

CREDIT CONSULTANCY REPORT

ON

"STRENGTHENING WOMEN'S ROLES IN DEVELOPMENT"

CREDIT (REVOLVING FUND) ACTIVITY
(USAID Project number 686-0211)

BY

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Consultancy Contract
(LQC/AID/SOD/PDC - C - 0189, WORK ORDER NO. 13)

between

USAID/UPPER VOLTA
35, Ouagadougou, Upper Volta

and

DEVELOPMENT ALTERNATIVES, INC.
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ACRONYMS

BAEP	Bureau de Analyse Economique et Planification
BDC	Bureau de Developpement Communautaire
CENATRIN	Centre National de Traitment de l'Information (National Data Prosesseing Center)
CNCA	Caisse National de Credit Agricole
DAI	Development Aternatives Inc.
GOUV	Government of Upper Volta
G.V./G.F.	Groupement Villageois/Groupement Feminine
MDR	Ministere de Developpement Rural
ORD	Organisme Regional de Developpement
SWID	Strengthening Women's Roles in Development
USAID	United States Agency for International Development

I. INTRODUCTION

The "Strengthening Women's Roles in Development" (686-0211) project in Upper Volta began on June 24, 1976, and is scheduled to continue through September 30, 1981. The total project budget was for \$ 1,056,000 U.S. dollars and the amount of that budgeted for credit through the revolving loan fund was 288,000 U.S. dollars.

The objective of the SWID project is to increase the economic and social conditions of a large number of villages in the ORD's of Upper Volta. An increase in the incomes of women would serve as proof that this objective had been achieved. Eventually this should lead to:

- a. Improved health and nutrition
- b. Increased ability of GV's to solve their own problems
- c. An equitable distribution of the benefits of the project.

The credit (revolving loan) fund is used to give loans to women (both individually and collectively) for micro projects that will produce food and/or income that will be used to improve the nutrition and level of living of all members of their families.

Development Alternatives, Inc. (D.A.I.) was contracted by USAID/Ouagadougou to appraise the credit activities of this SWID project. 1) This appraisal was made by the author during a 16-days consultancy in Upper Volta beginning October 7, 1980.

The scope of work of this contract states that the contractor will collect information and make recommendations on the following issues:

1. Terms and Conditions of Loans
2. Loan Repayment Procedure
3. Accounting System for Loan Funds
4. Financial Viability of Loan Funds
5. Financial Reporting
6. Borrowers' Accounting Systems
7. Training
8. Appropriate Use of Loan Funds in meeting Development Objectives
9. Evaluation Criteria

1) Sahel Regional (Upper Volta), AID/PIO/T No. 625-0929-3-00024, Planning Management and Research Project (625-0929) signed in Ouagadougou, September 4, 1980.

II. METHODOLOGY

The appraisal of the credit part of the SWID project was done during the 16-day consultancy by reviewing the project documentation, through discussions with the persons working with the project, and from visits to the four ORD's which have already distributed SWID loans.

The persons with whom discussions took place and from whom information was received are listed in Annex A. The location of the ORD's visited (Diebougou, Doudougou, Koupela and Fada) is shown on map in Annex B.

Data on number of loans and amount of loans disbursed by SWID as of October 26, 1980, was collected (Annex C). Also an indication of loans being requested from SWID was received (Annex C).

The major objective of SWID is to increase the economic and social condition of a large number of villages in the ORD's of Upper Volta by increasing the incomes of women. The appraisal of the credit part of the SWID project was made by the author based on this objective. After reading through the project documentation and after talking with persons responsible for the project, the author expanded on this goal and developed a set of guiding principles which were also used in this project appraisal and to make the recommendations found in the next part of this report. The set of guiding principles is as follows:

- Decentralized administration
- Strengthening capital absorption capacity
- Viability of the credit system
- Effective control through effective accounting
- Training in business management
- Meet SWID program objectives
- Strengthening village group (pre-cooperative) movement
- Achieve measureable impact on target group
- Set terms of loans realistically enough that repayment will be feasible.

III. PROBLEMS AND RECOMMENDATIONS

This part of the report is organized to conform to the topics specified in the scope of work in this consultancy contract. The topics treated in this part of the report are:

1. Terms and conditions of loans
2. Loan repayment procedure
3. Accounting system for loan funds
4. Financial viability for loan funds
5. Financial reporting
6. Borrowers' accounting systems
7. Training
8. Appropriate use of loan funds in meeting development objectives.
9. Evaluation criteria.

1. Terms and Conditions of Loans

Currently SWID is giving loans for the purposes listed in Annex C at 8% annual interest. These loans are given for one or two years and repayed without a grace period in 6-month installments.

Loans are given to either groups or individuals. Loans to groups may be for group projects or for relending to individual members of groups.

In the Eastern ORD (Tada) loans are given to groups considered to be strong according the set of criteria shown in Annex D. In the same sence, the Koupela ORD expects a group to have at least one year of experience as a group before receiving a loan and the Koudougou ORD looks for the degree of cohesion existing in the group before approving a loan.

At times groups are asked to set their own terms for repaying their loans with the idea that a group will be more likely to repay a loan on time if it has had something to say about the repayment schedule.

In many cases, the village chief, the land use chief, the village elders and the husbands of the women in the groups attend meetings of the groups when loan projects are being discussed. This is done to gain the

support of these people when a loan project is in operation.

Loans of one million FCFA or less can be approved at the ORD level. Loans for more than one million FCFA need the approval of the USAID SWID Project Manager in Ouagadougou.

The procedure for obtaining a SWID loan in the eastern (Fada) ORD, for example, is spelled out in Annex E. That followed in the other ORDs (Diebougou, Koudougou and Koupela) is similar to that followed in Fada.

Problems

- Loan approval procedure is long.
- Loan approval procedure is expensive.
- Waiting time to receive a grain mill after loan approval is excessively long.
- Cereal bank loans received after December 31 have little chance of being profitable.
- Loans to GFs for making the local Dolo beer is offensive to some people.

Recommendations

- Reduce time and cost of giving loans by adopting a strategy of decentralization of loan distribution procedures (Annex J). Within the guidelines set in Annex J, loans should be distributed by following the procedures recommended in Annex M.
- Adopt a Fada-type set of criteria for classifying GFs as strong or weak (Annex K). Accept loan applications from only those GFs classified as "strong". Encourage GFs considered to be outstanding to take on big projects.
- Organize GFs first to accomplish a purpose other than requesting a loan. If they complete a project they will have strengthened their credit ratings.
- In ORD sectors with previous successful experience with SWID loans, discontinue the use of the ORD SWID committee to conduct feasibility studies except for loan purposes new in the ORD or for more than one million CFA.
- Reduce the demand and feasibility study and combine them into one "loan request/feasibility study for a SWID loan", (Annex N).
- Use cost of lending to set the interest rate. The interest rate should cover inflation, costs of administration, and losses due to default.
- Use expected rate of return on the investment with the credit to set the loan term. If the rate of return on the investment is high enough to replace the capital equipment in five years plus pay the interest, then the term of the loan should be five years. If the return is not expected to replace the capital equipment, then the term can be less.

- Any loans given to individuals should be given through a G.F.
- Require a substantial down payment on all loans. But leave that down payment in the control of the GF.
- Don't talk to GFs about credit for grain mills until a stock of grain mills is through customs and ready for delivery.
- Don't give any cereal bank loans after December 31.
- Stop giving loans for making Dolo beer.
- Restaurant/food preparation type loans should be short term with monthly repayment installments.

2. Loan Repayment Procedures

The procedure for repaying SWID loans in the Eastern ORD (Fada) is described in Annex O. Other ORDs (Diebcugou, Koudougou and Koupela) do not use the CENATRIN system of billing and therefore follow steps 3 and 4 of Annex O.

A unique policy of SWID with regard to loan disbursement and collection is that money going either to or from a GF should change hands in the presence of witnesses. Normally these witnesses would be the officers of the GF, the village chief, the village elders, and perhaps the husbands of the women in the GF.

Problems

- Repayment installments are scheduled for each six months regardless of loan purpose
- Interest calculations are rounded off to the nearest whole year. Therefore there is no incentive to repay early and no penalty for repaying late
- SWID GF loans can be disbursed any time, not following any particular annual cycle like crop loans or animal traction. Likewise they come due at any time exactly one or two years after the date they were given. This eliminates the notion of a season for collecting loans as is followed with animal traction and crop loans, in other credit programs.
- Problems in repayment of loans for restaurant/food preparation/Dolor beer loans arise when significant amounts of the product from the loan are consumed at home without payment.

Recommendations

- Follow the procedures described in Annex O for collecting loan repayments.
- Use flow of income cycles to set repayment frequency. For example projects receiving income continuously such as grain mills, village stores and small business could repay monthly; and projects which produce income in an annual cycle linked to the crop season such as cereal banks and sheep production could repay once per year.
- Though loans may have due dates anytime during the year there should be a statement of the situation of the borrower's loan account presented once a year summarizing what the loan was for, when it was given, the amount of the loan, the interest charges, amounts already repaid, amounts now due and the rest (not yet due). The bottom line should show an amount to be paid by the end of the ORD accounting year, March 31. This is an exercise that can be performed by the computerized system of managing the agricultural credit system in the Eastern ORD (Fada) described in Annex P and mentioned in steps I and 2 of Annex O.
- Loan installments should be equal. Three different methods for estimating loan installments are presented in Annex Q.
- To encourage borrowers to repay early and to not repay late there must be a system of accounting for each loan in which less interest is charged if a loan installment is repaid before the due date and more interest is charged if the loan installment is repaid after the due date. A system of accounting which does this is presented in Annex R.
- On the "recommended loan request/feasibility study for a SWID loan" (Annex N), a very important question is asked: "What action will the village committee take if a loan is not repaid on time?" This question should be discussed at length with the village committee, the GF and (in cases where GFs relend money to a member of the GF) the individual borrower before the loan is given.

3. Accounting System for Loan Funds

The existing system of SWID accounting is outlined in Annex S.

The SWID account in the Eastern ORD (Fada) is aided by the output from the computerized system described in Annex P.

Problems

- The existing system of SWID accounting (Annex S) is more complex and time consuming than necessary to perform the minimum accounting functions required (Annex AA).
- The existing system (Annex S) does not provide data need to calculate loan repayment rates (defined as amount of money repaid during a given period as a percentage of the amount of money that was due to have been repaid during that same time period).
- The cashiers daily journal (Annex U) form does not show clearly both receipts and expenses.
- At the time they were examined by the author, the check book balance and the cashier's daily journal at the headquarters of SWID in Ouagadougou were not being kept up.

Recommendations

- The items that the accounting system at SWID headquarters should show (per 3-month period) are listed in Annex AA. The basic types of records needed to produce this information are:
 1. Loan contracts (Annex I).
 2. Receipts for loan repayments.
 3. Running balance on each loan (Annex R).
 4. Cashiers daily journal (Annex BB).
- The computerized system (Annex P) which handles the SWID account in the Eastern ORD (Fada) should be adopted for SWID projects in all the ORDs. The computerized system would eliminate the need for Annexes T, Y, and Z.

4. Financial Viability

Credit rolling funds should strive to be self-supporting (viable). That is, revenue (interest) should cover costs (inflation, administrative costs, and losses due to loan repayment default).

Problems

- In Upper Volta the inflation rate is at least 8% per year. The 8% interest rate being charged for SWID loans cannot possibly have long range viability because there is no margin left on the interest rate to cover costs of administration and losses due to default.

- After the project officially ends on September 30, 1981, the credit rolling fund should continue to function as a source of loans for women's projects. However, the structure for administering this fund has not been provided for.
- There is a tendency in the Koudougou ORD for ORD agents to make excessive use of the indemnities budget for field trips.
- Currently SWID has the policy of giving each ORD an amount equal to 20% of the value of the loans disbursed in the ORD to be used to pay for travel indemnities (a cost which varies with the number of loans) and training (a cost which does not necessarily vary with the number of loans). This formula encourages giving fewer and bigger loans which may be against the needs of the poor.

Recommendations

- Deliberate steps should be taken to put the SWID credit rolling fund on a long range self-supporting (viable) basis.
 1. The interest rate should not be less than the rate being charged by CNCA.
 2. Administrative costs and losses due to default in loan repayment should be kept within the amount that can be covered from the interest revenue.
 - To minimize the need for personnel to administer the SWID credit rolling fund after the SWID project ends on September 30, 1981, the fund should be transferred to the C.N.C.A.
 - Administrative costs should be lowered further by adopting the decentralized procedures for distributing loans as outlined in Annexes J and M. Such a decentralized procedure would reduce the need for field trips by ORD coordinatrices.
- Indemnities for field trips by SWID agents in an ORD should not exceed the limits in effect in each ORD.
- The budget for training and indemnities should be a fixed amount for fixed costs (training) and a variable amount for variable costs (travel indemnities). Later this variable amount should be tied to loan repayments rather than loan disbursements (see pages 7 - 9 of Annex P).

5. Financial Reporting

^{The}
The USAID/Ouagadougou controller requires each three months the following financial report from SWID:

Cash balance in the SWID account at the beginning of the 3-month period.

Plus advances received from USAID during the 3-month period

Plus loan repayments (principle and interest separated)
received during the 3-month period

Equals the total cash available during the 3-month period,

Less loans paid out during the 3-month period.

Less other expenses during the 3-month period.

Equals cash balance in SWID account at the end of the 3-month period.

Problems

- Financial reporting from SWID to USAID has not conformed to the requirements above.
- Some ORDs have disbursed credit and training/indemnities funds without presenting SWID headquarters with justifying receipts.
- Financial reporting from CRDs to SWID headquarters has been inconsistent, incomplete, irregular and late.

Recommendations

- The USAID/Ouaga controller's SWID reporting requirements should be satisfied from the following sources of information:
 1. Running balance of each loan (Annex R)
 2. Cashiers daily journal (Annex BB)
 3. Justifying receipts for all money distributed (Annexes E, I, and W)

6. Borrower Accounting Systems

Borrowers need to keep accounts on their investment projects to manage the business.

Problems

- This area has not been developed with SWID loan projects.

Recommendations

- Borrow accounting systems should be designed to perform the functions listed in Annex CC.
- Three basic types of records are needed to perform these functions:
 1. Running balance on each loan (Annex R)

2. Cashiers daily journal (examples in Annexes BB, DD, EE, II, and KK)
 3. Income statements (examples in Annexes FF, JJ, and LL).
- Borrowing accounting systems could be patterned after examples found in the Annexes as follows:
1. Cereal Banks (Annexes DD, EE, and FF)
 2. Village Stores (Annexes GG, HH, II, and JJ).
 3. Grain Mills (Annexes KK and LL).

7. Training

Recommendations

- Provide the SWID/ORD extension agents with the training, transport, supplies, and monetary incentives needed for a decentralized loan disbursement/loan collection system to work.
- Give training to GFs on very specific topics needed to make their loan projects succeed through a cascade system of training, continuously. (Annex MM).
- Train extension agents to do a conservative economic analysis on all loan applications, especially small business loans. The format for these analyses can follow that presented in the income statements of Annexes FF, JJ, and LL. Small business loans should include a realistic estimate of amounts that can be sold after home consumption.
- Use the functional literacy staff in each ORD to teach functional literacy in numbers and how to keep simplified accounts. This training could advance from the simplest (Annex GG) through the more complex (Annexes DD, EE, II and KK) to the most complex, (Annexes R, FF, HH, JJ, and LL).

8. Appropriate Use of Loan Funds in Meeting Development Objectives

ORD home economics (Technical Assistance to Women) programs are notoriously stagnant. The SWID credit (rolling fund) program has provided the capital needed to bring these stagnant programs to life in the four ORDs at Dieboucou, Koudougou, Koupela and Fada, (see Annexes B and C).

Many of the GFs which received SWID loans had collective fields. Some GFs have a stated policy of using the profits from their loan projects to invest in further projects such as village wells, plows and donkey

carts. The ORD at Diebougou has a policy of giving no loans for making Dolo Beer because it may be offensive to certain segments of the population.

Problems

- In the first four of this 5-year project only 85,000 of the budgeted 288,000 U.S. dollars credit had been distributed in loans. The remaining 203,000 U.S. dollars in credit funds must be disbursed before the end of the project on September 30, 1981.

Recommendations

- Make a concentrated effort to distribute the remaining credit funds before September 30, 1981, by using the guidelines for "Building capital absorption capacity", (Annex NN).
- Shift the SWID credit (Rolling fund) account to CNCA for continued operation after the project ends on September 30, 1981.
- Subsidies to GFs should be in the price of factors of production and not in the interest rate on loans.
- Intensify promotion of loans for cereal banks, artisan projects, credit unions, and village centers. Stop giving loans to GFs for making Dolo beer.
- Give loans only to GFs classified as strong using criteria in Annex K.
- Decentralize SWID administration and loan approval procedures following guides in Annexes J and M.
- Don't give any cereal bank loans after December 31, of any year.

9. Evaluation Criteria

Recommendations

- The SWID credit (Rolling fund) activity should be evaluated along two lines :
 1. Individual loan projects (Annex OO)
 2. Impact of SWID on Development of the ORDs (Annex PP).

IV. MAJOR RECOMMENDATIONS FOR INCREASING CAPITAL ABSORPTION CAPACITY OF SWID

- Shift credit account to CNCA
- Raise interest rate to conform to CNCA rate. This plus cost-reducing measures should put fund on a self-supporting basis.
- Decentralize loan approval and loan collection procedures.
- Register SWID loans at CENATRIN.
- Simplify SWID accounting procedures.
- Train borrowers in principles of simplified accounting and simplified business management.

ANNEXES

- A. PERSONS VISITED DURING SWID CREDIT APPRAISAL, OCTOBER 7-13, 15, 19-26, 1980.
- B. GENERAL MAP OF UPPER VOLTA.
- C. LOANS DISBURSED BY SWID AS OF OCTOBER 26, 1980.
- D. CARACTERISTIQUES D'UN G.F. FORT PROMPT BENEFICIER D'UN PRET
- E. EXISTING PROCEDURE FOR RECEIVING A SWID LOAN IN THE EASTERN ORD (FADA)
- F. DEMANDE DE PRET/FINANCEMENT
- G. QUESTIONNAIRE - ETUDE DE FACTIBILITE
- H. RECU
- I. FICHE DE CREDIT
- J. RECOMMENDED DECENTRALIZATION OF ADMINISTRATION OF SWID REVOLVING LOAN FUND
- K. RECOMMENDED CRITERIA SWID AGENTS COULD USE TO CLASSIFY GV'S AS STRONG OR WEAK
- L. RECOMMENDED CRITERIA BY WHICH VILLAGE COMMITTEES MIGHT JUDGE SWID LOAN REQUESTS
- M. RECOMMENDED PROCEDURE FOR GETTING A SWID LOAN
- N. RECOMMENDED LOAN REQUEST/FEASIBILITY STUDY FOR A SWID LOAN
- O. EXISTING PROCEDURE FOR REPAYING A SWID LOAN IN THE EASTERN ORD (FADA)
- P. THE COMPUTER — AN APPROPRIATE TECHNOLOGY FOR MANAGING A VIABLE AGRICULTURAL CREDIT SYSTEM IN A LOW INCOME COUNTRY — UPPER VOLTA
- Q. ALTERNATIVE METHODS FOR DETERMINING LOAN REPAYMENT AMOUNTS
- R. COMPTE DE PRET
- S. EXISTING SYSTEM OF SWID ACCOUNTING
- T. GESTION DES CREDITS. FICHE DE CONTROLE.
- U. INVENTAIRE PERMANENT DU PROJET No. 686-0211.

V. SITUATION FINANCIERE DU PROJET No. 686-0211

WW. RECU

X. JOURNAL DE CAISSE (NIVEAU SIEGE) PROJET SWID (686-0211)

Y. GESTION DES CREDITS. BORDEREAU RECAPITULATIF DU CHAPITRE 6 CREDITS

Z. BILAN TRIMESTRIEL DES ACTIVITES FINANCIERES DE LA CELLULE E.F.R.

AA. ACCOUNTING SYSTEM AT SWID HEADQUARTERS SHOULD SHOW (PER 3-MONTH PERIOD) ...

BB. RECOMMENDED FORMAT FOR ALL DAILY JOURNALS

CC. FUNCTIONS AN ACCOUNTING SYSTEM SHOULD PERFORM

DD. JOURNAL DE CAISSE DE BANQUE DE CEREALES

EE. JOURNAL DE CAISSE DE L'ACHETEUR/VENDEUR DE BANQUE DE CEREALES

FF. CALCUL DE BENEFICE NET D'UNE BANQUE DE CEREALES

GG. INVENTAIRE DE LA BOUTIQUE

HH. CALCUL DE MONTANT TOTAL DE BENEFICES BRUTS ET MONTANT TOTAL DE VENTE

II. JOURNAL DE CAISSE DE LA BOUTIQUE

JJ. CALCUL DE BENEFICE NET DE LA BOUTIQUE

KK. JOURNAL DE CAISSE DE MOULIN

LL. CALCUL DE BENEFICE NET DE MOULIN

MM. TOPICS TO BE TAUGHT TO GV'S WITH SWID LOANS THROUGH CASCADE TRAINING

NN. BUILDING CAPITAL ABSORPTION CAPACITY

OO. CRITERIA FOR EVALUATION OF INDIVIDUAL SWID PROJECTS

PP. CRITERIA FOR EVALUATION OF IMPACT OF SWID ON DEVELOPMENT OF THE ORD'S

ANNEX A.

PERSONS VISITED DURING SWID CREDIT APPRAISAL, OCTOBER 7-13, 15, 19-26, 1980.

Ouagadougou:

Meyer, Richard	USAID, Mission Director
Thomas, Howard	USAID, Chief, Human Resources Division
Byllesby, Gary	USAID, Controller
Kramer, Robert	USAID, Budgeting and Accounting Officer
Konate, Miriam	USAID, SWID Project Manager
Ouedraogo, Nabassoum	Ministry of Rural Development, SWID Accountant
Ouosa, Gregoire	CENATRIN
Tiao, Charles	CNCA, Director General

ORD, Fada (October 22, 1980)

Lompo, Luc	Director
Combari	Chef P.I., B.A.E.P.
Sidibi	Chef, B.D.C.
Doro, Brahim	Chef Sous Section Suivie et Evaluation, B.A.E.P.
Diawari, Abdoulaye	Chef de Bureau Credit
Dahary, Amidou	Agent de Credit
Sinare, Moussa	Comptable de Credit

ORD, Diebougou (October 10, 1980)

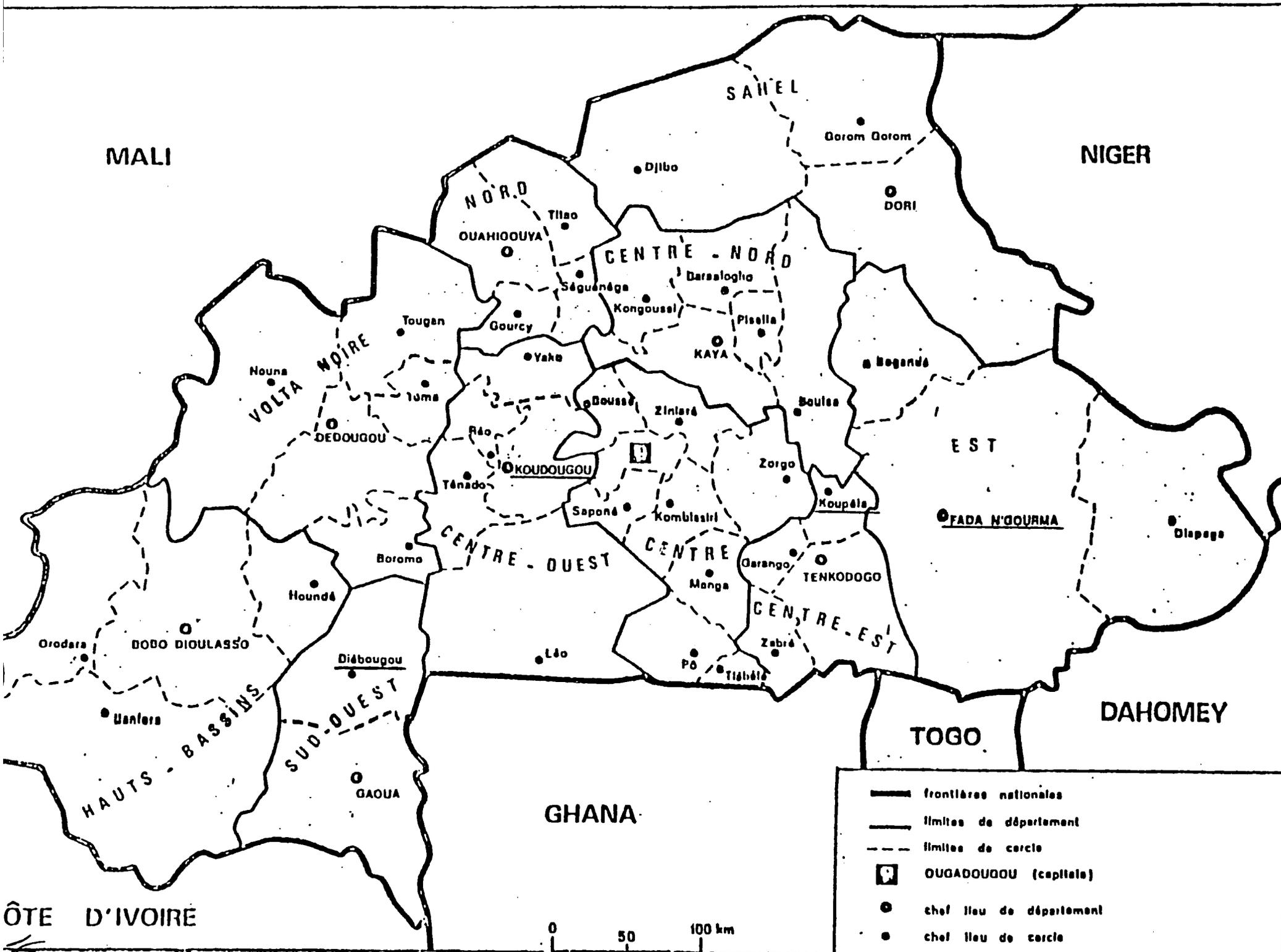
Coulibaly, Yacouba	Director
Dabire, Albertine	Coordinatrice
Hein, Elizabeth	Coordinatrice, adjoint

ORD, Koudougou (October 8, 1980)

Traore, Salifou	Director
Sana, Korogo	Chef, B.C.C.
Ouedraogo, Pierre	Chef, Section Credit
Traore, Bourema	Comptable Credit
Meda, Jeanne	Coordinatrice
Traore, Mariam	Coordinatrice, adjoint

ORD, Koupela (October 7, 1980)

Sandwidi, Marie Therese	Coordinatrice
Bagre, Mathieu	Chef, Section Credit



MALI

NIGER

SAHEL

NORD

VOLTA NOIRE

CENTRE-NORD

CENTRE-OUEST

CENTRE

CENTRE-EST

EST

HAUTS-BASSINS

SUD-OUEST

GHANA

TOGO

DAHOMEY

CÔTE D'IVOIRE

- frontières nationales
- limites de département
- - - limites de cercle
- ◻ OUGADOUGOU (capitale)
- chef lieu de département
- chef lieu de cercle

0 50 100 km

GENERAL MAP OF UPPER VOLTA

ANNEX B

ANNEX C.

LOANS DISEBURSED BY SWID AS OF OCTOBER 26, 1980

ORD	DIEBOUGOU		KOUDOUGOU		KOUPELA		FADA		TOTAL	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Cereal banks					13	2,362,700			13	2,362,700
Nere Karite Marketing			4	900,000	8	1,600,000			12	2,500,000
Dolo Beer					3	146,300	2	70,000	5	216,300
Embroidery					2	250,000			2	250,000
Village Store			3	1,000,000	2	150,000	1	250,000	6	1,400,000
Millet Germination					1	50,000			1	50,000
Small Business*	47	822,500	62	842 000	1	200,000	1	203,000	111	2,067,800
Leather Tanning					1	150,000			1	150,000
Loom					1	80,000			1	80,000
Donkey and cart	1	81,000	2	430,000					3	511,000
Pig raising	16	685,300							16	685,300
Collective field	1	85,000							1	85,000
Sheep raising							1	189,000	1	189,000
TOTAL	65	1,673,800	71	3,172,000	32	4,989,000	5	712,300	173	10,547,100

LOANS BEING REQUESTED FROM SWID AS OF OCTOBER 26, 1980

Cereal Banks	X	?			63	?			
Dolo					10	?	1	600,000	
Embroidery					6	?			
Village store	X	?	1	300,000	15	?			
Millet Germination					10	?	1	120,000	
Loom					60	?	1	250,000	
Grain mills	X	?	7	77,000,000	4	?	6	030,000	

Continued next page

*) Small business loans are for retailing tobacco, rice, cola nuts, bean cakes, Karite butter, Dolo, Peanuts, millet, musn, salt, dishes, Akassa balls, cous cous, corn, Kerosene, Gasoline, bread, bean cakes, soap

ORD	DIEBOUGOU		KOUDOUGOU		KOUPELA		FADA	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Donkey and cart					20	?		
Basket weaving					1	?		
Cloth dyeing					1	?		
Village Pharmacy					8	?		
Vegetable gardening					4	?		
Pig raising					7	?		
Poultry raising					5	?		
Small Business	X	?	105	2,200,000			5	640,000
Nere Karite Marketing								
Peanut Huller press							2	900,000

CARACTERISTIQUES D'UN G.F. FORT POUVANT

BENEFICIER D'UN PRET

CRITERES D'UTILISATION DANS L'ORD DE L'EST - FADA

- 1) Ancienneté (minimum 1 à 2 ans d'expérience)
- 2) Membres stables (Pas necessairement un grand nombre mais un minimum de 10 membres)
- 3) Cohesion, entente, et confiance entre les membres.
- 4) Confiance aux membres du bureau.
- 5) Bureau actif, dynamique et honnete.
- 6) Remboursement des échéances aux dates fixées
(cout terme et moyen terme)
- 7) Règlement intérieur au sein du G.F.
- 8) Démocratie dans toutes les décisions.
- 9) Collaboration franche avec les agents de l'ORD (mais capables de travailler sans assistance de l'agent et soutenir changement de personnel de l'ORD).
- 10) Participation de tous les membres aux activités du G.F.
- 11) Solde en caisse croissant
- 12) Superficies des parcelles collectives acceptables
(1 ha au minimum)
- 13) Système de gestion.

.../...

ANNEX E.

EXISTING PROCEDURE FOR RECEIVING A SWID LOAN IN THE EASTERN ORD (FADA)

1. After several meetings to decide on a project, a group judged to be strong by extension agent (using criteria in Annex D) may submit a loan request (Annex F), to the village committee (made up of the village chef, the village elders and the presidents of all the GVs in the village).
2. If the village committee approves the request, it is given to the ORD extension agent who sends it via the chain of command to the ORD director, who gives it to the ORD coordinatrice.
3. At the monthly meeting of all the sector credit and cooperatives chiefs, the coordinatrice may request the credit and cooperatives chief from the sector concerned to do a feasibility study.
4. The credit and cooperatives chief from the sector goes to the extension unit of the village and with the extension agent fills out the feasibility study questionnaire (Annex G).
5. The completed feasibility study is returned to the ORD coordinatrice through the chain of command/
6. The coordinatrice convenes a meeting of the ORD SWID credit committee (made up of the coordinatrice, the Chef de Bureau Credit and the Chef de Sous Section Suivre et Evaluation of the BAEP) to consider the request and the feasibility study.
7. If there are questions or problems with the loan request part, all of the ORD SWID committee may visit the GF to investigate further. If there are no problems, no visit to the GF is made.
8. Loan requests are accumulated for one to two months and then sent to the national USAID/SWID project manager for approval.
9. Loans for one million FCFA or less may be approved by the national USAID.SWID project manager without a visit to the project site. Loan requests for more than one million require a visit of the national project manager with the ORD SWID committee to the project site.
10. When loan requests have been approved by the national director, a check is written by this same person and given to the ORD coordinatrice for deposit in the SWID bank account in a branch bank in the ORD.

11. The ORD Director may write a check on the SWID account to remove cash from the branch bank, which is done by the ORD cashier.

12. The ORD cashier gives the cash to the coordinatrice who travels with it to the village and personally delivers the money to the GF in the presence of the sector credit and cooperatives chief, the sub-sector chief, the extension agent, the village chief and the village elders.

13. At this time the borrower signs a receipt (Annex H). Also a loan contract (Annex I) is signed by the borrower, the president of the GF, and the ORD extension agent.

MINISTÈRE DU DÉVELOPPEMENT RURAL
SECRETARIAT GÉNÉRAL DU DÉVELOPPEMENT RURAL

Cellule Nationale d'Économie Familiale Rurale
Projet n)686-0211 - "Renforcement du Rôle des
Femmes dans le Développement".

DEMANDE DE PRÊT/FINANCEMENT

/ ORD de _____ Secteur de _____ Nom du chef de Secteur _____
S/S de _____ Village de _____ Nom de l'agent responsable _____

/ N° et nom de l'emprunteuse ou du Groupement _____ Nom et prénom (s) de la responsable ou de
l'emprunteuse _____ N° de la fiche de crédit _____

Nombre d'adhérents dans le groupement _____

Filles

Femmes

/ Nature de l'activité à financer

Apport personnel du groupement ou de
l'emprunteuse

- a) en nature
- b) en espèces

Montant du prêt/finance- ment	Taux d'in- terêt	Durée	Intérêts Produits	Montant total à rembourser

Mode de remboursement : _____

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Demande de prêt/Financement

- 2 -

Signature et Avis du chef de village ou du président du comité villageois

Date

Signature et avis de l'agent responsable du groupement

Date

Signature et avis du chef de S/Secteur

Date

Signature et avis du chef de Secteur

Date

D/ Décision du Comité de prêt Date et Signature

Approuvé

Refusé

Raisons du refus :

. Garanties

. Caution

. Excès d'activités du même genre

. Somme trop élevée

Autres observations : _____

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SECRETARIAT GENERAL DU
DEVELOPPEMENT RURAL

Cellule Nationale d'Economie Familiale Rurale
Projet n°686-0211 - "Renforcement du Rôle des
Femmes dans le Développement".

QUESTIONNAIRE - ETUDE DE FACTIBILITE

Montant du prêt _____ Crédit
Court et moyen terme à 8 %

ORD de _____ Secteur _____ S/Sect. _____ Village _____

Nom de l'agent responsable _____ Activité à financer _____

1) Quelle est la contribution en espèce ou en nature de l'emprunteuse ou du groupement au financement de ce projet ? _____

2) Est-ce que le groupement ou les emprunteuses ont d'autres sources de revenus de financement suffisant pour rembourser le prêt ? (Ex. : cotisation, champs collectifs, commercialisation) _____

3) Les services spéciaux seront-ils fournis par les agences sollicités ? (Ex. : Section Elevage, gestion, formation, alphabétisation etc...) _____

4) Le groupement a-t-il d'autres financements ? Si oui - répondez :

Date	Montant	Taux de d'interêt	Durée	Montant total à rembourser	Total déjà remboursé	Reste à rembourser	Montant de l'échéance suivante

Questionnaire Etude de Factibilité

- 5) Est-ce que les revenus prévus de l'activité à financer sont suffisamment viable pour rembourser le prêt à temps ? _____

- 6) De qui est venue l'idée de demande de ce prêt ? _____

- 7) La participation effective des intéressés : que feront-elles pour leur part ? Quels travaux feront-elles ? _____

- 8) Le projet sera-t-il générateur de bénéfices ? Si oui, à quoi serviront ces bénéfices à part le remboursement du prêt ? _____

- 9) Une gérante a-t-elle été choisie par le groupement pour diriger le projet ? A-t-elle la compétence technique requise pour faire fonctionner le micro-projet ? _____

- 10) Quelle formation spécifique faut-il pour faire fonctionner le projet ? Qui animera cette formation ? _____

- 11) Les emprunteuses auront-elles le temps requis pour se consacrer au projet en dehors de leurs obligations, de leurs occupations dans leurs propres champs et ménages ? _____

 Signature de l'enquêteur

 Titre de l'enquêteur

 Date de l'enquête

25

O.R.D. EST FADA N'GOURMA

B. D. C.

S. DES INSTITUTIONS RURALES

S/ ECONOMIE FAMILIALE RURALE

RECU

Je soussigné M
.....

Certifie avoir reçu du Projet US-AID

N° 625-0211 la somme de (en lettres)

.....

(en chiffres) en Espèces

Par chèque N°

Pour

Ce jour à

Non

Prénoms

Date

Signature

26

F N° 00767 ET

Plan de Remboursement :

n° 0075.007

REPUBLIQUE DE HAUTE-VOLTA
MINISTRE DU DEVELOPPEMENT RURAL

CELLULE D'ECONOMIE FAMILIALE RURALE

FICHE DE CRÉDIT

ANNEX I.

Intérêt 8%

Date Concession
du Crédit

25/04/80

O. R. D. de Kouplha
Secteur : de Kindy

S/Secteur :

Kienba

Zone ou Unité
d'encadrement :

Village : Dore'

BENEFICIAIRE
ou

Nom de la Présidente du Groupement

Nom de l'individu

DETAIL DU PRET

MONTANT

Je soussigné _____
reconnais avoir reçu le matériel et les services mentionnés ci-contre. Nous nous engageons à les rembourser dans les délais convenus ci-dessous d'un commun accord avec l'Agent de l'O.R.D.

Signature de la Présidente du Groupement,

OU

Je soussigné _____
reconnais avoir reçu le matériel et les services mentionnés ci-contre. Je m'engage à les rembourser dans les délais convenus ci-dessous d'un commun accord avec l'Agent de l'O.R.D.

Signature de l'Emprunteuse,

TOTAL du montant

TOTAL Intérêt dû

TOTAL (Intérêt et capital)

L'Agent qui délivre le crédit et qui a fait prendre connaissance au bénéficiaire ci-dessus des conditions de remboursement.

Nom _____

Signature

Titre _____

Le Chef du village ou le Président du Comité villageois qui reconnaît au titulaire le droit d'accès au crédit ci-contre.

Signature

ANNEX J.

RECOMMENDED DECENTRALIZATION OF ADMINISTRATION OF SWID REVOLVING LOAN

FUND

- At headquarters level: Establish guiding principles (From Part II) .
- At headquarters level: Establish criteria for judging GVs as strong or weak. (Annex K) .
- At headquarters level: Establish cascade training program.
- At headquarters: Raise limits on loan approval authority for ORD level and sector level for:
 - new clients vs old clients
 - new purposes vs old purposes.
- At village level establish criteria with which village committees will judge loan requests. (Annex L).

ANNEX K.

RECOMMENDED CRITERIA SWID AGENTS COULD USE TO CLASSIFY GV'S AS STRONG
OR WEAK

- Minimum of one year of existence as an active GV
- Stable number of at least 10 members over life of GV.
- Successful completion of at least one activity (e.g. collective field).
- Members have a reputation in the village for repaying their debts on time.
- Balance in treasury growing steadily (even though it may be small).
- Cohesion, understanding, and confidence among members.
- Democratic procedures used in reaching decisions.
- Active, dynamic and honest set of officers in whom other members have confidence.
- GV cooperates with ORD agents, but can work without ORD assistance and can survive changes in ORD personnel.
- All members participate in each GV activity.
- Collective field of at least 1 hectare.
- Officers have a sense of business management.

RECOMMENDED CRITERIA BY WHICH VILLAGE COMMITTEES MIGHT JUDGE SWID LOAN REQUESTS

1. The borrower should earn enough profit from this project to both repay the loan and build a reserve with which to start another investment project.
2. The project should supplement (not replace) borrowers regular source of income.
3. The project should directly or indirectly increase food production.
4. The project should directly or indirectly improve nutrition of the village.
5. The project should provide social and economic benefits to all villagers.
6. The project should help to solidify the village.
7. The project should not cause problems to other villagers.
8. The project should serve as a demonstration to others.
9. Profit from the project should stay in the village.
10. The project should compliment other projects.
11. The project should have strong horizontal and vertical (both forward and backward) linkages thus allowing the investment to have a multiple economic impact.
12. The project should help strengthen the role of the village committee.
13. The borrowers should have a reputation of good character among villagers who know them.
14. The borrowers should have good personal relationships with their families and neighbors.
15. The borrowers should have good work habits.
16. The borrowers should have no other debts outstanding.

17. The borrower must have a plan of work and budget worked out for this project.
18. The borrower must demonstrate an ability to foresee the problems that could arise with this project.
19. The borrower must have been trained to do the work of this project.
20. The borrower should be one who works well with ORD extension agents.
21. The project should draw on existing ORD expertise rather than need expertise not currently found within ORD.
22. The project should provide the borrowers with training in business management and accounting that they can apply to other business activities.
23. ORD technical services to the projects should be given in a way that the borrowers themselves will learn the techniques and grow out of their dependence on ORD technical assistance.
24. Loan purpose should not conflict with local religion.
25. Loan purpose should conform to local caste lineage of the borrower.

ANNEX M.

RECOMMENDED PROCEDURE FOR GETTING A SWID LOAN

1. Strong (according to criteria in Annex K) GFs wishing to request a loan, should discuss the proposal with their village committee.
2. The village committee should judge the request according to its own criteria (see example in Annex L).
3. Upon a favorable decision of the village committee the GF should complete the "loan request/feasibility study for a SWID loan" (Annex N).
4. The sector credit and cooperatives chief, sub-sector chief and extension agent concerned should consider the loan application. If the loan request is for 500,000 FCFA or less or for a purpose well known in the ORD or to a GF which has already repaid loans in the past without delinquency, then the loan should be given from the sector level. Loans above 500,000 up to 1,000,000 FCFA need approval of ORD SWID committee and loans of over 1,000,000 need the approval of the national USAID/SWID project manager.
5. Each credit and cooperatives chief in each sector of the ORD should hold 500,000 FCFA in cash to be used to give loans approved at the sector level.
6. Loan recipients should sign a receipt (Annex H) at the time they receive the money and sign a contract (Annex I).

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ANNEX N.

RECOMMENDED LOAN REQUEST FEASIBILITY STUDY FOR A SWID LOAN

Date: _____

Information about the borrower

U.E.: _____

Sector: _____

Village: _____

Sub-sector: _____

Name of GV or individual
requesting this loan: _____

Names of all persons responsible for repayment of this loan (continue
list on back of this form, if necessary):

Did the village committee approve this borrower by using its own
criteria?

What action will the village committee take if a loan is not repaid
n time?

Does the credit committee at the sector level believe that this borrower
is creditworthy?

Information about the project

Loan purpose: _____

Loan amount: _____ Repayment schedule: _____

Attach a detailed estimation costs and returns for first year of project.

Did the village committee approve this loan purpose by using its own
criteria? _____

Does the credit committee at the sector level approve of this loan
purpose?

ANNEX O.

EXISTING PROCEDURE FOR REPAYING A SWID LOAN IN THE EASTERN ORD (FADA)

1. Each year in October CENATRIN produces a bill for each borrower which summarizes the status of its loan account and states how much should be paid before March 31.
2. Extension agents convene meetings in each extension unit of all borrowers of ORD credit at which the sector credit and cooperatives chief distributes the bills.
3. Borrowers pay extension agents directly who give the borrowers receipts and send the money to the ORD cashier through the chain of command. Each time the money changes hands, a receipt is given from a book of consecutively numbered receipts.
4. The ORD cashier deposits the money in the SWID bank account in the branch bank in the ORD.

ANNEX P.

**THE COMPUTER -- AN APPROPRIATE TECHNOLOGY FOR MANAGING
A VIABLE AGRICULTURAL CREDIT SYSTEM IN A LOW
INCOME COUNTRY -- UPPER VOLTA**

by

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INTRODUCTION

The Integrated Rural Development Program is an Agency for International Development sponsored project in the Eastern Regional Development Organization (ORD) of Upper Volta. The program is one of many that was implemented in the Sahel following the drought of 1970-73 in an effort to increase agricultural production and improve the quality of life in the rural areas where most of the population lives.

One aspect of this AID/IRD project was the introduction of animal traction to replace the hoe cultivation method used in the Eastern ORD. The author was given the responsibility of developing a technique for managing the agricultural credit system that would support this animal traction program.

The choice of the appropriate technology for managing the credit system was made by assessing the problems facing the existing system and then considering the alternative techniques for solving these problems in light of the resources available.

PROBLEMS FOUND IN THE AGRICULTURAL CREDIT SYSTEM

IN THE EASTERN ORD

Problems found in the Eastern ORD's credit system were of two types; those concerned with the central administration of the system and those concerned with the operation of the system at the field level.

At the administrative level an inviable credit system faced a steadily eroding portfolio. This erosion was curtailed temporarily by new

injections of capital from various programs of foreign assistance. Funding came from many sources each of which demanded detailed statistical reporting, often on short notice. Portfolios of loans and loan repayments were incomplete and disorganized. There was a high incidence of errors and omissions in recording loan repayments. Procedures for collecting loans were unclear and irregular. The credit and cooperation section was unable to furnish basic statistical reports. The clerical staff had poorly organized and inefficient work habits.

In the field, loan repayment rates were weak -- an average of only 30 percent of loans due was collected per year from 1976 to 1980. Borrowers did not understand clearly the terms and conditions of their loans. Records of repayment kept at the level of the extension/credit agents in the field were inconsistent with those kept at the headquarters level. These field level extension/credit agents were poorly organized and poorly motivated in their loan collection responsibilities. Embezzlement of loan repayments by these extension/credit agents and their supervisors ran high. Productivity of capital invested through this agricultural credit system was low due to weak technical assistance from the extension/credit agents. A high rate of reassignment of field level extension/credit agents from one post to another created difficulty in maintaining continuity from one year to another in loan collections, recordkeeping and reporting.

Based on these problems a search began for a management technique that would help solve them.

CHOOSING AN APPROPRIATE TECHNOLOGY FOR MANAGING
A VIABLE AGRICULTURAL CREDIT SYSTEM

In 1977 and 1978 piecemeal efforts were made to improve the labor-intensive management techniques that had been developed since 1974 when the

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credit program began in the Eastern ORD. Loans and loan repayments were all registered by hand. Efforts were made to improve the old system of hand filing loan forms and records of repayment. Some of the demands for statistical information were met by using tedious, slow, error-prone, hand methods of tabulation. In an effort to establish a complete set of basic data on the animal traction medium term credit portfolio, a complete inventory of borrowers of animal traction credit was made in the fall of 1978.¹ An effort to motivate borrowers to repay their loans was made through appeals by radio and in mass meetings. In the name of patriotism and personal honor, efforts were made to convince extension/credit agents and their supervisors not to embezzle loan repayments they had collected from borrowers.

Though these efforts were not without success, they fell short of the mark of establishing a management technique that would produce a viable agricultural credit system. As this became clear the possibility of establishing a computerized system of management was considered. The possibility of having the management tools produced quickly, regularly, and accurately by the computer led to the decision to introduce a computerized system of management designed to solve the problems stated above and to meet the objectives listed below.

OBJECTIVES OF THE COMPUTERIZED SYSTEM

The decision was made to design a computerized system of management that would meet the following objectives:

¹"Inventaire de Credit Rural Traction Animale" by Amidou Dahany, Sinare Moussa, Tuina Jonas, Yoni Lebene, Edouard Tapsoba, and Thomas Sticklely, Bureau de Developpement Communautaire, Organisme Regional de Developpement de l'Est, Fada N'Gourma, Upper Volta, November 1978.

1. To produce regular, accurate, and rapid statistical reports on the number and amount of loans and loan repayments by sector of the ORD, by loan purpose, and by source of funding.
2. To improve loan repayment rates.
3. To improve the productivity of ORD employees.
4. To improve the productivity of investments made with capital distributed through the agricultural credit system.
5. To achieve viability of the agricultural credit system, that is a self-supporting credit system in which revenue exceeds the costs of operation.

INSTALLATION OF THE COMPUTERIZED SYSTEM

A. Preparatory Steps

The process of installation of this computerized system began with the following preparatory steps:

1. In November 1978, administrators and programmers of the National Data Processing Center (CENATRIN) of Upper Volta met with the Eastern ORD to discuss the problems to be solved and the objectives of the system to be met.
2. The Eastern ORD and CENATRIN produced a plan of work for installing the system.¹

¹"Cahier de Charges pour la Gestion Automatisee des Credits Agricoles" by Thomas Stickley, Hamidou Dahani, Etienne Ouedraogo, and Oumarou Tiemtore, Centre National de Traitement de l'Information, B.P. 1132, Ouagadougou, Upper Volta, February 1980.

3. Twenty-nine different programs were written by CENATRIN programmers in COBUL (Computer Business Oriented Language) to classify, aggregate, and analyze basic statistical data.
4. All short-term and medium-term loans were classified by year and by village since the ORD credit program began in 1974.
5. Basic data codes, code indexes, and coding forms were developed.
6. Data coders were trained.
7. Preliminary coding was done for use in testing the program.
8. The 29 programs were tested and refined using the computer facilities of CENATRIN in Ouagadougou.

B. Continuous Operations

Following these preliminary steps, the following continuous operations were started:

1. Coding of all 3821 short-term and medium-term loans given from 1974 through 1979.
2. Coding of all loan repayments received since 1974.
3. Verification and correction of coding.

INPUT AND OUTPUT OF THE COMPUTERIZED SYSTEM

Following are the input and output of the computer used in the system.

A. Input

1. Nature of the Input

The input is of two types: the input needed to establish the system and the input provided on a continuous basis.

a. Input to Establish the System

Twenty-nine programs were entered into the computer to register the basic data (6 programs), to produce annual and semi-annual output (18 programs), to produce quarterly output (3 programs), and to list basic data codes (2 programs).

Basic data codes were also entered into the computer to identify loan types, loan terms, loan purposes, borrowers, borrowers' villages, and sources from which funds were received.

b. Input Provided Continuously

As new loans are disbursed they are coded and entered into the computer. Likewise all repayments received are coded and entered.

2. Input Schedule

Input is fed into the computer on the following schedule which conforms to the loan disbursement period (January 1 through September 30) and the loan repayment period (which is continuous but has a common due-date for the repayment of all loans of March 31).

a. Input to establish the system was fed into the computer at the beginning of the program in 1979 but can be added to or changed at any time.

b. New loans are coded as disbursed and code sheets are accumulated throughout the lending season (January 1 through September 30). These are then punched into the computer in October each year after the close of the lending period on September 30.

c. As loan repayments are received they are coded immediately and punched into the computer quarterly (or more often if repayment activity is intense).

B. Output

1. Nature of the Output

The output produced is of three types: statistical reports, aids to field extension/credit agents in doing their jobs, and calculation of commissions to be paid to extension/credit agents based on loan repayments received.

a. Statistical Reports

Statistical reports are produced on number of loans made, number of persons benefiting from loans, amount of money loaned, amount of loan repayments received as a percentage of loan repayments due, number of delinquent borrowers as a percentage of all borrowers with loan repayments due, and list of uncollectable loans to be written off. These reports are broken down by fiscal year, sector of the ORD, factor of production (loan purpose), and source of funding.

b. Aids to Field Extension/Credit Agents in Doing Their Jobs

The following output is produced to help the extension/credit agents do their jobs more efficiently: bills to borrowers, lists of these bills, lists of live loans, lists of overdue loans, lists of paid-off loans, lists of borrowers who were overcharged/undercharged interest according to date repayments were made, loan repayment control sheets, monthly reports of loan repayments received, lists of borrower identification numbers already assigned, and lists of village identification numbers already assigned.

c. Calculation of Commission to be Paid to Extension/Credit Agents Based on Loan Repayments Received

To encourage extension/credit agents to give and collect more sound (productive) loans, commissions are calculated [at the rate shown in Table 1] and produced as the output of the system.

TABLE 1

CALCULATION OF COMMISSIONS TO BE PAID TO AGENTS
BASED ON LOAN REPAYMENTS RECEIVED

Type of Commission	Extension/ Credit Agent	Sub- Sector Chief	Sector Chief	Chief of Credit and Cooperation Section in Each Sector
(Percentage of Money Collected)				
a. Base commission on all loans collected	1.6%	0.4%	0.10%	0.10%
b. Supplemental commission for collection of loan installments not yet due	0.8%	0.2%	0.05%	0.05%
c. Supplemental commission for overdue loans collected	0.8%	0.2%	0.05%	0.05%
d. Supplemental commission for collection of 100% of loan installments due	0.8%	0.2%	0.05%	0.05%
e. Supplemental commission if at least 100 persons were served by the credit system in an extension unit	0.8%	0.2%	0.05%	0.05%

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An extension/credit agent in the Piela extension unit, for example, received a commission of 6443 FCFA for the 1979-80 fiscal year. This amounted to about 2 percent of his annual salary of approximately 300,000 FCFA.

2. Output Schedule

The computer output is produced on the following schedule which is built around the farm production season (May through September) and the government's fiscal year (April 1 through March 31):

- a. Once per year in October:
 - List of live loans.
 - Bills for each borrower.
 - List of these bills.
 - List of borrower identification numbers already assigned.
 - List of village identification numbers already assigned.
 - Number and value of each factor of production sold on credit.
 - Number of loans made and amount loaned.
- b. Once per year in April:
 - Loan repayment statistics.
 - List of paid-off loans.
 - Statements of underpaid/overpaid interest on paid-off loans.
 - List of these statements.
 - List of loans to be removed from the computer registry because they have been paid-off for more than ten years.
 - Calculation of all commissions to be paid to agents.
- c. Twice per year in April and October:
 - Loan repayment control forms.
 - List of overdue loans.
 - List of uncollectable loans.

d. Once quarterly (in January, April, July, and October, or more often if necessary):

- Status of loan repayment activity.

EVALUATION

Evaluation of the computerized system is done here on the basis of the objectives to be met.

1. Regular and accurate statistical reports of the number and amounts of loans and loan repayments are produced by sector of the ORD, factor of production (loan purpose), and source of funding. This objective has been satisfied.

2. Loan repayment rates are expected to improve as a result of the effect of several aspects of the computerized system. The bills sent to each borrower reminds them of the amount due to be repaid and the date it is due. Embezzlement by agents is controlled by the pressure put on these agents by borrowers who receive bills for loans they have already repaid. The prospect of being paid a commission which is a percentage of loans collected serves as an incentive to these agents to increase these loan collections. When borrowers are given their bills the agents are given a listing of these bills. This listing helps the agents organize their job of collecting loan repayments.

3. Productivity of ORD agents has improved. At the administrative level among the clerical staff this improvement has been the result of fewer, simpler and more clearly defined duties and the computerized control of mistakes. At the field level, productivity of agents has improved resulting from incentive commissions based on loan collections and improved knowledge of loan portfolios in each extension unit from the lists of live loans, lists of loan payments due, lists of overdue loans, lists of paid-off loans and monthly reports of loan repayments received.

4. Productivity of capital invested in agriculture through the credit system seems to have improved from the increased incentives of field extension/credit agents to give more and sounder loans in order to receive a higher commission on loan collections and the pre-loan economic analysis of loan purpose already being used by extension/credit agents.

5. Viability of the credit system was improved as the result of improved repayment rates, improved productivity of the ORD staff and improved information from statistical reports for use in evaluation, financial analysis, and budgeting of the rural credit account.

Though a meaningful cost-benefit analysis of the computerized system cannot be done before the system has functioned for two years, some of the elements of such an analysis have started to emerge.

a. Additional costs of the computerized system compared to the old system include: (1) fixed costs: the Eastern ORD's share of the cost of writing the 29 programs (about \$12,000), training coders (about \$500), ORD staff time used in installing the system (about \$1,000) and training agents in the field to use the computerized system (about \$1,500) -- this makes a total of about \$15,000 as the fixed cost of installing the system; and (2) variable costs: registration of loans, registration of repayments, computer time to produce bills, lists, commissions and statistical reports, and paper, printing, and binding -- this amounts to roughly \$2.00 per loan registered which is based on the variable costs associated with the original 3821 loans registered -- due to the economies of scale, this cost will go down as number of loans registered increases.

b. Additional benefits that should be measured in this analysis are: increased repayments, decreased embezzlement, increased speed and accuracy with which

Handwritten mark

statistical reports are produced, increased productivity of capital invested through the credit system; and reduced costs resulting from discontinuing the annual inventory of credit at the field level.

c. The following items were unchanged by the system and therefore would not be included in the cost-benefit analysis: number of persons employed for the agricultural credit system; logistical support for the credit system (office space, office furniture, vehicles, and travel costs); and basic loan contract forms and receipts used by field level extension/credit agents.

RECOMMENDATIONS

Following are recommendations suggested for others installing such a computerized technique for managing a viable agricultural credit system in a low-income country.

1. The purpose and objectives of the computerized system of management should be kept simple at first. Inclinations toward adding tasks to the computer program which could complicate the system must be overcome in the early stages of its development. Tasks can be added later after the original simplified program has been thoroughly tested and tried.
2. Even though the distance between computer programmers and users of the program may be great, close communication between these two parties must be maintained during the time programs are being written and tested.
3. Procedures must be clear and simple for registering loans, registering repayments, correcting mistakes, and making changes in the basic data in order to sustain frequent reassignments of ORD personnel at all levels.
4. Stress thoroughness, regularity, accuracy, and punctuality in training of clerical staff dealing with the program.
5. Coding should not begin before basic data to be coded is complete and classified, and borrowers have been assigned mutually exclusive beneficiary numbers.

6. Bills should not be distributed to borrowers by the extension/credit agents suspected of having embezzled repayments asked for by those bills. Credit and cooperative chiefs in each sector should distribute these bills.

7. Local facilities for key-punching, computer programming, and data processing must be of sufficient quality (this is clearly sufficient in Upper Volta).

CONCLUSIONS

A computerized system for managing a viable agricultural credit system in a low-income country -- Upper Volta -- was chosen over alternative labor-intensive methods to gain speed, accuracy, regularity and thoroughness in production of the statistical reports, aids to field staff and calculation of commissions.

Based on the evaluation (presented above) of the experience of one year, the system has been successful in reducing the problems discussed earlier in this paper.

Even in low income countries which are using the agricultural credit system to introduce the earliest steps of agricultural development -- for example, moving from the hoe to a donkey and plow, as in the Eastern ORD of Upper Volta -- the computer can be the most appropriate technology for managing a viable agricultural credit system.

ANNEX Q.

ALTERNATIVE METHODS FOR DETERMINING LOAN REPAYMENT AMOUNTS

Alternative n° I : Declining loan repayment amounts

First : Calculate total interest to be paid throughout life-time of the loan.

Second : Set up schedule for repaying loan with each installment amount different (equal installments of principal plus interest on outstanding balance).

Example : 200,000 F.CFA loan

Term : 3 years with 1 year grace repayment installments : each 6 months starting with second year.

8% interest on outstanding balance.

First : Calculate total interest to be paid :

200,000 for 18 months at 8%/yr = 24,000
 150,000 for 6 months at 8%/yr = 6,000
 100,000 for 6 months at 8%/yr = 4,000
 50,000 for 6 months at 8%/yr = 2,000

Total interest to be paid = 36,000

Second : Set up repayment schedule :

Repayment Date	Total Principal plus interest to be repaid	Amount to be repaid			Balance
		Principal	Interest	Total	
End of 18 months	236,000	50,000	24,000	74,000	162,000
End of 24 months	162,000	50,000	6,000	56,000	106,000
End of 30 months	106,000	50,000	4,000	54,000	52,000
End of 36 months	52,000	50,000	2,000	52,000	0
TOTALS		200,000	36,000	236,000	

Alternative n° 2 : Equal loan repayment amounts

- First : Calculate total interest to be paid throughout lifetime of the loan.
- Second : Divide total amount of interest to be paid by number of loan repayment installment periods.
- Third : Set up schedule for repaying loan with each installment amount equal (equal installments of principal plus equal installments of interest to be paid throughout lifetime of loan).

Example: 200,000 F.CFA loan

Term : 3 years with 1 year grace repayment installments : each six months starting with second year.

8% interest on outstanding balance.

First : Calculate total interest to be paid :

200,000 for 18 months at 8%/yr = 24,000

150,000 for 6 months at 8%/yr = 6,000

100,000 for 6 months at 8%/yr = 4,000

50,000 for 6 months at 8%/yr = 2,000

Total interest to be paid = 36,000

Second : Divide total interest to be paid by number of loan installments :

36,000 : 4 = 9,000

Third : Set up repayment schedule :

Repayment Date	Total Principal plus interest to be repaid	Amount to be repaid			Balance
		Principal	Interest	Total	
End of 18 months	236,000	50,000	9,000	59,000	177,000
End of 24 months	177,000	50,000	9,000	59,000	118,000
End of 30 months	118,000	50,000	9,000	59,000	59,000
End of 36 months	59,000	50,000	9,000	59,000	0
TOTALS		200,000	36,000	236,000	

Alternative n° 3 : Method for determining equal approximate repayment amounts

The loan repayment amount should be equal for each repayment period. The repayment period can be any regular time period (e.g., once per month or once per year). The information needed to calculate the approximate amount to be repaid at the end of each time period is :

- A - The loan amount actually given to the borrower. This is the face value of the loan minus the down payment deposited by the borrower when receiving the loan.
- B - The annual rate of interest.
- C - The full time period of the loan (stated in number of years).
- D - The frequency of repayment.
- E - The number of payment periods in the full life of the loan.

A formula for determining the approximate repayment amount is :

$$\text{Approximate amount to be repaid at the end of each repayment period} = \frac{\left\{ \text{Loan amount} + \frac{\text{loan amount} \times \text{annual interest rate} \times (\text{number of years life of loan} + 1)}{2} \right\}}{\text{number of payment periods}}$$

Examples :

Following is the basic information on two examples, a cereal bank loan and a boutique loan :

	<u>Cereal bank</u>	<u>Boutique</u>
A. Face value of loan	900,000	200,000
Down payment	72,000	16,000
Loan amount borrowed	828,000	184,000
B. Annual interest rate	8%	8%
C. Full time period of loan	5 years	5 years
D. Frequency of repayment	(annually without grace period)	(annually without grace period)
E. Number of repayment periods in full life of loan	5	60

Using the formula on the information above gives :

1. Cereal bank :

$$\begin{aligned} & \text{Approximate amount to be repaid at end of each year} \\ & = \frac{828,000 + \frac{828,000 \times 8\% (5 + 1)}{2}}{5} \\ & = \frac{828,000 + 198,720}{5} = 205,344 \approx 210,000 \\ & \approx 210,000 \end{aligned}$$

2. Boutique :

$$\begin{aligned} & \text{Approximate amount to be repaid at end of each month} \\ & = \frac{184,000 + \frac{184,000 \times 8\% \times (5 + 1)}{2}}{60} \\ & = \frac{184,000 + 44,160}{60} \\ & = \frac{228,160}{60} \\ & = 3,803 \\ & \approx 4,000 \end{aligned}$$

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COMPTE DE PRET

(Niveau de siège OMD)

S/Secteur: _____

Village: _____

CV: _____

OBJET DU PRET : BANQUE DE CEREALES

DATE	CREDIT	INTERET				REM- BOURSE- MENT	SOLDE
		Taux par an	Montant par an	Montant par jour	Nbre de jours		
11.2.80	200.000						200.00
						72.000	128.00
29.3.80	300.000	8%	10.240	28	46	1.288	129.28
							429.28
19.4.80	300.000	8%	34.343	94	21	1.974	431.26
							731.26
1.10.80	100.000	8%	58.501	160	165	26.400	757.66
							857.66
1.3.81		8%	68.613	188	161	30.265	887.92
						210.000	677.92
15.3.82		8%	54.234	149	379	56.471	734.39
						210.000	524.39
11.2.83		8%	41.952	115	333	38.274	562.67
						210.000	352.67
11.2.84		8%	28.214	77	365	28.214	380.88
						210.000	170.88
11.2.85		8%	13.671	37	365	13.671	184.55
						184.557	
TOTAL	900.000					196,557	1.096.557

ANNEX S.

EXISTING SYSTEM OF SWID ACCOUNTING:

A. For each SWID loan there is:

- A loan request (Annex F)
- A feasibility study (Annex G)
- A contract (Annex I)
- A receipt (Annex H)
- A "Chapitre 6 gestion des credits fiche de controle" (Annex T)
- A receipt for each repayment.

B. For each SWID ORD there is:

- The daily journal of the account (Annex U)
- The check book for the ORD/SWID bank account (Annex V)
- "Situation financiere de projet No. 686-0211" (Annex V)
- Receipts for each provision made to the ORD (Annex W)

C. For the country all ORDs are summarized with:

- The daily journal of the account (Annex X)
- Check book for the SWID revolving loan fund account
- "Gestion des credits - - Bordereau
Recapitulatif du Chapitre 6 credits" (Annex Y)
- "Bilan trimestriel des activites financieres de la
cellule E...R." (Annex Z)

ANNEX W.



E C U

Je Soussigné M

Certifie avoir reçu du Projet USAID

N° 686-0211 la somme de (en lettres)

.....

(en chiffres) En Espèces

Par chèque n°

Pour

Ce jour à

Ncm

Prénoms

Date

Signature

ANNEX X

JOURNAL DE CAISSE (NIVEAU SIEGE) PROJET SWID (686-0211)

Date	LIBELLE	RECETTES	DEPENSE	SOLDE
20 Nov 78	Approvisionnement USAID	6 442 500		6 442 500
16 Mar 79	Interet	26 844		6 469 344
3 Jun 79	Interet	60 650		6 529 994
6 Sept 79	Interet	61 899		6 591 893
25 Sept 79	Virement ORD Koupela		2 090 000	4 501 893
12 Oct 79	Approvisionnement, USAID	1 480 920		5 982 813
12 Nov 79	Virement ORD Fada		5 355 500	627 313
27 Dec 79	Approvisionnement, USAID	4 580 000		5 207 313
16 Nov 79	Virement ORD Koudougou		80 000	5 127 313
28 Dec 79	Virement ORD Koupela		1 180 000	3 947 313
30 Sept 79	Interet	61 491		4 008 804
16 Jan 80	Virement ORD Beugouriba		2 975 804	1 033 000
3 Mar 80	Approvisionnement, USAID	6 348 800		7 381 800
21 Avr 80	Approvisionnement, USAID	2 264 549		9 646 349
11 Avr 80	Virement ORD Koudougou		3 962 000	5 684 349
21 Avr 80	Virement ORD Koupela		1 350 000	4 334 349
9 Mai 80	" " "		550 000	3 784 349
8 Juil 80	Interet	45 835		3 830 184
23 Juil 80	Interet	41 257		3 871 441
	Approvisionnement	2 264 549		6 135 990

MINISTERE DU DEVELOPPEMENT RURAL

SECRETARIAT GENERAL DU
DEVELOPPEMENT RURAL

CELLULE NATIONALE D'ECONOMIE
FAMILIALE RURALE

PROJET no 686-0211

ANNEX Z.

BILAN TRIMESTRIEL DES ACTIVITES FINANCIERES

DE LA CELLULE E.F.R.

Mois de à

BUDGET FONCTIONNEMENT				GESTION DES CREDITS							
No et Nom des chapitres	Crédit alloué	Somme dépensée	Reste pour le chapitre	Nom des organismes	Crédit alloué	Somme dépensée	Nbre de prêts	Intérêts	Total à rembourser	Déjà remboursés	Reste à rembourser

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ANNEX AA

ACCOUNTING SYSTEM AT SWID HEADQUARTERS SHOULD SHOW (PER 3-MONTH PERIOD):

- Number of loans/ Number of beneficiaries.
- Amount loaned.
- Amount repaid/ Amount overdue.
- Rate of repayment.
- Amount provided to each ORD.
- Amount of unspent balance in each ORD credit account.
- Running balance in SWID account.
- Outstanding balance (principal plus interest) on each loan (Annex R).
- Above data should be broken down by loan purpose, year, and sub-sector,

hik

ANNEX BB.

RECOMMENDED FORMAT FOR ALL DAILY JOURNALS:

DATE	LIBELLE	RECETTES	DEPENSES	SOLDE

FUNCTIONS AN ACCOUNTING SYSTEM SHOULD PERFORM

Borrowers of TWIS loans should keep accounts on enterprises financed from their loans. These accounts should perform the following accounting functions :

1. Present clear and simple image of the business enterprise.
2. Show, at regular time intervals, the profit earned (receipts minus expenses) during the time intervals.
3. Show the cash balance in the account at any point in time.
4. Control the treasury.
5. Control the stock of material.
6. Show the volume of business.
7. Show the revenue that is needed for making regular loan repayments.
8. Draw attention to village store items that earn a low profit.
9. Provide information needed for ordering and replenishing stock of village store items.
10. Show daily interest costs on outstanding loan balance.
11. Justify expenditures.
12. Serve as a training experience for the borrower that could be applicable on future business enterprises.

ANNEX DD.

JOURNAL DE CAISSE DE BANQUE DE CEREALES(Niveau trésorier de comité et commissaire au compte des
banques de céréales)

S/Secteur: _____

Village: _____

GV: _____

Date	Libelle	Montant reçu	Montant dépensé	Solde
10/2/80	Cotisation des membres	72.000		72.000
11/2/80	Acompte au FDV		72.000	0
11/2/80	Crédit du FDV	200.000		200.000
12/2/80	Ventilation acheteur V1		50.000	150.000
12/2/80	" " V2		50.000	100.000
12/2/80	" " V3		50.000	50.000
12/2/80	" " V4		50.000	0
29/3/80	Crédit du FDV	300.000		300.000
21/3/80	Ventilation acheteur V1		25.000	275.000
9/8/80	Ventes de céréals acheteur V1	112.500		387.500
1/3/81	Remboursement au FDV		210.000	177.500

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ANNEX EE.

JOURNAL DE CAISSE DE L'ACHETEUR/VENDEUR DE BANQUE DE CEREALES

(Niveau acheteur/vendeur et commissaire au compte)

S/Secteur: _____

Village: _____

GV: _____

Nom: _____

Date	Libelle	Quantité	Prix unitaire	Montant reçu	Montant dépensé	Solde
12/2/80	Approvisionnement			50.000		50.000
13/2/80	Achat de mil de Mr Z	100kg	50		5.000	45.000
	" de mil " Mr Y	300kg	50		15.000	30.000
15/2/80	" de mil " Mr X	600 kg	50		30.000	0
21/3/80	Approvisionnement			25.000		25.000
25/3/80	Achat de mil de Mr W	500kg	50		25.000	0
1/8/80	Vente de mil à Mr Z	100kg	75	7.500		7.500
	Vente de mil à Mr V	100kg	75	7.500		15.000
2/8/80	Vente de mil à Mr U	100kg	75	7.500		22.500
3/8/80	Vente de mil à Mr T	100kg	75	7.500		30.000
4/8/80	Vente de mil à Mr Y	100kg	75	7.500		37.500
	Vente de mil à Mr S	100kg	75	7.500		45.000
	Vente de mil à Mr X	100kg	75	7.500		52.500
5/8/80	Vente de mil à Mr R	100kg	75	7.500		60.000
	Vente de mil à Mr W	100kg	75	7.500		67.500
	Vente de mil à Mr Q	100kg	75	7.500		75.000
7/8/80	Vente de mil à Mr V	100kg	75	7.500		82.500
8/8/80	Vente de mil à Mr P	100kg	75	7.500		90.000
	Vente de mil à Mr O	100kg	75	7.500		97.500
	Vente de mil à Mr N	100kg	75	7.500		105.000
9/8/80	Vente de mil à Mr M	100kg	75	7.500		112.500
	Remit au trésorier				112.500	0

wb

ANNEX FF.

CALCUL DE BENEFICE NET D'UNE BANQUE DE CEREALES

(Niveau gestionnaire de banque de céréales et commissaire au compte)

S/Secteur: _____

Village: _____

GV: _____

PERIODE : du 1 OCTOBRE 1980 au 30 SEPTEMBRE 1981

RECETTES :

Cotisation des membres 72.000
Ventes de céréales (180 x 7.500) 1.350.000

Total :

1.422.000

DEPENSES :

Acompte 72.000
Achat de céréales (180 x 5.000) 900.000
Sacs (180 x 225) 40.500
Gamagrain (180 x 50) 9.000
Transport des céréales (180 x 100) 18.000
Location du magasin (180 x 200) 36.000
Remboursement du crédit (Capital 165.600)
(Intérêt 44.400) 210.000
Autres dépenses (assiettes, fil, aiguilles,
palets) 25.000

Total :

1.310.50

BENEFICE NET : (Recettes moins les dépenses)

111.50

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ANNEX GG.

INVENTAIRE DE LA BOUTIQUE

(Niveau gerant de la boutique et commissaire au compte)

S/Secteur: _____

Village: _____

G.V.: _____

PERIODE: du 1 Septembre 1980 au 30 Septembre 1980

Article	Inventaire début de période	Nombre reçu	Nombre vendu	Inventaire fin de période
Savon	50	0	12	38
Allumettes	25	50	41	34
Cigarettes	20	100	64	56
Pétrol	50	200	53	197
Pile	120	60	89	91
Sucre	25	10	20	15
Riz	100	200	209	91
Sel	10	20	26	4
Bonbons	10	10	11	9
Cube maggi	5	5	8	2

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ANNEX EH.

CALCUL DE MONTANT TOTAL DE BENEFICES BRUTS ET MONTANT TOTAL DE VENTE

(Niveau gerent de boutique et commissaire au compte)

S/Secteur: _____

Village: _____

GV: _____

PERIODE: du 1 Septembre 1980 au 30 Septembre 1980

Article	Unité	Prix d'achat unitaire	Prix de vente unitaire	Bénéfice unitaire	Nombre vendu	Montant total de bénéfice brut	Montant total de vente
Savon	Boule	60	70	10	12	120	840
Allumette	Boite	10	15	5	41	205	615
Cigarettes	Paquet	120	140	20	64	1.280	8.960
Petrol	Litre	89	115	26	53	1.378	6.095
Pile	Pile	50	60	10	89	890	5.340
Sucre	Paquet	228	250	22	20	440	5.000
Riz	Kilogr.	115	140	15	209	3.135	29.260
Sel	Kilogr.	38	50	12	26	312	1.300
Bonbons	Paquet	300	500	200	11	2.200	5.500
Cube maggie	Boite	1.500	2.250	750	8	6.000	18.000
TOTAL						15.950	80.910

ANNEX II.

JOURNAL DE CAISSE DE LA BOUTIQUE

(Tenu par le tresorier de la boutique et controle par le commissaire au compte)

S/Secteur: _____

Village: _____

G.V.: _____

Date	Libelle	Montant reçu	Montant dépensé	Solde
16.8.80	Cotisation des membres	16.000		16.000
1.9.80	Acompte au FDV		16.000	0
	Crédit du FDV	200.000		200.000
	Achat d'articles		195.000	5.000
	Frais de transport		3.000	- 2.000
5.9.80	Ventes d'articles	10.565		12.565
9.9.80	Ventes d'articles	9.210		21.775
13.9.80	Ventes d'articles	12.070		33.845
18.9.80	Ventes d'articles	11.415		45.260
25.9.80	Achat d'articles		42.000	3.260
	Frais de transport		3.000	260
	Ventes d'articles	8.470		8.730
27.9.80	Ventes d'articles	13.680		22.410
30.9.80	Ventes d'articles	15.500		37.910
	Remboursement au FDV		4.000	33.910

ANNEX JJ.

CALCUL DE BENEFICE NET DE LA BOUTIQUE

(Niveau tresorier de la boutique et commissaire au compte)

S/Secteur: _____

Village: _____

G.V.: _____

PERIODE : du 1 SEPTEMBRE 1980 au 30 SEPTEMBRE 1980

REVENUS :

Montant total des bénéfices bruts	15.960	
Total des revenus		15.960

DEPENSES :

Salaire	3.000	
Transport et frais de voyage	6.000	
Remboursement du crédit (Capital 3.100) (Intérêt 900)	4.000	
Autres dépenses	
Total des dépenses		13.000

BENEFICE NET : (revenus moins les dépenses) 2.960

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ANNEX KK.

JOURNAL DE CAISSE DE MOULIN

(Niveau Trésorier et Commissaire aux Comptes)

S/Secteur: _____

Village : _____ G.V. : _____

Date	Libellé	Montant reçu	Montant dépensé	Solde
20.5.1980	Cotisation des membres	84.000		84.000
28.5.1980	Acompte		84.000	
28.5.1980	Crédit	75.000		75.000
28.5.1980	Bois		10.000	65.000
28.5.1980	Toile		15.000	50.000
28.5.1980	Chevrons		5.000	45.000
28.5.1980	Frais de Transport		3.000	42.000
28.5.1980	Ciment		18.000	24.000
10.6.1980	Maçon		12.000	12.000
15.10.1980	Crédit	850.000		862.000
15.10.1980	Moteur		810.000	52.000
15.10.1980	Gas oil		21.000	31.000
15.10.1980	Huile		2.000	29.000
15.10.1980	Tonneau		10.000	19.000
15.10.1980	Bidon		2.000	17.000
16.10.1980	Transport		15.000	2.000
20.10.1980	Recettes de meunier	1.080		3.080

ANNEX LL.

CALCUL DE BENEFICE NET DE MOULIN

(Niveau Trésorier de Moulin et Commissaire aux Comptes)

S/Secteur: _____

Village : _____ G.V. : _____

Période : du 1 Novembre 1980 au 30 Novembre 1980

Revenus :

Céréales moulées 45 640

Total revenus 45 640

Dépenses :

Salaire meunier 6 000

Gas-oil 4 000

Huile 500

Pièce de rechange 4 500

Réparateur 3 000

Transport gas-oil /huile 2 500

Frais de déplacement 3 500

Remboursement de crédit 20 000

Autre dépense _____

Total dépenses 44 000

Bénéfices Nets (revenus moins dépenses) 1 640

TOPICS TO BE TAUGHT TO GV'S WITH SWID LOANS THROUGH
CASCADE TRAINING *

- Economic analysis of investment to be made through credit to estimate conservatively the costs and returns that can be expected.
- Getting Village Committees to establish their own criteria with which to judge loan requests, (Annex L).
- Getting GV's to decide what action they would take vis-a-vis borrowers delinquent in loan repayment.
- Business management principles :
 - . Buying and selling in large quantities
 - . Providing the market with what is wanted, where and when it is wanted and in the form and in the amounts they want it.
 - . Price elasticity of demand.
 - . Avoiding saturated markets.
- Establishing a credit rating by successfully completing projects by the GV's own means and meeting other criteria of a strong GV.
- Why loan down payments are expected, and uses GV's can make of loan down payment money.
- Simplified systems of accounting :
 - . List of management questions that can be answered from accounts (Annex CC) and show how these accounts can be used to make management decisions.
 - . Difference between accounts for a point in time and for a period of time.

* Cascade training should be taught from a technical manual which persons taking the course can take with them to use in their work with SWID projects and in giving apprentice training to village accountants.

- . Transforming annual interest rate to daily rate (Annexe R)
- . Calculating the cost of inactive money.
- . Introduce each form and do exercises (Annexes R, DD, EE, FF, GG, HH, II, JJ, KK, LL).
- . Introduce feasibility study and do exercises (Annex~~II~~).
- . How to teach literacy in numbers, adding, subtracting, multiplication.

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ANNEX NN.

BUILDING CAPITAL ABSORPTION CAPACITY

- Giving many loans quickly and soundly.
- Sorting out high return investment possibilities.
- Building an institutional structure that gets high loan repayment rates.
- Support of loans so that borrowers credit rating improves and they advance to larger projects.
- Motivation, training, and support of agents.
- Strengthening business management ability of borrowers.
- Training village committees to evaluate loan applications soundly and efficiently.
- Thinking big and looking far ahead.
- Scheduling, timing, and planning.
- Accurate, rapid, and regular accounting and statistical reporting.

ANNEX OO.

CRITERIA FOR EVALUATION OF INDIVIDUAL SWID PROJECTS

- Increased agricultural production of borrower.
- Increased level of nutrition on borrower.
- Increased net income of borrower.
- Positive social-economic impact on village.
- Village committees strengthened.
- Employment of technology that is appropriate to available production resources.
- Business management/accounting ability of borrower improved.
- Non-discrimination against women, minority groups and low income people.
- Acceptance by village committees of responsibility for project management and repayment of loan.
- Profit from project enough to repay loan plus capital reserve for future projects.
- Decreasing dependence on SWID extension agents to manage project.
- Projects should compliment other projects.



ANNEX. PP.

CRITERIA FOR EVALUATION OF IMPACT OF SWID ON DEVELOPMENT OF THE
ORDs.

- Number of borrowers.
- Number of villagers receiving direct or indirect benefits from the project.
- Increased agricultural production.
- Increased level of nutrition.
- Increased incomes of borrowers.
- Village structures strengthened.
- Multiplier effects.
- Viability of project.
- High loan repayment rate.
- Quick loan approval.
- Decentralized administration.

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