

PD-AAU-174

49135



**MONTHLY PROGRESS REPORT  
CHIEF OF PARTY  
AGRO-INDUSTRIAL DEVELOPMENT UNIT**

SEPTEMBER 28, 1984

\*Loans Drawdown to Date

	US\$ 000	J\$ 000
		130

\*\*\* STATUS REPORT - OCTOBER 1, 1984 \*\*\*

THE FOLLOWING LOANS SHOULD RECEIVE AC BANKS APPROVAL

AT MONTH INDICATED

APPROVED	Amount of Loan		No. of Loans
	U.S. \$ 000	J\$ 000	
	695	842	4

	Amount of Loan		Sub-Borrower	Industry Sub-Sector	Comments	***	Probability
	US\$000	J\$000					
OCTOBER		400	North Clarendon Processing	Fruit/Vegetable Processing	National Commercial Bank evaluation completed. Forwarded from Branch to Headquarters of NCB. Reported lost! Tomlinson. NCB alerted. will hand carry copy from Branch if needed. NCB to forward application from Kingston headquarters to AC Bank.		9.5/10
		160	Belleview Farms	Slaughter House Cattle/Goats	Citizens Bank, Spanish Town finalizing their project paper and evaluation. Will forward application to AC Bank. Manager Edwards back from leave		9/10
		140	Cristo	Banana Chips	Commercial Bank Branch Manager-Mr. Edwards Citizens pursuing Cristo		8/10
	12	140	B & B Honey	Sugar & Honey	Audited statements in Commercial Bank at Branch - compiling proposal for H/Q NCB		8/10
		400	Fletcher Bowman	Fruit & Vegetable Processing	Balance sheet on hand. Finishing line Line Design. Commercial Bank is ready to forward application		7/10
	412	840					
NOVEMBER		400	Christiana Potato	Vegetable/Processing	S.B finalizing project		7/10
		400	Jayflex	Horticulture/Export	S.B. finalizing - Pan Caribbean Bank anxious to submit.		7/10
		800					
	28	150	Hilltop Farms	Poultry processing	S.B. revising scope of project to 1/2 will resubmit to Commercial Bank who indicated insufficient collateral 1st time around. Commercial Bank may ask for Guarantee.		7/10
	151	87	Scotts Preserve	Fruit/Vegetable Processing	S.B to call revising plan.		7/10
	( 98)	(140)	B & R Sawmill	Sawmill Wood	Commercial Bank has cold feet. Debt may be excessive for S.B. transfer of property to S.B. not accomplished.		5/10
DECEMBER	* 50	100	McCatty	Packaging/Processing	S.B Revising project.		5/10
	*100	150	Hutchinson	Lumber/Processing	H. Kuzler (FIDCO) working with to develop.		6/10
	( 35)	(150)	Wright	Antherium Export	C.B. indicates total debt may be excessive.		5/10
TOTAL	309	487	*Estimate		S.B. - Sub Borrower		
	1,521	1,327	**Reflects probability it will be presented on indicated month for approval.		C.B. - Commercial Bank		
			***This is sensitive and confidential information		ADU - Agro Industrial Unit		

MANAGER ADU/PROJECTS

MONTHLY PROGRESS REPORT -  
SEPTEMBER 1984

CHIEF OF PARTY - CHECCHI

28th SEPTEMBER, 1984

The following activities of the ADU for the month of September, 1984 are summarized.

A. MEETINGS

Two ADU Meetings were held. In addition, a meeting of department heads, plus a meeting of the entire staff was held. The undersigned attended all of the meetings mentioned. In addition, Mr. Morgan, Mr. Motta and Writer met with with the Acting, and as at October 1, Managing Director, Mr. Clive Edwards. A meeting of Mr. Ron Ivey, S. Morgan, and A. Boomer was conducted at Washington D.C., on the 11th. Mr. V. Checchi and Mr. Clark joined this meeting at lunch.

B. FIELD CALLS

Met with the followings:

- (1) Dr. M. Hall of Banana Board to explain ADU and offer assistance.
- (2) John Fletcher of Fletcher Bowman to offer assistance and support on Loan request.
- (3) Matt Tokar at Christiansa Potato Growers, to follow up on need to submit specifications to E. Williams re: processing and Freezer Equipment.
- (4) I. Tomlinson re: North Clarendon to report Crese Inc. of Miami, would forward needed equipment.
- (5) Hill Top Farms at Spaulding on inspection with Mr. Osbourne and met with Scotia Bank Branch Manager Ledgiester regarding loan application.
- (6) Called on NCB Manager at Christiansa for update on B & B Honey application with Mr. Osbourne.

- (7) Phone conversation with Mr. Lewis, Bank of Commerce Manager at Port Antonio, for an update on B & R Lumber.
- (8) Phone conversation with Aubrey Colliard, Manager NCB, Chappelton, for update on North Clarendon.

**C. CONSULTANTS**

Work by Mr. Lyman Conover continues to make excellent progress. Computer Committee has been formed in ACB and is working. Contact with Matt Tokar at Christiansa Potato Growers, Mr. Murferee, Agro 21, and Robert Abrahamson, World Bank was made.

- D. Mr. Steve Morgan spent a week in the Miami area getting Equipment specifications, catalogues and material for a technical library being established for the Unit. Two days were spent in Washington at briefing and strategy session with Checchi & Co. Morgan commenced his leave on the 12th September, Prior to departure from ACB on September 1, Morgan arranged for shipment of Product Samples of following processors:

Grays Pepper Sauce  
North Clarendon  
Fletcher Bowman  
Scotts Preserve

When these samples arrived in Sacto, Ca, USA, Morgan plans to show them to prospective buyers in hopes of developing export for the above companies.

**D. ADMINISTRATIVE**

Prepared draft of Strategy Paper (see attached) laying out plans and techniques to:

- (1) Develop greater volume of loan requests.
- (2) Decrease approval time.
- (3) Decrease draw down or disbursed time.
- (4) Develop loan guarantee segment of ADU lending.

Prepared Executive summary of Hill Top loan providing copies to ADU Personnel. Met individually with all members of the unit two-three times each week thru the month, offering assistance, support, interpretation and alternatives.

Conferred with Mr. Mukherjee and Mr. McCluskey as to current situation of project.

**E. PROMOTIONAL**

Attended luncheon with a minister in French Government from La Manche (Normandy) with consultant DeYoung. The French are exploring feasibility of processing pork on Jamaica and shipping finished goods to EEC. Explained ADU and offered assistance. Met with Ray Doweck, Managing Director, Caribbean Import and Export Co. Ltd., and his brother regarding feasibility of processing fruit juices of Jamaica for U.K Market.

Met with Mr. Melvin Carey, Managing Director, and Mr. Alex Hadden, Assistant Managing Director of Pan Caribbean Merchant Bank Ltd., also in attendance were Mr. Metts, Mr. Shirley, Mr. Osbourne and Mrs. D. Brown at ACB.

**F. PROGRESS**

- (1) Tijule has been disbursed for J\$130,000.
- (2) Grays Pepper Sauce disbursed is being worked out by ADU procurement Specialist.
- (3) Letter of Credit and authority sent to U.S Bank on Island Dairy. Draw down is imminent.
- (4) NCB Headquarters at Kingston has received NCB Chappelton Branch Manager Colliard's final report and approval on North Clarendon processing.
- (5) NCB's application will soon come to ACB.
- (6) Pan Caribbean Merchant Bank will be applying for a maximum loan on behalf of a client who export out flowers.
- (7) Targets or goals of ~~2~~ \$5,000,000 disburseals by December 31, 1984, and J\$9,000,000 outstanding by March 31, 1985 have been established by the ACB.
- (8) Last, but foremost, is the resolution of the appointment of Mr. Clive Edwards, Managing Director of ACNBank. Congratulations and the very best regards are offered, in addition, to any and all support, we can give for the success of Mr. Edwards and the AC Bank.

**G. CHALLENGES (PROBLEMS?)**

- (1) The perennial maximum collateral requirements that commercial banks historically and naturally demand, continue to effect "Slow going" for a desired volume of sub-borrower applications.
- (2) Drawdown of Loans approved appears to be slow and cumbersome. To generate income for the AC Bank, approved loans must be disbursed.

**H. IMPLEMENTATION FOR OCTOBER 1984**

- (1) Host four business luncheons with:
  - (a) Mr. Menzie at National Commercial Bank
  - (b) Managing Director of Jamaica Citizens Bank.
  - (c) Mr. Baker of Bank of Nova Scotia.
  - (d) Mr. Blake or Mr. Webb at Bank of Commerce.

/and

These would be held each week in October and at least one/preferably more of the following would attend with Chief of Party.

Managing Director Clive Edwards  
Director of Operations - Mr. Archibald  
Manager ADU - Mr. Motte  
Procurement Specialist - Mrs. Brown  
Marketing Specialist - Mrs. Koshi  
Production Specialist - Mr. Osbourne  
Production Specialist - Steve Mergen

Informal agenda would include the following subjects:

- (a) Review procedure - policy of ADU
  - (b) Offer service to Commercial Bank and/or prospective sub-borrower .
  - (c) Offer to meet with Credit Bank personnel for review and update of ADU.
  - (d) Get reaction to Guarantee component of ADU.
  - (e) General conversation to strengthen Relations.
- (2) Present the draft of ADU addendum to Operation manual for final approval at AC Bank by second week of October.
  - (3) Meet with Managing Director, Director of Operations, Manager ADU, and AID project Officer to resolve position on Guarantee component of ADU loans.

- (4) Maintain close follow-up support and assistance in obtaining draw down on approved loans.
- (5) Maintain close follow up, support and assistance in finalizing:  
Fletcher Bowman, Belleview Farms, Cristo and B & B Honey for October Board Presentation.
- (6) Attend ADU Launch Party.

**I. REPORT ON IMPLEMENTATION FOR SEPTEMBER**

- (1) Set up action plan for systematic contact of commercial bankers.
- (2) Managing Director indicated marketing and promotion was essential and agreed that dialogue with the Commercial bankers was necessary.  
  
Assist in every way possible to effect draw down (disbursal) of funds to sub-borrowers).  
  
This is on going.
- (3) Complete draft of Strategy paper (see attached).
- (4) Complete credit manual and present for adoption (on going).

252  
M Ave  
Room 85  
Don Williams  
620-6385

**J. RECOMMENDATION**

Since the disbursal phase of these approved loans is upon AC Bank, and since the Letters of Credit and USAID requirements are technical and precise, and since we have had some difficulty in disbursing Grays Pepper, and since the undersigned had had no experience in this area, it is recommended that AC Bank authorize and request from Checchi & Co. with USAID approval, a consultant for a twenty (20) day period, with the following qualifications:

- (A) A recent retiree from USAID, Washington who has worked in the above-mentioned area, who could help with:

- (1) Hands on work with specific cases in the AC Bank.

Barclay's  
Bruce  
Mr. Sparks  
RE 742886

Joseph  
O'neill  
Ray  
Somerville

Oct 22-26  
Banking Division  
632-0182  
8480  
632-8496

632-8480  
2 people

1875  
Suite NW  
attending  
Richardson  
21st

632-8410

- (2) Training ADU Specialists in procedures with Letters of Credit, USAID, etc.
- (3) Conducting a workshop for selected personnel in AC Bank, and other interested people from Co-operatives, Commercial banks, etc.

*Alan*  
ALAN BOOMER

AB/et:

/Attachment

DRAFT/Sept. 11, 1984

Objective: To institutionalize the U.S. and GOJ monies allocated for the ACB to strengthen the capabilities of the Jamaican Agro-Industrial Sector, decrease food import, increase exports, increase employment, benefiting the economic strength of the country and its people.

The development of an effective working relationship within the ADU, for the ACB, and the C.B.'s and agro-industrial community is essential to accomplish the stated objective. This working relationship between consultants and their counterparts, and all others in the ACB, C.B. and Agro Industry will not be limited to the following areas of concern but at this time concentration on the following is a priority item.

Communications: This area cannot be over-emphasized. A constant effort to offer help, visit about others concerns in their work, smile, become acquainted with others work aspirations and objectives. Be alert and listen, listen, listen. Praise strengths and accomplishments and encourage developments.

The following meetings are established and ongoing:

- 1) ADU staff and Manager meet each Monday morning;
- 2) ADU staff meets with other department heads once per month;

- 3) Acting Director, ADU Manager, ADU Liaison (D. Brown), C.O.P. and Production Specialist, AID Project Officer meet every other month on the 2nd and Tuesday;
- 4) Mail pick-up at AIL has one or the other consultants give salutation and an effort to strengthen the working relationship.
- 5) C.O.P. has proposed Acting Director, ADU Manager, C.O.P. and Production Specialist meet once/week;

A social relationship has developed with AID Project Officers and Consultants and spouses. An invitation to each person and friends or spouse within the ADU for cocktails and a meal is planned for late September at Boomers.

All of this is to promote a free and easy flow of information necessary to accomplish the stated objective.

Loan Development and Promotion: This area needs to be concentrated on. At the present stage of disbursal (Tijule for J\$130,000), we're going to be very short of our objective of institutionalizing the monies allocated on July 1, 1985. We'd be derelict if we don't make every effort to develop the art of generating disbursals of funds to C.B.'s for the sub-borrower and his project. The following things need to be done to accomplish the task on hand.

1. C.O.P. and a person from the ADU, including the Manager or Acting Director, or Director of Operations meet with each Commercial Bank Manager <sup>ng</sup> <sup>Disc.</sup> over lunch as soon as possible to accomplish the following:

- A. Gain rapport and strengthen relationships.
- B. Hand out brochure about ADU.
- C. Offer assistance to acquaint selected officers in C.B. with ADU.
- D. Ask if they might have a current customer or branch manager who they would like to have ADU call on or work with.
- E. Set a follow-up meeting with staff at C.B. or ACB to explain to selected staff: loan agreement sample, up-to-date credit manual of ACB, sample forms packet, and discuss disbursal procedure, etc.

These luncheons could and should be accomplished by October 18th. The ACB has 1,000 brochures, which are very adequate, explaining the function of the ADU. The credit manual can be complete for adoption by the first week of October.

2. The ADU lunch party is planned for the second week of October. This activity will present a platform for Government officials, the press, bankers, sub-borrowers, industry people, and friends to learn about ADU. The ADU is giving input to this function and the brochures will be circulated, cocktails served, and a chance for all to become better acquainted.

3. Calling on prospective sub-borrowers is a very fertile area for loans. Much work has already been accomplished by Production Specialist, Steve R. Morgan. A partial list is attached of prospects for loans. The strategy is to call on at least one firm each week. Purpose being to tell them about ADU. Ask them about their operation. Inquire who their Branch Bank Manager is, and develop or redevelop a good business relationship. These calls would be by ADU person and a consultant.

4. Calling on Commercial Bank Branch Bank Managers is as fertile an area as prospective sub-borrowers to be acquainted with the C.B. managers in concentrated areas of agro-industry on a first name basis is the goal.

Earlier on the "art of disbursal or making loans" was mentioned. This art is basically sales. First, the ADU people must know their product. They have the basic technical abilities. Their product is money at a good rate (15%) which is very competitive. They have technical assistance capability in production, marketing, and procurement to offer. They are a source of foreign exchange. The terms are over a length of years which can accommodate the management and ownership of an agro-industrial business. Secondly, the unit must develop a spirit of willingness to serve. "How can I help you?" has to be the basic foundation question for any request from a prospect or anyone in their area of influence. Attitude adjustment is always challenging but setting an example of promptness, pursuit, perseverance, follow-up, resourcefulness, creativity, and most of all, humility, all laced with humor has produced great dividends in my experience. Using the latter qualities with the response of "How can I help you?" is approved by every culture I've encountered so far. I strongly feel Jamaicans will respond positively and

loan volume will grow at an accelerated rate when the helpful spirit is evident.

Harnessing the energy of a sub-borrower as a catalyst for a quicker journey through the bureaucratic scene is a very effective way to keep the ball rolling. This is done in a leading rather than driving way. Gentle persuasion and encouragement are most effective. A confident, positive relationship with the sub-borrower has to be developed. This development will evolve as development activities and interviews are conducted in the presence of consultants, sub-borrowers, bankers and ADU personnel.

Reducing the Time for Approval: (See the attached sheet outlining the approval process). From Step 1 to 3C inclusive is administrative and can be done in a few minutes.

Step 3 D sub section i-v demand all the skills an ADU officer can muster, including those previously mentioned, plus prayer. The energy of the sub-borrower is the best ally in these accomplishments. Here we reap the dividend of a good relationship with bankers, accountants, attorneys and suppliers. The detail proposal for the C.B. with all the historic and future financial, marketing, production, and procurement must be developed for the C.B. loan officer. ADU and sub-borrower are totally dependent on others to accomplish this phase. Leadership, gentle persuasion with the energy of all plus the sub-borrower are the keys to an effective, graceful, productive (professional) accomplishment of this phase. Actual cases and hands-on experience with all concerned with the consultants present - supportive and in the background -

will provide the loan approval skills. These things must be done over and over to acquire proficiency.

Steps 4 and 5 demand follow-up by loan coordinator.

Step 6 should be done when the coordinator of the loan has reasonable assurance that the C.B. application is forthcoming to ACB, and under no circumstances later than immediately upon receipt of the C.B. request to ACB.

After completion of the executive summary, the loan should be taken by the Manager of the ADU and approval gained by the executive loan committee. With committee approval, all the board has to do is ratify their committees action. With time and experience the committee could be delegated loan approval authority within limits indicated by the Board of Directors of ACB.

Disbursal (see attached flow sheet for post approval disbursements). The loan coordinator is responsible to see that necessary letters and requests are hand carried to and from C.B. to ACB. This is necessary to reduce the "slips" which seem to occur. In the area of foreign exchange the coordinator has to exert closer followup between C.B. and supplier. This is an area where some consultation could be used to train and alert C.B.'s to pitfalls and problems. (Gray's pepper products).

Credit Manual. The ACB operation manual is up-to-date with the exception of ADU addendum and procedure on how to make changes, deletion and/or additions to the manual. ADU Manager has asked for an ADU addendum to existing operations manual. This is to be completed in September. Much good work on

this was accomplished on manually predecessor G. Gomez. The very valid reason for incorporating a section for the ADU is that the ACB manual is to be circulated to C.B.'s and all programs need to be referenced in one manual, not a separate one for the ADU. This was the expressed wish of the C.B.'s. See section 4 of August, 1984 monthly progress report for action plan to "manualize" ADU concerns, etc.

Feasibility Studies. Information received that a list of consultants, both local and offshore is on hand in ACB. These names or reference thereto will be included in the "manual" addendum.

Research Library. Production Specialist, Steve Morgan, together with ADU Production Specialist, N. Osbourne, are gathering, indexing and storing technical material for this library. Acting Director, Clive Edwards, wishes to have Noel Osbourne's office in close proximity to Morgan and Boomer. This direction is well received and will improve overall communication and efficiency.

As mentioned above, this is probably a partial listing of all concerns, but the writer feels these must be addressed now to have any chance of completing the project and reaching the stated objective.

  
Alan Boomer

NAME	No. Assigned	C.B. Branch	Coordinator	Initiation Initial Date
1	Loan Inquiry			
2	Loan Coordinator assigned by Manager ADU/Projects			
3	ADU Coordinator a			
	arranges following			
	A. Establish initial file			
	B. Logs Inquiry			
	C. Informs Liaison person in ADU			
	D. Conducts interview with sub-borrowers to arrange, assist, and accomplish			
	i. Any technical assistance in loan viability eligibility and in arranging joint appraisal for C.B.			
	ii. Determine C.B. Officer handling sub-borrowers request will be			
	iii. Ascertain that sub-borrower submits application at Commercial Bank			
	iv. Offer assistance to C.B. officer through main office			
	v. Set up any joint meeting desired by C.B. sub-borrowers and ADU - and Specialists			
-4.	Financial analysis complete C.B. Commitment to sub-borrower			
5.	Application received at ACB from C.B. and logged			
6.	ADU Coordinator (ADU Assistance) prepares loan package and Executive Summary and C.B. application and hands over to ADU Manager to present to ACB Finance Committee			
7.	Presented to the Board			
8.	Board approved - Board denied			16

NAME	NO. ASSIGNED	C.B. BRANCH COORDINATOR	INITIATION DATE	INITIAL
		<u>Post Approval Disbursement</u>		
		Manager, ADJ informs C.B. of approval and asks for disbursement request and spells out loan condition		
<u>Coordinator</u> Hand carry	J\$	A. Loan disbursement request signed by C.B.		
		B. Returned to Projects Manager Coordinator (MSM)		
		C. Forwarded to Manager of A/Cs for disbursing		
		D. Money moved to C.B.		
		E. Money moved from C.B. to client		
		<u>Foreign Exchange</u>		
<u>Coordinator</u> Hand carry		A. C.B. forwards letter of Credit to ACB		
		B. ACB provides letter of Authority to C.B.		
		C. C.B. forwards letter of credit to supplier		
		D. Supplier bills established standby funds source in New York (Barclays, Royal, Bank of Commerce)		
		E. New York Bank advises C.B. of payment		
		F. C.B. proceeds to make instant conversion of money and prepare disbursement request		
		G. ACB advised of transaction		
		H. Forwarded to Manager of A/Cs for disbursing		
		I. Money moved to C.B.		
		J. ACB then works out repayment		

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