of the one-time fee for each subloan. This one per cent went to the TAF or the ICI if the ICI completed the application form. With the revision of the Operating Manual, this one per cent charge is now made only when the ICI itself helps the borrower in filling out the loan application. This charge is retained by the ICI. The TAF finances the completion of loan applications by third persons or institutions.

The Project Agreement also establishes a guaranty fee, an amount equal to 0.25 per cent of the face value of loans guaranteed under the program, payable quarterly by the BCB from the Guaranty Fund to AID.

The loans guaranteed under the program are given for productive projects which meet the following eligibility criteria:

1. that the eligible borrower: a) has no access to other lenders for the purpose of such loan on reasonable terms; b) has the legal capacity to borrow; c) has the capacity to repay such loan as scheduled without undue hardship; and d) would not have met the credit eligibility criteria of the eligible lender without the benefit of the guaranties offered by the program.
2. that the subproject to be financed: a) provides or will provide the principal means of livelihood of the eligible borrower, except for community development or rural housing subprojects; b) is appropriate to the socio-economic improvement or development of the eligible borrower; and c) is financially, economically and technically viable.
3. for short, medium and long terms and for amounts not to exceed the following: a) for agricultural production, infrastructure and/or services in an amount not to exceed the equivalent of \$10,000 per individual or up to a maximum of \$50,000 for an organized group; b) for privately owned businesses in an amount not to exceed \$25,000 for an individual for agribusinesses and rural enterprises or \$12,000 for an individual for artisanry activities or \$50,000 for an organized group; c) for community development subprojects in an amount not to exceed \$10,000 per individual or \$50,000 for an organized group; and d) for low-cost rural housing in an amount not to exceed \$4,000 per housing unit.

The BCB is responsible for supervising and monitoring compliance with these criteria and in cases of noncompliance will debit the legal reserve of the ICI for the amount of the guaranteed loan.

13.4 Role of the Administrator

The guaranty program is being implemented by the same division in the BCB (The Administrator) responsible for managing other AID-financed credit lines: the Departamento de Desarrollo. The Departamento de Desarrollo presently has a staff of 33 organized in three sections: Technical Analysis, Operations and Evaluation.

The PCGP Fund is administered by a special unit within the Departamento de Desarrollo. Until early 1981, this unit was staffed with one economic-financial analyst, Alex Zegarra, in charge of the technical aspects of the program and two technicians to manage the operational and administrative aspects, José Torrico and René Gosalvez.

Presently Carlos Bustamante and Daisy Saavedra are assigned to the PCGP temporarily. Permanent assignments will be made once an economist to head up the PCGP unit is contracted, using TAF resources. This staff has been supported by specialized technical expertise, as needed, from the existing Departamento de Desarrollo personnel.

In addition, the staffs of the two BCB agencies and 4 Regional Technical Offices (RTOs) assist in the implementation of the program by serving as conduits for the monthly lender reports, by following up with participating lenders on the status of delinquent guaranteed loans, by assisting in the provision of technical assistance to borrowers, and by participating in the monitoring and evaluation of the program to be conducted by the BCB and USAID. The Banco del Estado, acting as the BCB's agent in areas where it does not have an agency (everywhere except La Paz, Cochabamba and Santa Cruz), also assists in the implementation of the program by receiving guaranty commissions and making guaranty payments to ICIs in these areas.

14. Evaluation Methodology

This is the first evaluation of the Bolivia PCGP, covering the period from the program's initiation in 1978 through March 31, 1981.

This evaluation was originally programmed for July, 1980. However, the golpe de estado of July 17, 1980 prevented the arrival of an IQC evaluation team. Funding uncertainty delayed and eventually precluded the contracting of an outside evaluation team through the rest of 1980. In January, 1981 the Mission decided to proceed with an in-house evaluation in collaboration with the BCB. BCB and USAID personnel designed questionnaires and conducted a nation-wide survey of BCB regional offices, ICIs, subborrowers and TAF technical advisors during the period January-May, 1981. Reporting delays by the Santa Cruz and Cochabamba BCB agencies and accounting errors by the Departamento de Desarrollo considerably delayed the elaboration of this evaluation. The survey results are included as Annex I to this report.

15. External Factors

The Project Paper estimated that at least 35 per cent of the funds lent under the PCGP in 1981 would originate from the lending institutions. This projection is based on four years of operation, and while the guaranty program in Bolivia is historically four years old, functionally it is only completing its second full year. So far the ICIs have contributed approximately 21 per cent of the total funds lent under the PCGP, but it is doubtful that their participation will improve considerably over the short-to-medium term. The PP projections were based on the previous four year period in which the private banking system's portfolio grew at an average annual growth rate of 44 per cent. The

principal reason for this large growth was the economic stability which characterized the post-1971 period in Bolivia. Unfortunately, after this project was authorized in AID/W, Bolivia entered a period of political and economic turmoil which has had a direct effect upon the private banking system. With a major devaluation (25 per cent) of the peso in December, 1979, and the threat of another one in the near future together with the very unstable political arena and accompanying economic crisis, most of the private banks have been encountering serious liquidity problems over the past two years. As a result, lending towards productive sectors has relied almost exclusively on BCB refinancing lines, which until recently funded 80-90 per cent of individual subloans with the remainder being provided by the ICIs' own resources. In July, 1981, ICIs were required to contribute 30 per cent of their own resources in order to obtain BCB refinancing.

16. Inputs

As of March 31, 1981, neither the BCB nor AID have had to make any disbursements under their guaranty authorities as established by the Guaranty Agreement. In fact, the program has made no guaranty payments from the approximately \$95,000 accumulated capitalization of the Guaranty Fund, nor have there been any reports of loan delinquencies. The PP called for a Guaranty Fund capitalization of \$200,000 by the end of 1981. The PP estimates were based on the assumption that \$11,000,000 in loans would be guaranteed through 1981. Thus the actual balance of the Fund as of March 31, 1981, is more than acceptable considering that only \$3,266,312 in guaranteed loans have been approved thus far.

In addition to technical assistance provided during the

program's design, a long-term advisor, Armando Gómez, assisted the BCB during 1979 while at the same time devoting approximately one-third of his time to the Paraguay PCGP. During 1980 and 1981, Mr. Gómez has assisted the various on-going guaranty programs in Latin America, visiting Bolivia a four times a year for approximately two weeks each. Mr. Gómez' assistance has been particularly valuable to both the BCB and USAID in implementing the program thus far. The AID/W PCGP technical unit has organized annual seminars at which BCB and USAID representatives have had the opportunity to exchange ideas and discuss problems in implementing the PCGP with representatives from other country programs.

17. Outputs

The Project Paper projected the following outputs:

1. "A viable guaranty system which will guaranty up to 75 per cent of eligible credits made;
2. "A viable technical assistance fund providing assistance to lenders and borrowers; and
3. "Credits made by private lending institutions to target group borrowers who were not previously their clients."

The PP also stated several objectively verifiable indicators to be used in measuring output achievement. The measure of a viable guaranty system is the establishment of a PCGP Fund in the BCB with (a) trained, full-time personnel; (b) policies and procedures developed; (c) promotion program; and (d) guaranty authority, supported by AID and BCB inputs.

The function of the BCB in project administration was described in the summary section (13.4) of this evaluation. In general, the BCB has done an adequate job of implementing the program, but it is also clear that increased emphasis is needed in the areas of speeding up loan disbursements, training for ICI personnel and TAF technicians, program promotion, and monitoring risk dispersion. The BCB also needs to assign Departamento de Desarrollo personnel to the PCGP on a permanent basis and more effectively monitor compliance with reporting requirements by BCB agencies, RTOs and ICIs.

The evaluation survey (see Annex I) indicates that once an ICI submits a loan application for approval to the BCB, the local ECB agency or Regional Technical Office (RTO) takes approximately a week to review the application before forwarding it to the Departamento de Desarrollo in La Paz (this step does not apply to the ECB agencies in Cochabamba and Santa Cruz). The survey shows that La Paz normally takes two weeks in approving a loan application. Actual disbursement takes an additional two or three days. Data on program disbursements, however, indicate a much larger backlog. Of the 850 loans approved by the BCB through March 31, 1981, only 661 had actually been disbursed. To a degree this situation is due to the fact that borrowers must complete paperwork related to their loan before actual disbursement can take place. Nevertheless, it is recommended that the BCB give greater attention to speeding up the loan disbursement procedure.

In order to remedy this situation, it is recommended that the BCB pursue the following alternatives: 1) give RTOs authority to approve loans under the guaranty program; 2) establish new RTOs in Oruro and Cobija; and 3) make the Automatic Rediscount System (SIRA)

functional for the PCGP. Presently the RTOs are authorized to approve loans up to \$10,000 under the various refinancing lines but in the case of the PCGP loans must be approved by the Departamento de Desarrollo, which in addition to its other responsibilities, must also function as an RTO for the departments of La Paz, Oruro and Pando, thus spreading itself extremely thin. Finally, all the participating ICIs have been introduced to SIRA, which was initiated in 1979, for the various refinancing lines, but very few are making use of it. The private banks generally believe that if they utilize SIRA the BCB will at some later date reject the loan or change the loan's amount and/or terms. The SIRA has yet to be made functional for the PCGP. A renewed promotion campaign by the BCB is required to overcome the ICIs fear that their loans will be rejected by the BCB at some later date. This implies that the BCB will clarify its criteria for judging loan applications and make them known to the ICIs. Also the BCB should review SIRA rules to bring them into line with actual loan limits under the various refinancing lines and the PCGP.

A second area in which the BCB has room for improvements is training. When the participating ICIs were asked in the evaluation survey whether the training provided by the BCB was sufficient, over fifty per cent responded that it was not. As mentioned earlier, the BCB's agencies and RTOs throughout the country are in agreement that the ICIs comprehension of the program's philosophy is insufficient. When asked what they would recommend for improving this situation, the response was regional training courses for ICI personnel, including managers, directors, legal advisors and loan officers. Although nationwide training courses were offered, normal ICI personnel turnover has hurt the program. The ICIs themselves recommended that the Bankers' Association (ASOBAN) collaborate in these courses. The ICIs also requested that additional training be provided for TAF technicians, who, it was often found,

were unfamiliar with the PCGP Operating Manual.

The evaluation survey points out that BCB agencies and RTOs, ICIs, TAF technicians and borrowers alike feel that the guaranty program needs more promotion. As mentioned in the summary section of this evaluation, during the first year of the program a 15-minute color film on the PCGP and other credit programs was produced and distributed nationwide together with press and radio announcements, pamphlets and a Quarterly Bulletin. Since then the TAF has continued to subsidize individual ICI promotion campaigns up to a limit of \$15,000. It is recommended that the BCB encourage the ICIs to make greater use of TAF resources for this purpose as well as act on the following suggestions prompted by the evaluation survey: 1) program promotion should emphasize the use of provincial and regional level radio stations broadcasting in Aymara or Quechua; 2) greater use of support institutions such as INBOPIA (Bolivian Institute for Small Industry and Artisanry), DESEC (Center for Socio-Economic Development) and CESEP (Center for Socio-Economic Study and Promotion) should be made especially through courses in productive skills/ crafts; and 3) bulletins and pamphlets for potential borrowers to be distributed by ICIs and TAF technicians.

Another objectively verifiable indicator involves the level of financing available to the Technical Assistance Fund (TAF). In recent months the BCB has demonstrated an increased willingness to step-up activities in administering the PCGP and the various refinancing lines it is responsible for by making greater use of the TAF. In March, 1981, a global plan for the TAF was approved which for the first time will tap over \$1.5 million in accumulated resources generated

by a two per cent spread on the interest rate charged on the BCB's various refinancing lines. These TAF resources will be used to contract additional support personnel for the Departamento de Desarrollo and BCB agencies and RTOs (including an economist to head up the PCGP unit in the Departamento de Desarrollo); purchase office equipment and vehicles; create an improved tariff system for TAF technicians in the filling out of PCGP application forms; and increase support for institutions like INBOPIA, DESEC and CESEP in program promotion and training of borrowers.

As mentioned earlier, the TAF was established by the BCB as a component of the Agribusiness and Artisanry project (AID Loan 511-T-060/Grant 511-0472) to provide a wide range of technical and promotional services to participating ICIs and subborrowers. This fund exists for all refinancing programs managed by the BCB as well as for the PCGP. The TAF has tried to emphasize the role of independent technicians in complementing the ICIs by helping borrowers to prepare loan applications and/or pre-investment studies, providing guidance during implementation and by conducting follow-up inspection visits.

Since the TAF was established in 1978, over 280 technicians have enrolled and been certified by the BCB for participation in TAF technical assistance activities. The geographic locations and professions are listed in Table I. Of the 96 borrowers interviewed in the evaluation survey, 36 received assistance from TAF technicians in completing their applications; another 16 were assisted by independent advisors and 29 borrowers had their loan applications prepared by ICI loan officers.

TABLE I

LOCATION AND PROFESSIONS OF TAF TECHNICIANS

Departments

Profession	La Paz	Cochabamba.	Oruro	Chuquisaca.	Santa Cruz.	Potosi	Tarija	Beni	TOTAL
Architects	1			1					2
Auditors	1	1							2
Business Admin.	1		1					1	3
Economists	19	4	5	3	4	6	3	2	46
Industrial Engineers	5				1	1			7
Engineers (other)	4		1		1	2	1	2	11
Agronomists	8	4		1	8	8	1	2	33
Veterinarians					1			3	4
Consultants (General)	13	9			7	1			30
ICI loan officers	29	9	18	21	19	9	18	17	140
Others	3	2			2				7
TOTAL	84	29	25	26	43	27	24	27	285

It has become evident that the ICIs do not have sufficient personnel to attend to the technical assistance requirements of the PCGP and that the TAF technicians represent the best alternative for meeting these requirements. The ICIs generally do not have an adequate technical staff trained in agronomy, industrial engineering, etc. and most ICIs indicated an unwillingness to hire additional personnel to fill these

needs. Also the ICI's margin on the PCGP and the BCB's refinancing lines is such that the banks have little interest in having their loan officers spend valuable time visiting often hard to locate small farmers and artisans in order to help them prepare loan applications and afterwards performing inspection visits for loan follow-up. It has also been noted that normal ICI rotation of loan officers has handicapped the program because many borrowers have found ICI employees to be unfamiliar with the operating manual and general aspects of the program.

The TAF technicians can thus complement the ICIs by providing many of the services necessary for the program which the ICIs have been unable or unwilling to contribute. But in order for the TAF to be really effective, the BCB must give it much more attention than in the past. A surprising number of technicians enrolled in the TAF stated that they had not received copies of the operating manual and that the BCB had not provided them with adequate training. TAF technicians confront many of the same constraints as do the ICIs with respect to visiting the small farmer artisan borrowers. Only recently has the BCB taken action to revise the tariffs payable from TAF resources for compensation to the technicians for services rendered under the program. It is hoped that these tariffs will represent an adequate incentive to the technicians so that an increased number of borrowers will receive the technical assistance they require.

The evaluation survey also pointed out that many technicians have been helping PCGP borrowers independently of the TAF. When asked if they wished to enroll in the TAF, they generally replied that they would but that BCB training and literature had not been

made available to them.

In order to improve the PCGP's effectiveness and enhance the role of TAF technicians in the program, it is recommended that the BCB develop a schedule of regular courses for TAF technicians nationwide so that they can receive the necessary training for advising small farmer, artisan, agribusiness investors, etc. concerning their credit needs. It is also recommended that the TAF Operating Manual be revised jointly by Departamento de Desarrollo and USAID personnel and that it be reprinted as soon as possible and in sufficient quantities so that all ICIs and TAF technicians will have a copy.

The project originally envisioned the active participation of various public and private support institutions in providing technical assistance and training to borrowers. TAF resources were to be made available to assist these institutions, but unfortunately the BCB has not taken an active role in promoting this component of the program.

A few institutions have been very active in assisting their members to receive credit under the program without receiving any compensation and at times actually putting up their own assets as guarantees for their members. As an example, ASAR (Association of Artisanry and Rural Services) has been providing technical assistance to its small farm members in the Cochabamba valley for years and has been quite successful in helping increase agricultural productivity. ASAR has helped its members receive credits from the private banks

in Cochabamba, however, these banks have refused to deal with the ASAR members unless ASAR as an institution served as guarantor. The total value of ASAR's assets are currently offered as guaranties and thus ASAR has had to curtail its credit activities until its members repay their loans. Only recently, after insistence by AID and the PCGP advisor, did the BCB make an effort to enroll ASAR technicians in the TAF.

The TAF has thus far missed an excellent opportunity to expand the reach and increase the productivity of the PCGP by failing to actively assist institutions such as ASAR, CESEP (Center for Socio-economic Studies and Promotion), INBOPIA (Bolivian Institute of Small Industry and Artisanry), IBTA (Bolivian Institute for Agricultural Technology) and others to assist and train potential borrowers. It is recommended that the BCB develop a schedule of training courses for the various support institutions in the country, so that their personnel can become familiar with the PCGP operating manual. The BCB should also encourage these institutions to submit proposals for expanding their technical assistance activities to the BCB for consideration and possible TAF funding.

The third 'objectively verifiable indicator' cited under the outputs section of the PP stated that: a) at least five private banks and two other private financial institutions participate in the program by 1980; and b) that approximately 2400 loans be made through 1981, as follows:

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>TOTAL</u>
agriculture	70	231	490	784	1575
rural enterprises and artisanry	27	191	192	308	618
community development	10	33	70	112	225
Total	<u>107</u>	<u>355</u>	<u>752</u>	<u>1204</u>	<u>2418</u>

As mentioned in the summary section of this evaluation, 15 ICIs signed Guaranty Contracts in September, 1978. Table II shows that all but one of the 15 ICIs have participated in the program (13 private banks and the Savings and Loan System), although four of these had a total of only 13 loans approved through December 31, 1980. The three ICIs with the greatest participation in the program account for over half of all loans guaranteed and total amount. While the program encountered a slow start in terms of acceptance of the guaranty system by the various ICIs, the level of activity has picked up considerably and the number of institutions participating indicates that to a large degree the private banking system has expanded its reach to include small farmers, artisans and rural businessmen previously without access to the formal credit system.

TABLE II

Approved FCGP Loans by ICI Through December 31, 1980

(US\$)

	<u>1979</u>		<u>1980</u>		<u>TOTAL</u>	
	<u>N° of Loans</u>	<u>Value</u>	<u>N° of Loans</u>	<u>Value</u>	<u>N° of Loans</u>	<u>Value</u>
1. Bco. de Cochabamba	1	4,004	56	361,936	57	365,940
2. Bco. Big Beni	85	318,403	53	244,778	138	563,181
3. Bco. de Potosí	151	167,668	18	118,179	169	285,847
4. Bco. Hipotecario	-	--	1	1,986	1	1,986
5. Bco. Mercantil	31	155,898	62	352,238	93	508,136
6. Bco. de La Paz	10	46,688	22	153,777	32	200,465
7. Bco. Popular del Perú	1	6,006	28	171,721	29	177,727
8. Bco. Industrial	4	11,331	62	157,918	66	169,249
9. Bco. Crédito de Oruro	3	16,857	1	1,502	4	18,359
10. Bco. de Santa Cruz	18	27,067	1	1,802	19	28,869
11. Bco. Boliviano-Americano	16	64,882	21	119,288	37	184,170
12. Bco. Nacional	1	4,330	6	30,096	7	34,426
13. BAFINSA	1	3,924	-	-	1	3,924
14. Sistema Ahorro y Péstamo	-	--	51	76,877	51	76,877
T O T A L :	322	827,058	382	1,792,098	704	2,619.156

Nevertheless, based on the evaluation survey, the judgement of the BCB agencies and RTOs is that the ICIs' knowledge of the philosophy of the guaranty program is insufficient. Comments by borrowers interviewed during the survey point to shortfalls in the level of advice given by ICI officers and that misinformation and unfamiliarity with the program have caused delays in approving new credits. In part this is due to the newness of the program, and in part due to the normal rotation, promotions, etc. in ICI loan officers assigned to the program. In any event there is a need for stepped up training of ICI personnel. During 1980 three banks (Mercantil, Boliviano-Americano and Santa Cruz) at their request received training courses for their loan officers working in branch offices around the country. The BCB should place increased emphasis on training courses throughout the country, especially now that the revised operating manuals

have been printed and distributed.

Through March 31, 1981, a total of 850 loans had been approved under the program for a total amount of US\$3,266,312. Of these, however, only 661 loans (78 per cent) had actually been disbursed for a total value of US\$2,187,034. As shown in Table III, the FCGP is functioning in all nine departments of Bolivia with a disproportionately high concentration in the departments of La Paz and Santa Cruz, which account for over 80 per cent of all loans approved and 76 per cent of the total loan value approved.

TABLE III

Approved FCGP Loans and Disbursements by Department

Through March 31, 1981

(US\$)

<u>Department</u>	<u>N° of Loans Approved</u>	<u>Value</u>	<u>N° of Loans Disbursed</u>	<u>Value</u>
La Paz	466	1,501,789	376	980,603
Santa Cruz	224	992,093	139	582,569
Cochabamba	60	296,147	54	236,660
Chuquisaca	13	42,187	13	36,982
Beni	38	148,439	36	111,244
Tarija	14	59,594	14	50,355
Oruro	23	187,189	17	153,676
Pando	7	35,174	7	31,725
Potosí	5	3,700	5	3,220
TOTAL :	850	3,266,312	661	2,187,034

The Project Paper estimated that approximately \$11,000,000 in loans to the target group would be guaranteed through the end of 1981. This assumed, however, that the program would become functional and actually guaranty \$500,000 in loans during CY 1978. As explained in the first section of this evaluation, after the project was authorized in December, 1977 nearly seven months transpired before the Project

Agreement was signed and another eleven months passed before the operating manuals were prepared, printed and distributed and training courses were carried out nationwide for ICIs and TAF technicians. As shown in Table IV, no loans were guaranteed under the program during 1978 and only \$870,058 had been approved by the end of CY 1979. In addition to these delays, a series of factors have contributed to the slow start-up of the program, such as: the lengthy process in gaining acceptance of the program by the ICIs; the political and economic turmoil which has

TABLE IV
Projected vs. Approved Loan Values
(US\$000)

<u>CY</u>	<u>PP Projection</u>	<u>Approved Loans</u>
1978	500	-
1979	1,650	870
1980	3,500	1,800
1981	5,600	2,000 (est.)
<u>TOTAL</u>	<u>11,250</u>	<u>4,670 (est.)</u>

affected the country over the past three and a half years; the overall liquidity problems affecting the private banking system; administrative delays caused by AID/W PCGP technical unit insistence on a total revision of the operating manuals in August, 1979 after the program had finally begun functioning; and delays within the BCB with respect to establishing the mechanism which would permit the Savings and Loan Association to participate as an ICI for rural housing loans.

Of the 850 loans approved, 306 (36%) were for agriculture, 491 (58%) were for rural enterprises and artisanry, and 53 (6%) were for rural housing. No loans went for community development. The

Project Paper had estimated that 65 per cent of all loans would be for agriculture, 26 per cent for rural enterprises and artisanry and nine per cent for community development. These results generally confirm the impression that the private banking system in Bolivia is reluctant to actively promote small farmer credit, as was the case with the Agricultural Refinancing Fund (FRA-II), AID Loan 511-T-052, also administered by the BCB. It is much easier for the ICIs to work with investors in artisanry, agribusiness and light industry, whether urban or rural, than to work with small farmers, who are generally located at greater distances from the ICIs and are less knowledgeable of formal credit mechanisms.

Guaranties for rural housing loans were not analyzed in the project paper, primarily because of doubts as to the BCB's acceptance of the Savings and Loan Associations as an ICI. With the entrance of the S&L system into the program in 1980, however, 53 loans for rural housing were made for a total value of over \$80,000. Financing has been a limiting factor since the S&L system has relied almost exclusively on BCB refinancing. The S&L system has not participated in the program during 1981 because the BCB has been unable to provide additional resources.

Community development loans have not been made under the program thus far and it is doubtful that this area will ever have a significant impact despite the fact that, when questioned, the majority of the BCB's agencies and RTOs stated that there existed possibilities for

promoting this type of loan in the future. The evaluation survey found that the following factors were mainly responsible for the lack of community development loans to date: 1) no demand; 2) lack of a formal municipal organization and resource base and knowledge on the part of the communities with respect to the benefits offered by the PCGP; 3) lack of a specific credit line for community development; and 4) lack of promotion and willingness to lend on the part of the ICIs (see Annex I, Part A).

18. Project Purpose: "Expand the reach of the private financial system in Bolivia to include small farmers, artisans, rural businessmen and community groups presently without access to the formal credit system".

One of the 'objectively identifiable indicators' of the purpose cited in the Project Paper was that these private financial institutions would be lending to members of the target group who were not previously their clients. The evaluation survey found that over 70 per cent of the borrowers had never received any kind of formal credit before. Of the 31 ICI home and branch offices interviewed, 24 stated that 100 per cent of the borrowers under the PCGP had never previously been their clients; and in all cases 80 per cent or more of the PCGP borrowers were new clients.

A second 'objectively verifiable indicator' calls for at least 35 per cent of the funds lent under the PCGP in 1981 to come from the lending institutions. The Project Paper estimated that during the first year or two, almost all loans made under the guaranty program would be refinanced. By the third and fourth years of the program,

however, it was expected that approximately 15 per cent of the loans made would be exclusively with lender funds. Considering that the amount of individual loans refinanced varied from 60 to 80 per cent depending on the type of loan, it was originally estimated that refinancing would account for 75 per cent of the amount of PCGP guaranteed loans made during the first year, 70 per cent of those made during the second year and 65 per cent of loans made in the third and fourth years of the program.

As explained in the external factors section, the guaranty program in Bolivia while it is historically in its fourth year, functionally is only completing its second full year. Thus the fact that 21.3 per cent of the total amount of loans guaranteed have been with the ICIs' own resources is more or less in line with the program's projections. Approximately seven per cent of the loans made have been exclusively with lender funds, corresponding to a line of credit administered by the Banco Industrial and financed by the World Bank. Given the economic and political turmoil which has plagued Bolivia over the past three years, the private banks will most likely continue to rely on BCB refinancing for PCGP subloans.

Originally the PCGP Operating Manual included a range of refinancing percentages much lower than the various refinancing lines normally allowed (60 to 80 per cent vs. 80-100 per cent) in order to encourage greater participation of ICI resources in the program. When the operating manual was revised in 1979, however, these re-

financing percentages were made uniform and generally increased to between 80 and 90 per cent (100 per cent in the case of rural housing). In July of 1981, an agreement was reached with the BCB which should have a positive effect on the movement of PCGP loans and also on the percentage of total resources contributed by the ICIs. This agreement involved an adjustment in the interest rate structure to more closely parallel existing market rates, ICIs can now charge the current market rate (27 per cent) on that portion of a BCB refinanced loan which the ICI contributes with its own resources (previously the ICI was limited to charging 13 per cent). Also, the percentage of BCB refinancing on an individual loan was reduced to 70 per cent (80 per cent for rural housing).

A second project purpose included in the PP is to "demonstrate the viability of a self-financing guaranty mechanism". To date the program has made no guaranty payments, nor have there been any reports of loan delinquencies. The evaluation survey did encounter a few isolated cases of loan delinquency which had not been reported, thus indicating a potential problem for the program if the BCB does not take adequate precautions to make sure that the ICIs keep it informed. Nevertheless, the program has entered a critical stage where disbursements for guaranteed loans represent approximately 45 per cent of its authorized guaranty limit and approved loans represent 65 per cent of the exposure limit. The start-up phase has now passed and monitoring responsibilities will increase as more and more loans come due. Project reporting requirements on guaranteed loans, delinquencies and status and progress which had previously

not been submitted by the BCB, have been brought up to date at the time of this writing.

Actually the guaranty system in Bolivia has several features which allow it to reduce and control risk and which should keep guaranty payments to a minimum. First of all, the project agreement between AID and the Government of Bolivia and guaranty agreements with the participating ICIs stipulate that all loan projects must be financially, economically and technically viable. In the preparation of a loan application, TAF technicians and ICI loan officers assist the borrower to meet this requirement. The BCB then reviews the application plus an evaluation report prepared by the ICI before giving its approval. Periodic inspection trips by BCB agency, RTO and Departamento de Desarrollo personnel verify that loans are being utilized properly.

As required by the guaranty contracts, ICIs must inform the BCB of any delinquent guaranteed loans on a monthly basis. If within ten days after a loan comes due the ICI has not informed the BCB, then the Departamento de Desarrollo automatically charges the amount due to the ICI's legal reserve. This represents a significant incentive for ICIs to provide necessary follow-up on PCGP loans.

Once informed that a loan is delinquent, the BCB will monitor ICI collection activities during the 120 day default period. In the case of defaulted loans, the ICI is required to start judicial proceedings against the borrower in default in order to collect the guaranty payment. The majority of the loans guaranteed under the program carry either personal, in-kind or mortgage guaranties in a 1:1 proportion to the value of the loan.

The BCB also controls risk under the program by setting quotas or limits for financing by ICI. The BCB can reduce an ICI's quota (or suspend future disbursements) if its PCGP portfolio exceeds a certain level of delinquency. The BCB may also exercise its flexibility to control the composition of the PCGP portfolio by emphasizing or limiting loans to certain sectors instead of others (e.g. agribusiness vs. artisanry, etc.). The Operating Manual, in its section on program administration (AD-05), calls for a classification of ICIs with delinquent portfolios and sanctions for those with portfolios showing a 10 per cent or greater delinquency rate. Sanctions can also be taken against TAF technicians who are responsible for a notable number of delinquent loans.

It is felt that the variety of procedures and mechanisms at the BCB's disposal which have been described here represent a substantial deterrent, not only for limiting guaranty payments, but also for maintaining the delinquency rate at manageable levels.

19. Goal: "To increase the per capita income and standard of living of the rural and urban poor."

The economic benefits of the program, as presented in the Project Paper, include employment generation in rural areas, increases in the incomes and standard of living of the borrowers and rural areas in general, and increases in food production through improved farming operations and local value added through the establishment or expansion of processing, service or artisanry enterprises. While it is difficult to measure benefits in exact terms due to a lack of baseline data, the evaluation survey gathered certain information

useful in determining the target group's own estimation of benefits received.

Of those borrowers interviewed in the evaluation survey, over 35 per cent declared that their production had increased by more than 100 per cent as a result of their loan. Another 35 per cent stated that their production had increased between 40 and 100 per cent. Similarly with respect to sales, 36 per cent of those interviewed said that the value of their sales had increased between 100 and 200 per cent over the previous year; 38 per cent claimed a 50-100 per cent increase; and 36 per cent stated that the value of their sales had increased up to 50 per cent.

With respect to labor generation, compiling the responses of the 99 borrowers interviewed resulted in a total of 230 new jobs of which 120 were part-time or temporary and 110 were considered permanent jobs. Assuming that the labor generated by these 99 loans are representative, then an estimated 1536 new jobs, of which 737 are permanent, will be created by the loans disbursed through March 31, 1981. These jobs relate to total disbursements of only \$2,187,034 (or approximately \$1,424 per new job), while the PP projected the creation of a total of 9330 new jobs based on disbursements of \$11,000,000 (approximately \$1,179 per new job).

20. Beneficiaries

Over 70 per cent of the borrowers under the PCGP had never received any kind of formal credit before. For the 279 guaranteed loans reviewed by the BCB for the evaluation survey, the gross annual

income of the borrowers ranged from \$640 to \$20,000 while the net annual income ranged from \$400 to \$4,800. Borrowers' fixed assets ranged from \$1,000 to \$12,000. All of these amounts fall well within the limits established for the programs' eligibility criteria. Maximum loan amounts under the PCGP range from \$4,000 for rural housing to \$25,000 for agribusiness and rural enterprises. The PP estimated that the average loan amount would be \$4,650. The actual average loan amount through March 31, 1981 is \$3,843.

For the agricultural guaranteed loans surveyed, 93 per cent of the borrowers had 10 hectares or less under cultivation, and another 5.8 per cent was cultivating between 10 and 20 hectares. A small farmer is generally considered to have 10 hectares or less under cultivation in the valley regions and 20 hectares or less in the rest of the country.

In the borrowers' view, access to credit under the PCGP has meant definite improvements in production and sales, however, numerous short-comings or obstacles which had to be overcome were mentioned which resulted in significant delays and ultimately restrict the number of potential borrowers who can be reached by the program. Over fifty per cent of the borrowers interviewed stated that their loan was not disbursed in a timely fashion. Only 17 per cent of these borrowers received the first disbursement within a month of beginning the application process. A majority had to wait up to three months and in some cases disbursements were delayed up to a year. Most borrowers also stated that they had to make more than 10 trips to the ICI before receiving their

loan, representing tremendous inconvenience and additional expense. These delays involved extensive paperwork in obtaining land titles, arranging for additional banking requirements prior to loan disbursement and excessive delays by the ICIs and the BCB in approving loans.

The borrowers also cited the fact that obtaining a loan was a costly process and that often times the amount disbursed was not sufficient to meet their needs. For example, over twenty per cent of the borrowers interviewed spent more than \$200 to obtain a loan under the PCGP. This represents 5.2 per cent of the value of an average size loan of \$3,843. Over 40 per cent of the borrowers spent between \$80 and \$200 in expenses such as legal fees for land titling, travel expenses for trips to the ICI, fees charged for filling out application forms, etc. Over 50 per cent of the borrowers also stated that once disbursed, their loan was insufficient to meet their needs. The five per cent guaranty commission was often deducted from the loan amount requested. In this regard, the BCB should advise all participating ICIs that the guaranty commission is considered an eligible item for financing with the resources of the loan and that the commission should be added to the loan amounts requested rather than deducted from it.

In the majority of cases the ICI required a guaranty from the borrower in a proportion to the value of the loan of 1:1. While this represents a significant decrease in normal guaranty requirements, which are often 2:1 or 3:1, it still represents a formidable obstacle for many potential beneficiaries. The main types of

guarantees required are personal, prendaria (in - kind), mortgages or a combination of any or all of these. Small farm borrowers are normally the most affected.

In order to reduce the delays in processing loan applications and making disbursements, and thus decrease the cost of obtaining a loan, it is recommended that the BCB take advantage of TAF resources to contract legal assistance in order to advise borrowers on the processes involved in applying for a loan, especially with regards to obtaining land titles. The BCB should also sponsor training courses for ICI officials and TAF technicians which will focus on guiding the borrower in ways to speed-up the loan application process.

21. Unplanned Effects

The project paper and the project agreement mentioned the possibility that non-banking ICIs would be allowed to participate in the program. However, this possibility had also existed for previous projects which had established new refinancing lines but all to no avail. The BCB had been reluctant to set a precedent with an institution outside the jurisdiction of the national banking laws despite the fact that a Supreme Decree had been signed specifically allowing non-banking ICIs to participate in BCB refinancing.

Under the PCGP, the BCB finally agreed to an arrangement with the Savings and Loan System which allowed the S&Ls to use BCB refinancing for low-income housing. AID has never provided funds for housing through the BCB, and thus the resources made available to the S&L

system were the BCB's own contribution. These resources have been rather limited so far (\$50,000 in 1980), but nevertheless, the fact that a non-banking institution has been given access to the program by the BCB represents a major step forward.

22. Lessons Learned

The program has been effective in reducing collateral requirements for the target group, which without the benefits of the PCGP would not have access to formal credit. Nevertheless, progress to date indicates that guaranty requirements, although lowered to a 1:1 proportion to the amount borrowed, still represent a significant constraint for potential borrowers. Private bank insistence on borrower presentation of land titles before approving and/or disbursing loans adds considerable delay to the process even though most titles are non-transferable under the Agrarian Reform Law. Additional subloan documentation requirements often times create undue obstacles for borrowers unfamiliar with banking procedures. All of these factors together indicate that the guaranty offered by the program alone will have only limited success in expanding the clientele base of the ICIs.

Extended experience under the PCGP will demonstrate to the private banks the risk factor of the target group being assisted under the program. However, even better than acceptable default rates will not encourage significantly greater ICI lending to the target group unless there is an attitudinal change on the part of private banks to expand their activities, open new branch offices and take related measures to attract new clientele with no previous experience with formal credit institutions. As mentioned earlier in this evaluation,

expanded TAF activities can play an important role in facilitating the ICIs' adaptation to a 'nontraditional clientele group' (e.g. subsidizing feasibility studies and filling out application forms, financing legal services for land titling, etc.).

23. Special Comments or Remarks

None.

BEST AVAILABLE DOCUMENT

ANNEX I - PART A

SURVEY OF BCB AGENCIES AND REGIONAL TECHNICAL OFFICES

1. BCB officials in La Paz, Cochabamba, Trinidad, Tarija, Sucre, Santa Cruz and Potosí replied to this questionnaire.

The BCB officials' replies were the following:

2. How many credits under the PCGP have been approved in your region through January 31, 1981?

Number	LP	CB	TD	TJ	SE	PO	SR	TOTAL	%
a. Agricultural	6	53	4	4	2	5	153	227	51
b. Agribusiness Rural Enterprises	8	-	-	-	-	-	-	8	8
c. Artisanry	93	2	23	8	7	-	7	140	32
d. Rural Housing	<u>62</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>15</u>
e. Total	169	55	27	14	9	5	160	339	100%

Amount (000)

a. Agricultural	1,570	6,100	462	622	76	79	14,348	23,257	50
b. Agribusiness Rural Enterprises	2,087	-	-	-	-	-	-	2,087	5
c. Artisanry	15,165	500	1,452	532	512	-	891	19,052	40
d. Rural Housing	<u>2,011</u>	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,091</u>	<u>5</u>
e. Total	20,833	6,600	1,914	1,234	588	79	15,239	46,487	100%

(1 US\$ = 25 \$b)

BEST AVAILABLE DOCUMENT

3. For agricultural credits, how many hectares do subborrowers have under cultivation.

	LP	CB	TD	TJ	SE	PO	SR	TOTAL	%
0 - 5 Has.	1	39	-	14	1	5	3	63	26
5 - 10 Has.	1	9	8	-	1	-	10	29	12
10- 15 Has.	-	1	-	-	-	-	30	31	13
15 - 20 Has.	-	4	-	-	-	-	26	34	13
20 or more Has.	1	-	-	-	-	-	84	<u>85</u>	<u>35</u>
								238	100

4. For agricultural credits:

a. What is the average value fixed assets excluding the cost of the subborrowers.

	LP	CB	TD	TJ	SE	PO	SR
(US\$)	12,000	3,200	7,600	1,200	1,860	1,000	18,000

b. What is the average gross and net annual income of the subborrowers?

	LP	CB	TD	TJ	SE	PO	SR
Gross (US\$)	20,000	7,200	4,600	3,160	1,720	640	9,400
Net (US\$)	4,800	-	-	-	400	-	3,500

5. For rural housing credits, what is the average annual net income of the subborrowers?

	LP	TJ
(US\$)	4,000	1,560

6. Which is the impact of the PCGP in your region thus far bearing in mind the participation of the ICIs?

	LP	CF	TD	TJ	SE	FO	SR
a. Positive	1	1	-	-	-	-	1
b. Negative	-	-	-	-	-	-	-
c. Meaningless	-	-	1	-	1	-	-

7. In your judgment, progress under the PCGP is based mainly on:

- a. the expansion of the ICIs' clientele so as to include borrowers normally without access to formal credit;
- b. the use of the guaranty to minimize the risk by giving credit to borrowers normally qualified under the various refinancing lines.
- c. others

	LP	CF	TD	TJ	SE	FO	SR
a	a	a	a	a	b	b	b

8. In your judgment, will the ICIs continue lending the same amounts to clients who fall within the eligibility criteria upon completion of the PCGP?

	LP	CF	TD	TJ	SE	FO	SR
Yes	-	-	-	-	-	-	-
No	1	1	1	1	1	1	1

If the answer is negative, explain the reasons:

- The guaranty problem will persist
- Moral solvency being insufficient, it is very unlikely that the ICIs would permit the access of clients without true guaranties, particularly in rural areas
- The ICIs' decision is based on security rather than on development concerns.

9. How would you rate the ICIs comprehension of the program's philosophy and scope in your region? (mark one)

	LP	CR	TD	TJ	SE	PO	SR
a. Superior	-	-	-	-	-	-	-
b. Adequate	-	-	-	-	-	-	1
c. Not sufficient	1	1	1	1	-	-	-
d. Very deficient	-	-	-	-	-	-	-

10. In your judgment, what action should be taken to improve the ICIs comprehension of the program's philosophy and scope?

- Continue the training through short-term courses
- Short-term courses at regional level for loan officers, managers, legal advisers and directors. More effective technical assistance.
- Short-term courses for ICIs, technicians (excluding subborrowers)

11. Are the personnel familiar with the PCGP operating manual?

	LP	CB	TD	TJ	SE	PO	SR
Yes	1	1	1	1	1	1	-
No	-	-	-	-	-	-	-

12. Are the ICIs participating personnel familiar with the PCGP operating manual?

	LP	CB	TD	TJ	SE	PO	SR
Yes	1	1	-	-	-	1	1
No	-	-	1	1	1	-	-

13. Is the manual a practical guide for program operations?

	LP	CB	TD	TJ	SE	PO	SR
Yes	1	1	1	-	1	1	1
No	-	-	-	1	-	-	-

14. How could the operating manual be improved?

LP It is already improved by the latest review

CB Submitting periodically a summary of the manual, including innovations and/or modifications

TD Assigning amounts according to the different regions of the country

TJ Summarizing without considering aspects already contemplated in the credit lines supported by the PCGP

SE With more objective generalizations put together in one single body, clearly specifying changes and modifications

SR Including samples of formularies and feasibility studies.

15. In your judgment, the RTO personnel are coordinating the PCGP program with the ICIs in your region, as follows:

a. Very actively in all respects

b. Providing technical assistance for certain credits, in addition to review of applications

c. Review of applications only

d. Others (Permanent consultations)

	LP	CB	TD	TJ	SE	PO	SR
	b	b	b	b	b-d	a	b

16. Do the ICIs in your region have sufficient technical assistance to provide guidance and support to the PCGP borrowers?

	LP	CB	TD	TJ	SE	PO	SR
Yes	-	-	-	-	-	-	-
No	1	1	1	1	1	1	1

If the answer is negative, explain the reasons:

LP They do not have the necessary technical personnel

CB Inadequate preparation of the program, lack of technical knowledge and non availability of transportation means for supervision

- TD Permanent turnover of credit officers
- TJ Lack of technicians
- SE Insufficient number of technicians in the system, particularly regarding agricultural and industrial projects
- PO The ICIs themselves have not performed operations thus far and we believe that command is achieved through practice
- SR Hiring a technician does not compensate due to the small interest spread received by the ICI.

17. The technical assistance provided by the technicians approved by the TAF is adequate for the needs of the program:

	LP	CB	TD	TJ	SE	PO	SR
Yes	-	-	-	-	-	-	-
No	1	1	1	1	1	1	1

If the answer is negative, how could it be improved?

LP Training them exclusively on the PCIF mechanisms
SE

CB Renewing the registration of technicians with field experience and technical knowledge for implementation of projects and short-term courses

TD They need training

SR Forming a team of technicians that would promote the services.

PO Constant renewal of knowledge through implementation of short-term courses

18. Do you think that the one per cent assistance commission charged by the ICIs for filling out the application forms is a good incentive for the banks to increase their technical personnel?

	LP	CB	TD	TJ	SE	PO	SR
Yes	1	1	1	1	1	1	-
No	-	-	-	-	-	-	1

SR It is not sufficient.

19. How long does the processing of a PGGP credit take at the regional level before it is sent to La Paz for approval:

	LP	CB	TD	TJ	SE	PO	SR
	-	5	2	5	7	NA	7

At La Paz office:

	7	-	15	15-20	10-115	NA	
--	---	---	----	-------	--------	----	--

Before disbursement:

	LP	CB	TD	TJ	SE	PO	SR
	2	3	1	1	10	NA	15

20. Do you consider that the PGGP requires more promotion? at what level? for how long and by which means?

CB Native language radio broadcasts at provincial or regional level. Direct promotion through community groups, TV., for as long a period of time as necessary to communicate the benefits of the PGGP.

TD Radio and TV addressed to a general audience during three months

SE Promotion to the banks through short-term courses, meetings, and other means, frequently.

PO Ten days at the decision taking units through short-term courses, pamphlets and interviews.

SR Film and brochures.

21. Are loan limits sufficient for the various activities guaranteed by the Guaranty Program?

	LP	CB	TD	TJ	SE	PO	SR
Yes	1	-	-	1	-	1	1
No	-	1	1	-	1	-	-

If the answer is negative, how should they be adjusted?

CB According to present values and as a function of the project

TD In the region, costs are higher

SE 100 per cent increase for all activities

22. What is the reason for not granting credit for community development under the PCDP?

LP There is no demand

CB Lack of promotion for this activity; lack of information among community groups; they have state funding

TD Lack of promotion and little acceptance of the IC's

TJ There is no credit line for community development

SE Instruction from central office, arguing lack of necessary resources for such purpose

PO Lack of projects, lack of information regarding possible benefits involved in this type of credits and lack of organization in the communities

23. Are there possibilities to promote community development under the PCDP in the future?

	LP	CB	TD	TJ	SE	PO	SR
Yes	-	1	1	1	1	1	1
No	1	-	-	-	-	-	-

24. Rediscount percentages for the various activities under the PCDP should be:

- a. Maintained
- b. Increased for some activities
- c. Reduced

	LP	CB	TD	TJ	SE	PO	SR
a	a	b	b	a	b	b	a

Explain why:

LP There should be ICI on the ...

TJ The constantly increased cost of living

SE The amounts should be standardized with respect to the
POCP and SIRA

PO For industrial and agricultural projects

25. Which type of guaranty, in addition to the POCP guaranty, is being requested by the ICIs for operations under the program:

	LP	CI	TD	TJ	SE	PO	SR
a. Personal	1	-	-	1	1	-	1
b. In-kind	1	-	1	1	1	1	1
c. Mortgages	1	1	-	1	1	1	1
d. Others	-	-	-	-	-	-	-
e. None	-	-	-	-	-	-	-

26. Are the assets to be procured with the credit included in such guaranty:

	LP	CI	TD	TJ	SE	PO	SR
Yes	1	1	1	1	1	1	1
No	-	-	-	-	-	-	-

27. Which percentages of the credit granted under the POCP are being required by the ICIs as an additional guaranty:

	LP	CI	TD	TJ	SE	PO	SR
	100	100	100	100	*	100	100

On the 25% not guaranteed, the requirement is 1:1 in some cases.

28. Have the personnel of your office performed field visits to the projects?

	LP	CB	TD	TJ	SE	PO	JR
Yes	1	1	1	1	-	-	1
No	-	-	-	-	1	1	-

Average number of visits per project:

NA	1-2	-	-	-	-	-	1
----	-----	---	---	---	---	---	---

* This is a new project and the chief of the CIR has only 25 days in his post.

29. Are the CICs in your region using the Automatic Rediscount System (SIRA)?

	LP	CB	TD	TJ	SE	PO	SR
Yes	1	1	1	1	1	-	-
No	-	-	-	-	-	1	1

If the answer is negative, explain the reasons:

CB Only the BAF

SR The paperwork in the BCB does not delay.

PO The existing regulations of the SIRA do not permit a better

and timely use of the credits which was precisely the objective of the SIRA.

30. Has your office explained to the banking system the benefits and scope of the SIRA?

	LP	CB	TD	TJ	SE	PO	JR
Yes	1	1	1	1	1	1	1
No	-	-	-	-	-	-	-

31. Are the loan application forms adequate?

	LP	CB	TD	TJ	SE	PO	JR
Yes	1	-	1	1	1	1	1
No	-	1	-	-	-	-	-

If your answer is negative, what would you suggest for improving the forms:

- CP Inclusion of information on his/her patrimony and or economic status
 SE The point related to the investment plan and operation costs should be reviewed for a better understanding.

32. Are the existing eligibility criteria adequate to reach efficiently the target group:

	LP	CB	TD	TJ	SE	PO	JR
Yes	1	1	1	-	1	1	1
No	-	-	-	1	-	-	-

If your answer is negative, what would you suggest to improve them:

TJ The lack of guaranty should be considered as the only criteria.

33. Do you consider as adequate the performance of the NEST as correspondent for the BCF ?

	LP	CB	TL	TJ	SE	PO	JR
Yes	1	-	1	1	1	1	-
No	-	-	-	-	-	-	-

Comments:

LP Some adjustments should be made in certain areas of the country

SE There should be a better coordination between the NEST and Desarrollo concerning instructions issued by the BCF.

34. The 13% interest rate charged to the borrower for the POMP should be:

	LP	CB	TD	TJ	SE	PO	JR
Maintained	-	1	1	1	1	1	-
Increased	1	-	-	-	-	-	1
Up to:	NA	-	-	-	-	-	-

35. Is the BANEST complying with stipulations of the Operating Regulations regarding submission of disbursement vouchers, monthly transfer of interests, etc.?

	LP	CP	TL	TJ	SE	PO	JR
Yes	1	1	1	1	1	1	-
No	-	-	-	-	-	-	-

Comments:

LP With some slight mistakes by agencies in the southern part of the country

TJ More concrete instruction should be provided regarding operations and information on statements and tables

SE There are some discrepancies, confusions, lack of information and notes which are not very clear; all these can be corrected according to instructions from the BCP or this RIO

36. Is the BCP evaluation report for PCBP operations adequate?

	LP	CP	TL	TJ	SE	PO	JR
Yes	1	1	1	1	1	NA	1
No	-	-	-	-	-	-	-

Comments:

Particularly points 4 to 8 should be more fully elaborated.

as they are important regarding technical and statistical aspects.

Remarks and Comments

Cochabamba: The guaranty commission should be financed in addition to the loan application so as not to affect the investment proposals and at the same time to facilitate its repayment together with the amortization quotas established under the loan. Additionally, the possibility should be open to provide the subborrower with a second and a third financing as a function of his/her improved income.

Trinidad: The assignment of amounts for various activities should take into account the differences existing in the country regarding costs (raw materials, machinery, construction materials, etc.). Due to the increase of the interest rates, a proportional increase of the amounts should be considered.

Tarija: All PCGP projects should be considered within the refinancing lines, such as Rural Housing and Community Development.

ANNEX I - PART B

Interviews to PCGP Borrowers

1. Interviewed:

La Paz	31
Cochabamba	14
Trinidad	9
Cobija	5
Santa Cruz	19
Tarija	11
Sucre	4
Oruro	6
Potosí	0*
Total	<u>99</u>

* The only credits are placed in Tupiza which was not visited.

2. Activities

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Urban Artisanry	25	1	-	-	3	7	3	6	-	45
Rural Artisanry	1	-	2	1	-	-	-	-	-	4
Agribusiness	1	-	4	1	1	-	1	-	-	8
Housing	3	-	-	-	-	1	-	-	-	4
Community Development-	-	-	-	-	-	-	-	-	-	-
Live stock Farming	1	-	1	2	-	3	-	-	-	7
Agriculture	-	13	2	1	15	-	-	-	-	31
Total	<u>31</u>	<u>14</u>	<u>9</u>	<u>5</u>	<u>19</u>	<u>11</u>	<u>4</u>	<u>6</u>	<u>-</u>	<u>99</u>

3. Credit Use

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Invest. Capital	11	9	3	3	7	5	1	-	-	39
Operat. Capital	5	2	1	-	11	3	1	-	-	23
Combined	<u>15</u>	<u>3</u>	<u>5</u>	<u>2</u>	<u>1</u>	<u>3</u>	<u>2</u>	<u>6</u>	<u>-</u>	<u>37</u>
Total	<u>31</u>	<u>14</u>	<u>9</u>	<u>5</u>	<u>19</u>	<u>11</u>	<u>4</u>	<u>6</u>	<u>0</u>	<u>99</u>

4. Credit Objective

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Expansion	7	-	5	1	4	4	1	2	-	24
Creation	7	8	3	3	2	2	2	-	-	27
Modernization	9	-	-	1	3	1	-	4	-	18
Functioning	<u>8</u>	<u>6</u>	<u>1</u>	<u>1</u>	<u>9</u>	<u>4</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>30</u>
Total	<u>31</u>	<u>14</u>	<u>9</u>	<u>6</u>	<u>18</u>	<u>11</u>	<u>4</u>	<u>6</u>	<u>-</u>	<u>99</u>

15. Problema de Comercialización

	LP	CB	TD	CO	SR	TJ	SE	OR	TOTAL
a) Competencia	5	-	1	-	1	1	-	-	8
b) Roca Clientela	1	-	-	-	-	-	1	-	2
c) Económico	-	-	-	2	1	1	-	3	7
d) Demora el pago	-	-	-	-	3	-	1	-	4
e) Exposición, transprte	1	-	1	1	-	-	-	-	3
f) Ninguno	20	8	5	1	14	8	3	3	<u>62</u>
Total									<u>86</u>

16. El crédito fue suficiente?

	LP	CB	TD	CO	SR	TJ	SE	OR	TOTAL
Si	15	10	5	1	10	2	-	2	45
No	16	4	2	3	9	9	4	4	<u>51</u>
Total									<u>96</u>

17. El crédito fue oportuno?

	LP	CB	TD	CO	SR	TJ	SE	OR	TOTAL
Si	11	10	4	1	8	8	4	1	47
No	20	3	3	3	11	3	-	5	<u>48</u>
Total									<u>95</u>

18. Cuanto tiempo transcurrió desde la 1ª visita a la ICI hasta el 1er desembolso?

	LP	CB	TD	CO	SR	TJ	SE	OR	TOTAL	%
0 - 1 mes	2	1	2	-	2	7	2	-	16	17
1 mes - 2	6	7	1	1	7	2	-	-	24	25
2 mes - 3	6	4	1	-	5	1	1	-	18	19
3 mes - 4	2	1	1	2	1	-	-	-	7	7
4 mes - 6	3	-	1	-	3	1	-	1	9	10
6 mes - 8	2	-	1	-	1	-	1	2	7	7
8 mes - 12	2	-	-	1	-	-	-	3	10	11
12 mes y +	4	-	-	-	-	-	-	-	4	4
Total									<u>95</u>	<u>100</u>

33. Con el crédito se cumplieron los objetivos de su proyecto?

	LP	CB	TD	CO	SR	TJ	SE	OR	TOTAL
Si	22	13	5	1	17	9	3	6	76
No	5	1	2	3	2	3	1	-	17
Total									93

34. Ha recibido crédito anteriormente?

	LP	CB	TD	CO	SR	TJ	SE	OR	TOTAL
Si	8	-	1	2	3	7	3	3	27
No	23	14	6	2	16	4	1	3	69
									96

Observaciones y Comentarios Expresados

- En el caso de créditos a grupos los coordinadores cobraron a los prestatarios por las gestiones.
- La tardanza de los créditos perjudican a los prestatarios en todos los aspectos, v.g. aumento de precios en maquinaria, costos de construcción, oportunidades de comercializar, etc.
- Que se cree un banco de materia prima a nivel de toda la artesanía.
- Promoción y contactos en el exterior además de asistencia técnica para exportación y disposiciones aduaneras.
- No se recibe el monto total solicitado por el pago de comisiones.
- Causa demora llenar los requisitos para afiliarse a INBOPIA.
- Que INBOPIA participe en la promoción.
- La ICI otorga menor cantidad que lo solicitado quedando el proyecto con insuficiencia de fondos para cumplir sus planes. No dieron el componente de capital de operación.
- La ICI debería tener una lista de todos los requisitos para obtener un crédito.
- Debería haber una fuente de informaciones para guiar en cuanto a proyectos al presunto prestatario.
- La ICI no da buena información al cliente.
- Que la ICI y el BCB hagan visita de promoción a los distintos talleres.

- Que la ICI sea más flexible con las garantías.
- No hubo buen asesoramiento del técnico y por eso no pidió capital de operación.
- El cliente llenó el formulario de solicitud y la ICI cobró por el llenado.
- Hubo una demora entre dos y tres meses entre el primer y segundo desembolso.
- Que en los préstamos para vivienda rural también exista un componente para otros rubros, ya sea producción, maquinaria, cultivos, etc.
- En la comunidad de Chosicani (Justo Apasa) existen más de 20 miembros de la comunidad que necesitan créditos.
- Muchos prestatarios requieren ampliación de crédito.
- En varios casos se requirió garantía hipotecaria muy por encima de la relación máxima 1:1.
- Hay problema en conseguir el garante personal; se han dado casos en que el garante le pidió garantía hipotecaria al prestatario.
- Establecer un centro (en Trinidad) para la distribución de semillas, plantas, fertilizantes, etc. para beneficiar al agricultor.
- Que los técnicos del BCB esten en contacto con el prestatario.
- Que el ICI o BCB llene el formulario y cobre un mínimo y que informen acerca de los requisitos que exige la banca para evitar devoluciones de los formularios mal llenados.
- En Cobija un técnico del MACA recibió \$b3.500 por asistencia técnica y luego desapareció engañando al prestatario.
- En Cobija hubo conflicto de intereses con personeros de la ICI para un proyecto de producción de pan.
- Otro caso en Cobija: Llevó a un asistente técnico desde La Paz; le costó \$b30,000, éste le recomendó plantar cacao en vez de yuca y maíz (el cacao recién da frutos después de los 3 a 4 años). El crédito es a 2 1/2 años y sin período de gracia y para yuca y maíz. Quiso pagar en enero con producción de frijol cuyo precio era de 30/kg. Cuando llegó a Cobija la Municipalidad fijó un precio de 12/kg, lo cual le imposibilitó pagar. (La existencia en Cobija de una OTR evitaría la mayoría de los problemas que se suscitan en la zona).

- 11

- Prefiere que le den un solo desembolso y por mayor plazo, ya que la ICI le acordó el plazo.
- El BCB demora mucho en la aprobación y los desembolsos (Sta. Cruz).
- Las garantías que exige la ICI hace en muchos casos que el cliente desista del crédito.
- Existe presión para el llenado de formulario con una persona que la ICI exige (Sta. Cruz).
- Excesivo tiempo del trámite y los requisitos en INBOPIA, Renta, Cámara Artesanal, etc. La Cámara Artesanal no es necesaria. Deben eliminarse requisitos y acortar el tiempo del trámite.
- El desembolso de la ICI al prestatario no se efectúa inmediatamente, sino dos semanas después de haberle abonado el BCB al Banco Mercantil (Sta. Cruz) (Juego con encaje?).
- Los créditos deben ser ágiles y así podrían tener un efecto de demostración en otros prestatarios (promoción).
- La ICI le pidió hipoteca, al no tenerla, le dieron una menor cantidad (Sucre).
- Problema con los requisitos de la ICI como ser cliente de la ICI con cuenta corriente con antigüedad mínima de 3 meses; garantía hipotecaria o personal; conseguir facturas pro-forma.
- Muchos clientes han cambiado de ICI por la demora en los trámites.
- Toda la deuda debe pagarse en dos años, no se hizo separación entre capital de operación e inversión (Oruro).

ANNEX I - PART C
POINT EVALUATION

Interview of
Participating ICI's

1. Visited:

La Paz	0
Cochabamba	0
Trinidad	0
Cobija	1
Santa Cruz	4
Tarija	3
Sucre	3
Oruro	3
Potosí	1
	<u>31</u>

In Oruro, one ICI is processing 4 credits for approval by the PCP.

2. Does the ICI have a person in charge of the PCGP?

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	3	3	0	-	4	1	1	3	1	16
No	-	3	-	1	-	-	2	-	-	6

3. Does this institution have a person exclusively in charge of the PCGP?

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	3	1	-	1	-	-	-	3	-	8
No	6	5	0	-	4	3	3	1	1	26

4. The PCGP means for your bank an initiative of:

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
a) much importance	1	1	1	1	1	-	-	-	1	6
b) importance	1	3	-	-	1	1	2	-	-	8
c) much interest, but ..5	3	3	1	-	2	1	1	-	-	16
d) little interest	1	-	-	-	-	-	-	-	-	1

5. Is your institution interested in a more intensive participation regarding the PCGP?

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	1	5	-	1	3	3	-	2	1	16
No	1	1	-	-	1	-	-	-	-	3
Not known	1	-	-	-	-	-	1	-	-	2

BEST AVAILABLE DOCUMENT

6. Based on your experience with the PCIF thus far, is your bank more interested in reducing the guaranty requirements for small farmers or artisans?

	MI	CO	SI	CO	OR	TS	SE	OR	PO	TOTAL
Yes	3	1	1	1	1	1	1	0	-	14
No	0	0	1	-	1	0	1	1	1	16
Not known	-	-	-	-	-	-	1	-	-	1

7. Excluding the PCIF, would your institution continue lending to the small farmer or artisan eligible under the program?

	MI	CO	SI	CO	OR	TS	SE	OR	PO	TOTAL
Yes	4	2	-	-	-	-	1	3	1	13
No	4	4	1	1	1	3	1	-	-	17

8. Give the percentage of clients under the PCIF with previous credits from formal credit institutions for the same type of activities:

	MI	CO	SI	CO	OR	TS	SE	OR	PO	TOTAL
5%	-	-	-	-	-	-	-	-	-	0
20%	-	1	1	-	-	-	-	-	-	2
0%	2	0	1	1	1	-	-	-	1	5
Not known	1	-	-	-	1	3	3	-	-	10

9. Give the percentage of clients under the PCGP who never received previous credits from your institution:

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
95%	1	-	-	-	-	-	-	-	-	1
90%	-	-	1	-	-	1	-	-	-	2
80%	-	-	-	-	-	-	2	-	-	2
100%	7	6	1	1	4	2	1	1	1	24

10. Are the personnel in charge of the PCGP familiarized with the Operating Manual?

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	7	5	2	-	4	3	2	2	1	26
No	1	1	-	1	-	-	1	1	-	5

11. Is the Operating Manual a practical guide for operations?

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	7	6	2	-	4	3	3	2	1	29
No	1	-	-	1	-	-	-	-	-	2

12. Was the training provided by the PCGP sufficient?

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	4	5	1	-	3	-	1	-	-	14
No	4	2	1	1	1	3	2	2	1	17

13. How long does it take to process a PCGP credit at the ICU?

	LP	CB	TD	CO	SR	TJ	SE	OR	PO	TOTAL
<u>Approval</u>										
1 - 7 days	5	4	1	-	3	1	3	-	1	18
7 - 15 days	3	1	1	1	1	2	-	1	-	10
15 - 30 days	-	1	-	-	-	-	-	2	1	4
<u>Disbursement</u>										
1 - 7 days	3	4	2	-	2	3	2	1	-	17
7 - 15 days	4	1	-	-	1	-	-	-	1	7
15 - 30 days	1	1	-	1	1	-	1	1	-	6

14. How long does the credit approval process take at the BCB? (on 29)

	LP	CB	TD	CO	SR	TJ	SE	OR	FO	TOTAL
<u>Approval</u>										
1 - 7	5	2	-	NA	1	2	1	1	1	14
7 - 15	3	3	1	-	1	1	-	1	-	10
15 - 30	-	-	-	-	1	-	1	-	-	3
30 - 60	-	-	-	-	1	-	1	-	-	3
60 - 180	-	-	1	-	-	-	-	-	-	1

Disbursement

1 - 7	8	6	2	NA	3	3	3	2	1	29
7 - 15	-	-	-	-	1	-	-	-	-	1

15. The BCB support for the PCGP has been (30):

	LP	CB	TD	CO	SR	TJ	SE	OR	FO	TOTAL
a) essential	1	2	-	-	-	1	1	-	1	6
b) sufficient	7	4	2	-	4	2	2	2	-	23
c) deficient	-	-	-	1	-	-	-	-	-	1

16. Is more promotion required for the PCGP? (30)

	LP	CB	TD	CO	SR	TJ	SE	OR	FO	TOTAL
Yes	8	5	2	1	4	3	2	2	1	28
No	-	1	-	-	-	-	1	-	-	2

17. Are the loan limits for the various activities guaranteed by the BCB sufficient? (30)

	LP	CB	TD	CO	SR	TJ	SE	OR	FO	TOTAL
Yes	6	4	-	1	4	1	1	1	1	19
No	2	2	2	-	-	2	2	1	-	11

18. The TA commission charged by your institution for filling out the form has resulted in the reinforcement of your existing technical infrastructure: (30)

	LP	CB	TD	CO	SR	TJ	SE	OR	FO	TOTAL
Yes	2	-	-	-	-	1	1	-	1	5
No	6	6	2	1	4	1	2	2	-	24

19. Usually the forms are filled out by: (30)

	LP	CR	TD	CO	SR	TJ	SE	OR	PO	TOTAL
a) the subborrower	2	-	-	-	-	-	-	-	-	2
b) the ICI technician	0	-	-	1	-	-	-	1	-	2
c) the credit officer	1	1	1	-	2	1	1	1	1	12
d) the TA from the IAFP	5	1	-	-	4	1	-	-	1	14
e) others	-	-	-	-	-	1	-	-	-	1

*The total reflects the fact that several systems may be applied to one ICI.

20. If the form is filled out by a TA-TAF, is he required to inspect the project? (30)

	LP	CR	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	0	0	1	1	4	7	5	-	1	26
No	2	-	1	-	-	1	-	-	-	4

21. Does the ICI personnel perform inspections? (31)

	LP	CR	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	8	5	2	-	4	4	3	-	1	27
No	-	1	-	1	-	-	-	-	-	2

22. What type of additional guaranty is required by the ICI?

	LP	CR	TD	CO	SR	TJ	SE	OR	PO	TOTAL
a) personal	7	3	2	1	4	-	2	-	-	24
b) in-kind	2	1	2	-	4	3	1	-	1	23
c) mortgage	2	3	1	1	-	1	1	-	1	11
d) other	-	-	-	-	-	-	-	-	-	-
e) none	-	-	-	-	-	-	-	-	-	-

23. Are the assets procured by the credit included in the guaranty?

	LP	CR	TD	CO	SR	TJ	SE	OR	PO	TOTAL
Yes	8	6	1	-	4	1	-	1	1	22
No	-	-	1	1	-	-	-	1	-	7

24. What percentage of the credit is requested by the ICI as an additional guaranty?

	LP	CR	TD	CO	SR	TJ	SE	OR	PO	TOTAL
100%	5	6	2	1	4	1	-	1	-	20
30%	1	-	-	-	-	-	-	-	-	1
60 - 70%	1	-	-	-	-	-	-	1	-	2
50%	1	-	-	-	-	-	1	-	-	2
200% and more	-	-	-	-	-	2	-	-	-	2

25. Is your institution using the SIRA?

	LP	CP	TE	CO	SR	TJ	SE	OR	PC	TOTAL
Yes	1	-	-	-	-	1	2	1	-	6
No	7	6	2	1	4	2	1	-	1	24

26. Additional criteria for the FCPF:

	LP	CP	TE	CO	SR	TJ	SE	OR	PC	TOTAL
None	7	6	2	1	3	3	-	-	1	25
Others	1	-	-	-	1	-	3	-	-	5

All activities in rural areas should be eligible including goods and services.

- The value of assets should not be limited
- After receiving a small credit, the credit should be expanded
- Period of time residing in the area and devoted to such activity.
- More flexibility regarding the number of hours
- The application for previous credits should not be a limiting factor

27. Are the existing forms adequate?

	LP	CP	TE	CO	SR	TJ	SE	OR	PC	TOTAL
Yes	7	5	2	1	3	3	1	-	1	23
No	1	1	-	-	1	-	-	-	-	3

28. Comments and Remarks

- The promotion should not be addressed to the subborrower, it should be aware of the guaranty without going into details.
- Regarding the SIRA, there is conflict in selecting the financing line, the ECB changes lines at the time of review.
- The top amount should be increased in special cases approved specifically
- The Big Beni has temporarily ceased activities until the review of the interests charged to its contribution

- Big Beni: the refinancing resources should be increased
- Big Beni: they would be willing to operate directly a program as a bank
- INFOIDA should be in charge of the promotion of the program
- The TA commission is not enough incentive for the participation of the ICIs
- Several ICIs have filled out the form but did not withhold the 1%
- The IC should pay the printing of forms
- Loans should be approved in sequence, at present only one loan at a time is granted
- Jeremos Realce should give preference to these loans
- The SIRA funds for agriculture are low
- SIRA. The PAF requires registration of everything, the affidavit is not enough
- Bank of Cochabamba, Cochabamba. The AMAR guaranty should be reviewed for the ARADO centers so that they participate with the ICs as groups.
- The interest for the ICs contribution should be reduced
- The PAF is in need of more TA
- The REOs should be autonomous
- The guaranty should not include assets such as tools because the client will not be able to pay in the future
- SIRA. The first disbursement is immediate but for the second disbursements the IC approval is required and this causes delays
- Big Beni TDL. They should receive the manuals directly for all the Department of Beni. The manuals should also be sent to the IAF technicians.
- Big Beni TDL. Previously the IC contribution was made effective at completion of the disbursements, now it is made at the beginning with profits deducted.
- The pro-forma invoices cause problems due to the limited number of commercial establishments. In some cases such establishments refuse to issue pro-formas.

- IMF. Natural disasters, such as floods, are not taken into account when preparing the plan of payments
- IMF. The Banco del Estado is not reporting timely the charges to the IMF
- SIRA. The SIRA limit is below the refinancing line limit
- The SIRA and the IMF are centralized in La Paz
- The IMF 5% commission is too high, previously the 1% or 2% was more functional for the subborrower
- There is a vacuum at the beginning of the moratorium between the IMF and the BCB. The action procedure is not given.
- A processing chronogram should be prepared with the IMF so that it (the processing) operates more efficiently
- The BCB should report on credit priorities
- SIRA. They do not participate for fear of being rejected and having their funds committed to loans for 3 years
- SIRA. There might be a difference between the IMF and the ICIs regarding evaluation of assets
- The ICI report should be cancelled (application)
- The ICI contribution should go to operating capital and not to investment capital
- Limitations by regulations, for instance clients give no previous credit and unable to provide guaranty in the form of real state property costing less than the amount of the credit
- This type of loans should allow procurement of second hand machinery
- The training should be coordinated with ACOBAM
- RFOs should be reestablished in Oruro and Cochabamba
- The Banco del Estado (Oruro) takes too much time, they prefer to process documentation in La Paz
- The ICIs contribution should not be subject to local reserve requirements

- The Bank of Potosí in Potosí states that rural property is mortgageable according to LA 10401 dated August 11, 1970 and its amendments
- The SIRA is disbursed following submission of the minutes by the 'C'
- The campesino's commission should be additional to the loan amount so that he receives the total needed
- Personal guaranty for mid-term loans is not accepted, it is prohibited by fiscalization (find out).
- Training should be provided for the TAF technicians, they are not trained
- The SIRA requires that the ICs make the first disbursement with its own funds
- Tractor owners, particularly in Cochabamba, are in need of TA
- Land titling arrangements take too much time
- The ICB technicians should be provided with some transportation for their inspections
- The one per cent for filling out forms should be modified, for instance, there is a lot of difference between rabbit breeding and cultivation of potatoes
- Promotion is required at all levels and through all means
- There are some projects due and not reported to the
- The disbursement voucher is delayed between the 'C' and the IC (3 to 4 days in La Paz)
- The guaranty percentage cannot be determined in the case of personal guaranty
- In several cities the ICB did not inspect all the projects
- Several TAF technicians did not visit the projects for the filling out of forms
- Artisanry loans should be registered at the Agrarian Chamber with no benefits and delays in the processing (SR)
- There is too much delay between the first and the second disbursement
- The ICs do not provide sufficient information to the new borrowers

- Disbursement by an ICI to the borrower was made two weeks after payment by the FCI to the ICI
- Some subborrowers have changed the crops ignoring the ICI and the ICIs
- The FCI is lacking personnel for inspections
- Several projects have wrong addresses or the borrowers cannot be located
- The only criteria for eligibility should be lack of sufficient guaranty.

BEST AVAILABLE DOCUMENT

ANNEX I - PART I
Interview of
Non Participating ICI's

FCIE EVALUATION

1) Visited	IF	OR	SE	OR	DO	TOTAL
2) Number	3	1	1		2	7

3) Does your agency have a person in charge of the FCIE?	IF	OR	SE	OR	DO	TOTAL
Yes	-	3	-	-	-	3
No	-	1	1	1	3	6

Reasons: Few personnel
The ICI is not authorized to operate with refinancing.
There is one person in charge of all refinancing.
No trained person responsible.

4) Does your institution have a person in charge exclusively of the FCIE to support the various agencies?	IF	OR	SE	OR	DO	TOTAL
Yes	-	-	-	-	-	0
No	3	1	1			5

Reasons: Non participating
Not operating at national level with refinanced credits
Bank policy

5) Why is your agency a non participant in the FCIE so far?	IF	OR	SE	OR	DO	TOTAL
a) Conflict with the policy of the institution	-	-	-	-	-	-
b) Unawareness	1	-	-	-	1	2
c) Partial awareness preventing participation	1	-	1	-	-	2
d) Lack of interest	-	2	-	-	1	3
e) Others	-	1	-	1	-	2

6) A decision was taken by your institution for not participating in the program:

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	-	-	-	-	-	-	-
No	2	3	1	1	2	3	12

7) If your institution is participating in the program in other regions, is your agency considering participation in the future?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	1	2	1	1	2	3	10
No	1	NA	-	-	-	-	1

8) Has your institution participated in orientation and training courses for the PCJP?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	1	3	1	1	1	1	10
No	1	-	-	-	-	1	3

9) Has your institution been visited by the EC or AII to explain the program?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	1	2	1	1	1	2	8
No	1	1	-	-	1	1	4

10) Is your institution granting credit to small farmers and/or artisans?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	-	3	1	1	2	2	9
No	2	-	-	-	-	1	3

- 11) Is your institution interested in expanding activities with this sector?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	2	2	1	1	2	3	11
No	-	1	-	-	-	-	1

If yes, with the PCCP?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	2	2	1	1	2	3	11
No	-	1	-	-	-	-	1

- 12) If your institution and/or agency is interested in participating in the PCCP, will it require training by the BCE?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	2	2	1	1	2	3	11
No	-	NA	-	-	-	-	-

- 13) Do you consider that the PCCP requires more promotion to be accepted by the banks?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	2	2	1	1	2	3	11
No	-	NA	-	-	-	-	-

by the subborrowers?

	LP	CB	TJ	SE	OR	FO	TOTAL
Yes	2	2	-	-	2	3	9
No	-	NA	1	1	-	-	2

- 14) Your suggestions for a more effective PCCP regarding achievement of objectives on participation of private banks:

- Find the clients and make them aware of the program
- Train officials since there is a lack of awareness regarding participation in the PCCP
- Since the BCE does not accept mortgages as guaranty, the ICIs should be free to qualify the guaranty
- The ICIs should have 100% refinancing

- The interest rate for the contribution of the ICIs should be increased
- The refinanced legal reserve should be waived
- Up-dating and training courses
- Not having enough personnel technical advise for agricultural credits should be provided
- The spread should be the same as in the BCF
- The ICIs should be provided with printed materials for distribution.

ANNEX I - PART E

INTERVIEW OF TAF TECHNICIANS

TECHNICAL ASSISTANTS

Information was received from technical assistants in the following cities:

La Paz	4
Cochabamba	7
Santa Cruz	7
Tarija	3
Sucre	1
Potosí	2
Oruro	3
Riberalta	<u>1</u>
	28

Questions:

1. Did you receive sufficient information regarding the objectives of the Guaranty Program?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Yes	2	4	4	1	1	-	1	1	14
No	2	3	3	2	-	2	2	-	14

2. The training on the use of the Manuals for PCGP technicians was:

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Adequate	2	2	2	2	1	-	-	1	10
Inadequate	-	-	2	-	-	-	1	-	3
No training	2	5	3	1	-	1	2	-	14

3. Is the Manual for Technical Assistants a useful tool for your participation in the PCGP?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Yes	2	1	4	2	1	-	-	1	11
No	-	-	-	-	-	1	1	-	2
It was not received	2	6	4	1	-	-	2	-	15

If the answer is No, which changes would you suggest for improvement?

- More details for presentation of profiles for options to preinvestment credits.

4. Do you consider as important the participation of the Technical Assistant in the formulation of projects, based on existing forms for credits refinanced by the BCB?

	LP	CB	SC	TJ	SE	PO	OR	RIF	TOTAL
Yes	1	7	7	3	1	2	2	1	24
No	-	-	-	-	-	-	-	-	-
Not known	3	-	-	-	-	-	-	1	4

If No what improvements would you suggest?

- They did not answer negatively

5. Do you consider the existing forms as adequate for determining the:

	LP	CB	SC	TJ	SE	PO	OR	RIF	TOTAL
Technical viability:									
Yes	2	6	6	2	1	1	1	-	19
No	-	-	1	1	-	1	1	-	4
Economic viability:									
Yes	2	6	6	1	1	1	1	-	18
No	-	-	1	1	-	1	1	-	4
Financial viability:									
Yes	2	6	6	1	1	1	1	-	18
No	-	-	1	1	-	1	1	-	4
Do you know?	No	2	-	-	-	-	-	-	2

What changes do you suggest?

- There is need of up-dating, market studies, technical and financial aspects. When the project is an expansion there is no clarity.

- There are deficiencies on the social part, the training degree of human resources is not contemplated
- The form for artisanry is insufficient
- The amortizations table to determine financing costs
- The payment plan is incomplete. A special annex is needed for the financial statements
- The terminology should be standardized
- The costs' model is not adequate, it could be monthly for operating costs, for instance, bakery
- The forms for live stock farming are a study with pompous terms; the forms are designed by bankers and not by technicians
- For each activity there should be a form
- Annexes should be required including details of investments, operating costs and revenues projected and in all cases a flow of funds. The form should include a summary of these aspects
- The forms should be expanded to other activities, such as fruit crops, poultry and live-stock.
- A financing evaluation should be included even for amounts below \$500,000.
- Investments for industrial and mining projects are larger than the limits considered by the TAF and the 3% is considered too low.
- Some duplicated data should be reviewed for cancellation, information not clearly required and enough blank space for filling out.

6. Do you consider that the fees assigned for technical assistance are:

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Sufficient	-	3	3	2	-	-	-	-	8
Insufficient	1	3	2	1	1	2	1	1	12
NA	3	1	2	-	-	-	2	-	8

If they are insufficient, what changes do you propose?

- It is not known the base for selection among three proposals
- It is not guided by the assigned fee, the effort to be performed is measured and the fee is freely established with the client.
- Some technicians have lost interest because the ICIs filled out the forms to keep the 1%

7. Do you consider the Technical Assistance contracts as adequate?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Yes	-	3	2	2	1	2	-	1	11
No	1	2	5	1	-	-	1	-	10
NA	3	2	-	-	-	-	2	-	7

8. How many guaranty credits have you carried out?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Urban area	1	1	4	1	-	-	1	1	9
Rural area	-	3	7	2	-	1	-	-	13
Agricultural sector	-	3	7	1	-	1	-	-	12
Artisanry, Small Ind.	1	1	4	2	-	-	1	1	10
# 0	3	3	-	-	-	-	-	-	6
0 - 10	-	1	1	1	-	1	1	-	5
10 - 20	-	-	1	-	-	-	-	-	1
20 - 30	3	1	1	1	-	-	-	-	6
30 - 50	-	1	2	-	-	-	-	-	3
50 - 80	-	-	1	-	-	-	-	-	1
80 - 110	-	-	1	-	-	-	-	-	1
110 - 200	-	-	1	-	-	-	-	-	1

9. Are you interested in participating more actively in the PCNP program?

	LP	CE	SC	TJ	SE	PO	OR	RIF	TOTAL
Yes	4	7	7	2	1	2	2	1	20
No	-	-	-	-	-	-	-	-	-

10. Do you consider that the PCNP is in need of more promotion?

	LP	CE	SC	TJ	SE	PO	OR	RIF	TOTAL
Yes	4	7	7	2	1	2	2	1	20
No	-	-	-	1	-	-	-	-	1

If your answer is positive, explain at what level, for how long and with what means:

- At the level of small farmers who do not have an easy access to commercial credit. Through hired consultants as required by clients. It should be made known through public and private organizations operating at field level.
- Training course for the artisanry sector, CESEP has already requested this course
- Meetings at the level of technicians already participating to up-date the focus and norms. Legal regulations should be taken into account.
- Radio and TV. Courses for consultants, direct promotion.
- Visits through IBTA extensionists
- Bulletins and pamphlets distributed to campesino communities
- Adequate pamphlets for Technical Assistants, ICIs, inversionists.
- Projection of slides

11. Do you perform field visits to the projects?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Yes	1	6	6	3	-	1	1	1	19
No	-	1	1	-	1	-	-	-	3
Prior to the credit?									
Yes	1	6	6	3	-	1	1	1	19
No	-	1	-	-	1	-	-	-	2
At the time of implementation?									
Yes	-	4	2	1	-	-	1	1	9
No	1	3	6	2	1	1	-	-	14

12. Did you find problems regarding participation in the preparation of projects under the PCGP?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Yes	-	1	-	2	-	-	1	1	5
No	2	4	7	1	1	1	-	-	16

If Yes, which problems:

- The contents and design of the forms are often inadequate
- Contradictions between the ICIs and the BCB regarding the systems of filling out forms
- Rejection of the ICI for lack of money and interest
- The ICIs lack personnel for the program

13. Have you prepared projects technically, financially and economically viable which were rejected by the Banks?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Yes	-	-	1	1	-	1	1	1	5
No	4	7	6	2	1	1	-	-	20

Explain the reasons:

- At the request of three clients I have prepared three profiles but I was not successful
- For lack of portfolio margin or distrust regarding the solvency of the credit subject.
- Outright denial by the ICI in Riberalta to operate under the program

14. Do you know the alternatives of the TAF thoroughly?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Yes	-	4	1	1	1	1	1	1	10
No	4	3	6	2	-	-	-	-	15

15. Do you consider the TAF program as useful to coordinate the Technical Assistance for credits under the PCIF?

	LP	CB	SC	TJ	SE	PO	OR	RIB	TOTAL
Yes	1	4	4	3	1	2	1	1	17
No	2	1	3	-	-	-	1	-	7
NA	1	2	-	-	-	-	1	-	4

If your answer is negative, what would you suggest to improve participation by the TAF?

- Expedite it, perhaps a seminar for its evaluation and modifications in its application
- The DCB should inform the technicians about adequate schemes and forms before implementing projects
- Almost no one uses it because it is not known how
- When an investor requests funds from the ICI for a study the ICI official states that the investor is mediocre and denies the credit.

16. Additional Remarks:

- For the preparation of projects percentages should be established for the fees according to the estimated investment amount for the project so that all persons registered may have the same work opportunities.
- The TA should be integral, from the productive process (preinvestment, follow-up) to its linkage with the consumers' centers.
- A workshop should be carried out for evaluation of the PCGF program (LP)
- The bulletins should be distributed to the TAs
- The courses for TAs should be more frequent and should be combined with the ICIs
- It could be of interest to combine with the economic faculties
- Collection should be direct because the TAF process is long, difficult and expensive.
- At the time of the RTOs' meetings, the TAF technicians should participate in order to suggest changes based on experiences.
- Contracts are verbal because small credits do not allow expenditures concerning documentation
- The Consultancy Law prohibits that the agency in charge of the feasibility studies be in charge of implementing the project
- For live stock farming it is necessary to extend the grace period.

- The TAs are in need of manuals and more frequent courses
- The TAs should participate in the seminars
- The campesinos without current accounts are not accepted by the ICIs
- The Departamento de Desarrollo should be the implementing agency and should not dictate the credit policy
- The ICIs and BCB officials do not contact the TAF technicians for the planning of projects concerning different activities
- The RTOs should be given decision power up to \$b.500,000. Decisions at central level should be expedited
- There should be orientation courses for campesinos in key rural centers.
- Does not know the program but wishes to receive all possible information
- The ICIs do not bother themselves to inform about these programs
- If a RTO is not established in Oruro, there should be a complete control over the ICIs.

ANNEX I - PART F

INTERVIEW OF STATE BANK (BANEST)

1. The managers of the BANEST in the cities of Potosí, Oruro, Sucre, Tarija, Trinidad, Cobija, and Cochabamba were interviewed. In La Paz and Santa Cruz there were no visits because the head office and the BCB agency are located in these districts, respectively. Even when the BANEST agency in Cochabamba was interviewed, its answers to the questionnaire are not being taken into consideration because the BCB has also an agency in Cochabamba.

The answers to the form designed for the BANEST were the following:

2. Is there a person in your agency in charge of the PCIP?
Yes: 4 No: 2
3. Are the personnel in charge of the PCIP familiarized with the Operating Manual and particularly with the Operating Regulations of the PCIP prepared for the BANEST?
Yes: 5 No: 1
4. Do you receive from the RTOs of the BCB the required information for the accountable processing of credits under the PCIP?
Yes: 6 No: 0
5. Is your agency complying in a timely fashion with instructions of the Operating Regulations?
Yes: 6 No: 0
6. Is the BANEST complying with the BCB regulations regarding SIRA?
Yes: 5 No: 1
7. Is the BANEST requiring the disbursement voucher from the ICIs prior to granting credits under SIRA?
Yes: 1 No: 5

8. Remarks and comments by the BANEST managers interviewed:

- The State Bank needs training regarding projects in general and including the SIRA
- The SB personnel is not aware of the PCMP due to turnover of personnel
- There are problems with the investments plan. The original plan should be ratified and not changed, specifically concerning operations and investments
- The ICIs are not required the presentation of the disbursement vouchers before granting a credit under the SIRA because the RTO verifies the disbursement by the ICI and then advises the BANEST.
- There are problems in the preparation of data for the main office because of lack of personnel
- Information is sent in general but there is no identification regarding the PCMP.