

QUARTERLY REPORT

FUCODES - RURAL CREDIT PROGRAM

December 31, 1979

5150146/83
PD-AAV1-139
150-15179

I. Background Data

- A. Project Number and Title: OPG 515-0146 FUCODES Rural Credit Program
- B. Amount Authorized in PP \$489,600
- C. Counterpart Contribution \$332,900
- D. Grantee Fundación Costarricense de Desarrollo (FUCODES)
- E. Executing Agency FUCODES
- F. Date of Authorization September 14, 1978
- G. Date of Execution September 18, 1978
- H. Terminal Dates:
 - 1. Conditions Precedent: N/A
 - 2. PACD: September 30, 1981
- I. Disbursement Progress:
 - 1. Cumulative disbursements \$163,082.47
 - 2. Percent Disbursed 33%
 - 3. Disbursements during the Quarter: \$51,632.64
- J. Percent of Project Time Elapsed: 41%
- K. Project Description:

The purpose of this Project is to strengthen the role of FUCODES as a development agency. The emphasis of FUCODES is on increasing the income of the rural poor by providing technical, organizational and credit assistance to low income groups, promoting group formation and helping identify viable small-scale productive projects.

II. Quarterly Report

A. Status Summary

1. During this quarter four sub-loans were granted; one for a watermelon project (\$1,460.25), one for a marketing project (\$828.42), and two fishing projects (one for \$1,167.04 and the other for \$825.46. All four projects are in the northwestern region of Costa Rica.
2. FUCODES presented a proposal for a second OPG, for its Rural Credit Program for groups of Rural Women.
3. FUCODES reorganized its administrative and accounting sections in hopes of strengthening them. With the assistance of IBM, Costa Rica, FUCODES plans to develop a new system of accounting and data gathering that should improve its decision-making capabilities.

B. Comments on Implementation

Implementation of this program is being carried out as programmed with some delays, however, in the number of sub-loans granted and in the establishment of a statistical section. During FY79 FUCODES planned to grant 38 subloans and was only able to make 22.

C. Problems and Delays

Rapid turnover and deficient technical capacity of FUCODES' field staff continue to cause delays in project implementation. FUCODES is aware of these problems, and is presently planning a major reorganization of the promotion department. In view of the present delinquency and default rates, the inflation rate in Costa Rica and the interest rate being charged for FUCODES credit, the Mission foresees a possibly serious decapitalization problem affecting the FUCODES credit program.

Proposed Action

The Mission will seek technical assistance for a financial analysis of the FUCODES credit program which will recommend appropriate actions to slow or avoid decapitalization. In order to deal with the personnel turnover problem, FUCODES will start hiring promoters with a university education and will increase salaries. The FUCODES Board of Directors is studying an increase in interest rates from 10 to 12% to absorb the increased administrative costs. FUCODES is also planning new productive activities to increase income.

D. Major Activities Expected Next Quarter

1. Reorganize promotion department.
2. Continue technical training for field staff.
3. Complete review of a proposed second OPG for a rural credit program for groups of rural women.
4. FUCODES will discuss with the USAID Mission the personnel turnover problem, and possible options to deal with it.