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QUARTERLY REPORT FOR THE PERIOD OCTOBER-DECEMBER 1984
TECHNICAL ASISSTANCE PROGRAM FOR THE
-----CAJA CENTRAL DE AHORRO Y PRESTAMO-----

The first three months of the technical asisstance program have resulted in a number of accomplishments that will be described below. The general intent of the first 3 months was to lay a foundation or set a directive for the years 1985 and 1986. Most of the initial time was, therefore, devoted to developing a philosophy or set of goals for the System and communicating these to the Mutuuls. In addition, changes were made in certain operational areas where there appeared to be obvious and important discrepancies. The major accomplishments of the period October-December 1984 are as follows:

ACCOMPLISHMENTS

1. Discussion and development of an overall strategic posture for the System. This includes a statement of the System's mission, its strengths and weaknesses, and long term goals. A document describing this strategic posture was developed and distributed to the Mutuuls.
2. Development of objectives for the System as a whole for 1985. These objectives cover the areas of profitability, savings growth, employee relations, and community relations. A financial model has been developed to illustrate the quantitative impact of these objectives. In addition, a set of preliminary strategies was developed for each of the objectives described above. A document describing the objectives and preliminary strategies was produced and distributed to the Mutuuls.
3. Meetings were held with 9 of the 12 Mutuuls, during the month of December. The main purpose of these meetings was to familiarize each Mutual with the goals, objectives and strategies that were developed and to describe the projected financial results for 1985 for each Mutual. Each Mutual was requested to review and comment on the suggested goals and objectives developed for them. In addition, Cacen requested additional strategies that would be relevant to the Mutuuls unique market situation.

In each case the formal meeting was followed by an informal one where employees were encouraged to open up with comments and suggestions. Written responses on the above were requested by early January. These will be compiled and distributed to each Mutual.

4. Changes have been made in both loan and savings rates. These changes are in the nature of "quick fixes" to make the System more competitive in the short term. Loan rates were raised to 140-150% from 110% and loan commissions were raised to 7% from 5%. At the same time, savings rates were made competitive with the rates paid by banks. Rates were raised to 110% from 60%, for passbook savings, and were reduced to 40% for compensating balance savings.
5. A new loan type of 4-6 months duration is being developed. This loan will be an "add-on" type loan with a nominal interest rate of 150% per year and a 7% commission. The real rate of interest on this loan will be approximately 220% per year. The Mutuals are being encouraged to seek out loan opportunities for making this loan and to put major emphasis on it in 1985. A loan calling program will be developed to actively solicit loan business in each Mutual marketplace.
6. The development of new services is underway, to help attract the large volume of savings that will be necessary if the System is to survive. The objective for savings for 1985 is to achieve an 8% share of the total savings market. While competitive interest rates will help do this, they alone are not sufficient. Therefore, pilot programs are being developed for a cooperative food purchase program and a reduced cost medical consultation program. It is felt that the food program, particularly, has significant potential.

Subscribers to both programs will be required to deposit significant amounts in the mutuals in order to qualify! There is hope that this program alone may result in savings increases of several hundred percent.

In addition to the previously described major activities, several less significant tasks were accomplished. These include redefinition of the technical assistance responsibilities for short term personnel, the consideration of an enhanced computer system, and the initiation of a market study of savings and lending potential in various parts of Bolivia.

This last activity, if completed, will provide valuable background information for both savings acquisition and investment diversification.

PROBLEM AREAS

The major problem area at present seems to be the difficulty in securing funds to initiate the savings and lending program. Without these funds, which have been programmed into the financial projections for 1985, there is virtually no chance of the System surviving. Therefore, every effort must be made to secure the planned outside funding in a timely manner. Without this financial assistance, no amount of technical assistance will suffice to save the System.

PLANS FOR JANUARY - MARCH

In the next 3 months the short term technical assistance will begin. During January the savings mobilization expert will arrive. February will see the arrival of consultants in portfolio diversification, personnel management, insurance, water and sanitation, and procurement inventory management.

Consultants in the areas of EDP and financial management will arrive in March. During this initial visit it will be important to expose them to the actual conditions of the System and the environment in which their recommendations have to work. In addition, their specific responsibilities

will be reviewed and plans for accomplishing them developed. There will be visits to selected Mutuuls by various individuals, although much of the work will be done in La Paz. By the end of March, 1985 it is planned that all phases of technical assistance will be underway with measurable accomplishments as evidence of progress. As far as the System is concerned, all Mutuuls should have responded to the suggested goals and objectives before the end of January. Individual objectives will be finalized for each Mutual.

A program for measuring progress on a monthly basis will have to be developed and implemented. Once the measurement program implemented, there will be regular reviews and replanning sessions to help the Mutuuls obtain the expected results.