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UPPER HUALLAGA PROJECT, PERU

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TABLE OF CONTENTS

	<u>Page</u>
I. SUMMARY	1
II. INTRODUCTION	10
III. AGRICULTURAL CREDIT IN PERU	12
A. Policy Framework and Institutional Setting: The Central Role of the B.A.P.	12
1. An Overview	12
2. The Decapitalization of the B.A.P.	14
3. A More Useful Way of Looking at the B.A.P.	14
B. The B.A.P. Lending Activities Contrasted with Commercial Bank Behavior: Unintended Policy Effects	16
1. The Importance of Rate Policies in Explaining Bank Behavior	16
2. The Diversion of Credit Away from Borrowers Targeted for Subsidy	17
3. The Diversion of Credit Away from the Agricultural Sector	19
4. Sistema Ahorre-Pagando: A Further Diversion of Funds Out of the Agricultural Sector	20
C. Other Distortions Introduced by the Use of Non-Market Rates of Interest	23
1. Negative Impact on Collections	23
2. Negative Impact on Project Selection	23
D. One Final Note: The Utilization of Credit by Users	24
IV. THE ECONOMICS OF THE UPPER HUALLAGA	26
V. RESTRUCTURING CREDIT IN THE PEAH	31
A. The Use of Credit to Stimulate Demand for Coca Substitutes	31
B. A Possible Role for Commercial Banks in Delivering PEAH Credit	41
C. Future Prospects for Including Indexation in the PEAH	43

	<u>Page</u>
VI. SPECIFIC INSTITUTIONS IN THE PEAH	46
A. Introduction	46
B. Linkages Between Credit and Extension Activities	47
1. Operational Environment	47
2. Policy	49
3. Program	50
C. Linking Credit to Appropriate Land Use	56
D. Administrative Constraints in Provision of Credit	58
1. Short-Term Crop Loans	58
2. Medium and Long-Term Loans	60
VII. SPECIFIC ISSUES	62
A. Introduction	62
B. Banco Agrario Reporting to PEAH	63
1. Monthly Data on Executed Loans	63
2. B.A.P. Accounting Statements and Loan Drawdowns	66
C. Banco Agrario Del Peru—Ahorre-Pagando System for Capitalization Loans	68
D. World Bank Deflator	71
E. In-Kind Credit Mechanism	76
F. Indexation of Loans	77
G. Financial Institutions Other than Banco Agrario	78
1. Bancoop	78
2. Commercial Banks	79
VIII. CONCLUSION	81
IX. TECHNICAL ASSISTANCE	83
A. Evaluation	83
B. Recommendations	83
C. Candidates	85

I. SUMMARY

The PIO/T called for special emphasis to be placed on practical, field-oriented decision-making and documentation management, and on staffing and practical training requirements. It was not difficult for the credit delivery specialist, even in the limited amount of time available and under the difficult working conditions discussed in Section II, to discover many weaknesses in the decision-making and management systems in place in the field. His findings and recommendations form the bulk of Sections VI and VII to this report. The credit economist, on the other hand, in his overall view of agricultural credit in Peru and the economic realities of the Upper Huallaga region, argues that the weaknesses, inefficiencies and lack of linkages observable in the field reflect a policy framework that would be difficult to change at the level of the PEAH. Because of the gravity of this finding and the radical nature of the restructuring of the credit component implicit in this finding, the economic arguments are developed in some detail in Sections III, IV, and V.

There is a structural difference between the first and the second halves of the report. The second half of the report, in essence, attempts to respond to the specific issues the team was asked to address relating to field-oriented decision-making, documentation management, staffing and practical training requirements, and so forth. The first half in essence, develops the premise that these specific problems observable in the field are effects, not causes, and that Project goals cannot be furthered with the credit fund as it is presently structured.

The major conclusion of this report is that the Project goal of stimulating agricultural activity in the areas as an alternative to coca production would best be furthered by using a major part of the PEAH credit fund to finance

viable agro-industrial projects in the Valley meeting certain employment-generating criteria.

Specific findings and associated recommendations are listed below to provide an overview of mission results. Each item listed is referenced to the page(s) of the text of the report where more detailed information concerning the finding or recommendation can be found.

Items one through eight relate to a shift in emphasis of the credit component to projects designed to increase microeconomic demand for legitimate products of the valley. This recommended shift is predicated on the fact that (1) demand for credit from individual farmers has significantly declined in the past three years (see Table 1 on page 53) and (2) the professional judgment of the MASI team that stimulating market demand for crops is the most productive and efficient formula for generating additional output and income of the valley residents. In the limited time possible for field work by the team in the project area, the most obvious possibility identified which would serve as a vehicle to stimulate this microeconomic demand was the various agro-processing and marketing proposals put forth by the CAS Naranjillo Cooperative. Other agro-industrial projects which may be deserving of consideration may well exist in the valley. However, their identification and recommendation will necessarily have to wait further investigation under a separate effort. Item nine is based on field work including interviews with local B.A.P. officials directly involved with the administration of indexed loans. Item ten is a conclusion concerning the mix of technical assistance which would be required to attend to the first eight items as well as items twelve through seventeen.

Items eleven through seventeen are designed to provide practical solutions to the coordination problem identified between the B.A.P. and other institutional

actors in the project area. The most important premise for advancing these recommendations is the June 7, 1984 Agreement of Understanding to promote improved coordination for credit delivery and technical assistance signed by the Ministry of Agriculture, INIPA and the B.A.P. These specific steps included in this section are based on an identification of the administrative constraints through lengthy discussions with personnel from the various institutions working in the Alto Huallaga.

Items eighteen through twenty respond to specific questions directed to the MASI team concerning administration of the project and a newly proposed in-kind credit mechanism. The corresponding recommendations relate to an in-depth examination of relevant documentation as well as interviews with appropriate local staff, principally from the B.A.P. The itemized recommendations are:

1. Any activity that would have as a consequence an increase in micro-economic demand for any of the possible substitutes for coca in the Valley should be considered for financing under the PEAH, as it would have an immediate impact on production. (see page 30)
2. The cacao processing plant is the prototype for the kind of activity that should be financed with PEAH funds. USAID should lend its unqualified support to the cacao processing plant to insure that it begin operation at the earliest possible date. (see page 35)
3. The Naranjillo Cooperative has plans in various stages of completion for other agro-industrial projects that would replicate the potential of their cacao processing plant for stimulating agricultural production in the Upper Huallaga region, such as:

- the possibility of building a coffee roasting and packaging plant
- a prospect for a plaintain meal plant
- a feasibility study of a citrus processing plant. (see page 36—37)

4. Other agro-industrial projects which may be deserving of consideration:

- a marketing or processing project for tea which would increase the local market price for raw tea.
- others to be identified in the November, 1984 Agribusiness and Marketing Study. (see page 37)

5. The criteria by which agro-industrial projects considered for funding by the PEAH should be judged are of two general types:

- a. no agro-industrial project should be funded which does not have at least a reasonable chance of being viable in real terms in the long run.
- b. agro-industrial projects selected should have potential for stimulating economic activity in the valley that would substitute for coca farming. (see page 39—40)

6. To begin the process of selecting agro-industrial projects for funding, USAID and the PEAH could contract with the Naranjillo Cooperative to supply it with a plan of action for agro-industry in the Upper Huallaga Region. (see page 40)

7. To complement and balance the proposals solicited from the Naranjillo Cooperative, USAID should advertise both locally and nationally that it is willing to fund agro-industrial projects in the Upper Huallaga region meeting certain employment generating criteria. (see page 41)

8. If USAID and the PEAH decide to finance agro-industrial projects, using B.A.P. as the lead institution to administer the funds through the commercial banks and Bancoop is recommended. Incorporating the commercial banks in the loan program will help keep some of the funds from being exported out of the region. This program will need more elaboration. AID's agro-industrial development program in Jamaica is one model to be studied. (see page 41)

9. Until such time as the indexation of loans becomes a nationwide banking system policy, the prospects for using it in the B.A.P., much less in just one small part of the B.A.P., such as the Project area, are virtually nil. Indexation should remain available to the B.A.P. as one of the options it could offer its borrowers, but it should not be a condition for a loan just within the project area. (see pages 43—44)

10. With regards to the future need for and scope of work for technical assistance required for the project, it is recommended that intermittent consultancies be employed rather than a single full-time credit adviser. The recommended categories of specialist required would be:
 - Credit Strategy Specialist/Economist
 - Credit Relevancy Systems Specialist
 - Food Processing Specialist
 - Agricultural Storage, Handling and Distribution Specialist
 - Financial Analyst (see pages 84—85)

11. Each of the three B.A.P. offices in the project area should receive at least one new staff agronomist whose principal function would be to work with new potential clients. These agronomists would work directly with INIPA agents in the field so that loan applications and technical evaluations can be done on the farm site. Additional vehicles should be made available to these agronomists to provide maximum mobility. PEAH should fund this reinforcement of personnel and vehicles via a direct grant to the B.A.P. (see page 56)

12. Even though PEAH should consider directing its credit component to agro-industry, the credit activities of B.A.P. should be supported. There should be an effort undertaken to facilitate a coordinated service to farmer clients by UNAS, the Ministry of Agriculture, INIPA and the B.A.P. An institution rebuilding effort should be undertaken to address policy, program and required resources for implementation. The June 7, 1984 agreement between the Ministry of Agriculture, INIPA and B.A.P. which lays out a program for carrying out joint activities in the agricultural sector should serve as the legal base for building an effective working relationship between these institutions for delivering of appropriate credit. The PEAH should take the initiative of converting this document into an action plan for the Alto Huallaga Valley. (page 49-50)

13. In order for INIPA agents to be active participants in the delivery of agricultural credit, they must have a sound working knowledge of the B.A.P. system, and while in the field, operate as a communications link between the farmer client and the bank. PEAH should organize a schedule to provide capacitation training to INIPA agents both in the form of workshops and field orientation and practice. It is recommended that

the National University for Tropical Agriculture (UNAS) become the anchor around which this training is organized. It is suggested that consultants be contracted to prepare and present an initial workshop which would focus on:

- a. the practical elements of preparing an investment plan for a farmer based on the available technical data relevant to the region;
 - b. potential marketing avenues available for different crops including agro-industrial processing;
 - c. the availability and cost of required financing to implement the investment plan. (see pages 51—52)
14. Specialized Training modules should be developed in conjunction with UNAS for B.A.P. personnel in the project area with emphasis on developing skills for preparing and using standard budgeting models parallel to the development and use of technological package. The objective of this training would be to translate the rather formal, inflexible bank terminology and procedures into a form which would be readily understood by the average farmer. (see page 56)
15. To meet the immediate objective of the Project of fomenting alternative uses of land, the PEAH funded extension specialists and researchers should transfer the accumulated data on input resources gathered by the Research Stations and UNAS from the laboratory to the farm site. A practical first step in this direction would be to apply the soil analysis capability to the fields of potential credit clients, using the INIPA infrastructure as the principal channel. (see page 57)

16. PEAH should establish a special task force to provide adequate resources for cadaster surveys to speed up the process of granting Certificates of Possession of the Ministry of Agriculture in lieu of land titles. If the original budget for this activity is not sufficient to carry out this work in an expeditious manner, then it should be reinforced as required. (see page 60)
17. Pending a reinforced effort to complete cadastral data, the B.A.P. should consider relaxing the requirements of the Certificate of Possession on an exceptional basis in the event that cadaster services do not keep pace with eradication of coca. A simple form signed by an INIPA agent could serve as a temporary certificate for loan granting purposes. (see page 61)
18. For the purpose of documenting drawdowns on USAID funds to finance new loan activity for the PEAH revolving fund, the accounting statements, which present a summary of reconciled transactions for the loan approvals, disbursements, cancellations and lapses should be used. AID can be assured that this information flows from the normal accounting system, subject to internal controls, reconciliations and audit of the Banco Agrario. (see page 68)
19. For the purpose of loan drawdowns by the Project, USAID should be satisfied first that the previous cumulative drawdowns are being utilized by B.A.P. within the revolving fund condition of the agreement between PEAH and B.A.P. This requires information of a global basis regarding the flow of capital and interest payments back into the B.A.P. from their outstanding loan portfolio. This data is made available through the normal accounting system and shown on the B.A.P. regular monthly financial statements. (see page 68)

20. The in-kind credit mechanism for medium or long-term projects should be tested on an experimental basis with either Bancoop or the commercial banks. If proper guarantees to the financial institution, such as minimum floor prices of the selected crop could be established, then the system might be workable, and experimental loans should be attempted.
(see pages 76—77)

II. INTRODUCTION

On June 24, 1984, an evaluation team fielded by Multinational Agribusiness Systems Inc. (MASI), Arlington, Virginia arrived in Lima to assist the USAID Mission and the Government of Peru to determine the most effective, efficient and practical way to manage the credit funds available to the Special Upper Huallaga Project, the PEAH. The field team consisted of team leader, Mr. John F. Gadway, a credit economist, and Mr. Paul Stroh, a credit delivery specialist. Their terms of reference are included as Appendix A to this Report. Project Director in MASI's Home Office was Mr. Carl Metzger who edited the integrated report and contributed to the conclusions and recommendations sections of the report.

The Statement of Work called for considerable field work in the Project area. After several days of reviewing documents and conducting the requisite interviews in Lima, the team prepared to depart for the Upper Huallaga Region. Because of an increase in terrorist activity in the area and the arrival of a long holiday weekend, however, they were advised by the Project Director, Mr. Ramon A. Cornejo Saavedra, to delay their travel from Thursday to Monday. In order to begin the field work on Monday the team traveled to Tingo Maria on Sunday, June 30. Work was interrupted once again a few days later by a large terrorist attack on the Project headquarters and other targets in Aucayacu. Eight Peruvian defenders were killed repulsing this attack. The high level of terrorist activity in the valley made one of the specific tasks outlined in the Statement of Work (meeting with farmer beneficiaries) virtually impossible.

Return to Lima was delayed by an interruption in scheduled air service between Tingo Maria and Lima related to the terrorist activities. Once back in Lima, on Friday, July 6, one of the team members, the credit economist, responded to

an urgent request from the Mission to assist in another matter, and was off the Project until Friday the 13th of the following week. Both team members agreed to stay in Peru a few extra days to make up the lost time, but because of the reduction in air service due to the Eastern Air Lines/Aero Peru dispute and the increase in demand for seats due to the beginning of the Olympic games in Los Angeles, it was not possible to get other reservations. Finally, as if conspiring to rob the team of the little time it had left, Aero Peru moved the departure time of the flight on which the team had reservations up from 9:15 a.m. July 19 to one minute before midnight, which meant they had to pack up and check out of their hotels on the 18th, in effect, one day earlier than anticipated. Only individual reports were submitted prior to departure.

Thus, for reasons completely beyond the control of MASI or the evaluation team, the effective time available to the consultants in Peru was much less than the amount envisioned in the Terms of Performance of the PIO/T, and no integrated report was submitted nor critiqued by USAID prior to the team's departure. To make up for this deficit in as far as possible, both team members did additional work at their respective offices in Miami and Arlington during the latter part of July, and met for 10 more person days of work at MASI headquarters in Arlington in August. A draft Final Report was reviewed by the Mission and comments sent to MASI/Arlington in September. The team members reviewed the comments and tried to respond to and be sensitive to those comments in this final version of the Final Report.

Appendix B is the itinerary in Peru.

III. AGRICULTURAL CREDIT IN PERU

A. Policy Framework and Institutional Setting: The Central Role of the B.A.P.

1. An Overview

Agricultural credit in Peru is dominated by the presence of the National Agrarian Bank of Peru, the B.A.P., which is an old-line development bank in the mold of many others that may be observed throughout Third World countries. This bank owes its dominant position in the agricultural sector in no small way to its interest rate structure, which may be characterized first as being sharply negative in real terms for all loans made in Soles, due to the effects of inflation, and second, as decidedly perverse, in the sense that differential rates vary inversely with the cost to the bank of providing the different types of service in its portfolio. The effective rate in terms of the national currency ranges from a low of 48.14% for loans made to small farmers for certain purposes and for certain geographic areas, to a high of 174.55% for large, short-term loans made in dollars. This rate structure has a number of adverse effects on the agricultural sector in Peru and on the operation of the B.A.P. itself, the most obvious and incontrovertible of which is the rapid decapitalization of the agricultural bank.

Peruvian policy makers clearly understand that the present interest rate structure will lead to the decapitalization of the B.A.P. It is not clear, however, that they understand how quickly this decapitalization can happen, or, indeed, even whether they view the decapitalization of the development bank in strictly negative terms. If they do view it in negative terms, it is not clear that decapitalization appears to them as anything more alarming than a necessary fact of life under present

conditions. The assertion that something must be done quickly to help the agricultural sector prevails over economic analysis.

The present structure of heavily subsidized credit to the agricultural sector has an immediate consequence the sharp reduction in the total amount of credit available to the sector. As a concomitant effect, this structure causes the credit that does continue to flow into the sector to be diverted away from those producers arguably most in need of some form of subsidy toward those whose economic situation would give them access to commercial bank credit. Additional effects include the well-known negative impact on the sector's aggregate production function due to the distortion of market signals as to the real cost of resources, as well as the squandering of real resources in the attempt to capture the subsidy, on the one hand, and to ration it, on the other. Finally, it may be pointed out that because transactions costs increase in percentage terms as loans size diminishes, there exists for each rate of interest a minimum loan size below which there is no actual subsidy. We are left, therefore, with the uncomfortable thought that the present system might in fact provide a subsidy only to the largest borrowers, the balance of the presumed subsidy to small borrowers being consumed in the operation of the clumsy subsidy rationing system itself.

Although there are powerful economic arguments against the present interest rate policies of the B.A.P., the politicians who have set these policies may nevertheless understand the system better than the economists, being versed as they are in its usefulness as a means of conferring benefits upon their constituents. In such a case, economic arguments would not apply, being, at best, only a restatement of the obvious. Such a pessimistic analysis is probably not warranted,

however. On the one hand, the truths of economic science are frequently far from obvious, many of its most basic tenets exhibiting a counter-intuitive flavor. Even more importantly, most policy makers are clearly sincere in their desire to contribute to the general welfare of their country, even if it may be pointed out that they tend to view the general welfare through the prism of their own constituency. In the analysis that follows, an effort will be made to demonstrate in unequivocal terms the enormous cost to the Peruvian agricultural sector of the current credit policies ostensibly designed for its benefit.

2. The Decapitalization of the B.A.P.

According to an analysis of the interest rate structure of the B.A.P. done by its own Planning Department on June 11, 1984, the Bank is currently operating with an accounting deficit of expenses over income of 21.33%. That is, the bank is losing capital even before taking the impact of inflation on the value of its portfolio into account. Using the same assumptions regarding inflation and exchange rate devaluation employed by the B.A.P.'s Planning Department yields the disturbing conclusion that the bank is losing capital at the astonishing rate of about $8\frac{1}{2}\%$ per month, which would give the value of its portfolio a half-life of about seven to nine months. The numbers are so persuasive that it would be naive to suppose that policy makers at the highest levels are not aware of them. In other words, pointing out the fact that the bank is being decapitalized is not going to change many votes, although the rapidity of the present process may be unnerving to some.

3. A More Useful Way of Looking at the B.A.P.

There is, in fact, a more useful way of looking at what is happening to the Peruvian Agricultural Bank, one that corresponds more closely to the

way the process is viewed by the Peruvians themselves. In the Peruvian view, if the B.A.P. is losing capital at a rapid rate, well that can be just a difference in degree, not in kind, from what has been happening for years. After all, according to this view, it is continually recapitalized by the central government, and the B.A.P., after all, isn't really a bank anyway, but just a development bank, which is expected to lose capital, as part of the price the country is willing to pay for development.

Instead of focusing on the decapitalization of the B.A.P., it is more instructive to view the agrarian bank as an institution that somehow has to manage huge swings in its liquidity. Long periods of drought alternate with flash floods—an apt and perhaps not independent reflection of the ecosystem of the Peruvian coast where most of the B.A.P.'s lending is concentrated. The same institution, with the same physical plant, the same staff, and the same policies which at one time must be geared to the severest rationing mode, may in the next instance find itself attempting to manage the rational placement of enormous resources. Many policies and procedures which in isolation may appear to be irrational and without foundation may be explained as an institutional reaction and adjustment to this reality.

As long as the B.A.P. is constrained by political considerations from using market mechanisms to allocate resources to alternative uses, it will be difficult to do away with the inefficiencies inherent in its administrative structure. Inefficiencies that would not be tolerated in a commercial bank in Peru are explained in terms which have little or nothing to do with their real economic justification. The special requirements and procedures that are frequently explained by reference

to the lack of sophistication on the part of the Bank's small farmer borrowers find their real economic justification as the solution to the rationing problem. Otherwise inexplicable departures from standard banking practices that are the cause of much head shaking and finger pointing on the part of outsiders likewise form part of the necessary rationing system.

B. The B.A.P. Lending Activities Contrasted with Commercial Bank Behavior:

Unintended Policy Effects

1. The Importance of Rate Policies in Explaining Bank Behavior

To appreciate the validity of this discussion it is necessary to contemplate for a moment what would happen to the best run commercial bank in Peru if one could somehow require that it operate with an interest rate structure significantly lower than its competitors. Almost instantly this bank would find itself in the midst of a liquidity crisis of completely unmanageable proportions. Its credit department would be swamped with loan applications, while outside, long lines would be forming, as depositors sought to close out their accounts and transfer their funds to institutions paying the going rate of interest. The bank would be forced to close. But if you could also somehow require that this bank not close its doors, perhaps with the promise to help it out occasionally with transfusions of capital, what kind of changes would you observe in the operation of this formerly well-run institution? In the first place, the savings department, which in the past was able to serve a large number of clients efficiently and promptly, would soon, after the tumult of the run on the bank had subsided, begin to wither away from lack of use. Morale would decline and the best employees would begin looking for other opportunities. The loan department, on the other hand, would soon learn how to protect

itself from the avalanche of loan applications by erecting a series of obstacles that would have the effect of raising the cost and lowering the value of the credit until some sort of equilibrium between supply and demand, price and value, were reached. This equilibrium would be at a much lower level, of course, and the quality of the service offered to the public would be much lower. There would be little incentive for increased efficiency, neither on the savings side, due to the excess capacity in place there, nor, even more importantly, on the credit side, because of the painful fact that any increase in efficiency here would work against the barriers that had hastily been put in place. Any increase in efficiency, in fact, would tend to be nullified by the creation of new obstacles in other areas. Inefficiency becomes institutionalized in a financial intermediary forced to work with non-market rates, and, in fact, is essential to its survival.

A commercial bank forced to operate with the interest rate structure of the B.A.P. would soon come to exhibit the distressingly familiar features of under-capitalized development banks throughout the Third World.

2. The Diversion of Credit Away from Borrowers Targeted for Subsidy

The example of what would happen to a commercial bank if it were forced to work with the interest rate structure imposed on the B.A.P. provides a perspective from which to view some of the other distortions introduced by non-market rates of interest. Suppose that you could require not only that the institution keep all rates below market level, but at the same time, on the credit side, you require that the structure of rates be inversely related to the institution's costs of providing the different credit services in its portfolio. You would find this

institution, faced as it is with perennial decapitalization and liquidity problems, placing as much money as it could in its low-cost, high return loans. This is exactly the situation in which the Peruvian Agricultural Bank finds itself and is exactly the behavior that we observe in the B.A.P. More than sixty percent of the bank's funds are lent at their ordinary rates, which have an effective range of 79.52% to 174.53%, according to the analysis of June 11, 1984, supplied by the bank's planning department. Moreover, within this category of ordinary rates, less than 1% of the bank's funds are placed at the lower end of the range, at the 79.51% effective rate, with the preponderance being placed at the highest rate available to the bank in loans denominated in soles, 96.14%. In contrast to the sixty percent placed at ordinary rates, only 21.98% of the bank's funds are placed at its most promotional rate of 48.14%.

This marked tendency on the part of the B.A.P. to direct credit toward borrowers paying higher rates is observable at every level of the interest rate structure. For example, within the general category of capitalization loans, there are two different effective rates, 60.89% and 70.38%. The Bank places 11.52 times the amount at the higher rate than it does at the lower, that is, a difference of one thousand, one hundred fifty-two percent. Similarly, under the general category of commercialization in national money, there are two preferential effective rates, 82.81% and 91.57%. Within this category the bank places 17.35 times more at the higher rate than at the lower, that is, one thousand seven hundred thirty-five percent more.

Since the lower rates are uniformly associated with borrowers deemed by policy makers to be especially in need or deserving of subsidy, the

bank's behavior is counter-productive to its stated policy objectives. By diverting funds away from the high-cost, low return portion of its portfolio, the bank denies credit, not to mention subsidized credit, to precisely the group targeted for subsidy. It should be mentioned in the B.A.P.'s defense, however, that it has no real choice in the matter. Even taking all the precautions it can under the present interest rate structure, it is being decapitalized at an astonishing rate. If it were to direct more of its lending toward higher cost, lower return, longer term loans—that is, toward the target group—it would be decapitalized at an even faster rate, and, perhaps even more significantly, would have to reduce the level and quality of its service even more, due to severe liquidity problems that would result.

3. The Diversion of Credit Away from the Agricultural Sector

The marked diversion of credit away from the groups targeted for subsidy that we observe within the agricultural sector as a natural response to the perverse interest rate structure imposed on the B.A.P. reflects what is happening to the agricultural sector as a whole within the larger context of the Peruvian economy. Before inflation turned the B.A.P.'s rate structure sharply negative during the middle and late seventies, up to 25% of agricultural production credit in Peru was furnished by commercial banks.* But as commercial banks began raising their nominal rates in an effort to keep pace with inflation, large agricultural producers began to turn to the Agrarian Bank as a cheaper source of funds. The B.A.P., for its part, for the reasons of self-preservation that we

* This figure and this process was mentioned by a participant in the Peru Policy Workshop held at the Hotel Crillon in Lima, Monday, July 9, 1984, but the figure has not been confirmed independently. For the years 1978–1981 the figure hovered in the 6 to 9% range, and has been in the 11% range during 1982 and 1983.

have already discussed, began to accommodate these refugees from the commercial sector at the expense of its traditional clientele. The commercial banks, on the other hand, were not willing to pick up the small farmer customers dropped from the high cost/low return end of the B.A.P.'s portfolio. Thus, as a direct result of the preferential interest rate policies of the B.A.P., we observe not only the diversion of credit within the sector away from the small producer targeted for subsidy, but also a diversion of credit away from the sector as a whole.

4. Sistema Ahorre-Pagando: A Further Diversion of Funds out of the Agricultural Sector

The Minister of Agriculture Juan Carlos Hurtado Miller recently announced a credit scheme with the evocative title Sistema Ahorre-Pagando.

Although this name seems to suggest with the exhortative 'save' that the borrower will be building up a savings balance as he pays down his loan, there is, in fact, no special provision for a savings account for the borrower under this system. The 'savings' come, as before, in the form of subsidized credit to the agricultural sector and, just as before, is attended by a diversion of funds away from this sector. But whereas in the past the diversion of funds away from the agricultural sector appeared as a perhaps unintended side effect of concessionary interest rate policies relatively hidden by the day-to-day working of the banking system, the Sistema Ahorre-Pagando makes at least part of this diversion explicit and central to the working of the B.A.P.

The Sistema Ahorre-Pagando represents an effort on the part of the Ministry of Agriculture to accommodate the concern that the B.A.P. increase the effective return on its portfolio without abandoning

the conflicting Peruvian government policy of offering subsidized credit to the agricultural sector. As explained by the General Manager of the Planning Department of the B.A.P.,* it was decided that a satisfactory compromise between these conflicting objectives could be arranged by diverting a percentage of the Bank's funds directly into dollar denominated accounts in the commercial banking system. Since dollar accounts earn an extremely high return in soles due to the fact that the exchange rate is being devalued at an even faster rate than the rate of inflation, this strategem allows the B.A.P. to earn an average return on assets considerably higher than the average return on loans made to the agricultural sector as a whole.

For accounting purposes, the funds diverted to dollar accounts originate as the discounted portions of loans made by the B.A.P. to agricultural sector borrowers. The decision as to how much to discount these loans was made only after examining the results of over six hundred computer simulations incorporating varying assumptions as to nominal and effective rates of interest and the value of the multiplier used to index longer term loans. The formula that has been tentatively selected for implementation involves retaining 11% of the face value of loans for deposit in dollar accounts, with a 30% annual adjustment of the balance of the loans in soles, which results in an effective rate of interest to the borrower of about 57%—strongly negative in real terms in the present environment—and an effective average return to the B.A.P. of about 85%, also a strongly negative rate in real terms under present conditions.

* An outline of his explanation of the proposed system is included as Appendix C to this report.

The explicit diversion of funds out of the agricultural sector by the Sistema Ahorre-Pagando may be explained adequately in rational economic terms as a much needed device for slowing the rate at which the Agrarian Bank is being decapitalized, or, perhaps more accurately, as another device for dampening the wide swings in the bank's liquidity noted earlier. Funds diverted to dollar accounts today will be available for lending to the agricultural sector tomorrow. From the point of view of the bank's managers, Sistema Ahorre-Pagando is a reasonable strategy. Yet there is something vaguely disturbing about this plan which causes the political economy questions raised earlier to surface once again. The fact that hundreds of computer simulations were done before the politically acceptable formula was selected suggests that policy makers were clearly aware of the trade-off between the amount of subsidy that can be directed at individual borrowers within the agricultural sector and the total amount of credit that may be allocated to the sector as a whole. In other words, policy makers appear to be quite aware of what they are doing. They are apparently willing to sacrifice the sector as a whole in order to benefit a portion of it.

The feeling of uneasiness about the Sistema Ahorre-Pagando is not quieted by the observation that this diversion of a percentage of the World Bank funds into dollar accounts assures the B.A.P. that it will be able to serve its established customers for a time after the bulge of liquidity has worked its way through the system into the commercial banks of Peru. After all, these established customers, these refugees from the commercial banking sector—a distinct minority within the universe of potential B.A.P. customers—may be the only true beneficiaries of the subsidy managed by the agrarian bank.

C. Other Distortions Introduced by the Use of Non-Market Rates of Interest

Although the preceding analysis should be sufficient on its own to cause serious reservations on the part of policy makers as to the benefits of the interest rate structure presently imposed on the B.A.P., it by no means exhausts the catalogue of distortions, inefficiencies and counter-productive results this policy fosters. We will mention only two more such examples.

1. Negative Impact on Collections

Of some importance to the operation of the B.A.P. is the effect on collections. Recent studies on agricultural credit have shown rather conclusively that loan delinquency is inversely related to the quality of service offered by the lending institution. Inasmuch as the present interest rate structure has caused and will continue to cause a reduction in the quality of the service the B.A.P. is able to provide, there is a clear (if somewhat indirect) connection between the present interest rate policies and any collection problems the bank may have.

In this context we should note that the official figure the B.A.P. uses for its delinquency rate probably understates the problem dramatically. Such an understatement could be accomplished, on the one hand, by not taking the refinancing of slow loans into account, and, on the other hand, by using old soles in the numerator and new soles in the denominator when making the calculation of this ratio.

2. Negative Impact on Project Selection

Perhaps most importantly for Peru, the use of negative real rates of interest makes the task of identifying and channeling resources towards the most profitable projects considerably more difficult, insuring that

while many marginal projects are financed, many potentially profitable ventures are left stranded without funds. In an environment of positive real rates of interest, only those projects which can support positive real rates emerge for consideration. In an environment of negative real rates, however, these deserving projects—deserving in the important sense of showing real returns in excess of real costs—must compete with all manner of marginal projects for funding. If the proponent or owner of a profitable project happens to be a small farmer, the present system practically guarantees that this project will not be financed.

D. One Final Note: The Utilization of Credit by Users

The harsh judgment of the previous section is corroborated when we consider the little-known but obvious truth that credit, in general, is used to finance marginal projects. Farmers do not commit their own energy and resources to marginal projects first, holding back their best projects for the uncertain event that additional resources may be made available through credit. They engage in some economic activity whether credit is available or not, beginning with the activities that appear most crucial to their survival and most promising. If additional resources become available through credit, projects that had appeared less crucial or less promising may be undertaken—that is, marginal projects.

The only instance where credit may be used to finance a project that is potentially more profitable than the project the borrower would be undertaking anyway—a non-marginal project—is the case where such a project is large in terms of the total resources at the producer's disposal. Credit may be used to undertake such projects that, due to a quality of indivisibility, must be done completely or all at once, or not at all. For a farmer to undertake such a project, however, he must view it as being potentially extremely profitable. Large projects of only marginal profitability will not be undertaken with credit because, with the

leverage involved, small miscalculations or small reversals in the market can wipe the producer out. We might point out here, as if the arguments against the use of underpriced credit were not already legion, that it would not be necessary to use a subsidy to induce a producer to undertake such a project. You would only have to give him access to credit.

Since the B.A.P.'s small farmer loan guidelines prohibit loans that are large in terms of a farmer's total resources, it appears that the bulk of its lending goes to fund marginal projects. These loan guidelines, of course, form part of the credit rationing system necessitated by the use of non-market rates of interest.

IV. THE ECONOMICS OF THE UPPER HUALLAGA

The analysis of Section III may seem to have taken a long approach to our subject, but it is necessary to be able to form an idea at the outset of what may be possible, what may not be possible, and what we may reasonably expect from the credit component of the PEAH. The first general conclusion that emerges is that if the PEAH must work within the interest rate structure imposed on the B.A.P., the removal of administrative constraints in the provision of credit will prove to be difficult, inasmuch as these constraints form part of the non-price rationing system and demand for credit by small farmers has significantly decreased (see pages 53-55 for data and more discussion on this point). Lack of demand among small farmers for the kind of credit dispensed by B.A.P. is palpable. It may be expected to decline further as debt carrying ability of small farmers decreases with the progress of coca eradication as will be discussed again on pages 38 and 81. On the other hand, B.A.P. officials in the Upper Huallaga Valley indicated to the consulting team that they are willing to cooperate with both PEAH and the Extension Service in finding solutions to the problems preventing credit flows. The extent to which the special conditions and extra resources available within the PEAH area may permit this rationing system to be relaxed will be explored in Section VI, where the focus is on the linkages between credit, extension activities and appropriate land use. In the present section we look at the special economic conditions prevailing in the project area. In Section V we turn to suggestions for restructuring the credit component of the PEAH, with special discussion of the problems of intermediate and long term credit in an inflationary economy, and the prospects for the use of indexation within the PEAH.

By most accounts, credit had very little to do with the establishment of coca farming in the Upper Huallaga region of Peru. Although it is sometimes heard that coca buyers might have financed production to assure themselves an adequate

supply of the raw material, this explanation for the rapid spread of the cultivation of this crop does not reconcile with what is known about dealings in the drug world, where transactions tend to be quick exchanges of cash for goods. But even if some credit were advanced to some producers in the early stages of development of the region, it is clear that credit was not essential to the rapid increase in coca farming. The crop was so profitable that a small farmer could rapidly increase the area he planted year to year through the use of retained earnings.

Farmers throughout the world have demonstrated time and again that when they are faced with a strong market for a crop that thrives in their area, they will bring that product to market in ever-increasing quantities. Their ability to increase production in response to a strong market is, in fact, so marked that their own productivity is frequently their own undoing, with gluts on the market alternating with scarcity. This is the famous cobweb theorem of economic theory, which is borne out by the most casual observation of agricultural markets. Although it has been frequently argued that farmers need subsidized credit to induce them to incur the risk of trying new, more productive technology, this assertion has not been demonstrated in practice, and, in fact, is quite faulty on strictly theoretical grounds. What farmers want, what they will block highways for, what they will organize for, what they will fight and even sometimes kill for, is a strong market for their output. The moonshiner in the hills of West Virginia or Tennessee did not need subsidized credit or a technology package to get into business. He needed the 19th Amendment, which created a strong market for corn squeezins. No amount of subsidized credit and technical assistance will bring back the moonshine industry, because the market is dead. It might be possible to get the old moonshiner's grandchildren to swallow a certain amount of inexpensive debt, but it would not be possible to get them to go back to the

old stills. The economics of this question are quite transparent: Economic activity follows prices and profits, and sometimes, grudgingly, fiat. Credit, too, follows prices. Although it is possible to direct a subsidy at an individual by the use of subsidized credit, the banking system cannot handle this task very efficiently. Furthermore, it is not possible in general to direct economic behavior with subsidized credit. That is, it is not possible to cause an individual to undertake sustained economic activity that he would not already be prepared or inclined to undertake in the absence of the subsidy. That is a separate task, which may be attempted with a separate system appended to the credit delivery system, and with a separate budget.

If the economics of this question were not already rather clearly understood, the peculiar circumstances of the Upper Huallaga region would provide an excellent laboratory in which to test the theory. In contrast to most of the rest of rural Peru, this region is flush with cash, or has been until the recent escalation of terrorist activity. The area, in fact, has been a heavy net exporter of funds to other areas of the country. The six commercial banks that operate branches in Tingo Maria have deposits roughly equal to 300% of their loans in the area, according to one local banker. Even the Tingo Maria branch of the B.A.P. is relatively flush. According to one spokesman for the Bank, whereas the Tingo Maria branch may be last of all branches in the B.A.P. system in terms of loans, it is first in terms of deposits, which, according to the general manager there, equal about 160% of loans.

The analysis of this and the preceding section seems to leave little room for credit in the PEAH. Since all banks operating in the area, including the B.A.P., appear to be strong net exporters of credit, lack of funds would not appear to be the real constraint to alternative investments in the area. In fact, however, there are apparently worthwhile projects languishing for lack of funding. There

is room (indeed a demand) for more credit in the Upper Huallaga Valley, especially of a different kind than that presently dispensed by the B.A.P. through its rural branches. One example is a cacao processing plant desired by the Naranjillo Cooperative. Project implementation has stalled for lack of funding even while commercial banks export credit from the region because of the high degree of financial repression in the Peruvian economy and the concomitant lack of a long term capital market. The banks export short term credit; projects require intermediate to long term financing, as will be discussed again on pages 39 and 40. This is a well-understood effect of inflation-induced financial repression common in many developing countries, particularly today in Latin America.

The economic fact of life in the Valley is the lack of a strong and consistent market for the area's agricultural products other than coca, and probably rice and cacao. Yet many agricultural products appear to thrive in the area. Coffee and tea seem particularly suited to the natural conditions there, as do plantains, citrus and other fruits. There would seem to be reasonably good conditions for poultry and livestock, and perhaps even dairy herds. There may be other products that would thrive there that outsiders and non-agrarians would not be aware of. What is necessary is the productive potential of the area, to build distribution and processing facilities as markets for farmers' production, and to create demand, through the price mechanism. Unless the farmers of the Upper Huallaga are different from farmers in all the rest of the world, they will not be offended by such an approach to promote marketing outlets. To the contrary, they will bring forth ever-increasing produce. If that means going into debt, he will go into the financial market and bid up the price of credit to the point where it equals the value it has for him. Cooperatives will form among small producers to help them overcome any indivisibilities they encounter.

This somewhat lyrical defense of the resourcefulness of the small farmer suggests nevertheless a real policy option for the use of credit in the PEAH. In the first place let us note that we are not talking about a kind of generalized aggregate demand known to macroeconomics. Rather we are talking about microeconomic demand: a certain product of certain specifications and quality for a certain price. This microeconomic demand for credit emanates from individual enterprises, including facilities for procuring, processing and/or distributing. These firms need intermediate to long term credit. Fulfilling this microeconomic demand for credit will significantly effect small farmers who should then have a market for their products at a reasonable price, and if shareholders in a cooperative owning a facility, will receive additional economic gain.

Recommendation

Any activity that would have as a consequence an increase in this kind of demand for any of the possible substitutes for coca in the Valley should be considered for financing under the PEAH, as it would have an immediate impact on production.

We will take up this subject in more detail in the next section on the restructuring of Credit within the PEAH.

V. RESTRUCTURING CREDIT IN THE PEAH

A. The Use of Credit to Stimulate Demand for Coca Substitutes

The Upper Huallaga region contains an excellent example of the relative weakness of credit as a factor for determining the behavior of small farmers when compared with other considerations, such as the strength and stability of the market for their produce. The region also supplies us with an excellent example, in the stalled cacao processing plant of the Naranjillo cooperative, of the power of credit, when it is withheld, to strangle potentially profitable economic activity.

The cacao processing plant is a text book example of the potentially profitable and worthwhile project that is unable to attract sufficient funding in a financially repressed economy, that is, an economy characterized by financial markets forced to work with negative real rates of interest on financial instruments. For 15 months, from May, 1983 until August, 1984, a million dollars worth of machinery has remained idle in the wooden shipping crates on the floor of the newly constructed processing plant. During this time, while additional funding for this project was being debated, the project area offices of the B.A.P. lost capital in its subsidy management operation (i.e., lending activities) on an order of magnitude sufficient to complete the plant and place it in operation.

While the cacao processing plant is potentially profitable under certain assumptions and conditions, the hard question as to whether this plant can reasonably be expected to service its debt and show a profit over the long run cannot be answered in the affirmative with any degree of certainty, given the many imponderables that must be factored into the equation. This eminently practical and reasonable question does us a disservice, however, by leading us away from the more meaningful question that may be stated in

terms of project goals. The more relevant question is: Given the peculiar economics and institutional realities of the Upper Huallaga region, is there another equally viable project that has a greater potential for furthering project goals, or, conversely, is there another project with equal potential for furthering project goals that is potentially more viable than the cacao processing plant?

In fact, the cacao processing plant responds to project goals more directly than any activity undertaken or funded by the PEAH. Whereas the project attempts to further activities other than coca farming from the supply side through the manipulation of subsidies, the cooperative approaches the problem more positively from the demand side. The way to get a man to become a cacao farmer is not to give him cacao seedlings (the Project's approach), but rather the reverse, to promise to take cacao off his hands, (the cooperative's approach). Even giving a farmer seedlings plus instruction in cacao farming and subsidized credit will not make him take up cacao farming in a serious way if there is a huge billboard in town (the stalled cacao processing plant) that questions the strength of the cacao market.

A potential problem for the cacao processing plant concerns the availability of raw material (cacao beans) in sufficient quantity to permit the operation of at least two shifts. If the Upper Huallaga region does not have enough cacao under cultivation to permit the plant to operate at least two shifts the economic feasibility of the processing plant is seriously questioned. However, what appears as a problem from the narrower perspective of short-term economic feasibility appears as a solution from the broader perspective of project goals. The Project seeks to stimulate economic activity that would substitute for coca farming. If there were already sufficient cacao under cultivation to guarantee sufficient raw material for the processing plant,

the plant would appear more viable from a financial point of view, but much less attractive when viewed from the perspective of stimulating economic activity other than coca farming. It is, indeed, the very fact that cacao production in the valley presently is not sufficient to guarantee continuous operation of the processing plant that makes this project interesting. If there were sufficient cacao under cultivation already, the plant could have only marginal impact in the area of coca substitution. It is ironic that an earlier consultant cited the very fact that makes the processing plant interesting in terms of project goals as a possible reason for not funding it.

The irony is strengthened when we consider the marginal activities funded by the B.A.P. and the PEAH in the Upper Huallaga region. The B.A.P., for its part, distributes a subsidy (loses capital) in the region at the rate of roughly one million dollars a year. These funds lost by the B.A.P. are quickly mobilized by the commercial banks and exported, as we saw from our earlier analysis, after having at best a fleeting impact on economic activity in the area. The PEAH, for its part, has funded activities that would have difficulty withstanding the type of questioning to which the cacao processing plant has been subjected. For example, while the present evaluating team was in the field, the rock crusher supplied by Pettibone International of Cedar Rapids, Iowa, was placed in operation. This magnificent machine, said to be small by industry standards, has a rated capacity of 100 tons of crushed rock per hour. In 60 minutes of operation it can crush enough rock to fill all twelve dump trucks now available or procured through the Project. In other words, after 1 hour of operation the plant must either shut down or begin stockpiling crushed rock at a prodigious rate. The imbalance between the capacity of this machine and the ability of the Upper Huallaga region to absorb its output in an economic manner is great, but it is justifiable to provide crushed rock for needed road maintenance and soil supplements (limestone) to reduce soil acidity and neutralize aluminum

content that inhibits crop production. It may be that there still remain feasibility and financial viability questions for the cacao plant. It may be that other options for processing locally grown cacao in existing plants should be explored in more detail. However, it can also be argued that the plant equipment is there. The Naranjillo Cooperative is largely composed of small farmers and is aggressively trying to create markets for its members. While the plant is owned by larger farmers in proportion to their capital contribution, all producer members of the cooperative will be suppliers and will benefit. Given the difficulties in encouraging production of coca alternatives by other credit approaches, investing PEAH funds to make use of fixed assets lying idle may be at this point at least as economically contributive as the rock crushing plant.

The most effective, the most positive and the most direct way of stimulating and increasing agricultural production is through the creation of a stronger and more stable demand for agricultural products. The cacao processing plant would accomplish this end. The Naranjillo cooperative has a membership of about 5,000 families. Of this number perhaps 40%, or about 2,000 families, are presently producing at least some cacao in the project area. These families would all naturally begin to increase production of cacao if the processing plant, short on raw material, were to begin bidding up the price of cacao in the area.

To put this figure of 2,000 families in perspective, during 1983 the B.A.P. executed a total of 1,290 loans in its three Project area offices. Since some farmers receive more than one loan in a year, the total number of families reached by the B.A.P. may have been closer to 1,000. In other words, working with a much larger budget than the one projected for the cacao processing

plant, during 1983 the B.A.P. had a weak, fleeting, and indirect impact on the economic activity of about 1,000 families. The cacao processing plant, in contrast, working with a smaller budget, would have an immediate, direct and continued impact on the economic activity of twice this number of families.

Recommendation

The cacao processing plant is the prototype for the kind of activity that should be financed with PEAH funds. Full funding should be given so that the cacao processing plant may begin operation as soon as possible. It is further recommended that USAID and the PFAH avoid any requirement that the Cooperative supervise eradication of coca production by its members. Instead, emphasis should be on developing cacao and other alternative crop/animal systems, particularly markets.

The above recommendation pertains in part to an image problem. USAID and the PEAH should avoid any overt word or action that would strengthen the public perception that the PEAH and the coca eradication operation are one and the same. The ideal situation, from AID's viewpoint, would be for the public to come to view the eradication operation as an act of God, much like a plague of locust or a flood, with the PEAH appearing in the role of a disaster relief organization. As it stands now, USAID and the PEAH are associated in the public mind with the disaster, not with the relief, and for this reason have a poor image in the Upper Huallaga Valley. Presently the PFAH has to bear the onus not only of the economic dislocation caused by the eradication operations that have already been carried out, but also the outrage of the community at the isolated reports of excesses on the part of the armed detachments charged with the forced eradication operation. PEAH's stressing the positive development of processing facilities and market outlets for coca alternatives will help minimize the public's concern that PEAH is a negative force and threat to the economic well-being of small farmers.

The cacao processing plant is merely an example of the type of activity that should be financed with the PEAH credit fund. It is an example of a potentially profitable, non-marginal project that cannot be undertaken without intermediate or long term credit. It is a project that could have a direct and immediate impact on economic activity in the valley through the strengthening of the local market for an agricultural product that thrives in the area. It has the additional advantage of being at a relatively advanced stage of completion. The main building has been constructed; the machinery, although still in the shipping crates, some as large as a room, has been delivered. Interest and enthusiasm in the community for the project, though waning after so many months of inactivity, is still high. But there are other, non-marginal projects that should also be considered for funding.

Once again, however, the impetus is coming from Naranjillo. The President of the Administrative Council, Felipe A. Paucar Mariluz, has plans in various stages of completion for other agro-industrial projects that would replicate the potential of their cacao processing plant for stimulating agricultural production in the Upper Huallaga region. Under his direction the cooperative has looked into the possibility of building a freeze-dried or instant coffee plant in the Valley. Discovering that such an ambitious plan was not feasible under present conditions, they scaled down their coffee project to include merely a roasting and packaging plant, which they consider viable under certain reasonable conditions. The cooperative has begun looking into the prospects for a plantain meal plant which would help stabilize the market for plantains in the area, which is disrupted periodically by a flood of produce from Ecuador. Since plantains form part of the technology package for both coffee and cacao, this project, by strengthening the market for plantains locally, would have positive spillover effects on the production of coffee and cacao, "stimulating and increasing agricultural production in the areas as an alternative to illicit coca production". The cooperative

has also looked into the feasibility of a citrus processing plant, which would stimulate the production of another alternative to coca that thrives in the area.

In addition to the agro-industrial projects under consideration by the cooperative, there may be others deserving of consideration. Tea, for example, apparently does exceptionally well in the area. A marketing or processing project for tea that increased the local market price for raw tea could give a significant impetus to this activity. The cultivation of coffee, cacao, plantains and citrus fruit is already established in the Valley, and is roughly co-extensive with the coca slated for eradication. If the eradication team sweeps through an area as planned and if the market for coca in the valley is actually disrupted, the small farmer will ask himself not where can I get a cheap loan, but what can I produce now. He will be looking for a clear signal of a strong market to replace the one that has been destroyed. If he sees that the cacao processing plant is finally beginning to buy cacao, he will be encouraged to plant more cacao seedlings and prune the old trees that he has neglected of late. If he sees that a plantain meal plant is buying the fruit on a regular basis he will be encouraged to increase his production of plantains, a shade crop for his cacao seedlings. If he also sees that a coffee processing plant and a citrus processing plant are both under construction, he may feel confident enough about his future economic situation to contract debt to be able to expand production.

Recommendation

Accelerate and expand the study for agribusiness and agro-industrial projects in the region to give greater technical assistance to organization such as cooperatives and to local entrepreneurial interests. It is further suggested that a commercial, operating management type of company instead of a consulting firm, non-profit or private voluntary organization perform the study, for it may be

that the selected company could help develop export opportunities and perform an export management role. (Most of the time AID agribusiness studies today are done by firms who have no operating experience or policy to play such a role.)

Funding of agro-industrial projects may increase the demand for production credit at the level of the small producer. Fortunately, the B.A.P. will be in a better position for the balance of 1984 and during 1985 to meet this demand that it was in the previous year, due largely to the increased availability of funds from the World Bank and the Inter-American Development Bank. In the next chapter the question as to how the PEAH may assist the B.A.P. in the administration of these non-project funds is taken up. For the moment it is important to note, first, that the increased availability of funds from other sources reduces the urgency of using PEAH funds as originally proposed to fund small farmers directly. Secondly, we should not forget that small farmers, like businessmen anywhere, contract debt as a response to their perception of economic opportunity, which comes down, by and large, to their perception of the strength of the market for their output. If they look to a strong market and better times ahead they are more willing to burden themselves with debt today. The converse is true, a fortiori. If farmers see a weak market and hard times ahead, they are not inclined to burden themselves further with financial obligations.

The obverse of the first of these correlative statements is not true. That is farmers do not, in general, undertake economic activity as a response to the offering of debt, even inexpensive debt. In other words, as the economic prospects of the Valley are dimmed by the coca eradication operation, we may find the demand for production credit actually decreasing rather than increasing as

envisioned in the design of the PEAH. To counteract this trend it may be necessary to divert a portion of the \$4.8 million credit fund away from the direct funding of small farmer production toward more positive, demand-strengthening activities of the agro-industrial type to create demand on the part of small farmers for the balance of this credit fund. Considering the increased availability of funds for the direct financing of small farmers through the B.A.P., no limit should be set, a priori, on the percentage of this fund that could be diverted to the funding of agro-industry in the valley. To the contrary, if the Project goal of stimulating agricultural production in the area as an alternative to illicit coca production continues to be a high priority, USAID should consider increasing the credit fund above the original \$4.8 million should this amount prove inadequate to meet the demand for credit generated by agro-industrial projects in the area that meet certain goal-related criteria.

The criteria by which agro-industrial projects considered for funding by the PEAH should be judged are two general types. In the first place, no agro-industrial project should be funded which does not have at least a reasonable chance of being viable in real terms in the long run. It is important here to emphasize "viable in the long run". AID should not be concerned about the possibility of significant operating deficits in the short run if there is a reasonable basis for expecting the losses to turn into profits in the foreseeable future. This is true, a fortiori, if the short-run operating losses are associated with temporarily inadequate supplies of local produce used as inputs in the plant. It is one of the distressing characteristics of financially repressed, inflationary economies that precisely this type of potentially viable project tends not to be funded because of its limited ability to manage short-term debt. USAID should not use the PEAH credit fund

to duplicate the type of short-term credit already available in the economy, but rather to meet, in as far as possible, the unsatisfied demand for intermediate and long term credit, such as required by agro-industrial projects.

The second criterion by which agro-industrial projects considered for funding by the PEAH should be judged concerns their potential for stimulating economic activity in the Valley that would substitute for coca farming. This potential would have two components, the first being the number of present coca farmers potentially affected by the agro-industrial project under consideration. The second component concerns the strength or the degree of stimulation to substitute economic activity the project would generate. The ideal agro-industrial project, from the point of view of PEAH goals, would be one that was potentially very profitable in the long run and which would give a powerful economic stimulus to a large number of families presently engaged in coca farming.

Recommendation

To begin the process of selecting agro-industrial projects for funding, USAID and the PEAH could contract with the Naranjillo Cooperative to supply a plan of action for Agro-Industry in the Upper Huallaga Region. The Plan should contain two sections, the first being an analysis of the economic problems and the economic potential of the Valley. The second section would contain a number of specific proposals of agro-industrial projects for funding. It would be appropriate to have a contracting firm with processing and other technical expertise to assist the cooperative, for the proposed second section should contain one or more feasibility studies. Again selecting a consulting firm with an operating and plant management capability is suggested.

Recommendation

To complement and balance the proposals solicited from the Cooperative Naranjillo, USAID should advertise both locally and nationally that it is willing to fund agro-industrial projects in the Upper Huallaga region meeting certain employment generating criteria. Such an advertisement would have an immediate positive impact on the image of USAID and the PEAH in the region and in the country, and would insulate the cooperative from any suspicion that it is subservient to USAID or the Government. The competition would also tend to improve the quality of the work AID could expect to get from the cooperative. Any proposals that are obtained through such open solicitation should be judged by the same criteria outlined above.

B. A Possible Role for Commercial Banks in Delivering PFAH Credit

If USAID and the PEAH decide to finance major agro-industrial projects, a financial institution will have to be selected to administer the loan. Since the B.A.P. has provided the major financing for the cacao processing plant, it should probably be given first consideration. There are reasons for considering other institutions, however. The local offices of the B.A.P. are not now set up (but could be) to handle loans of the size and complexity required by agro-industrial projects of the scope discussed in this report. Commercial banks, on the other hand, seem to have more experience mobilizing deposits than extending credit in the area. Considering the relatively flush position of the commercial banks in Tingo Maria, USAID could obtain a great amount of leverage with a properly designed incentive system. For example, USAID might guarantee a commercial bank loan to an agro-industrial project meeting certain criteria, and even arrange to make interest payments on the loan during the start-up phase of the project in exchange for a claim on a certain amount of the output. The claim could be executed at some time in the future when the project would be expected to be profitable and in a position to retire the claim. Such an approach

would have the advantage of orienting the commercial bank toward the local economy, with the possible spillover effect that a greater percentage of locally mobilized deposits would be reinvested in the area. Of course, if the coca eradication operation is effective, the local banks may be strapped for cash, and USAID, a victim of its own success, may be forced to supply the funds, as well as the incentives and the guarantees.

The question as to what role Bancoop might play is very difficult to answer. On the one hand, Bancoop is the only institution other than the B.A.P. that has shown much interest in administering PEAH credit funds under the original design of the Project. Bancoop is anxious to participate in any activity with the PEAH for the simple reason that it is starved for cash. There is reason for concern, however, that as Bancoop begins to show signs of life, former depositors, naturally resentful at having their savings frozen in the form of Bancoop shares, may once again begin pressing for the return of their savings. Bancoop is discussed again in Section VII (F).

Another possibility is to involve B.A.P. as the focal point institution for agro-industrial credit, with the commercial banks and Bancoop participating. USAID would lend to B.A.P. who in turn would channel funds through the commercial banks and Bancoop for existing agribusiness operations, pre-investment funds to identify new projects, consultant services, and training of bank staff. B.A.P. could administer a loan/guarantee program with the other banks for medium to long term credit. Entrepreneurs seeking such funds would be sub-borrowers who would approach a bank of his choice. That bank, having a credit manual from B.A.P. with details of eligibility requirements and other criteria, would decide whether the sub-borrower needs more help (such as studies). The bank could approach the B.A.P. for whatever those needs may be. USAID is trying this approach in Jamaica today.

An essential component in the above is technical assistance in production management, financial analysis, food processing, and food distribution. Sub-borrowers and a new agro-industrial development unit in the B.A.P. to coordinate the program will need experienced personnel in agro-industrial operations. The unit must have help.

The program, hastily outlined above, requires more study as to how it may be tailored for the Upper Huallaga. Characteristics of existing local agribusiness necessary to be determined include the following:

- Categories and numbers of existing firms
- Existing firms' constraints such as lack of market, scarcity of imported equipment, spare parts shortage, lack of long term credit, unavailability of raw materials, outdated/inefficient equipment.

Recommendation

The new agribusiness study planned for November, 1984 should include an assessment of existing firms and their needs and projected credit needs for USAID funding. It is additionally recommended that USAID consider a separate study for the above agro-industrial credit program centered upon the B.A.P. and the linkage with commercial banks and Bancoop for the Upper Huallaga region. This study would be aimed at identifying an institutional development program for B.A.P. and the banking community as opposed to the product/project identification objectives of the November, 1984 Agribusiness Study.

C. Future Prospects for Including Indexation in the PEAH

Until such time as the indexation of loans becomes a nation-wide banking system policy, the prospects for using it in the B.A.P., much less in just one small part of the B.A.P. such as the Project area, are virtually nil. Indexation

should remain available to the B.A.P. as one of the options it could offer its borrowers, but it should not be a condition for a loan just within the project area. On the other hand, it is not realistic to expect the B.A.P. to place more than a tiny percentage of its funds long-term in soles. One of the distressing facts about inflation is that it kills long term capital markets. Uncertainty as the future value of money increases with the rate of inflation and with the length of the time horizon, making it increasingly difficult for borrowers and lenders to agree on the terms of a contract stated in terms of the inflating currency. For this reason there is virtually no long term credit in the Peruvian economy except in the development banks, and even these institutions are doing whatever they can to place as little as they can in this category, as a matter of self preservation. We cannot expect the B.A.P. offices in the Project area to go against this strong national trend.

It should be pointed out that the proposed Sistema Ahorre-Pagando provides for a kind of indexation in its capitalization loans. (See the latter part of Section III and Section VII for a discussion of this proposal.)

To the extent that the B.A. P. may be viewed as a subsidy management organization, there may be an expanded role for this institution as the economic dislocation caused by coca eradication increases. In other words, although economic analysis predicts a reduction in demand for production credit in the face of worsening economic conditions, to the extent that the B.A.P. may be perceived as a subsidy management operation, there may be an increase in demand for their loans as coca eradication proceeds, as was foreseen in the original design of the Project. It is not possible to say, a priori, which tendency will prevail.

The suggestions contained in Section VI for improving the linkages between Credit and Extension Activities should thus be understood in the context of enhancing the B.A.P.'s ability to function as a kind of relief organization.

VI. SPECIFIC INSTITUTIONS IN THE PEAH

A. Introduction

The authors of this report have suggested a restructuring of the credit component of the PEAH towards agro-industrial projects. Nevertheless, it is recognized that the B.A.P. is an important institutional actor in providing agricultural credit and that until such time as the overall government policy changes toward the adoption of real interest rates in economic terms, it is worthwhile to attempt to minimize the barriers and inefficiencies that may be in place. This recognition takes an added significance in the context of the physical and social realities of the Project area considering the zonal eradication plan to be carried out in the near future by CORAH, which will likely upset the economies and life style of a large group of people. The B.A.P. is the only viable credit vehicle to assist these displaced farmers with credit assistance they may need.

Therefore, even though PEAH funds available for agriculture credit may very well be channeled directly to cooperative agro-industrial project through institutions other than B.A.P., it is still in the best interest of the overall project that B.A.P. operations be coordinated and integrated with the various other components of the Project. The granting of PEAH credit funds to B.A.P. has ceased to be an incentive to them especially in view of the fact that the World Bank funding may in the near future be fully underwritten by the Ministry of Economy and Finance and be granted to B.A.P. as a contribution to capital. The remaining incentive to B.A.P. would be the reception of funds from PEAH to strengthen and support their physical plant and personnel resources. Using this type of incentive with B.A.P. the Project will meet two key prerequisites for improved credit delivery: (1) the B.A.P. agencies will have greater capacity to respond to a short-term high increase in loan requests resulting from block eradication of coca, and (2) the B.A.P. personnel should be more predisposed to work more closely with the

other key institutions in the Area (UNAS, Ministry of Agriculture and INIPA) who are already receiving considerable budget assistance from PEAH.

It is within this context therefore, that the analysis and recommendations in the balance of this chapter should be viewed. We are not suggesting reform of any of the various institutional actors but rather are attempting to present ideas to these participants for facilitating a coordinated service to the farmer client who requires and requests assistance.

B. Linkages Between Credit and Extension Activities

1. Operational Environment

The two principal institutional actors whose activities need to be linked are the B. A. P. and INIPA. To date these two parties have not worked very well together. The role of PEAH to bring about coordination between the two has not in the past received sufficient attention and support. The resulting modus operandi has been for each of the three institutions to follow their own routines. In addition to not coordinating their scarce human resources to provide an integrated approach to credit and technical assistance, they have at times worked against each other. During the course of this evaluation negative comments and complaints directed against the other institutional participants was common. Sample comments are as follows:

- B.A.P. Administrator in Aucayacu: The Technical Package for cacao plantings was developed on March 23, 1984 jointly by INIPA, PEAH and B.A.P. The Bank is ready to move money for cacao but neither PEAH or INIPA has delivered a single loan applicant.

- B.A.P. Tingo Maria: The list of potential clients provided by INIPA in the past has been useless because virtually all are ineligible for credit because they currently had credit with B.A.P. and/or were in default on previous loans, were involved in growing coca, etc. They keep repeating lists of the same ineligible people.

- INIPA extension agents (in field): The B.A.P. technical staff often contradict previous advice given to farmers by INIPA agents, inform farmers that INIPA advice is in error.

- INIPA extension agents: Bank procedures are too complicated and too time consuming. Farmers are frustrated by the process and would rather not make the effort to deal with B.A.P.

These brief comments help to illustrate the two markedly different points of view. Each of the criticisms was defended by the other side which only helped to confirm that real communication between INIPA and B.A.P. is non-existent. It was assumed by the authors of this report that PEAH would help bridge this gap. To some extent they do. PEAH staff was commended by B.A.P. for their efforts in resolving bottlenecks in the arranging for credit to groups on flooded rice farmers in the Tocache and Morada areas. However, PEAH sometimes is involved in breakdowns of communications.

For example, on July 4, 1984, the consultant team was provided a list of loans approved by the B.A.P. Tocache agency for the month of June 1984. The list was sent to the PEAH Zonal Office in Tocache with a covering memo dated July 2, 1984 (see Appendix B). The cover memorandum was signed at the bottom as being received by the Project Office and dated July 3rd. As can be seen in the text of the covering memo, B.A.P. cordially requests PEAH to inform INIPA as to the list so that they can follow up with appropriate technical assistance. At a joint meeting between INIPA, B.A.P. and PEAH on July 9th in Tingo Maria, Ing. Soto, the INIPA Extension Chief for Tocache reported that he was unable to provide statistics on technical assistance provided to B.A.P. clients in his region because the B.A.P. has failed to provide his office with the corresponding lists for the past eight months. Ing. Carlos Arevalos was able to confirm that in fact PEAH had been receiving the lists from B.A.P. on a regular monthly basis, but for some unknown reason, the PEAH Zonal Chief has not been delivering the lists to the INIPA Office. INIPA and PEAH share the same building in Tocache. The offices of the two respective Chiefs are 30 feet apart!

This breakdown in coordination, therefore, involves something beyond the difficulties of logistics. It involves attitudes, it involves lack of institutional respect, and it involves lack of understanding of complimentary roles in providing integrated service to the farmers of the region. Reversing this trend cannot be done overnight and cannot be accomplished by merely wishing it were so. An institution rebuilding effort should be undertaken which addresses policy, program and required resources for implementation.

2. Policy

On November 23, 1983 an agreement was signed between the Ministry of Agriculture, INIPA and B.A.P. for the purpose of carrying out joint

activities in the agriculture sector. On June 7, 1984 the corresponding operating procedures were adopted to put the agreement into effect. This document, copies of which were provided by the consultants to both AID and PEAH, should serve as the legal base for building an effective working relationship between INIPA and B.A.P. It provides clear instructions to B.A.P. to integrate INIPA technical advice into its procedures and conversely that INIPA should assist farmers in the formulation and presentation of credit requests to B.A.P. This recent agreement is an extremely valuable document which provides the doctrinal guidelines that have been missing to date.

Recommendation

PEAH should seize the moment and take initiative in the Project area to convert this document into action. To do this, time and patience are required. To begin with, a deliberate plan to accentuate the positive and minimize the negative elements between INIPA and B.A.P. should be undertaken.

3. Program

The consulting team attended a joint meeting of INIPA, B.A.P. and PEAH senior staff in Tingo Maria on July 9, 1984. The purpose of this meeting was for each of the three groups to present the current status of their programs (accomplishments and failures) and to air grievances and doubts concerning their complimentary roles. Free and frank discussions and comments were encouraged by the respective directors and the resulting eight hour dialogue provided a good insight as to where beginnings for improved relations might be founded. The following analyses and resulting recommendations are based both on the discussions during this meeting and interviews and observations during field visits to Tingo Maria, Aucayacu and Tocache.

a. INIPA

The B.A.P. presentation to the group was made with the use of flip charts. It was observed that during this rather lengthy presentation of B.A.P. rules, procedures, and loan and interest policies, most of the INIPA extension chiefs took extensive notes. It was obvious to the observer that INIPA personnel do not have the facts on B.A.P. operations in sufficient detail to assist their clients in minimizing the frustrations in making loan applications. During the discussions of the day it became apparent that the agents tended to defend the prevailing view of their farmer clients that the B.A.P. is difficult to deal with, bureaucratic, etc. If in the future, it is expected that INIPA agents will be active participants in the delivery of agricultural credit, then they must have a sound working knowledge of the banking system, and while in the field, operate as a communication link between the farmer client and the bank. If a borrower has a legitimate complaint against B.A.P. the extension agent should be in a neutral, well-informed position to help find a solution.

Recommendation

PEAH should organize a schedule to provide capacitation training to INIPA agents both in the form of workshops and field orientation and practice. It is highly recommended that the National University for Tropical Agriculture (UNAS) become the anchor around which this training is organized. The institutionalization of training in credit delivery systems will provide for a repository of knowledge and experience that can be made available to the next cycle of extension specialists. Active participation of B.A.P. operating staff in these training/practice exercises is of absolute necessity so that the effort stays as close to real life situations as possible.

To accomplish this objective it is suggested that consultants be contracted to prepare and present an initial workshop which would focus on (a) the practical elements of preparing an investment plan for a farmer based on the available technical data relevant to the region (seeds, fertilizers, pesticides, mechanization, etc.); (b) potential marketing avenues available for different crops (state marketing agencies, use of intermediaries at farm gate, direct market sale, agro-industrial processing such as the CAS Naranjillo co-op facilities, etc.); and (c) the availability and cost of required financing to implement the investment plan. These components could be presented for both short-term and medium-term periods with emphasis on the latter.

A primary objective of this initial effort is to develop counterpart staff within UNAS who could continue training activities during the absence of direct technical assistance. It is imperative that adequate counterparts be made available at UNAS. If the current staffing does not allow for this, funding should be provided by PEAH to establish such a position(s). Once this is provided, the Project can and should fund a series of intermittent consultancies to further expand on the findings of the initial workshop. Successful use of intermittent technical assistance of this nature is predicated on the identification of specific objectives that can be worked on in anticipation of the next programmed visit of the expert(s). In this way the local professionals become directly involved in the planning for and carrying out of training and thus develop a sense of ownership in the final product. Such local commitment is essential to assure that training inputs are tailored to the local operational reality.

In the longer term, it is ideal if the experts chosen to provide this initial diagnosis and training assistance are attached to an institution which can provide training and education at a higher level for a longer duration. Placement of

UNAS staff in courses and degree programs at overseas educational institutions should be a goal. However, due to the time constraints of this assignment, it is not possible to be specific as to the timing of this phase.

b. B.A.P.

The Banco Agrario presents an image of a tightly controlled, efficient operation. In the Alto Huallaga they have a high recovery rate on loans. They depend solely on their internal technical staff to evaluate economic feasibility of borrowers' investment plans, and provide follow-up visits to monitor their implementation. If only more qualified clients would make loan requests at their three locations in Tingo Maria, Aucayacu and Tocache, they state that the bank has installed administrative machinery to process additional loans. But the clients do not come and the volume of loans has been decreasing.

To put some perspective on the B.A.P.'s operations in the Alto Huallaga, it is helpful to review three statistics: volume of loans over the past few years, current capacity of bank staff to make field visits in the project area, and success in reaching the target group of farmers (see table below).

VOLUME OF LOANS
AMOUNTS IN MILLIONS OF SOLES

Calendar Year	<u>Working Capital</u>		<u>Capitalization</u>		<u>Total</u>	
	No.	Amount	No.	Amount	No.	Amount
1980	2,201	S/1,467	61	S/231	2,262	S/1,698
1981	2,596	1,951	1	10	2,597	1,961
1982	2,025	2,379	8	560	2,033	2,939
1983	1,283	3,312	7	70	1,290	3,382

Considering the rate of inflation, the monetary value of loans in real terms has been decreasing. According to statistics provided by the former credit advisor attached to the program, the nominal equivalent of the 1981 loan volume (S/1,961,000,000) would be S/5,302,782,000 in 1983. Yet the B.A.P. approved loans for only S/3,382,000,000, representing a 36% decrease. Likewise the number of loans approved dropped from 2,597 in 1981 to 1,290 in 1983 representing a 50% decrease, medium and long-term loans have been negligible for the past three years.

The second important statistic is the technical manpower available to B.A.P. in the Alto Huallaga. The number of agronomists within B.A.P. who have the responsibility of providing technical evaluations of loan requests and monitoring execution of investment plans in the field, are as follows:

Tingo Maria	4
Aucayacu	3
Tocache	<u>3</u>
TOTAL	10

With an annual average of 2,000 loans being approved in the project area, each technician would be responsible for approximately 200 clients. Considering that these same bank staff have the additional responsibility for loan collection in the field, the average field visit to an individual client can be superficial at best.

Thirdly, the question of the effectiveness of reaching the targeted group of farmers should be examined. Data provided to the consultants on this point was less than satisfactory due to the real threat of physical violence in the Project Area during the period of the mission. Although all three of the B.A.P. offices in the region were visited, the high level of tension and the need to

return to our quarters before nightfall each day, severely limited the possibility of obtaining the data which would normally be requested. Likewise due to lack of security, it was not possible to interview the farmer beneficiaries and would-be beneficiaries of the Project funded credit activities. As a result, this report does not provide specific information on the economic and social status of those individuals who have been receiving loans from the B.A.P.

Nevertheless, some useful data has been obtained which can be used as a basis for further investigations by the Project administrators. An indicator which reveals something concerning the type of credit client which uses the B.A.P. credit facilities is that approximately 85% of the borrowers are repeat customers of the bank. Because these clients have previously met B.A.P. administrative requirements for loans, they receive quick and efficient service from B.A.P. Information concerning the background and status of the remaining 15%, representing new clients of the bank, was not ascertained, but apparently a good portion of this group represents relatively large farmers who are expanding flooded rice operations in the Morada and Tocache areas.

What is clear from the statistics is that the total number of farmers being serviced has dropped dramatically (50%) since the peak of 2,597 in 1981 to 1,290 in 1983. Information provided by the INIPA zonal chiefs reveal that only a very small portion of their targeted clients are recipients of credit from B.A.P. Each of the nine zones attends to approximately 200 farmers. Data was received from seven of the nine zones as follows:

<u>Zone</u>	<u>No. farmers with loans</u>
Rio Uchisa	19
Uchisa	0
La Morada	43
Aucayacu	17
Progreso	15
Tingo Maria	15
Cachicoto	<u>12</u>
TOTAL	121

In other words 121 of the 1400 targeted INIPA clients, or about 9%, are B.A.P. loan recipients as of June 1984.

Recommendation

Each of the three B.A.P. offices in the project area should receive at least one new staff agronomist whose principal function would be to work with new potential clients. These agronomists should work directly with INIPA agents in the field so that loan applications and technical evaluations can be done on the farm site. Additional vehicles should be made available to these agronomists to provide maximum mobility. PEAH should fund this reinforcement of personnel and vehicles via a direct grant to the B.A.P.

Recommendation

Specialized training modules should be developed in conjunction with the National University for Tropical Agriculture (UNAS) for B.A.P. personnel in the project area. The emphasis of such training should be to develop skills for preparing and using standard budgeting models parallel to the development and use of technological packages. The objective of this training would be to translate the rather formal, inflexible bank terminology and procedures into a form which would be readily understood by the average farmer. This training technical assistance would constitute component (c) of the training program objectives described in section 3.a. above.

C. Linking Credit to Appropriate Land Use

In general, appropriate land use is something that will tend to change over time; it cannot be determined a priori for any given period without reference to the changing wants and needs of society and the availability (relative scarcity or abundance) of other resources, such as water, fertilizer, machinery, manpower, human capital, and so forth. Information about all these things must be considered and acted upon, before the information itself becomes obsolete.

Recommendation

In terms of the immediate objective of the Project, of fomenting alternative uses of land which is about to be eradicated from coca production, the PEAH extension specialists and funded researchers must provide the lead. The accumulated data on availability and applicability of input resources which has been gathered by the Research Stations and the UNAS should be transferred from the library shelf into real life application on the farm. A practical first step in this direction would be to apply the soil analysis capability to the fields of potential credit clients, using the INIPA infrastructure as the principal channel. Soil analysis results could easily be integrated into the technical evaluation document which is a requirement for obtaining credit from the B.A.P. As discussed in the previous section it is hoped that a strong working relationship can be established between the INIPA extension agents and a reinforced technical staff internal to the Banco Agrario.

However, the farmers in the area can only be encouraged to make certain use of their disposable land and water. The ultimate decision as to appropriate use is theirs to make. The goal of the Project should be to provide sufficient current information as to the best alternatives so that the farmer can make an intelligent, well-informed decision.

This decision will be influenced to a great degree by the prospective market conditions for any one product. Therefore, in addition to assisting the farmers in making appropriate land use decisions based on technical merit of the local resources, the Project should be in a position to support existing marketing mechanisms (ECASA, ENCI, CAS Naranjillo, etc.) to provide incentives to produce one product over any other. As discussed in Sections IV and V availability of credit from the Project to strengthen marketing systems is just as important as providing credits to the individual farmers.

D. Administrative Constraints in Provision of Credit

BANCOOP has been inactive with respect to providing loans to the agricultural clients in the project area for the past twenty months, and therefore, no empirical experience is available to be evaluated. As a result the discussion presented in this section is based on the administrative policies and procedures of the Banco Agrario del Peru (B.A.P.).

1. Short-Term Crop Loans

The volume of paperwork required by B.A.P. for short-term loans up to an amount not exceeding S/20,000,000, an amount well above the median loan of S/5-6 million, is remarkably low. The forms are short and relatively easy to complete. However, the required supporting documents can be major barriers to credit access. An example of a completed loan request obtained from the B.A.P. agency in Aucayacu was reviewed. The sample request has a total of eleven pages, three of which the borrower is responsible for and the remaining eight to be completed by bank staff.

The three pages of data to be supplied by the borrower are as follows:

- a. Page 1 of the Loan Request form which includes four sections:
 - Personal data and location of intended agricultural activity.
 - Brief description of purpose of loan.
 - Statement of previous credits obtained from the bank.
 - Listing of supporting documentation.

- b. Copy of Certificate of Possession which is issued by the Ministry of Agriculture.

- c. Sworn statement the borrower is not involved in any way with coca related activities.

The latter two documents represent the bottleneck in processing loan requests, which may be interpreted as credit rationing devices. The Certificate of Possession is a particularly good device from the point of view of the Bank, since its possession is highly correlated with the quality of the borrower.

First of all, many individuals refuse or are at least reluctant, to sign a statement related to their non-participation in the coca trade out of a general fear of threats from the majority of farmers in the Valley who are engaged in growing and selling coca and from the coca traffickers. This impediment will be partially overcome once the plan to eradicate coca fields on a zonal basis is put into effect.

Secondly, the process of obtaining a Certificate of Possession from the Ministry of Agriculture can be a time-consuming, frustrating experience for first time borrowers. Often, several visits over relatively long distances and involving high travel costs are required to present the request to the Ministry, arrange for a topographer to visit the farm site and eventually pick up the executed certificate. An additional restricting factor is that even though a farmer may possess ten hectares, for example, but only actively plant six hectares, the certificate will only be granted for the six. If the farmer wishes at a later date to expand production to the full ten, a new certificate must be issued after repeating the full administrative process. All nine of the INIPA area extension chiefs cited this process of obtaining Certificates of Possession as the major administrative constraint confronted by potential new clients of the B.A.P. lending program. It should be noted that with the assistance of PEAH staff in Aucayacu, exceptions to this piecemeal certification process

have been obtained. However, this is done on an ad hoc basis while the vast majority of small farmers still face this considerable constraint.

2. Medium and Long-Term Loans

Applicants for medium and long-term loans complete the same form which is used for short-term credit, and must provide the same two attachments cited in sub-section 1 above. Additionally two other documents are required which farmers are reluctant or unable to provide. They are:

- a. Balance Sheet and associated tax receipt.
- b. Municipal Real Estate filing and related tax receipt.

Although copies of these documents were not obtained, the B.A.P. administrator in Aucayacu indicated that they are relatively simple requirements and local accountants assist in their preparation for a modest fee. However, potential borrowers shy away from this requirement because they usually are filing for the first time and the tax authorities try to collect taxes (plus penalties and interest) for prior years' unpaid amounts. While not condoning this common practice of tax evasion, this fact of life in the project area represents a real constraint to medium and long-term credit and for this reason is noted here.

Recommendation

PEAH establish a special task force to provide adequate resources for cadaster surveys to speed up the process of granting Certificates of Possession by the Ministry of Agriculture in lieu of land titles.

It has been noted that in the original Project Paper for the Upper Huallaga Agricultural Development, an amount of US \$656,000 is budgeted in a line item titled "Development and Interpretation of Resource Information". Within this line item several activities are contemplated among which is a cadastral survey "to provide the basis for maintaining current land ownership records" in conjunction with the Ministry of Agriculture. Due to the fact that lack of Possession Certificates is such a major constraint in not only moving the PEAH credit component but agricultural credit in general, AID and PEAH authorities should give priority attention to the resource component of the Project. If it is found that the original budget for this activity is not sufficient to carry out this work in an expeditious manner, then it should be reinforced as required.

Pending a reinforced effort to complete cadastral data, the B.A.P. should consider relaxing the requirements of the certificate on an exceptional basis in the event that cadaster services do not keep pace with eradication. A simple form signed by an INIPA agent could serve as a temporary certificate for loan granting purpose. It is understood by the consulting team that this Certificate of Possession serves no purpose other than meeting B.A.P. criteria. B.A.P. should consider being more flexible in those cases where the potential loan is being funded by PEAH resources.

VII. SPECIFIC ISSUES

A. Introduction

This section addresses specific issues raised by AID and PEAH personnel during the course of the field mission. The six topics discussed below are:

- A. Accountability reporting by B.A.P. to PEAH as support for additional loan drawdowns.
- B. The B.A.P. proposed system for capitalization loans called AHORRE-PAGANDO.
- C. The so-called World Bank Deflator mechanism for evaluating subloans.
- D. In-kind credit mechanism for medium or long-term loans.
- E. Indexation of Loans
- F. Financial Institutions other than Banco Agrario.

The first topic attempts to provide some basic accounting data and related procedures which will be useful principally to USAID project supervisory staff. Topics B, C and D present summarized descriptions of various banking procedures, either in place or proposed by B.A.P. The consulting team does not consider that any of the three procedures will significantly impact on the credit component of the project. The Ahorre-Pagando system and the World Bank Deflator mechanism are basically a means of packaging B.A.P. credit in a way that is more readily accepted by the borrowers. The in-kind credit mechanism, while attractive for its simplicity of understanding by the farmer, is a potential bookkeeping nightmare for B.A.P. and should only be considered on an experimental basis.

B. Banco Agrario Reporting to PEAH

1. Monthly Data on Executed Loans

On December 19, 1983 PEAH addressed a letter to the B.A.P. Administrator in Tingo Maria indicating that USAID was requiring supporting documentation on its loan drawdown requests that would show the progress disbursements against every approved loan. The Banco Agrario has replied that this level of detail would place an undue additional burden on its accounting staff and that if PEAH really needed the information, either they or the USAID representatives could have access to their records at any time.

The consulting team was requested to look into the matter during their visit to the field in order to make an assessment of how much additional work might be involved in providing the requested information.

Based on interviews with Ing. Roberto Merino, Deputy Director for Credit of B.A.P., and inspection of accounting records in the B.A.P. Tingo Maria Office, it was found that the source of information for preparing the monthly lists sent to PEAH, titled "Cuadro Estadístico de Prestamos Otorgados con Fondos del PEAH Ejecutados en el mes de _____" is not the individual subsidiary record for every loan, but rather emanates from a bound notebook where auxiliary annotations are made outside the regular accounting stream. Only the face amounts of the loans are noted in this book and, therefore, disbursement data and running subtotals are not available from this source.

For illustration purposes, a hypothetical case of a loan being requested and approved for S/10 with scheduled disbursements of S/4, 4 and 2 has been developed. The process of posting the accounting records for the

first two disbursements is shown in flowchart form (Exhibit 1). The sequence of activities has been simplified so that the flow is self-explanatory. The key step is activity No. 9 in which the auxiliary book is posted for S/10 based on a report from the cashier of a S/4 disbursement. At the point of disbursement (for any amount) the face value of the loan becomes "Executed" and enters the formal records for the first time. The Accounting Section opens an individual subsidiary ledger card and posts the S/10 commitment and the first disbursement of S/4 at step No. 10.

At step 11 when the farmer requests the scheduled second disbursement, the Accounting Section verifies availability of the account and authorizes payments to the Cashier. Based on the disbursement transaction, the ledger card is appropriately posted.

If the end-of-month occurred between Steps 10 and 11, the Report to PEAH would list an "Executed" loan to the farmer for S/10 while the accounting records would show an approved loan of S/10 and a disbursement of S/4. The records are out of synchronization and always will be.

The obvious conclusion to this circumstance is that the list prepared for reporting to PEAH is an inconclusive non-accounting document. For B.A.P. to provide progress payments and open loan balances by individual PEAH clients of the B.A.P., the individual ledger records in the Accounting Section would have to be accessed. A separate listing of loan accounts with undisbursed balances would have to be created, one each for Tingo Maria, Aucayacu, and Tocache, and be posted monthly until the balance of an individual loan reached zero. At this time it would

B.A.P. LOAN RECORD KEEPING

Alto Hualлага

- Activity
1. Loan request made by farmer S/10
 2. Loan request recorded
 3. Farmer checked for delinquent balance
 4. Supporting documents such as possession certificate reviewed
 5. Investment plan and purpose of loan reviewed and opined
 6. Loan approved by written resolution
 7. Filed pending first disbursement to farmer
 8. Farmer request disbursement, disbursement made S/4
 9. Auxiliary record of loan details posted for reporting to PEAH (BOUND BOOK)
 10. Documentation sent to accounting to open record
 11. Farmer request second payment against loan S/4
 12. Record checked for scheduled disbursement
 13. Disbursement authorized and sent to cashier for payment
 14. Check issued, accounts posted

		BANCO AGRARIO DEL PERU					
Farmer	Cashier	Loan Request Control Section	Collections Section	Legal Section	Technical Section	Loan Committee	Accounting Obligated/Disbursed
(S/10)		(S/10)					
			(S/10)				
				(S/10)			
					(S/10)		
						(S/10)	
		(S/10)					
(S/4)		(S/4)					
(S/4)	(S/4)						
		(S/10)					
							(S/10 S/4)
(S/4)							
							(S/4)
	(S/4)						
(S/4)							(- S/4)
S/8	S/8	S/10					S/10 S/8

T O T A L S

be dropped from the list. Although this procedure is not currently being used, it could, of course be done. However, using a non-computerized base, which is the case in the three concerned B.A.P. offices, it would be a considerable added burden to the B.A.P., considering that during the planting season the number of loans on the list would be in the hundreds. It would be even more difficult for PEAH personnel to prepare the lists because they would have to travel monthly to each of the three B.A.P. offices to extract the required data.

2. B.A.P. Accounting Statements and Loan Drawdowns

In order to independently verify that the accounting records are posted differently from the auxiliary PEAH loan book, a reconciliation of the two was attempted for a representative month. The schedule on the following page (Exhibit 2) was prepared using data from the May and June 1983 accounting statements prepared by B.A.P. Tingo Maria (Appendix D). Part A shows the outstanding balance of undisbursed loans brought forward from May 31, 1983, the June 1983 activity and the closing balance of undisbursed loans at June 30, 1983. Part B shows a summary of the lists by individual loan provided to PEAH for the month of June 1983. Note that the amounts in Part B are not separately identifiable in the breakdown in Part A.

Under the current procedures of B.A.P., as described above, the information provided in Part B is valid only for the current month in which it is prepared because subsequent adjustments, such as loan cancellations or lapsed loan amounts, are never reflected. The amounts presented in this list should, therefore, be used only as statistical data for loans that have reached the execution stage. A computerized data base could be created using this information to keep track of loan size, product, name

BAP Tingo Maria Reporting to PEAH
Reconciliation between Accounting Statement and New Loan List
for the month of June, 1983

A. BAP Accounting Statements

Balance brought forward at May 31, 1983	
Approved loans to be executed	S/ 65,000,000
Executed loans to be disbursed	<u>88,713,106</u>
	S/ <u>153,713,106</u>
June 1983 Activity:	
Loans approved in June 1983	18,920,000
Loans disbursed in June 1983	(51,848,544) (1)
Loans cancelled	(19,000,000)
Lapsed loan balances	<u>(510,000)</u>
	<u>(52,438,544)</u>
Balance at June 30, 1983	<u>S/101,274,562</u>

(1) Represents disbursements against prior months loan commitments in addition to first disbursements of current month loans.

B. BAP Loan Statistic Schedule submitted to PEAH

Titled "Ejecutado en el mes de junio"	
Short term loans:	
Tingo Maria	S/ 5,890,000
Aucayacu	12,500,000
Tocache	<u>14,480,000</u>
	32,870,000
Medium/Long-Term Loans	<u>14,000,000</u>
TOTAL	<u>S/46,870,000 (1)</u>

(1) Includes loans against which first disbursement was made during month of June 1983. Amount is for total face value of loan even for those with only partial disbursement in June.

beneficiaries, location of farm site, etc., but this should not be a substitute for accounting data being produced on an ongoing basis.

Recommendation

For the purpose of documenting drawdowns on USAID funds to finance new loan activity for the PEAH revolving fund, the accounting statements, which present a summary reconciled transactions for the loan approvals, disbursements, cancellations and lapses, should be used. AID can be assured that this information flows from the normal accounting system, subject to internal controls, reconciliations, and audit of the Banco Agrario.

Recommendation

Additionally, for the purpose of drawdowns, USAID should be satisfied first that the previous cumulative drawdowns are being utilized by B.A.P. within the revolving fund condition of the agreement between PEAH and B.A.P. This requires information on a global basis regarding the flow of capital and interest payments back into the B.A.P. from their outstanding loan portfolio. This data is made available through the normal accounting system and shown on the B.A.P. regular monthly financial statements. This information, of course, would not be available from the individual loan ledger records and lists.

C. Banco Agrario Del Peru —Ahorre-Pagando System for Capitalization Loans

Based on information received from Mr. Romulo Grados, Director of Planning at B.A.P. Headquarters a brief description of the newly conceived credit system known as "Ahorre-Pagando" (Save-Paying) follows:

The underlying logic of this system is to reduce (or stabilize) the effective interest rate paid on medium/long-term loans for Capitalization while providing a substantially higher return to the B.A.P. The means by which this is

accomplished is through the establishment of an escrow investment account in US dollars over the term of the loan. In the example provided by the bank, which appears on the following page, in case I.l.A., the effective interest rate to the farmer is 58.7% while the effective rate of return to B.A.P. is 87.0%.

The system basically works as follows: Eleven percent of the face value of the loan is retained by the bank at the point of disbursement. This amount is coded i_1 . During the life of the loan, the interest portion of the quarterly amortization, denominated i_2 , is added to the US \$ escrow account.

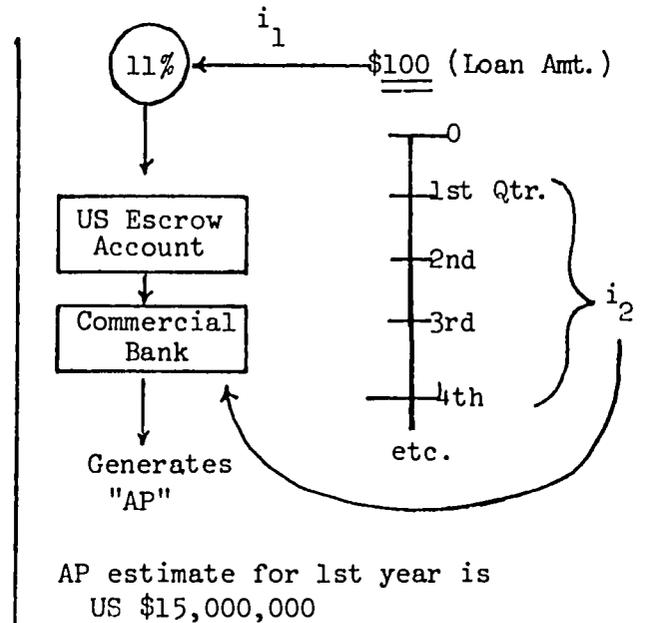
$$AP \text{ (Ahorre-Pagando)} = i_1 + i_2$$

$$\text{Assuming: } C_B \text{ (Bank Cost)} = C_P \text{ (Producer Cost)}$$

$$\text{Then: } C_B = C_P^1 + AP$$

$$\text{Therefore: } C_P^1 < C$$

$$\text{Because: } AP > \emptyset$$



The simple truth in this equation is that the AP offsets the total cost to the farmer and thus reduces his effective interest rate. In the example cited above, item I.l.A., the equation equivalent is as follows:

$$C_B = C_P$$

$$\text{or } 87.0\% = 87.0\%$$

$$C_B = C_P^1 + AP$$

$$\text{or } 87\% = 58.7\% + 28.3$$

- . AHORRE EN \$ (11%)
- . RETENCION 10 + 1 AL INICIO
- . 30% DE REAJUSTE ANUAL DE LA CUOTA
- . MODULO: S/. 1'000,000

		TASA DE INTERES AL PRODUCTOR	TASA EFECTIVA AL BAP	PRIMERA CUOTA S/.	MENSUAL %	CARTERA PROPUES TA
		NOMINAL	EFFECTIVA			S/. %
I. CAPITALIZACION I:						
1o.A.	EN 5 AÑOS SIN AÑOS DE GRACIA (SEMESTRE VENCIDO)	43.5%	58.7%	87.0%	24,827	2.8% 78.0
2o.A.	EN 6 AÑOS 1 AÑO DE GRACIA (TRIMESTRE VENCIDO)	43.5%	56.6%	82.9%	42,792	4.8%
TRACTORES -IMPLEMENTOS - EQUIPO - MOTORES - BOMBAS - HERRAMIENTAS SEMBRADORAS , COSECHADORAS Y TRILLADORAS PARA SELVA TRILLADORAS PARA SIERRA INFRAESTRUCTURA Y CONSTRUCCIONES VEHICULOS MEJORAMIENTO Y NIVELACION DE TIERRAS MOLINOS						
II. CAPITALIZACION II: TRIMESTRE VENCIDO						
1o.A.	EN 10 AÑOS CON 4 AÑOS DE GRACIA	43.5%	53.8%	81.9%	131,347	14.8% 20.0
2o.A.	EN 10 AÑOS CON 2 AÑOS DE GRACIA	43.5%	54.5%	84.7%	48,857	5.5%
GANADO DE LECHE, DE CARNE Y DE TRABAJO CULTIVOS PERMANENTES: FRUTALES Y PASTOS SISTEMAS TECNIFICADOS DE RIEGO PRIDI.						
III. CAPITALIZACION III: SEMESTRE VENCIDO						
1o.A.	EN 5 AÑOS SIN AÑOS DE GRACIA.	63.5%	83.5%	101.6%	82,005	9.2% 2.0
SEMBRADORAS - COSECHADORAS - TRILLADORAS ORDEÑADORAS MECANICAS						

The above description is in simplified form due to the lack of time to fully investigate the mechanics. For future reference USAID should contact Mr. Luis Gavindo of the Banco Popular who conceived of the scheme. It is our understanding that this formula was built and tested using computer models and that several variations on the same theme have been developed.

D. World Bank Deflator

The deflator mechanism utilized in relation to World Bank funded loans granted by the B.A.P. is merely a mechanism for evaluating the rentability of a proposed agricultural investment presented for credit approval. The deflator index is calculated through the following formula:

$$\text{Index} = \left(\frac{1}{1 + R} \right)^n \quad \text{where } R = \text{the inflation rate and} \\ n = \text{number of years.}$$

The deflator index is applied only to the long-term amortization and related interest expense over the life of the loan.

A loan application using the deflator method is presented on the following three pages.

WORLD BANK DEFLATOR MECHANISM

Case provided by BAP - Tocache
 Coffee Production Loan - Villarica, Chanchamayo
 Combination Long-Term and Short-Term Credit

Utilization of Loan Proceeds:A. Fixed investment

Electricity generating equipment	S/24,000,000
Heating Unit	10,500,000
Dryer and plant	<u>52,472,200</u>
	86,972,200
Miscellaneous	<u>13,027,800</u>
	100,000,000
Client Contribution 10%	<u>(10,000,000)</u>
BAP loan amount	<u><u>S/90,000,000</u></u>

B. Short-Term Credit

1. Operating Capital at	S/55,000,000/year
2. Capitalization of short-term interest first three years	S/76,936,000

Current Inflation Rate as per BCR = 70%

Interest rates:

Long-Term = 54 + 3%

Short-Term = 60 + 2%

BAP INTEGRATED CREDIT UTILIZING BIRP DEFLATOR MECHANISM

SIX YEAR LOAN FOR COPPEE PRODUCTION

In Thousands of Soles

	Year 0	1	2	3	4	5	6	Total
A. Sales		135,000	135,000	135,000	135,000	135,000	135,000	810,000
B. Expenditures								
Fixed Investment	<u>100,000</u>							
Crop Inputs		55,000	55,000	55,000	55,000	55,000	55,000	330,000
C. Net Benefit before financing costs		80,000	80,000	80,000	80,000	80,000	80,000	480,000
D. Financing								
1. Client Contribution	10,000							
2. Long-Term Loan	90,000							
3. Short-Term Loan		55,000	55,000	55,000	55,000	55,000	55,000	330,000
4. Capitalized Interest		27,477	27,477	21,982				76,936
E. Amortizations + Payables								
1. Long-Term Loan (NV)		-	18,000	18,000	18,000	18,000	18,000	90,000
Long-Term Loan (DV)		-	6,228	3,654	2,142	1,260	738	14,022
2. Short-Term Loan								
Capital		55,000	55,000	55,000	55,000	55,000	55,000	330,000
Capitalized Interest		27,477	27,477	21,982				76,936
3. Other Obligations (NV)		3,000	1,850	1,100	1,300	1,400	800	10,450
Other Obligations (DV)		1,764	640	223	155	98	74	2,954
F. Interest Expense								
1. Long-Term (NV)		33,481	20,520	15,390	25,650	15,390	7,695	118,126
Long-Term (DV)		19,687	7,100	3,124	3,052	1,077	315	34,355
2. Short-Term		41,800	41,800	41,800	41,800	41,800	41,800	250,800
3. Other BAP Loans (NV)		6,583	4,694	3,528	2,835	2,016	1,134	20,790
Other BAP Loans (DV)		3,870	1,624	716	337	141	46	6,734
G. Net Benefit		<u>12,879</u>	<u>22,608</u>	<u>30,483</u>	<u>32,514</u>	<u>35,624</u>	<u>37,027</u>	<u>171,135</u>
H. Deflator Index		.588	.346	.203	.119	.070	.041	

NV = Nominal Value
DV = Deflated Value

WORLD BANK DEFLATOR INDEX

Inflation Rate: 70% as per Central Bank, June 1984

Formula: $\left(\frac{1}{1 + \text{Inflation rate}} \right)^n$ where n = No. of years

Year

$$1 \quad \left(\frac{1}{1 + .7} \right)^1 = 0.5882$$

$$2 \quad \left(\frac{1}{1 + .7} \right)^2 = 0.3460$$

$$3 \quad \left(\frac{1}{1 + .7} \right)^3 = 0.2035$$

$$4 \quad \left(\frac{1}{1 + .7} \right)^4 = 0.1197$$

$$5 \quad \left(\frac{1}{1 + .7} \right)^5 = 0.0704$$

$$6 \quad \left(\frac{1}{1 + .7} \right)^6 = 0.0410$$

In the example, the S/90 million face amount of the loan given in year 0 is deflated over the six subsequent years resulting in a cumulative repayment of only S/14 million. Similarly, the nominal interest expense of S/118,126,000 is deflated to S/34,355,000. Other long-term payables and obligations are similarly deflated. The four affected line items of the income and expense schedule can be summarized as follows:

(in S/ millions)

<u>Line Item</u>	<u>Description</u>	<u>Nominal Value</u>	<u>Deflated Value</u>	<u>Difference</u>
E.1	Amortization of Capital	90	14	76
F.1	Interest Expense	118	34	84
F.3	Other B.A.P. Loans	21	7	14
E.3	Other Obligations	<u>10</u>	<u>3</u>	<u>7</u>
	TOTAL	<u>239</u>	<u>58</u>	<u>181</u>

The bottom line "Net Benefit" of S/ 171 million cumulative through year 6 is calculated by using the deflated values. In terms of nominal value the bottom line would show a loss of S/10 million (S/171 million less reduction of nominal amounts by S/181 million through deflation), as shown on the following schedule:

(in S/ millions)

<u>Description</u>	<u>Nominal Value</u>	<u>Deflated Value</u>
Soles	810	810
Crop Input	(330)	(330)
Net Benefit before financing costs	<u>480</u>	<u>480</u>
Amortization - Long-Term Loan	(90)	(14)
Other Obligations	(10)	(3)
Interest Expense - Long-Term	(118)	(34)
Interest Expense - Short-Term	(251)	(251)
Other B.A.P. Loans	<u>(21)</u>	<u>(7)</u>
	<u>(490)</u>	<u>(309)</u>
Net (loss) benefit often financing costs	<u>(10)</u>	<u>171</u>

The deflator method is a means of presenting the project as profitable and thus increasing its chance for funding. However, as can be seen on the schedule, projected sales and crop input costs are expressed in year 1 current prices, neither deflated nor inflated. The result is a mixed set of criteria which will almost certainly result in favorable projected results. A similar result could easily be obtained by adjusting both sales and cost of inputs by a similar inflation rate (indexing) and leaving debt service in nominal terms. Either method in this case is acceptable, not because of the accuracy of the calculations and predictability but rather because of the high gross margin of 59% between sales of S/ 135,000,000 per year and costs of production of S/ 55,000,000.

The acceptability of the deflator method is based in part on (1) its ease of application — it deals only with financing costs and voids the difficult task of predicting crop prices and input costs for several years — and (2) a constant interest rate during the term of the loan.

E. In-Kind Credit Mechanism

The concept of extending credit for medium or long-term projects by expressing the face value of the loan in equivalent quantities of farm output is innovative and potentially useful in the promotion of credit in the Alto Huallaga.

The attached document (Appendix E) was prepared by the B.A.P. Tingo Maria office and presented to their Lima Headquarters Office for review. At the time of the MASI mission to Peru, this document had not been reviewed or opined on by the Lima B.A.P. officials, and therefore it appears that this topic has a very low priority within the Bank. Nevertheless, the document demonstrates that it is possible to negotiate and administer a loan expressed entirely in in-kind denominations.

However, this concept should be tested on an experimental basis, if at all, either by B.A.P. or some other financial institution. Unlike the case of indexing loans it appears that in-kind credit cannot prejudice the borrower, and that is good. The risk is taken by the financial institution, because their repayment is based on an unpredictable and often controlled future commodity price. If proper guarantees to the financial institution, such as minimum guaranteed floor prices of the selected crop, could be established, then the system might be workable.

Recommendation

The consultant team recommends that PEAH pursue this concept as an experimental basis with either BANCOOP or the commercial banks to test if they are more receptive to the idea than B.A.P. apparently is. If favorable responses occur, experimental loans, especially for medium-term capital investments should be attempted.

F. Indexation of Loans

The indexation system of revaluing the capital portion of medium-term credit which is pegged to the national inflation rate should be dropped as a condition of USAID funding of this project. While the concept of indexation has merit from the perspective of protecting capital resources of the bank and rationing credit to those projects with the highest economic potential, its application in the Peruvian commercial sector has had no meaningful support and has been a failure.

Lacking a nationwide banking system adoption of indexation, the future prospects of using it successfully in the B.A.P., much less in just one small part of the B.A.P. such as the Alto Huallaga area, are virtually nil. Additionally, the practical experience of the few medium-term loans approved with the indexing

component is extremely negative. During the inspection visit to Tocache on July 4th, information was gathered on two indexed loans, one to Mr. Mariano Pinares Sanchez, the other to Mr. Julio Brunner Jaggli. Both cancelled their loans within the first year of funding and are currently liquidating their disposable assets to pay off the capital as quickly as possible. The negative experience of these two cases is a widely known fact in the entire valley, and thus indexed loans are effectively blacklisted. The Administrator of the B.A.P. Tocache agency flatly stated that he would refuse to make any indexed loans in his area.

It is unlikely that any other banking institution such as Bancoop or any commercial bank, could successfully promote reintroduction of the index system in the Project Area. Other methods of providing real or near real interest rates to Bancoop or commercial banks which potentially could serve as conduits for credit must be explored. Indexing will not work unless there is a dramatic drop in the national inflation rate and a projection for medium term stability in the financial markets of Peru.

G. Financial Institutions Other than Banco Agrario

1. Bancoop

Due to the inactivity of Bancoop as a viable financial institution over the past twenty months, no evaluation of its operations was possible during this mission. The consulting team interviewed Bancoop staff at its Lima Headquarters and at its field offices in Tingo Maria, Aucayacu and Tocache. Based on these interviews and other information made available on the current status of Bancoop it was learned that it is soon to implement a reactivation of functions both at the national level and in the Project area. Approximately S/400 million of their new funding sources is earmarked for lending in the Alto Huallaga.

Bancoop has stated that loan requests in hand ready for approval (as of July 15, 1983) amount to approximately S/150 million (US \$48,000) from the Project area.

Due to the long interval that Bancoop was inactive and to the fact that depositors were unable to withdraw funds from their savings accounts, the reputation and prestige of the institution has suffered a severe blow. It is making a valiant effort to revive itself and apparently has strong support from its members who hope to see their institution thrive once again. However, this will be a slow process at best and it is doubtful that the institution will be able to mobilize significant new savings deposits in the short-term. It is therefore, the recommendation of the consultants that the Project explore alternative channels to fund agriculture credit in the Alto Huallaga until such time that Bancoop can demonstrate renewed financial soundness.

2. Commercial Banks

Inquiries were made during the course of the mission as to the possibilities of channeling Project funds through the commercial banking system. The consultants interviewed the Administrator of the Banco Amazonico to test their receptiveness and to assess their capabilities to handle agricultural credit. Currently, the Banco Amazonico is not lending directly to farmers and has no demand for loans in the commercial sector beyond a ninety day term due to their need to charge as close to real interest rates as the law permits. They do not have an office in Aucayacu nor do they have agronomists or agricultural technicians on their staff.

Nevertheless, they did show interest in a possible relationship with the Project if the proper incentives could be negotiated. The Tingo Maria Administrator indicated that he would consult his headquarters office as to the feasibility of funding relationship with the Project.

In addition it was learned that the PEAH officials have had previous discussions with the Banco de Credito concerning a possible financial relationship. In fact, a draft agreement had been prepared and is on file at the Project's office.

It is the opinion of the consultants that these discussions should be pursued will the objective of constructing a viable alternative to the Banco Agrario program. If the inflation rate continues to decline and reaches a reasonable level (below 50%) then the commercial banking system may very well be able to place medium and long-term credit.

VIII. CONCLUSION

The Project design foresaw an increase in demand for small farmer production credit as coca eradication proceeded in the valley. The MASI team analysis suggests a decrease in demand (or tolerance) for debt as economic prospects dim. One way of viewing this situation is that the Project sees the credit fund more or less in terms of a disaster relief fund. After a natural disaster, such as the flood on the coast, there is, indeed, an increase in demand for credit. But in the case of a natural disaster, there is a clearly defined 'after'. Coca eradication, in contrast, is an ever-gathering storm. Facing an uncertain future we might expect small farmers to be willing to take on fewer obligations, rather than more, particularly if coca farming has served as a supplemental source of income to cover obligations in general, including obligations to the B.A.P.

Even if coca eradication were to occur all at once over a large area, the analogy with a disaster relief fund would be misleading, since in this case, although there would be a more clearly defined 'after', it would also be a quite different 'after', with the income potential of the small farmers who were also coca producers permanently reduced. We see that two conflicting tendencies are at work. On the one hand, a need for 'disaster relief' may cause the demand for PEAH credit funds to increase. On the other hand, the reduced income potential of small farmers may make them more reluctant to assume debt. Which tendency may prove to be the stronger is difficult to know a priori. It is at least an even bet that demand for B.A.P. credit in the Valley is negatively correlated with the success of the coca eradication.

The main conclusion of this report—that to achieve the Project goal a substantial portion of the PEAH credit fund must be directed toward agro-industrial projects meeting certain employment generating criteria—was arrived at by considering the credit delivery system and the relative weakness of credit as a means of directing individual economic activity. This brief analysis of the demand for credit in the PEAH region would tend to support this conclusion.

IX. TECHNICAL ASSISTANCE

A. Evaluation

For the past two years the PEAH has had a full-time credit advisor stationed in Lima. As stated earlier in the report, the MASI team has concluded that credit facilities going exclusively to producers has been inefficient and ineffective within the present credit delivery system. A shift of a significant portion of the credit to promote development and investment in facilities and services relative to expanding the markets for farmers' output would probably result in a better use of project funds. This mixed market and producer credit strategy requires different and broader technical assistance capabilities than originally planned in the Project Paper (the single, long-term credit advisor, principally experienced in credit delivery systems for producers). The project can best be served by using a variety of intermittent consultants who can address specific problems and develop new policies and procedures as needed. It would be expected that future technical assistance of credit advice would mainly be carried out in the Project area rather than Lima. Emphasis should also be placed on practical solutions to the problems encountered in the field, many of which are identified in earlier sections of this report.

There is an Agribusiness and Marketing Study in the PEAH planned to start in November, 1984. It will be useful to review the PEAH Agribusiness and Marketing Study before a credit strategy is crystallized and finalized for the remaining life of the project (PEAH), especially with respect to technical assistance requirements.

B. Recommendations

It is recommended that the following types of technical assistance be considered as intermittent consultancies rather than a single full-time credit advisor; their suggested activities are outlined under each specialist:

1. Credit Strategy Specialist/Economist (six weeks annually)
 - Evaluations to assess economic impact of the credit program

2. Credit Delivery Systems Specialist (one month, three times/year)
 - Evaluations to assess progress of procedures to achieve credit strategy

 - Provide specialized training on credit delivery systems coordinated through UNAS-Tingo Maria, as enumerated in Section VI of this report

 - Provide advice about arranging institutional connections to channel funds for medium and long-term credit

3. Food Processing Specialist (one month, semi-annually)*
 - Design and evaluations of technical requirements for small and medium-scale food processing projects credit identification and monitoring system

4. Agricultural Storage, Handling and Distribution Specialist (one month, semi-annually)*
 - Design and evaluations of technical requirements for small and medium-scale agricultural products' storage, handling and distribution projects credit identification and monitoring system

* See Appendix F for more details of proposed duties

5. Financial Analyst (one month, semi-annually)*

- Design and evaluations of micro-economic, financial analysis systems for new or expanded small to medium-scale enterprises/ projects brought into financial institutions in the credit program

C. Candidates

The terms of reference requires MASI to suggest candidates for the proposed technical assistance. Appendix G is a Roster of Potential Rural Financial Market Consultants (June, 1983) compiled by Ohio State University. Almost all of these consultants are also in the MASI Registry of International Development Professionals. These specialists would qualify for the Credit Economist or Credit Delivery Systems Specialist categories.

Additional candidates for the other positions follow:

Food Processing Specialist

Fred Wing
Richard LaCroix
Frank Masson
Robert Reed

Agricultural Storage, Handling
and Distribution Specialist

James Wimberly
William Black
Jack Ross

Financial Analyst

Donovan Rudisuhle
Charles Wilding-White

* See Appendix F for more details of proposed duties

APPENDICES

- A. Terms of Reference, MASI Work Order under Contract #PDC-1406-I-00-1094-00
- B. Team Itinerary
- C. 17 January, 1984 Memorandum from B.A.P., Tingo Maria to B.A.P., Lima
- D. May and June, 1983 Accounting Statement, B.A.P., Tingo Maria
- E. Letter from B.A.P., Tocache to PEAH Zonal Office, Tocache, July 2, 1984
- F. Proposed Duties of Agro-Industrial Specialists
- G. Roster of Potential Rural Financial Market Consultants

Terms of Reference

MASI Work Order under Contract #PDC-1406-I-00-1094-00

Background

The USAID/Peru-Government of Peru (GOP) funded Upper Huallaga Area Development Project includes complex credit activities which are functioning ineffectively or not at all. The Project is an integrated development activity in the high jungle area of Peru. Credit activities range from in-kind credit (crops and livestock) to short and medium-term agricultural credit. Problems are based in leading policies, practical questions of management, institutional weaknesses of the Project itself and in-sufficient experience and/or expertise in the implementation of credit activities - particularly in-kind credit - proposed under the Project.



ARTICLE I - TITLE

High Jungle Project Credit Advisory Services
(Project No. 527-0244)

ARTICLE II - OBJECTIVE

The objective of this technical advisory service is to assist the Mission and the GOP to determine the most effective, efficient, and practical way to manage the credit funds available to Project beneficiaries through the Upper Huallaga Area Development Project.

Special emphasis will be placed on practical, field-oriented decision making and documentation management as well as staffing and practical training requirements as appropriate. Detailed, specific steps to implement each recommendation should be provided and these recommendations must be made in the light of the present physical, social, logistical, and institutional realities prevalent in the Project Area.

The following issues will be addressed:

- (a) Identification of administrative constraints in provision of credit.
- (b) Study future prospects for including indexation as part of the project activity.
- (c) Evaluation of linkages or lack of linkages between credit and extension activities.
- (d) Mechanisms for linking receipt of credit (both from Agrarian Bank & credit in-kind fund) to appropriate land use, with reference both to carrying capacity of the land and to the use of marginal lands presently under coca cultivation.
- (e) Assess utilization of credit by users and future credit needs of project.

Finally, the Contractor shall evaluate the long and short-term TA needs of the Project and, assuming a need, will prepare a detailed scope of work for an advisor -or advisors- who will work with the Project. Advice will also be provided to the Mission on identifying candidates to fill the TA position(s).

ARTICLE III - STATEMENT OF WORK

General:

The Contractor shall provide technical guidance, sufficiently detailed and specific, to permit informed judgements by the

29

Mission and GOP on credit matters which need to be addressed in the short-term. Additionally, the Contractor shall provide a scope(s) of work for a long and/or short-term, field-oriented technical advisor(s) to work with the Project in the management of Project credit activities. Finally, the Contractor shall assist the Mission to identify suitable candidates for the long-term position(s).

Specific:

The Contractor shall review all relevant Project documents to ascertain the scope and intent of all credit activities envisioned under the project. The Contractor shall interview appropriate Mission personnel - including Project Manager, Office Chief, and Senior Mission Management - and GOP Project headquarters and field staff as well as contract technical advisory staff and Agrarian Bank Officials. Finally, the Contractor shall meet with farmer beneficiaries and would-be beneficiaries of Project funded credit activities.

The Contractor shall then advise the Mission and the GOP on specific steps to take in the short-term to address areas of concern in the project.

ARTICLE IV - REPORTS

The Contractor shall submit one report with two distinct sections which will cover, respectively, the issues (cited in Article III above) relevant to the Upper Huallaga Project, and the need for and (presuming a need) scope or scopes of work for technical assistance required by the Project.

A draft report covering both Sections, or separate drafts each covering a specific section, must be submitted to the Mission by two weeks before the team's departure from Peru. A second, combined draft, responding to any Mission or GOP comments on the first draft, must be submitted before the team's departure from Peru. The final report, responding to any Mission comments cabled to AID/Washington within 10 days of the team's departure, must be submitted to the Mission within a month of the team's departure from Peru. Eight copies of each draft and fifteen copies each in English and Spanish languages of the final report will be required. Reports will be submitted to the AID Project Manager for the Upper Huallaga Area Development Project who will make distribution to the GOP.

ARTICLE V - RELATIONSHIPS AND RESPONSIBILITIES

Technical guidance will be provided to the Contractor by the AID Project Manager of the Upper Huallaga Area Development Project.

ARTICLE VI - TERM OF PERFORMANCE

The effective date of this work order is June 22, 1984 and the estimated completion date is August 30, 1984.

Subject to the written approval of the Project Manager (see block 5 on the Cover Page), the estimated completion date of this work order may be extended provided that such extension does not cause the elapsed time for completion of the work, including furnishing of all deliverables, to extend beyond 30 calendar days from the original estimated completion date. The contractor shall attach a copy of the Project Manager's approval for any extension of the term of this order to the final voucher submitted for payment.

It is the contractor's responsibility to ensure that the Project Manager-approved adjustments to the original estimated completion date do not result in costs to the Government which exceed the total amount obligated for the performance of the work. Under no circumstances shall such adjustments authorize the contractor to be paid any sum in excess of the total amount obligated in this order for the performance of the work.

Adjustments which will cause the elapsed time for completion of the work to exceed the original estimated completion date by more than 30 days must be approved in advance by the Contracting Officer.

ARTICLE VII - LEVEL OF EFFORT

<u>Position</u>	<u>Burdened Daily Fixed Rate</u>	<u>Person Days</u>	<u>Total</u>
Sr. Rural Development Specialist (Credit Economist)		25	
Sr. Rural Development Specialist (Credit Delivery Specialist)		25	
Sr. Rural Development Specialist		2	
Secretary		15	--,----
TOTAL ESTIMATED LEVEL OF EFFORT.....			\$28,657.80
			Rounded to \$28,658.00

91

Subject to the prior written approval of the Project Manager (see Block No. 5 on the Cover Page), contractor is authorized to adjust the number of days actually employed in the performance of the work by each position specified in this order. Contractor shall attach a copy of the Project Manager's approval to the final voucher submitted for payment.

It is the contractor's responsibility to ensure that Project Manager-approved adjustments to the work days ordered for each position do not result in costs to the Government which exceed the total amount obligated for the performance of the work. Under no circumstances shall such adjustments authorize the contractor to be paid any sum in excess of the total amount obligated in this order for the performance of the work.

ARTICLE VIII - TOTAL OBLIGATED AMOUNT AND BUDGET

A. Total Obligated Amount

The total amount obligated for the performance of this order is \$35,732.00. The contractor shall not be paid any sum in excess of the total amount obligated.

B. Budget

For Total Work Days Ordered.....	\$28,658.00
For Other Direct Costs (includes travel, per diem, translation, copying, communi- cations/medical exams, DBA)..	<u>7,074.00</u>
WORK ORDER TOTAL.....	\$35,732.00

ARTICLE IX - USE OF GOVERNMENT FACILITIES OR PERSONNEL

- A. The Contractor and any employee or consultant of the Contractor is prohibited from using U.S. Government facilities (such as office space or equipment) or U.S. Government clerical or technical personnel in the performance of the services specified in the Contract, unless the use of Government facilities or personnel is specifically authorized in the Contract, or is authorized in advance, in writing, by the Contracting Officer.
- B. If at any time it is determined that the Contractor, or any of its employees or consultants have used U.S. Government facilities or personnel without authorization either in the contract itself, or in advance, in writing, by the Contracting Officer, then the amount payable under the Contract shall be reduced by an amount equal to the value of the U.S. Government facilities or personnel used by the Contractor, as determined by the Contracting Officer.

90

- C. If the parties fail to agree on an adjustment made pursuant to this clause, it shall be considered a "dispute" and shall be dealt with under the terms of the "Disputes" clause of the Contract.

ARTICLE X - EMERGENCY LOCATOR INFORMATION

The contractor agrees to provide the following information to the Mission Administrative Officer on or before the arrival in the host country of every contract employee or dependent:

- A. The individual's full name, home address, and telephone number.
- B. The name and number of the contract, and whether the individual is an employee or dependent.
- C. The contractor's name, home office address, and telephone number, including any after-hours emergency number(s), and the name of the contractor's home office staff member having administrative responsibility for the contract.
- D. The name, address, and telephone number(s) of each individual's next of kin.
- E. Any special instructions pertaining to emergency situations such as power of attorney designees or alternate contact persons.

ARTICLE XI - LOGISTIC SUPPORT

Background information will be available in LAC/DR in AID/Washington and at post, USAID/Peru will provide use of official vehicles, office space and office equipment, medical facilities limited to the U.S. Embassy Health Room, and commissary privileges dependent on the approval of the Commissary Board. Assistance with local travel arrangements (e.g., air line reservations) will be provided although actual purchase of tickets will be the responsibility of the contractor.

ARTICLE XII - ACCESS TO CLASSIFIED INFORMATION

None

ARTICLE XIII - DUTY POST

Lima, and the Upper Huallaga Project Area

ARTICLE XIV - WORK WEEK

The Contractor is authorized up to a six-day work week with no premium pay.

ARTICLE XV - LANGUAGE REQUIREMENT

Spanish at the S3/R3 level is required.

Itinerary - Credit Delivery Specialist

- June 24 Travel to Lima from United States
- June 25 Initial briefings with AID supervisory staff:
 Mr. Jack Rosholt, Project Manager, USAID, Lima
 Mr. David Bathrick, Director, OARD, USAID, Lima
 Mr. Mark Silverman
- June 26 Initial interview with Executive Director of PEAH, Ing. Ramon Cornejo Saavedra at Project Headquarters in Lima.
- June 26 Attend presentation given by Dr. Gustavo Gomez (USAID Consultant) to the senior advisory staff of the Ministry of Agriculture in Lima concerning methodology for increasing efficiency of agricultural credit through the B.A.P.
- June 27 With the assistance of Ing. Enrique Olivares of PEAH interviewed the following individuals in Lima:
Banco Agrario del Peru
 Ing. Salcedo, Director of Department of Special Credits from Earmarked Accounts
 Ing. Andres Castro M., Deputy Director of the Department of Special Credits from Earmarked Accounts
 Mr. Miguel A. Pinedo R., Deputy Director of Financial Studies and Analysis
Bancoop
 Ms. Betty Alviar Calle, Deputy Director of Finance and Credit
 Mr. Miguel Toquilla O., Deputy Director of Administration
 Mr. Espinosa, Accounting Department

June 28-30 Review all project documentation provided by USAID and PEAH and assemble photographic copies of relevant data.

July 1 Travel from Lima to Tingo Maria

July 2 Interview B.A.P. personnel in Tingo Maria: Ing. Roberto Narvette and Ing. Roberto Merino, Administration and Deputy Administrator respectively.

Interview Mr. Javier Soto, Administrator of BANCOOP.

Visit the CAS Naranjillo Cooperative to inspect facilities and review organization.

Visit the CAS Naranjillo cacao plant under construction.

July 3 Interview B.A.P. personnel in Aucayacu: Ing. Julio Montoya, Administrator.

Meet with Ing. Carlos Arevalos of PEAH at the project field headquarters in Aucayacu, to review additional files related to the ag credit component.

Visit the BANCOOP office in Aucayacu.

July 4 Travel to Tocache from Tingo Maria for purpose of interviewing Ing. Nelson Aguillar, Administrator of B.A.P. in Tocache. Visit made to PEAH zonal office outside Tocache.

9/6

- July 4 Suffer guerilla attack while being housed at PEAH headquarters in Aucayacu.
- July 5 Return to Tingo Maria, meet with:
Ing. Manuel Custadio, Director of INIPA for the Alto Huallaga area.
Mr. Roger Perez, Administrator of Banco Amazonico of Tingo Maria. Possible relationship between PEAH and this commercial bank were explored.
- July 6 Travel from Tingo Maria to Lima.
- July 7 Report drafting.
- July 8 Travel from Lima to Tingo Maria (P. Stroh only)
- July 9 Attend meeting in Tingo Maria organized by INIPA and attended by senior B.A.P. personnel from the Area, senior PEAH officials from both Aucayacu and Lima, and senior INIPA agents from all nine zones within the Project Area.
- July 10 Meet with Ing. Roberto Merino of B.A.P. Tingo Maria for purpose of gathering data to flowchart the process of administering loans to farmer beneficiaries.

Exit interview with B.A.P. Administrator.

Exit interview with Director of INIPA.

Travel from Tingo Maria to Lima.
- July 11 Meet with Mr. Jack Rosholt and Ing. Carlos Arevalos to review progress to date.

- July 12 Report Drafting.
- July 13 Meet with Ing. Ramon Cornejo, Ing. Carlos Arevalos of PEAH and Mr. Jack Rosholt of USAID to discuss major findings of work done so far.
- July 14 Report Drafting.
- July 15 Sunday.
- July 16 Report Drafting.
- July 17 Meet with Ing. Romulo Grodos, Direct of Programming and Planning Department of B.A.P. in Lima.
- July 18 Meet with Mr. Luis F. Zuniga Aguila, Director General of Bancoop in Lima to be informed on most recent developments in their reactivation strategy.
- July 18 Discuss preliminary draft report with Messrs. J. Rosholt, D. Himmelfarb, and M. Silverman of USAID and Mr. P. Duffield of IRI. Receive detail feedback from Mr. D. Himmelfarb in second meeting.
- July 19 Travel from Lima to United States.

NOTE: John Gadway, Credit Economist, was off the project at USAID's request for almost one week but otherwise was on the Credit Delivery Specialist's schedule. Critically the one week off occurred when integration of the report in Peru was intended in the Terms of Reference. Integration had to be done in Washington after the team's departure from Peru.

93



OFICIO Nº 020-84-PEAH-DT.

Aucayacu, 17 de Enero de 1984.

Señor : ING. ROBERTO NAVARRETE GUZMAN
Sub-Gerente Administrador del
Banco Agrario de Tingo María

Asunto : Explicación del 6% a cobrarse
en los préstamos por productos

Ref. : Nº 03/84-TEC-STM-EFC-98/56

Tengo el agrado de dirigirme a Ud. en relación al documento de la referencia para manifestarle que el cobro del 6% que se aplicará bajo el sistema de cobros en productos en el cultivo de arroz a su equivalente en soles, es debido a que se trata del cobro del equivalente de un bien actual no en soles sino en producto, siendo el importe de descapitalización modificado, por que el bien actual va subir aproximadamente en relación a la inflación, mientras que el arroz es un producto de precio controlado que no sube tanto como la inflación y que por lo tanto estamos dispuestos aceptar este tipo de descapitalización y que si el Gobierno no permite subir el precio del arroz tanto como subir sin ningún control por decisiones políticas, quienes sufren las consecuencias son las instituciones gubernamentales (PEAH-BAP), y no el agricultor.

Revisando datos de historia económica se encuentra, que desde mucho tiempo atrás, la tasa de interés real que se cobra por el uso del dinero cuando no existe inflación es del 6%.

Esperando que ésta explicación sustente lo solicitado, propicia es la ocasión para expresarle las muestras de mi consideración y estima.

Atentamente,

INSTITUTO NACIONAL DE DESARROLLO
Proyecto Especial Alto Huallaga

Ing. Raúl Palacios Rojas
Director Técnico

BANCO AGRARIO DEL PERU

SOLICITUD N° PE-DAII

PRESTAMO N°

LIQUIDACION FINAL

(2)

Nombre Condición POSESIONARIO
 Avio AGRICOLA
 Fondo Cultivo bajo LIVIA
 Ubicación TINGO MARIA Perito Ing. JUANUEL ZAPATA CARCAHO
 Extensión Total Has. Fecha de visita 12.01.84
 Extensión cultivada 10 Has. Fecha de informe 12.01.84
 Plan inversiones S/. 15'000,000.00 (27,675.28 Kls.arroz)
 Disminuciones o aumentos .-
 Plan final S/. 15'000,000.00 (27,675.28 Kls.arroz)
 Garantías Prenda Agrícola sobre la producción estimada obtener en los 4 años de duración del avío: Arroz 140,000 Kls.

menos:

Gastos de explotación 70,175 Kls.arroz
 Intereses pte.avío 3,653 Kls.arroz
 Ints.Ptmo.sostenim. 21,053 Kls.arroz 94,881 Kls.

Saldo neto disponible 45,119 Kls.

27,973.78 Kls.arroz al 62% 27,973.78 Kls.

TOTAL S/. 27,973.79 Kls.arroz

Préstamo total S/. 15'000,000.00 (27,675.28 Kls.arroz)

En el contrato debe figurar el plan de reembolso SI

El plan de inversiones principia el mes de ENERO de 19 84 y termin el mes de FEBRERO de 19 84 el avío termina el 20 de AGOSTO del 19 87.

Naturaleza de la explotación: AGRICOLA

Nombre de los fundos afectos:

Sementeras (clases y extensiones)	Período de siembra	Período de poón	período de cosecha
<u>PLAN DE REEMBOLSO</u>			
20.08.84 ...	8,994.47 Kls.		
20.08.85	7,610.70 "		
20.08.86	7,610.70 "		
20.08.87	<u>3,459.41 "</u>		

100

En el contrato debe intervenir
 El interesado debe comprobar que ha pagado el arrendamiento hasta _____
 _____, las contribuciones hasta _____
 _____, las cuotas de agua hasta _____
 en el plan de inversiones se considera una partida de S/. _____ para la compra
 de _____

El objeto de este préstamo es:

Compra de un motocultor y accesorios	S/ 14'800,000.-
Imprevistos	200,000.-
Monto Total	S/ 15'000,000.-
Equivalencia en arroz	27,675.28 Kls.

OBSERVACIONES:

1. La partida será girada previa presentación de la proforma de Factura, o Factura cancelada que acredite la compra.
2. Se constituirá Garantía subsidiaria de la maquinaria por adquirir.
3. Por tratarse de un crédito del Programa Experimental, el Plan de Reembolso de - plantea sobre kilos de arroz por lo que el cálculo del valor que tocará reembolsar estará de acuerdo al valor oficial del producto a la fecha de cancelación de la cuota.
4. El presente avío constituye un crédito integral con un préstamo de sostenimiento estimado en S/ 10'000,000.-, el que podrá ser modificado a nivel de la autonomía correspondiente, si fuera necesario.
5. El Anexo que contiene el Plan de Entregas del préstamo, constituye parte conforme de la presente Liquidación final, el cual será suscrito por el recurrente.

MZC/lad.

Se acompaña _____ hojas con los inventarios de _____

Liquidado por _____

Fecha _____ BANGORABIO DEL PERU
 Sección técnica SUCURSAL TINGO MARIA
 Ing. MANUEL LAPATA CARCAMO
 de Sección Técnica

Ver situación de crédito al _____ Anexo _____

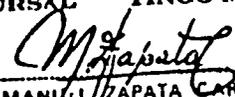
SECCION LEGAL:



ANEXO No 1 A LIQUIDACION FINAL

Solicitud : PE. DAH
 Nombre :
 Fundo :
 Zona : TINGO MARIA

TOTAL	MESES	P.DIRECTA	P.INDIRECTA	CONCEPTO
	<u>1984</u>			
\$14'800,000.-	Enero/Feb.	--	\$ 14'800,000.-	Metecultor
\$14'800,000.-			\$ 14'800,000.-	
<u>200,000.-</u>	Imprevistos			
\$15'000,000.-				
=====				

BANCO AGRARIO DEL PERU
 SUCURSAL TINGO MARIA

 Ing. MANUEL ZAPATA CARCAMO
 Jefe de Sección Técnica

lad.



BANCO AGRARIO DEL PERU

Jr. Curubaya 543, Lima 1

4

ANEXO NO 1

DETALLE PLAN DE ENTREGAS

Solicitud: PE. DANI
Nombre :
Fundo :
Zona : TINGO MARIA

I. MAQUINARIA

- Compra de un motecultor KUBOTA y sus Accesorios		\$ 14'800,000.-
	Imprevistos	<u>200,000.-</u>
		\$ 15'000,000.-
		=====
Equivalencia según el precio actual de acopio del Arroz (\$ 542.-/kilo)		\$ 27,675.28 Kls.

BANCO AGRARIO DEL PERU
SUCURSAL TINGO MARIA

M. Zapata
Ing. MANUEL ZAPATA CARCAMO
Jefe de Sección Técnica

lad.

103



BANCO AGRARIO DEL PERU

Jr. Carabaya 543, Lima 1

5

ANEXO No 2

II. A. PROGRAMA DE PRODUCCIONES E INGRESOS

1. Rubro Agrícola Proyectado

Solicitud: PE. DAM.
 Nombre :
 Fundo :
 Zona : TINGO MARIA

AÑOS	AREA (HAS.)		Pred. Estimada (3)	V.B.P.
	Cultivos Permanent.	Cultivos temporales	Arroz Kilos	\$
		ARROZ	Kls.	
1	10		35,000	19'950,
2	10		35,000	19'950,
3	10		35,000	19'950,
4	10		35,000	19'950,
	40		140,000	79'800,

- 1. Area total de cultivo
- 2. Area total en producción
- 3. Area en crecimiento

Rendimiento/Há. Precios Unitarios

AÑOS	HAS.	AÑOS				PRECIO UNITARIO
		1	2	3	4	
<u>Cultivos anuales</u>						
Arroz	10	3,500	3,500	3,500	3,500	\$ 570.-

lad.

BANCO AGRARIO DEL PERU
 BUCURSAL TINGO MARIA

M. Zapata
 Ing. MANUEL ZAPATA CASCAMO
 Jefe de Sección Técnica

104



BANCO AGRARIO DEL PERU

Jr. Carabaya 543, Lima 1

ANEXO No 2

5

II. A. PROGRAMA DE PRODUCCIONES E INGRESOS

1. Rubro Agrícola Proyectado

Solicitud: PE. DAI.

Nombre :

Fundo :

Zona : **TINGO MARIA**

AÑOS	AREA (HAS.)		PROD. ESTIM. (3) Arroz Kls.	V.B.P. \$
	Cultivos Permanente	Cultivos Temporales		
	Arroz			
1		20	70,000	39'900,
2		20	70,000	39'900,
3		20	70,000	39'900,
TOTAL		60	210,000	119'700,

1. Area total de cultivo
2. Area total de producción
3. Area en crecimiento

HAS.	AÑOS			Precio UNITARIO
	1	2	3	

Cultivos anuales

Arroz	10	3,500	3,500	3,500	\$ 570.00
-------	----	-------	-------	-------	-----------

Nota.- Se está asumiendo que actualmente se sembrará 2 campañas de Arroz.

BANCO AGRARIO DEL PERU
SUCURSAL TINGO MARIA

[Signature]
Ing. MANUEL PAPATA CARCAMO
Jefe de Sección Técnica

lad.

105

ANEXO No 3: II. PROGRAMA DE INVERSIONES
2. Préstamos de Sostentamiento

6

Solicitud: PE.DAH.
Nombre :
Fuente :
Zona : TINGO MARIA

AÑOS	RUBRO AGRICOLA			RUBRO PECUARIO			SUB-TOTAL (Sest.)	GASTOS ADM.	GTOS. GEN.	TOTAL EGRESOS	PRECALC. INT.CAN- PARA 30%	TOTAL GASTOS EXPLOT.
	Mano de Obra	Leyes Sec.	Insumos Técnicos	Mano Obra	Leyes Sec.	Insum. Téc.						
1	5'600,		14'400,				20'000,			20'000,	6'000,	26'000,
2	5'600,		14'400,				20'000,			20'000,	6'000,	26'000,
3	5'600,		14'400,				20'000,			20'000,	6'000,	26'000,
	16'800,		43'200,				60'000,			60'000,	18'000,	78'000,

lad.

BANCO AGRARIO DEL PERU
BUCURSAL TINGO MARIA

Manuel Zapata
Ing. MANUEL ZAPATA CARGAMO
Jefe de Sección Técnica

106

6

II. PROGRAMA DE INVERSIONES
 2. Préstamos de Sosténimiento

Solicitud: PE.DAH.
 Nombre :
 Fundo :
 Zona : TINGO MARIA

AÑOS	RUBRO AGRICOLA			RUBRO PECUARIO			Sub-Total (Sosten.)	Gtes. Adm.	Gtes. Gen.	Total Egresos	Precálc. Int.Cam- paña 30%	Total Gastos Explot.
	Mano de Obra	Leyes Sec.	Insumos Técnicos	Mano Obra	Leyes Sec.	Insum. Téc.						
1	2'800,		7'200,				10'000,			10'000,	3'000,	13'000,
2	2'800,		7'200,				10'000,			10'000,	3'000,	13'000,
3	2'800,		7'200,				10'000,			10'000,	3'000,	13'000,
4	2'800,		7'200,				10'000,			10'000,	3'000,	13'000,
	11'200,		28'800,				40'000,			40'000,	12'000,	52'000,

lad.

BANCO AGRARIO DEL PERU
 SUCURSAL TINGO MARIA

M. Zapata
 Ing. MANUEL ZAPATA ARCAMO
 Jefe de Sección Técnica

10/1



BANCO AGRARIO DEL PERU

Jr. Carabaya 543, Lima 1

4

ANEXO No 4

RESUMEN DE SALDOS DISPONIBLES PARA REEMBOLSOS

Solicitud: PE. DAH
Nombre :
Fundo :
Zona : TINGO MARIA

Table with 5 columns: AÑO, INGRESOS, EGRESOS, SALDO DISPONIBLE, SALDO DISPONIBLE CONVERTIDO. Rows show data for years 1 through 4, with a total row at the bottom.

BANCO AGRARIO DEL PERU
BUCURSAL TINGO MARIA

Ing. MANUEL LAPATA CARCAMO
Jefe de Sección Técnica

lad.

BANCO AGRARIO DEL PERU
 OFICINA DE: TINCO MARIA

ESTUDIO ECONOMICO PROBABLE

8

EXP. SOLICITUD P. - SAR
 CATEGORIA:

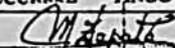
CULTIVO: ARROZ
 HECTAREAS:

PTMO. PRINC. S/. 15'000,000.-
 PTMO. TOTAL S/. 15'000,000.-

VENCIMIENTO: 10-01-87
 PLAZO: 3 AÑOS

PERITO: ING. ZAPATA
 FECHA:

CAMPANA			INTERES EN EL AÑO	INTERES 6% ACUMULADO	INGRESOS	EGRESOS	SALDO DISPONIBLE		REEMBOLSOS		SALDO PARA PROXIMA CAMPAÑA		SALDO A FAVOR DEL PRESTATARIO
							TOTAL	PARA REEMBOLSO	CAPITAL	INTERES	CAPITAL	INTERES	
Jul. 84	27,675	27,675	830	830	35,000	22,807	12,193	4,746	3,916	830	23,759	-	7,447
Jul. 85		23,759	714	714	35,000	22,807	12,193	4,630	3,916	714	19,843	-	7,563
Jul. 85		19,843	595	595	35,000	22,807	12,193	5,203	4,608	595	15,235	-	6,930
Jul. 86		15,235	457	457	35,000	22,807	12,193	5,065	4,608	457	10,627	-	7,128
Jul. 86		10,627	319	319	35,000	22,807	12,193	5,632	5,313	319	5,314	-	6,561
Enc. 87		5,314	159	159	35,000	22,807	12,193	5,473	5,314	159	CANCELACION	-	6,720
			3,074		210,000	136,842	73,158	30,249	27,675	3,074			42,509

BANCO AGRARIO DEL PERU
 SUCURSAL TINCO MARIA

 Ing. MANUEL ZEPEDA CARAMO
 Jefe de Sección Técnica

M.C./Ira

BANCO AGRARIO DEL PERU
 OFICINA DE: SINJO MARIA

ESTUDIO ECONOMICO PROBABLE (EN KILOS)

(8)

Saldo FE-DAE:
 LIBRE:

CULTIVO:
 HECTAREAS:

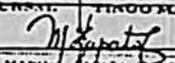
PTMO. PRINC. S/.
 PTMO. TOTAL S/.

VENCIMIENTO:
 PLAZO:

PERITO:
 FECHA:

CAMPAÑA	SALDO DEUDOR		INTERES EN EL AÑO (1)	INTERES ACUMULADO	INGRESOS	EGRESOS	SALDO DISPONIBLE		REEMBOLSOS		SALDO PARA PROXIMA CAMPAÑA		SALDO A FAVOR DEL PRESTATARIO
	PRESTADO	ACUMULADO					TOTAL (2)	PARA REEMBOLSO	CAPITAL	INTERES	CAPITAL	INTERES	
	27,675.28	27,675.28	1,660.	1,660			12,193	10,654.57	8,994.57	1,660.	18,680.81		1,538.53
		18,680.81	1,121.	1,121			12,193	8,731.70	7,610.70	1,121.	11,070.11		3,461.70
		11,070.11	664	664			12,193	8,274.70	7,620.70	664.	3,459.41		3,918.70
		3,459.41	208	208			12,193	3,667.41	3,459.41	208.	CANCELACION		8,525.72
			3,653	3,653			48,772	31,328.28	27,675.28	3,653			17,443.72

1) Se considera 6% año, según las recomendaciones del Asesor Técnico del P.E.A.H.,
 Financieras que son respaldadas con el CF. Nº 030/84-PEAH/DI del 17.01.84.
 2) El saldo total disponible está dado en kilos en base a las consideraciones planteadas para este tipo de préstamos experimentales, consecuentemente el Plan de Rembolso estará relacionado también en kilaje del producto tomado como base para el estudio.

BANCO AGRARIO DEL PERU
 OFICINA: SINJO MARIA

 Ing. MANUEL J. CÁRCANO
 Jefe de Sección Técnica

110

**BANCO AGRARIO
DEL PERU**

TARJETA DE CUENTA CORRIENTE PRESTAMO

OFICINA

MONTO SI. 27,675 k.s

PRESTATARIO

NUMERO
PRESTAMO

9

ARRASTRE SI. ARROZ

CUENTA

FIRMA DE
AUTORIZACION:

Precio Base SI. 542.00/kg

DIRECCION

VENCTO.

MONTO
TOTAL SI. 27,625

FUNDO

GARANTIAS SI. _____

ZONA

INTERESES

6%

FECHA	VALUTA	REFERENCIA		MOVIMIENTO		o/o	ACUMULACION INTERESES	S A L D O S			
		Comprob.	Cod.	DEBE	HABER			CAPITAL	COMISION	INTERES	GENERAL
Ene. 84			24	27,675				27,675			27,675
Jul. 84			27	830				27,675		830.	28,505
			19		830						
			20		3,916			23,759			23,759
Ene. 85			27	714				23,759		714	24,473
			19		714						
			20		3,916			19,843			19,843
Jul. 85			27	595				19,843		595	20,438
			19		595						
			20		4,608			15,235			15,235
Ene. 86			27	457				15,235		457	15,692
			19		457						
			20		4,608			10,627			10,627
Jul. 86			27	319				10,627		319	10,946
			19		319						
			20		5,313			5,314			5,314
Ene. 87			27	159				5,314		159	5,473
			19		159						
			20		5,314			-			-

REFERENCIAS:

- | | | | |
|---------------------------|--|---------------------------------|------------------------------|
| 20.- Su entrega | 25.- Nuestra entrega | 30.- Gastos Notariales y Otros | 34.- Devolución de Cheques |
| 21.- Transferencia Abonos | 27.- Intereses y Comisiones | 31.- Teléfono - Telex | 35.- Devolución de Saldo |
| 22.- Abonos varios | 28.- Diferencia de Cambio | 32.- Pagos de Registro públicos | 36.- Transferencia de Cargos |
| 25.- Adelantos | 29.- Gastos de Intervención y Vigilancia | 33.- Seguros | 37.- Cargos varios |

BANCO AGRARIO
DEL PERU

TARJETA DE CUENTA CORRIENTE PRESTAMO

10

OFICINA

MONTO SI 27,675.28 kls

PRESTATARIO

NUMERO
PRESTAMO

ARRASTRE SI ARROZ

CUENTA

Precio Base \$ 542.-/kg

DIRECCION

VENCTO.

FIRMA DE
AUTORIZACION:

MONTO
TOTAL SI 27,675.28 kls

FUNDO

INTERESES

6%

GARANTIAS SI _____

ZONA

FECHA	VALUTA	REFERENCIA		MOVIMIENTO		%	ACUMULACION INTERESES	S A L D O S		
		Comprob.	Cod.	DEBE	HABER			CAPITAL	COMISION	INTERES
Ene. 84			24	27,675.28 kls			27,675.28			27,675.28
Ene. 85			27	1,660			27,675.28			29,335.28
			19		1,660				1,660.-	
			20		8,994.47			18,680.81		18,680.81
Ene. 86			27	1,121			18,680.81			19,801.81
			19		1,121.				1,121.-	
			20		7,610.70			11,070.11		11,070.11
Ene. 87			27	664			11,070.11			11,734.11
			19		664.				664.-	
			20		7,610.70			3,459.41		3,459.11
Ene. 88			27	208			3,459.41			3,667.41
			19		208.				208.-	
			20		3,459.41			-		-

REFERENCIAS:

20.- Su entrega
21.- Transferencia Abonos
22.- Abonos varios

26.- Nuestra entrega
27.- Intereses y Comisiones
28.- Diferencia de Cambio

30.- Gastos Notariales y Otros
31.- Teléfono - Telex
32.- Pagos de Registro públicos

34.- Devolución de Cheques
35.- Devolución de Saldo
36.- Transferencia de Cargos

112

BANCO AGRARIO
DEL PERU

TARJETA DE CUENTA CORRIENTE PRESTAMO

11

OFICINA

MONTO S/ 15'000,000.-

PRESTATARIO

NUMERO PRESTAMO

ARRASTRE S/

CUENTA

FIRMA DE
AUTORIZACION:

Precio Base S' 542.-

DIRECCION

VENCTO.

MONTO
TOTAL S/ 15'000,000.-

FUNDO

GARANTIAS S/

ZONA

INTERESES 6%

FECHA	VALUTA	REFERENCIA		MOVIMIENTO		%	ACUMULACION INTERESES	S A L D O S					
		Comprob	Cod.	DEBE	HABER			CAPITAL	COMISION	INTERES	GENERAL		
Enero 84			24	15'000,000.-				15'000,000.-			15'000,000.-		
Julio 84				TC.6 Precio Base 550./kg.				15'221,250.-			15'221,250.-		
					27	15'221,250.-			15'221,250.-			15'221,250.-	
					19	456,500.-	456,500.-					456,500.-	15'677,750.-
					20		2'153,800.-			13'067,450.-			13'067,450.-
Enero 85				TC.6 Precio base 560/kg.				13'305,040.-			13'305,040.-		
					27	13'305,040.-			13'305,040.-			13'305,040.-	
					19	399,840.-	399,840.-					399,840.-	13'704,880.-
					20		2'192,960.-			11'112,080.-			11'112,080.-
Julio 85				TC.8 Precio Base 570/kg.				11'310,510.-			11'310,510.-		
					27	11'310,510.-			11'310,510.-			11'310,510.-	
					19	339,150.-	339,150.-					339,150.-	11'649,660.-
					20		2'626,560.-			8'683,950.-			8'683,950.-
Enero 86				TC.6 Precio Base 580/kg.				8'836,300.-			8'836,300.-		
					27	8'836,300.-			8'836,300.-			8'836,300.-	
					19	265,060.-	265,060.-					265,060.-	9'101,360.-
					20		2'672,640.-			6'163,660.-			6'163,660.-
Julio 86				TC.6 Precio base 590/kg.				6'269,930.-			6'269,930.-		
					27	6'269,930.-			6'269,930.-			6'269,930.-	
					19	188,210.-	188,210.-					188,210.-	6'458,140.-
					20		3'134,670.-			3'135,260.-			3'135,260.-
Enero 87				TC.6 Precio base 600/kg.				3'188,400.-			3'188,400.-		
					27	3'188,400.-			3'188,400.-			3'188,400.-	
					19	95,400.-	95,400.-					95,400.-	3'283,800.-
					20		3'188,400.-			-.-			-.-

REFERENCIAS.

- 20.- Su entrega
- 21.- Transferencia Abonos
- 22.- Abonos varios
- 26.- Nuestra entrega
- 27.- Intereses y Comisiones
- 28.- Diferencia de Cambio
- 30.- Gastos Notariales y Otros
- 31.- Teléfono - Telex
- 32.- Puntos de Registro múltiples
- 34.- Devolución de Cheques
- 35.- Devolución de Saldo
- 38.- Transferencia de Cargos

BANCO AGRARIO
DEL PERU

TARJETA DE CUENTA CORRIENTE PRESTAMO

12

OFICINA

MONTO S/ 15'000,000.-

PRESTATARIO

NUMERO PRESTAMO

ARRASTRE S/

DIRECCION

CUENTA

FIRMA DE AUTORIZACION:

Precio Base 540/kg.

MONTO TOTAL S/ 15'000,000.-

FUNDO

VENCTO

GARANTIAS %

ZONA

INTERES 6%

FECHA	VALUTA	REFERENCIA		MOVIMIENTO		%	ACUMULACION INTERES	VALORES			
		Comod. Céd.		DEBE	HABER			CAPITAL	COMISION	INTERES	GENERAL
Enero 84				15'000,000.-				15'000,000.-			15'000,000.-
				T.C.6 PRECIO BASE 560/kg.							
Enero 85				15'498,157.-				15'498,157.-			15'498,157.-
			27	929,600.-				15'498,157.-		929,600.-	16'427,757.-
			19		929,600.-						
			20		5'036,903.-			10'461,254.-			10'461,254.-
				TEC.6 Precio Base 580/kg.							
Enero 86				10'834,870.-				10'834,870.-			10'834,870.-
			27	650,180.-				10'834,870.-		650,180.-	11'485,050.-
			19		650,180.-						
			20		4'414,206.-			6'420,664.-			6'420,664.-
				TC.6 Precio base 600/kg.							
Enero 87				6'642,066.-				6'642,066.-			6'642,066.-
			27	398,400.-				6'642,066.-		398,400.-	7'040,466.-
			19		398,400.-						
			20		4'566,420.-			4'566,420.-			4'566,420.-
				TC.6 Precio base 620/kg.							
Enero 88				2'144,834.-				2'144,834.-			2'144,834.-
			27	128,960.-				2'144,834.-		128,960.-	2'273,794.-
			19		128,960.-						
			20		2'144,834.-			-.-			-.-

REFERENCIAS:

20.- Su entrega
21.- Transferencia Abonos

26.- Nuestra entrega
27.- Intereses y Comisiones
28.- Papeles de Reemplazo

30.- Gastos Notariales y Otros
31.- Telefónico - Telex
32.- Papeles de Reemplazo

34.- Devolución de Cheques
35.- Devolución de Saldo
36.- Transferencia de Cargos

CONVENIO AID-527-T-077

Estado Financiero al 31.05.83

SITUACION DEL PUEBLO:

N° CURSOS : Transferido al Banco hasta el 30.04.83
 Transferido al Banco al 02.05.83

150'000,000.-
 100'000,000.-
 250'000,000.-

EGRESOS : Girado Sub-Préstamos

Acumulado al 30.04.83 62'834,441.-
 En Mayo 1983 60'767,453.-

123'601,894.-

INGRESOS : Recambios Sub-Préstamos

Acumulado al 30.04.83 6'591,433.-
 En Mayo 1983 2'456,844.-

9'048,277.-

114'553,617.-
 135'446,383.-

Saldo del Fondo al 31.05.83

COMPROMISOS:

Préstamos aprobados por Ejecutar
 Préstamos ejecutados por Girar

65'000,000.
88'713,106.

153'713,106.

Disponibilidad para nuevas aprobaciones

(18'266,723.)

SITUACION FINANCIERA:

Asignado
U.S.A. \$

Recibido B.o.A.P.
U.S.A. \$ S/

Por Recibir
U.S.A. \$

Parte AID 527-T-077

4'000,000.

145,638.87
 (*) 74,627.86

150'000,000. (Ant)
 100'000,000 (2.5.83)

3'779,733.27 (*)

Saldo para Nuevas Aprobaciones

(*) 5,064'842,582.

cambio de (fije mes de Mayo) al 1,340.- Dólar U.S.A.

Tingo Maria, 21 de Julio de 1983

BANCO AGRARIO DEL PERU
 FILIAL TINGO MARIA

Inj. Carlos María Lavettete
 Subordin. de Créditos

Agustín Fariás Vázquez
 Jefe Sección Adm. y Tram.

115

REAL TINGO MARIA

ESTADISTICA DE PTMOS AL; 29.05.83

Probados Monto	Ejecutados NO Monto	Caduc. NO	Disis. Monto	Ptmos per Ejec. NO Monto	Sumas Girad.	Sumas no Utilizada	Ptmos. Ejec. per Girar	Rembol. Capita
99'374,	54 75'229,	3	14'345,	5 9'800,	62'834,441	299,	12'095,559.	6'591,433.
199'585,	93 137'385,	1	7'000,	21 65'000,	60'767,453	-	88'713,106.	2'456,844.
298'959,	147 212'614,	4	21'345,	26 65'000,	123'601,894	299,	88'713,106.	9'048,277.

Tingo Maria, 21 de Julio de 1983

PROYECTO ESPECIAL
ALTO HUALLAGA
MUNICIPALIDAD DE TINGO MARIA

04 ABR. 1983

Hora 5:10

RECIBIDO

BANCO AGRARIO DEL PERU
MUNICIPALIDAD DE TINGO MARIA

In: [Signature]
Jefe Recepcion Ind. y Tram.

CONVENIO AID-527-T-077

Estado Financiero al 30.06.83

DEL FONDO:

CURSOS : Transferido al Banco hasta 31.05.83 250'000,000.-

RESOS : Girado Sub-Préstamos

Acumulados al 30.05.83	123'601,894.-	
En Junio 1983	51'848,544.-	
Comisión Banco	<u>2'415,118.-</u>	177'865,556.0

GRESOS : Reembolsos Sub-Préstamos

Acumulados al 30.05.83	9'048,277.-	
Capital Junio 1983	7'167,672.-	
Intereses Junio 1983	<u>3'483,473.-</u>	19'699,422.-
Saldo del Fondo al 30.06.83		<u>158'166,134.-</u> 91'833,866.-

COMPROMISOS :

Ptmes aprobados per Ejecutar	18'050,000.-	
Ptmes. Ejecutados per Girar	<u>83'224,562.-</u>	<u>101'274,562.-</u>
Disponibilidad para nuevas aprobaciones		(9'440,696/-)

FINANCIERA

Asignado	Recibido B.A.P.	Por Recibir
<u>U.S.A. \$</u>	<u>U.S.A. \$</u>	<u>U.S.A. \$</u>

AID-527-T-077	4'000,000.	220,266.73 (*)	350'204,276.50	3'779,733.27 (*)	
Saldo para nuevas aprobaciones					6,009'435,723.30

Saldo de (Fijo mes Junio) \$ 1,589.91.- Dólar U.S."

Tingo Maria, 21 de Julio de 1983

BANCO AGRARIO DEL PERU
SUCURSAL TINGO MARIA.

Ingeniero Agustín Fariás Vázquez
Subordin. de Créditos

Agustín Fariás Vázquez
Jefe Sección Inf. y Tram.

1983
\$ 10 311 /
LIBRO

CURSAL TINGO MARIA

ESTADISTICA DE PRESTAMOS AL 30.06.83

Subados		Ejecutados		Caduc.		Desis.		Ptnos per Ejec.		Sumas	Sumas no	Ptnos Ejec.	Rembol.
Monto	NO	Monto	NO	NO	Monto	NO	Monto	Monto	Giradas	Utiliza.	per girar	Capi.	Inter.
298'959,	147	212'614,	4	21'345,	26	65'000,	123'601,894.	299,	88'713,106.	9'048,277.			
18'930,	31	46'870,	1	19'000,	7	18'050,	51'848,544.	510	83'224,562.	7'167,672.	3'483,4'		
327'879,	178	259'484,	5	40'345,	7	18'050,	175'450,438.	809	83'224.562.	16'215,949.	3'483,4'		

Tingo María, 21 de Julio de 1983

BANCO AGRARIO DEL PERU
CENTRAL TINGO MARIA

Ing°
Subdirector de Créditos
Ing°
Sección Int. y Tram.

BOLETIN ESPECIAL
HUAILAGA
CONTROL
Nº 123
10/07/83
RECIDO

118

BANCO AGRARIO DEL PERU

SUCURSAL DE TINGO MARIA (CODIGO 025)

AGENCIA DE (CODIGO)

CONSOLIDADO

FONDOS EN FIDUCIA

CODIGO DE

CONVENIO AID 527-2-072

DESARROLLO REGIONAL ALTO HUALLAGA

CODIGO

PRESTAMOS DE

CODIGO

ESTADO MENSUAL DE PRESTAMOS

CORRESPONDIENTE AL MES DE JUNIO DE 1983 CUENTA AJENA

Clases de Prestamos (Siglas y Cuenta No.)	CODIGO: 01 Salidas Aprobadas ingresadas al Banco		CODIGO: 02 Prestamos Ejecutados		CODIGO: 03 Prestamos Caducos y Devueltos		CODIGO: 04 Prestamos por Ejecutar		CODIGO: 17 Salidas Deudoras Arrastradas		CODIGO: 05	CODIGO: 07	SUMAS REEMBOLSADAS	
	No.	Moneda	No.	Moneda	No.	Moneda	No.	Moneda	No.	Moneda	Moneda Creados	Sumas en utilizadas	CODIGO: 08 Capital	CODIGO: 09 Intereses para Fideicomisos
S. DAB 0003.07.016512	18	18'920,000	30	32'870,000	--	--	6	4'550,000	--	--	26'065,273	510,000	7'167,672.	3'483,473
TOTALES	18	18'920,000	30	32'870,000	--	--	6	4'550,000	--	--	26'065,273	510,000	7'167,672	3'483,473.
P. E.A. DAB 0003.07.036511	--	--	--	--	1	19'000,000	--	--	--	--	--	--	--	--
0003.07.036512	--	--	1	14'000,000	--	--	1	13'500,000	--	--	25'783,271.	--	--	--
TOTALES	--	--	1	14'000,000	1	19'000,000	1	13'500,000	--	--	25'783,271	--	--	--
TOTAL GENERAL	18	18'920,000	31	46'870,000	1	19'000,000	7	18'050,000	--	--	51'848,544	510,000	7'167,672.	3'483,473.

Hecho por	Jefe Trámite	Control	Sub. Asesor. Crédito	Adm. Sucursal o Jefe de Agencia
mfv				

Tingo María, 18 DE JULIO DE 1983

CUADRO ESTADISTICO DE PRESTAMOS OTORGADOS CON FONDOS DEL

PROYECTO ESPECIAL ALTO HUALLAGA

SUCURSAL : TINGO MARIA
 AGENCIA A : AUCAYACU
 AGENCIA B : TUCACHE

EJECUTADOS EN EL MES DE JUNIO

N.º P. T. H. U.	NOMBRE DEL PRESTATARIO	FUNDO	ZONA	LINEA PRODUC.	TIPO PTMO.	MONTO EJECUTADO	OBJETO	VCMTO.
<u>SUCURSAL TINGO MARIA</u>								
32/83	COMUNIDAD CAMPESINA ESPERANZA	STANLATA	DIVISORIA	AGRICOLA	SOSTENIMIENTO	420,000.-	2 Hha. café	20.07.84
33/83	COMUNIDAD DE LA CRUZ ESPERANZA	GRONEL	SHAPAJILLA	AGRICOLA	SOSTENIMIENTO	520,000.-	2 Hha. maíz	20.01.84
34/83	MUEL BERNAL ARUJITA	STANATA	AGUA BLANCA	AGRICOLA	SOSTENIMIENTO	600,000.-	4 Hha. cacao	20.03.84
	MUEL BERNAL ARUJITA	STANATA	AGUA BLANCA	AGRICOLA	SOSTENIMIENTO	2'350,000.-	5 Hha. plátano	20.08.84
	MUEL BERNAL ARUJITA	STANATA	AGUA BLANCA	AGRICOLA	SOSTENIMIENTO	2'000,000.-	5 Hha. naranjo	20.08.84
						5870.00		
<u>AGENCIA "A" AUCAYACU</u>								
53/83	COMUNIDAD AGROPECUARIA		LA MORADA	AGRICOLA	SOSTENIMIENTO	1'000,000.-	4 Hha. maíz	20.02.84
54/83	FAUCUN CHIVAZ FRETEL		PUCAYACU	AGRICOLA	SOSTENIMIENTO	1'000,000.-	4 Hha. maíz	20.02.84
55/83	MARCO HERNANDEZ VERA		SITUBI	AGRICOLA	SOSTENIMIENTO	1'500,000.-	6 Hha. maíz	20.02.84
56/83	J. VERA HERNANDEZ R.		LA MORADA	AGRICOLA	SOSTENIMIENTO	3'750,000.-	15 Hha. maíz	20.02.84
57/83	VILALBA HAYSA ZUMITA		YANAJUCA	AGRICOLA	SOSTENIMIENTO	2'500,000.-	10 Hha. plátano	10.06.84
58/83	COMUNIDAD CHUMBIHUNI		LA MORADA	AGRICOLA	SOSTENIMIENTO	1'000,000.-	4 Hha. maíz	20.02.84
59/83	COMUNIDAD HUANILLAS P.		PUCAYACU	AGRICOLA	SOSTENIMIENTO	750,000.-	3 Hha. maíz	20.02.84
60/83	ARMANDO HERNANDEZ NUÑEZ		ANGASHYACU	AGRICOLA	SOSTENIMIENTO	500,000.-	2 Hha. maíz	20.02.84
61/83	MARCO HERNANDEZ VARELA		PERUENSO	AGRICOLA	SOSTENIMIENTO	500,000.-	2 Hha. maíz	20.02.84
						12.500.00		
<u>AGENCIA "B" TUCACHE</u>								
54/83	MARCO LUIS GONZALEZ		HUAYNILE	AGRICOLA	SOSTENIMIENTO	1'500,000.-	6 Hha. maíz	20.02.84
55/83	ARMANDO GONZALEZ UCHUA		HUAYRANGA	AGRICOLA	SOSTENIMIENTO	500,000.-	2 Hha. maíz	20.02.84
56/83	ARMANDO GONZALEZ UCHUA		RIO ESPINO	AGRICOLA	SOSTENIMIENTO	750,000.-	3 Hha. maíz	20.02.84
57/83	TORIBIO SHUTINABUO GIL		CIDRO	AGRICOLA	SOSTENIMIENTO	500,000.-	2 Hha. maíz	20.02.84
58/83	ARMANDO GONZALEZ UCHUA		HUAYNILE	AGRICOLA	SOSTENIMIENTO	750,000.-	3 Hha. maíz	20.02.84
59/83	ARMANDO GONZALEZ UCHUA		HUAYRANGA	AGRICOLA	SOSTENIMIENTO	750,000.-	3 Hha. maíz	20.02.84
60/83	ARMANDO GONZALEZ UCHUA		HUAYNILE	AGRICOLA	SOSTENIMIENTO	750,000.-	3 Hha. maíz	20.02.84
61/83	ARMANDO GONZALEZ UCHUA		STA. ANA	AGRICOLA	SOSTENIMIENTO	1'000,000.-	4 Hha. maíz	20.02.84
62/83	JOSUE GONZALEZ UCHUA		CHUMBIHUNI	AGRICOLA	SOSTENIMIENTO	1'250,000.-	5 Hha. maíz	20.02.84
63/83	ARMANDO GONZALEZ UCHUA		CHUMBIHUNI	AGRICOLA	SOSTENIMIENTO	750,000.-	3 Hha. maíz	20.02.84
64/83	ARMANDO GONZALEZ UCHUA		PIANOFIA	AGRICOLA	SOSTENIMIENTO	490,000.-	1 Hha. plátano	10.06.84
65/83	ARMANDO GONZALEZ UCHUA		LA MORADA	AGRICOLA	SOSTENIMIENTO	1'000,000.-	4 Hha. maíz	20.02.84
66/83	ARMANDO GONZALEZ UCHUA		RIO UCHIZA	AGRICOLA	SOSTENIMIENTO	500,000.-	2 Hha. maíz	20.02.84
67/83	ARMANDO GONZALEZ UCHUA		RIO UCHIZA	AGRICOLA	SOSTENIMIENTO	490,000.-	1 Hha. plátano	10.06.84
68/83	ARMANDO GONZALEZ UCHUA		CANUTO	AGRICOLA	SOSTENIMIENTO	1'000,000.-	4 Hha. maíz	20.02.84
69/83	ARMANDO GONZALEZ UCHUA		PUCAYACU	AGRICOLA	SOSTENIMIENTO	1'000,000.-	4 Hha. maíz	20.02.84
70/83	ARMANDO GONZALEZ UCHUA		TALUPA	AGRICOLA	SOSTENIMIENTO	750,000.-	3 Hha. maíz	20.02.84
71/83	ARMANDO GONZALEZ UCHUA		HUAYNILE	AGRICOLA	SOSTENIMIENTO	750,000.-	3 Hha. maíz	20.02.84

14.480.000

32 F70.000

120



BANCO AGRARIO DEL PERU

Jr. Carabaya 543, Lima 1

Tocacho, 02 de Julio de 1,984

REFERENCIA N° 13/84-EF-98-56-3

Señores
 Proyecto Especial Alto Huallaga
 Dirección Zonal Tocacho

PUJAYACU:

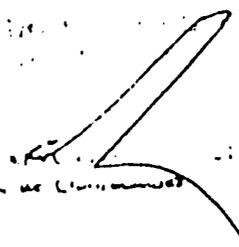
De mi consideración;

Dando cumplimiento al convenio suscrito entre nuestras Instituciones, adjunto les hago llegar la relación pormenorizada de Ptmos. ejecutados - con fondos del Proyecto en el mes de Junio.

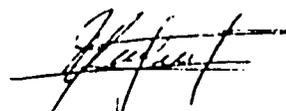
Por otro lado, agradeceré dar la asistencia técnica respectiva a los agricultores - relacionados en coordinación con el personal de INIPA, a fin de mantener un buen decurso del crédito.

Reiterándoles mi especial deferencia me suscribo

Atentamente.


 BANCO AGRARIO DEL PERU
 Oficina de Gerencia

C.c. Suc. Tingo María
 Ag. Aucayacu.
 Archivo.
 VARA/rgr.-


 T/03/84.

PRESTATOS EJECUTADOS POR FONDOS DEL PROYECTO
ESPECIAL ALTO A ALLAGA EN EL MES DE JUNIO 84

<u>NOMBRE DEL PRESTATARIO</u>	<u>FECHA</u>	<u>CULTIVO</u>	<u>HAS</u>	<u>MONTO</u>	<u>PURNO/GRANJA</u>	<u>EDRIA</u>	<u>VPT</u>
MENA CORDOVA, HUMBERTO	47/84	MAIZ	5	\$ 2'500,000.-	"SANTA ROSA"	R. BENTON	20-02-
PEREZ SILVA, JOSE M.	48/84	"	4	2'000,000.-	"LAS PLUMAS"	CHANGO	20-02-
ALVARADO PEREZ, CESAR	49/84	"	2	1'000,000.-	PARCELA AP-13-71	SANTACION	20-02-
GIL VALLER, WILBERTO	50/84	"	4	2'000,000.-	"PLAYA NEGRA"	JUNCO	20-02-
LOPEZ ARRAVAIO, DARWIN	51/84	"	2	1'000,000.-	"LA FLORIDA"	TANARITA	20-02-
MONTUJO DEL CASTILLO, ROSA	52/84	"	4	2'000,000.-	PARCELA AP-13-112	HUAYRANGA	20-02-
GARCIA GRABEL, JOSE ANTONIO	53/84	"	2	1'000,000.-	PARCELA C1-88-19	JUNCO	20-02-
FERRAN BLAZER, ESTERITA	54/84	"	4	2'000,000.-	"SANTA ROSA"	LOMBAYON	20-02-
VILA DE RENGIFO, MARILYN	55/84	"	6	3'000,000.-	"	"	"
YEDA CARRANZA, ANTONIO	56/84	MAIZ	3	1'000,000.-	PARCELA AP-13-62	"	20-07-
SHATARA HERNANDEZ, TONY J.	57/84	"	4	2'000,000.-	PARCELA AP-13-161	HUAYRANGA	20-02-
ALONSO VDA DE J. INE	58/84	"	4	2'000,000.-	"VI TA ANTONIO"	"	20-02-
MARCELO BERNALDO, J. SIGIFRADO	59/84	"	2	1'000,000.-	PARCELA AP-13-42	S. MONTANA	20-02-
OLANO HERNANDEZ, POLIDORO	60/84	"	6	3'000,000.-	"LAS PLUMAS"	I. MONTANA	20-02-
REYES LIGARDO ALFARO	61/84	"	4	2'000,000.-	"PARCELA AP-14-73	CHANGO	20-02-
IRIBARRE LEIVA, CARLOS	62/84	"	3	4'000,000.-	PARCELA AP-13-62	CHANGO	20-02-
REYES GONZALEZ, BARTOLINO	63/84	"	3	1'500,000.-	"JOSE PEREZ"	BARCELONA	20-02-
ORTIZ RENGIFO, JULIO	64/84	"	6	3'000,000.-	"CANTON"	CHANGO	20-02-
JOSUE MAGUIA, JULIO	65/84	"	5	2'500,000.-	PARCELA AP-13-125	HUAYRANGA	20-02-
TUCETA PLAZA, ANTONIO	66/84	"	4	2'000,000.-	PARCELA AP-14-40	HUAYRANGA	20-02-
FRANCO JORRERA, WILSON	67/84	"	3	1'500,000.-	PARCELA AP-13-86	SANTACION	20-02-
AGUIRRE ALONSO, ANTONIO	68/84	"	3	1'500,000.-	"SANTA ROSA"	CHANGO	20-02-
AGUIRRE ALONSO, ANTONIO	69/84	"	4	2'000,000.-	PARCELA AP-14-66	A. P. MONTANA	20-02-
MENA CORDOVA, GENARA	69/84	"	4	2'000,000.-	"SANTA ROSA"	SANTA ROSA	20-02-
VILLAR VILLAR, CARLOS	70/84	"	5	2'500,000.-	"SANTA ROSA"	SANTA ROSA	20-02-
AGUIRRE ALONSO, DOMINGO	71/84	"	2	1'000,000.-	SANTA ROSA	CHANGO	20-02-
AGUIRRE ALONSO, DOMINGO	71/84	"	2	1'000,000.-	"ALBA"	BARCELONA	20-02-
AGUIRRE ALONSO, DOMINGO	72/84	"	2	1'000,000.-	"LA TIERRA DE ANTONIO"	BARCELONA	20-02-

...//

MIRANDA, ESTEBAN, ALFONSO
 RIVERA SALINAS, RUBEN
 PARRA DE MENDOZA, ALBERTO
 LOPES DOMINGUES, ANTONIO
 SANCHEZ ROJO, BLAS

73/84	MIX	4	\$
74/84	"	4	
75/84	YUCA	2	
76/84	MIX	3	
77/84	MIX	4	
31	7 meses	120	

2'000,000.	=	PARQUEA AG-13-4
2'000,000.	=	"JARAMA"
1'200,000.	=	PARQUEA AG-13-120-2
1'500,000.	=	"B. TINGO"
2'000,000.	=	"EL GARCERON"
<u>59'700,000.</u>	=	

SHAPAJA 20-02
 SHALAYATA 20-02
 HUAYRUBA 20-07
 EL INO 20-02
 HUAYRUBA 20-02

RENTAS

ENERO MAYO	51
JUNIO	31
	<u>82</u>

meses.

Plátano 3 mes
 Yuca 2 mes
 Miso 115 mes

Enero-mayo	\$	100'500,000.
Junio		59'700,000.
	\$	<u>160'200,000.</u>

Tucuman, 02 de Julio de 1,984

C.O. Sr. Tingo María
 A.E. Aucayacu
 Archivo.

SECRETARÍA DE AGRICULTURA DEL PERU
 MINISTERIO AGRARIO
 ADMINISTRADOR

Best Available Document

123

Proposed Duties of Agro-Industrial Specialists

1. Duties of Food Processing Specialist

- Develop methods and procedures for appraising the technical aspects of projects and in preparing sections in the credit manual pertaining to the appraisal of the technical aspects of food processing projects.
- Appraise technical aspects of sample proposed projects.
- Provide assistance to selected borrowers in identifying equipment needs and production problems.
- Train the PEAH and associated institutions' staffs in appraising the technical aspects of projects and in follow-up activities.
- Evaluate the capabilities of local staff and consultants to provide daily technical assistance to borrowers.

2. Duties of Agricultural Storage, Handling and Distribution Specialist

- Develop methods and procedures for appraising the technical aspects of projects and in preparing sections in the credit manual pertaining to the appraisal of the technical aspects of projects for transport, storage, handling and distribution of farm output, especially fresh produce.
- Appraise technical aspects of sample proposed projects for transport, storage, handling and distribution systems.
- Provide assistance to selected borrowers in identifying equipment needs and solving problems for transport, storage, handling and distribution.
- Train the PEAH and associated institutions' staffs in appraising the technical aspects of projects and in follow-up activities for transport, storage, handling and distribution.
- Evaluate the capabilities of local staff and consultants to provide daily technical assistance to borrowers for transport, storage, handling and distribution projects.

3. Duties of Financial Analyst

- Develop methods and procedures for appraising the technical aspects of projects and in preparing sections in the credit manual pertaining to the appraisal of the financial economic aspects of agro-industrial projects.
- Appraise financial/economic aspects of sample proposed projects.
- Provide financial/economic appraisal assistance to selected borrowers.
- Train the PEAH and associated institutions' staffs in appraising the financial/economic aspects of projects and in follow-up activities.

- Evaluate the capabilities of local staff and consultants to provide daily financial/economic assistance to borrowers.

It is suggested that all specialists above assist in the development of standardized information on prospective agro-industrial borrowers. One example of possible forms follows. Wherever possible photos and captions for descriptions of agro-industrial facilities seeking capital for new equipment or other needs would be helpful. Examples are shown after the forms.

OPERATIONS AUDIT / DIAGNOSTIC EVALUATION

	CODE	DESCRIPTION
PRODUCT		
NAME & ADDRESS		
		TELE:
OWNER NAME		
ADDRESS		
		TELE:
GEN. MGR'S NAME		
KEY PERSONNEL		FUNCTION
GROSS ANNUAL VOLUME		
DISTRIBUTION		
DOMESTIC EXPORT		
-----FINANCIAL ANALYSIS-----		
COST OF RAW MATERIAL		\$
OPERATIONS PAYROLL		
OWNER		NO
GENERAL MANAGER		ANNUAL \$
OFFICE		
SUPERVISION		
HOURLY		
UTILITY COST		
SUPPLIES		
MISC. OTHERS		
MAINTENANCE SANITATION		
ASSETS CURRENT VALUE		
LAND		
BLDG		
EQUIP		
TOTAL		

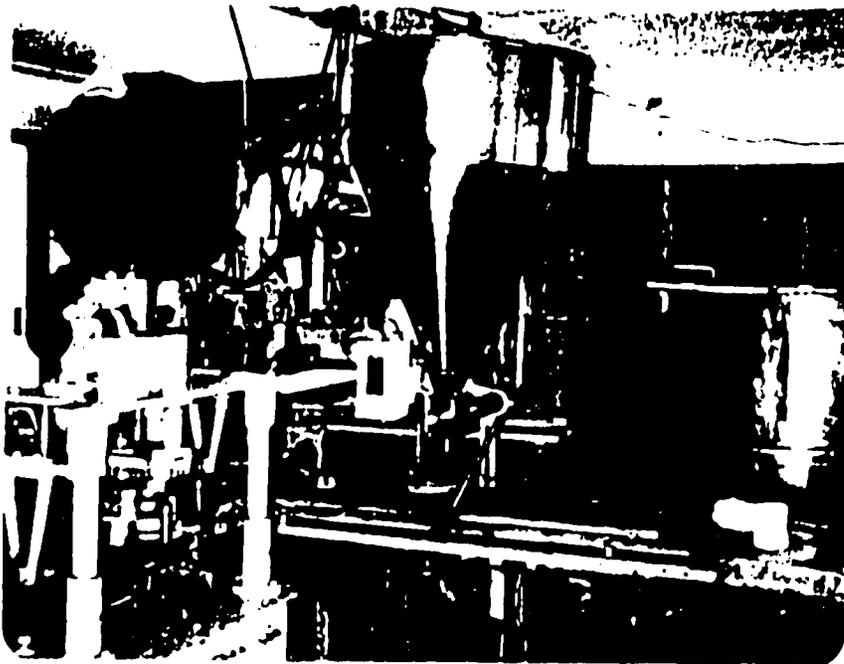
PHYSICAL OPERATIONS ANALYSIS

PHYSICAL OPERATIONS ARE RATED ON A PROGRESSIVE SCALE											
		POOR			FAIR			GOOD		EXCELLENT	
		1	2	3	4	5	6	7	8	9	10
		LO		HI	LO		HI	LO	HI	LO	HI
INSPECTION AREA		POOR			FAIR			GOOD		EXCELL.	
		1	2	3	4	5	6	7	8	9	10
Land (Terrain)	Appearance										
	Drainage										
	Location										
Building	Appearance										
	Structure										
	Roofing										
Water Supply											
Electricity	Transformers										
	Wiring										
	Motor Controls										
	Auxiliary Power										
Refrigeration	Compressors										
	Evaporators										
	Condensers										
	Air Circulation										
Heat Power	Boilers										
	Fuel Storage										
Equipment	Trucks										
	Lift Trucks										
	Conveyors										
	Ovens/Cookers										
	Work Tables										
	Retorts										
	Packaging Equip										
	Filling Equip Other Process										
Sanitation	External										
	Internal										
Maintenance	Building										
	Services										
	Equipment										
TOTALS											

OVERALL PHYSICAL RATING = TOTAL :

31 categories (less the number of areas not required for the operation [* (4) *(8)] or others not used)

121

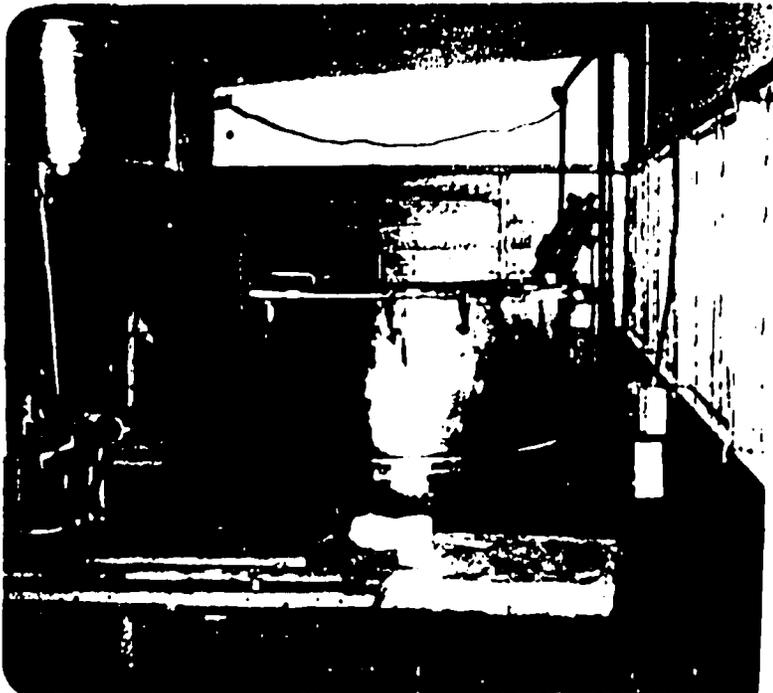


TROPIC FOODS LTD
56 B BRENTFORD RD (5)
KINGSTON JAMAICA
926 0410

MR. ROGER HAMILTON OWNER
PACKERS OF SAUCES-CATSUP
CHILIE'S - JELLIES
MANGO CHUTNEY

TOP- STANDARD SINGLE SPOUT
VOLUMETRIC PISTON FILLER
MFG. UNKNOWN, CONDITION
FAIR.

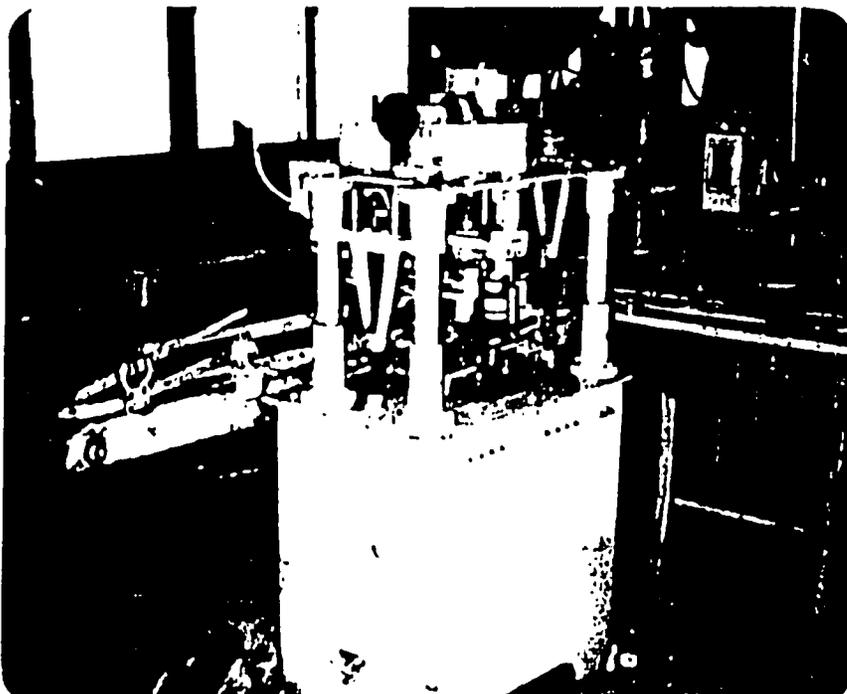
AT LEFT SINGLE HEAD
AUTOMATIC SCREW CAPPER
AT RIGHT GROEN STYLE
KETTLE COOKERS FOR SAUCE
AND CATSUP.



MIDDLE - GROEN KETTLE WITH
LIGHTNING MIXER ATTACHED
STEAM JACKETED KETTLES
BOILER LOCATED OUTSIDE.

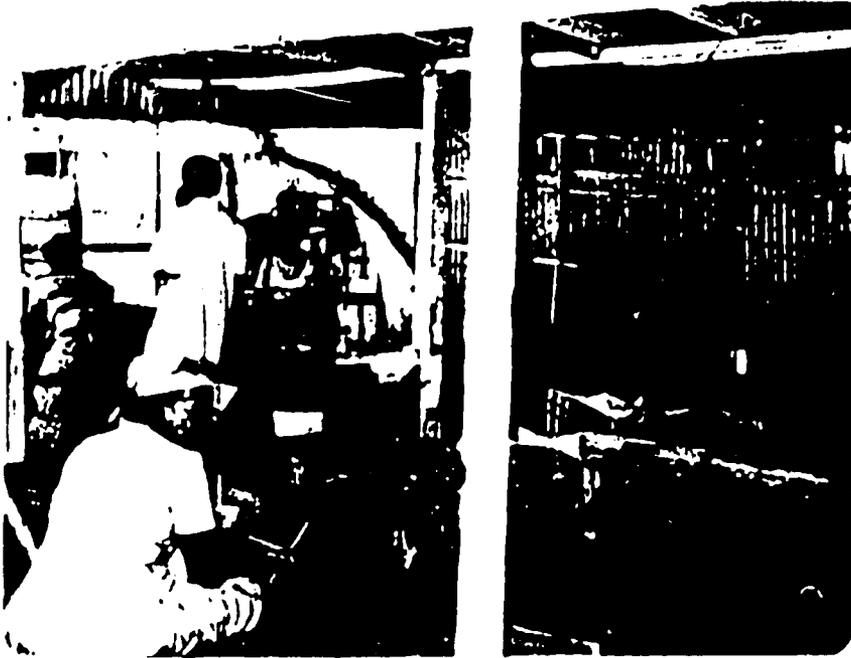
BOTTOM - SINGLE HEAD SCREW
TYPE CAPPER - MFG.
UNKNOWN - CONDITION FAIR

EQUIPMENT AGE 20-25 YEARS
PROBABLY PURCHASED USED
CONDITION - FAIR
SANITATION - FAIR



ELECTRICAL WIRING - FAIR, SOME
CHANGES SHOULD BE
MADE TO PREVENT
SHORT OUTS DUE TO
VAPOR ACTION WHILE
COOKING SAUCES.

12/19



TOP - MIDDLE
TROPIC FOODS LTD.

RED & GREEN CHILI PEPPERS
EMPLOYEES PICKING STEMS
FROM CHILIES PRIOR TO PUTTING
IN ACETIC ACID (VINEGAR) FOR
PACKING.

AFTER PICKING THE STEMS
THEY LEAVE THEM ON THE SMALL
TABLES IN THE PICTURES.

NOTE: IF THEY PURCHASE THIS
PRODUCT BY THE KILO, OR
LB., IT WILL DRY.

TO PREVENT WEIGHT LOSS
IT SHOULD BE

1. STEMS PICKED
2. PEPPERS THEN PLACED
IN A CONTAINER WITH
THE ACID PICKLING
COMPOUND THIS WOULD
PREVENT WEIGHT LOSS
THROUGH DEHYDRATION.



THE NET WEIGHT LAWS IN SOME
COUNTRIES (U.S.) AND OTHERS STATE
THAT CONTENT WEIGHT CANNOT
INCLUDE THE LIQUID. THEY CHECK
THIS BY DRAINING OFF ALL LIQUIDS
AND WEIGHING THE CONTENTS TO
CHECK AGAINST THE STATED LABEL
WEIGHT. SOAKING PRODUCT AFTER
STEM PICKING WILL PREVENT
DEHYDRATION AND PERMIT FLAVOR
OF THE ACETIC ACID (VINEGAR)
TO ENTER THE PRODUCT.



135

ROSTER OF POTENTIAL RURAL FINANCIAL
MARKET CONSULTANTS

Assembled by
Dale W Adams and Douglas H. Graham
Department of Agricultural
Economics and Rural Sociology
The Ohio State University
Columbus, Ohio 43210
Phone: (614) 422-8014

For
Office of Multi-Sectoral Development
Bureau for Science and Technology
Agency for International Development
Washington, D.C. 20523

DIRECTORY FORMAT

- (1) Last Name, First Name
- (2) Permanent Address
- (3) Home Phone Number (H)
- (4) Business Phone Number (B)
- (5) Country Experience
- (6) Language Capabilities
- (7) Financial Market Interests

Aigner, Frank D.
International Affairs Officer
Farm Credit Administration
490 L'Enfant Plaza, SW
Suite 4000
Washington, D.C. 20578
(H) 703-780-9408
(B) 202-426-6500
Korea, India, Egypt, Saudi
Arabia, Portugal
English
Operations of financial institutions

Badger, Daniel D.
601 North Skyline Lane
Stillwater, OK 74074
(H) 405-377-5730
(B) 405-624-6157
Colombia, Honduras, Nicaragua,
Trinidad, Mexico, Venezuela
Spanish, English
Small farm credit, infrastructure
credit (cooperatives, marketing
organizations, storage facilities)

Ames, Glenn C.W.
Dept. of Agricultural Economics
315 Conner Hall
University of Georgia
Athens, Georgia 30602
(H) 404-549-8412
(B) 404-542-2565
India, Dominican Republic,
Mali, Upper Volta, Venezuela,
Bolivia, Zaire
Spanish, French, English
Operations of financial
institutions, economics of farm
level credit use

Baker, Chester B.
601 E. Pennsylvania Avenue
Urbana, Illinois 61801
(H) 217-367-0395
(B) 217-333-7425
Australia, Canada, Thailand, India
Philippines, Indonesia
English
Financial Management (firm and
household); lending policies
and practices; and financial
aspects of agricultural
development

Andrew, Chris O.
International Programs
3028 McCarty Hall
University of Florida
Gainesville, Florida 32611
(H) 904-373-0560
(B) 904-392-1965
Colombia, Bolivia, Costa Rica,
El Salvador, Guatemala,
Ecuador, Nigeria, Cameroon
Spanish, English
Financial Market Policies and
overall performance

Birkes, Sherman W., Jr.
4536 Pinecrest Heights Drive
Annandale, VA 22003
(H) 703-256-1708
(B) 202-272-2694
U.S., North Yemen, South Korea
English
Operations of financial institutions

132

Blair, Harry
 Department of Political Science
 Bucknell University
 Lewisburg, Pennsylvania 17837
 (H) 717-523-0039
 (B) 717-524-1300
 India, Bangladesh
 Hindi, Bengali, Urdu, Spanish,
 English
 Political economy of credit

Bortolani, Sergio
 Via San Vigilio, 10 - 1
 (H) 02-584445
 (B) 02-8135341
 Brazil, Egypt, Ghana, Guinea,
 Kenya, Middle East, Pakistan,
 Sudan, Togo, Tanzania, Zambia
 Italian, English, French,
 Portuguese
 Savings Mobilization

Bottomley, Anthony
 School of Social Sciences
 University of Bradford
 Bradford BD7 1DP, West Yorkshire,
 U.K.
 (H) 0943-ILKLEY-608691
 (B) 0274-BRADFORD-33466 ext. 8387
 England, Guyana, Saudi Arabia,
 Malawi, Ecuador, Lebanon, Middle
 East Countries
 French, Spanish, English
 Financial market policies and
 overall performance, operations of
 financial institutions, financial
 activities at the farm level

Bouman, Frits J.A.
 Hindelaan 4, 6705 CV Wageningen
 The Netherlands
 (H) 8370-11269
 (B) 8370-83449
 Ethiopia, Kenya, Nigeria, Cameroon,
 Tunisia, Indonesia, India,
 Sri Lanka
 Dutch, English, French, German,
 Malay
 Informal savings and credit
 arrangements, both individual and
 group; interactions between formal
 and informal financial markets;
 savings and credit in formal
 cooperative societies

Chotigeat, Tosporn
 Dept. of Economics and Finance
 Catholic University
 Ponce, Puerto Rico 00732
 (B) Columbus, Ohio contact:
 Sue Toms, Amer. Lang. Prog. OS,
 614-422-1364
 Thailand, Malaysia, Singapore, Hong
 Kong, Korea, Japan, Taiwan,
 Canada, Mexico, Guatemala, Puerto
 Rico, D.R., Virgin Islands, U.S.
 Thai, English, Spanish
 Econometrics, money and banking,
 general economic theory, finance
 for economic development

Clark, Harold B.
 411 S.W. 27th Street
 Gainesville, Florida 32607
 (H) 904-372-7809
 Indonesia, Bangladesh, Philippines,
 Brazil, Algeria, Thailand,
 Scandanavia
 English, Indonesian, German, French
 Rural credit policy issues,
 institutional administration and
 loan officer training

Clark, Jack H.
472 Stevenson Street, N.
Guelph, Ontario, Canada N1E 5C7
(H) 519-823-2184
(B) 519-824-4120, ext. 2769
Somalia, Malaysia, Saudi Arabia
English
Financial activities at the farm
household level

Clark, Lewis E.
M.R.A. Gardner Road
Orono, Maine 04473
(H) 207-866-4715
Afghanistan, Ethiopia, S. Vietnam,
Syria, Tanzania, Jordan, Tunisia,
Lebanon, Egypt, Central America,
Yemen Arab Republic, Yugoslavia,
Guyana, Jamaica, Sudan, Liberia
Spanish, Farsi, English
Operations of financial
institutions

Crisler, Richard C. Jr.
3025 O Street, N.W.
Washington, D.C. 20007
(H) 202-333-5540
(B) 202-842-3666
German, Spanish, French, English
National capital markets analysis,
foreign investment, development
banking, financial market
development

Deshpande, Ramesh
East Asia and Pacific Project Dept.
World Bank
1818 H Street, NW
Washington, D.C. 20433
(H) 301-654-3980
(B) 202-477-6280
India, Philippines, Guyana
English
Formal and informal market
relationships; savings
mobilization and credit
policies; agricultural
investment financing and
institution development

Due, Jean M.
Department of Agricultural
Economics
305 Mumford Hall
University of Illinois
1301 West Gregory Drive
Urbana, IL 61801
(H) 217-356-5529
(B) 217-333-3419
Sierra Leone, Ghana, Nigeria,
Niger, Upper Volta, Senegal,
Mali, Kenya, Tanzania, Uganda,
Zambia, Zimbabwe, Malawi, Sudan,
Ethiopia, and the Caribbean basin
English, French
Allocation of credit to small farm
families, repayment rates, and
alternative methods of savings
mobilization

Eckaus, Richard S.
Department of Economics
Massachusetts Inst. of Technology
Cambridge, Massachusetts 02138
(H) 617-661-1588
(B) 617-253-3367
U.S., Mexico, Colombia, Costa Rica,
Brazil, India, Italy
English, Spanish
Financial market policies

Ertay, Mentés A.
8 inci cadde No. 49-Bahcelievler
Ankara, Turkey
(H) 13-18-35
Pakistan, Bangladesh, Cyprus
English, Greek, Turkish
Operations of financial institutions,
financial market policies and
overall performance, financial
activities at the farm household
level, agricultural credit

Erven, Bernard
 Dept. of Agricultural Economics
 and Rural Sociology
 The Ohio State University
 Columbus, Ohio 43210
 (H) 614-888-9953
 (B) 614-422-7911
 U.S., Brazil, Jordan, Azores
 English, Portuguese
 Economics of farm level credit use

Eugenio, Ceferino E.
 2689 Linda Marie Drive
 Oakton, Virginia 22124
 (H) 703-620-5773
 Philippines
 Spanish and Indonesian
 Formulating central bank law of the
 Philippines, monetary and banking
 statistics and accounting,
 exchange control systems

Fernandez-Garcia, Raul
 9727 Mt. Pisgah Road, #404
 Silver Spring, MD 20903
 (H) 301-431-2075
 (B) 202-634-8640
 Barbados, Bolivia, Brazil, Colombia,
 Costa Rica, Cuba, Chile, Dominican
 Republic, Ecuador, El Salvador,
 Guatemala, Honduras, Jamaica,
 Mexico, Nicaragua, Panama
 Spanish, English, Portuguese
 Methodology of research, operations
 of financial institutions,
 agricultural and rural credit

Fry, Maxwell J.
 School of Social Sciences
 University of California
 Irvine, CA 92717
 (H) 714-497-4694
 (B) 714-833-6363 or
 714-833-7275
 Turkey, Pakistan, Nepal, Iran,
 Afghanistan, Korea, Portugal,
 Britain, Venezuela, Puerto Rico,
 Chile, France, Switzerland,
 Taiwan
 English, French, Portuguese, Dari
 and Turkish
 Financial Market policies and
 overall performance, operations of
 financial exchange rate policy,
 interest rate policy, sectoral
 credit policy, banking efficiency

Gadway, John F.
 75 NE 15th Street
 Homestead, Florida 33030
 (H) 305-247-6218
 (B) 618-529-2109
 Peru, Costa Rica, Dominican
 Republic, Bangladesh, Haiti
 English, German, Spanish, French
 Financial market policies and
 overall performance

Gomez, Gustavo
 Calle Pinero No. 59
 Rio Piedras, Puerto Rico 00925
 (B) 809-764-4030
 Nicaragua, Bolivia, Paraguay, Peru
 El Salvador, Guatemala, Honduras,
 Costa Rica, and Equatorial Guinea
 Spanish, English
 Credit

Gonzalez-Vega, Claudio
P.O. Box 518
San Jose 1000
Costa Rica

Central America
(H) 506-24-44-27
(B) 506-22-50-85

Mexico, Honduras, Nicaragua,
Costa Rica, Brazil, Uruguay,
Dominican Republic, Haiti,
Philippines, Indonesia, Tunisia

Spanish, English, Portuguese,
limited French
Interest rate policies, bank
behavior, credit rationing,
savings mobilization, macro
monetary-credit-foreign exchange
policies, transaction costs

Graham, Douglas H.
Dept. of Agricultural Economics
and Rural Sociology
The Ohio State University
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(H) 614-457-9583
(B) 614-422-8014
Brazil, Jamaica, Honduras
Portuguese, Spanish, English
Financial market policies and
overall performance

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Financial activities at the farm
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Operations of agricultural
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Farm household cash flow, finance
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problems, financial market
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French, Spanish, Indonesian
Village economies, small business
credit, economics of development
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Economics of farm lending and
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credit delivery and use on farm
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S. Vietnam, Sri Lanka, Thailand,
Turkey
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of financial institutions,
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