

FD # 305
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FINAL EVALUATION OF THE EMERGENCY
AGRICULTURAL CREDIT PROJECT

Prepared for:
USAID/Bolivia

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Under:
Experience, Inc.
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EXPERIENCE inc.

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A.I.D. EVALUATION SUMMARY PART I

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS)

A. REPORTING A.I.D. UNIT: _____ (Mission or AID/W Office) (ES# _____)	B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN? yes <input type="checkbox"/> slipped <input type="checkbox"/> ad hoc <input type="checkbox"/> Eval. Plan Submission Date: FY ___ Q ___	C. EVALUATION TIMING Interim <input type="checkbox"/> final <input checked="" type="checkbox"/> ex post <input type="checkbox"/> other <input type="checkbox"/>			
D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; If not applicable, list title and date of the evaluation report)					
Project #	Project/Program Title (or title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost (‘000)	Amount Obligated to Date (‘000)

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR	Name of officer responsible for Action	Date Action to be Completed
Action(s) Required		
(Attach extra sheet if necessary)		

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo ___ day ___ yr ___			
G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:			
Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature			
Typed Name			
Date: _____	Date: _____	Date: _____	Date: _____

H. EVALUATION ABSTRACT (do not exceed the space provided)

EVALUATION ABSTRACT

The Project's Purpose was to contribute to the recovery of the agricultural sector in Bolivia, by providing credit for production and marketing activities to small and medium size farmers of the Altiplano and Lowlands. The implementation of the Project was managed by the PL-480 Executive Secretariat. USAID/B supervised it. Among participating institutions were 9 private banks, 4 cooperative credit associations, 8 agricultural chambers, 4 producer associations, 33 cooperatives and 1 "Mutual de Vivienda." The Project has been fully implemented and this final evaluation was conducted in accordance with the requirements of the Project Agreement signed with the Government of Bolivia on September 30, 1986.

The evaluation was expected to determine the accomplishments of the Project in relation to its projected targets as they were specified in the Logical Framework. The recommendations are going to be used to improve ongoing and future USAID/B credit projects.

The Project has been fully implemented. The funds recovered and those to be recovered are intended to be used in agricultural credit projects for the small and medium size farmers in Bolivia.

The major objective of providing credit to the farmers has been met successfully. Approximately 8,757 loans were provided versus 2,500 contemplated in the Project Agreement.

The Purpose and Goal, as stated and measured by their indicators, were not fully met. Bad climate conditions, depressed prices for some crops, lateness in the disbursement of credits, and flaws in the design contributed to the underachievement.

Approximately US\$13,540,715 were disbursed. So far, US\$2,247,837 have been recovered. It is expected that a very high percentage of the funds loaned will be recovered within a reasonable time period. Farmers have requested extensions to repay the loans and the Evaluation has found them justified.

The evaluation was conducted in Bolivia during the period July 18/September 3, 1988. A team of three consultants visited the participant institutions and interviewed their authorities. To support the evaluation a Survey of 518 Beneficiaries was also conducted in La Paz, Cochabamba, Santa Cruz, Oruro, Potosi, Tarija and Chuquisaca.

I. EVALUATION COSTS

1. Evaluation Team Name	Affiliation	Contract Number <u>OR</u> TDY Person Days	Contract Cost <u>OR</u> TDY Cost (US\$)	Source of Funds
RAFAEL E. DIEZ,	EXPERIENCE, INC.	40		
NEY LOPEZ,	EXPERIENCE, INC.	30		
SIMON BELMONTE,	EXPERIENCE, INC.	26		

2. Mission/Office Professional
Staff Person-Days (estimate) _____

3. Borrower/Grantee Professional
Staff Person-Days (estimate) _____

ABSTRACT

COSTS

A.I.D. EVALUATION SUMMARY PART II

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)

Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID/BOLIVIA

Date this summary prepared: SEPTEMBER, 1988

Title and Date of Full Evaluation Report: EMERGENCY AGRICULTURAL CREDIT PROJECT. FINAL EVALUATION

1 The EAC Project was conceived, designed and made operational by USAID/Bolivia in less than 30 days in September, 1986, at a time when Bolivia was in great need for agricultural credit and USAID/Bolivia had the opportunity to obtain extra funds from AID/W. The Project was implemented fully and its implementation was well received by the small and medium size farmers, cooperative credit associations, cooperatives and producer associations that participated.

2 The Project was not fully successful in accomplishing its Purpose as it was stated and as it was measured by its indicators of success (EDPS) in the Project Paper. As a result, the Goal or socio-economic impact of the Project, as it was stated and measured by its indicators, was also not fully achieved. The Project accomplished successfully however, its main target-output of providing credit to small and medium size farmers.

3 There continues to be a great need for agricultural credit in Bolivia and not enough funds to satisfy the demand of the small and medium size farmers. Despite some of the setbacks in the achievement of results in the EAC Project, the Evaluation Team strongly recommends USAID/Bolivia to continue implementing agricultural credit projects for the small and medium size farmers in Bolivia in the future, but with improvements in the design and implementation mechanism. The funds recovered from the EAC Project should be used in the implementation of the improved credit projects.

4 The improvements the Evaluation Team recommends for future credit projects draw on the strengths and weaknesses observed in the implementation of the EAC Project, during the evaluation. The improvements recommended are the following:

- Cooperative Credit Associations such as FENACRE, La Merced and CACEN, and cooperatives such as ARADO and "Integral de Servicios Cochabamba" did a good job as ICIs and Sub-ICIs channeling credit to the beneficiaries in the EAC Project. They showed they can do a better job providing credit, technical assistance and supervising the use of the loans, than the majority of the private banks that participated in the Project. As a result, credit projects in the future should favor the use of these institutions over that of private banks, to provide agricultural credit to small and medium size farmers in Bolivia. The participation of the Bolivian Agricultural Bank, despite some apprehensions of USAID/Bolivia, and of selected private banks, particularly of those which had an important participation in the EAC Project and are willing to participate again (i.e. Banco Hipotecario) should also be contemplated.

- Agricultural credit provided to small and medium size farmers by the EAC Project was directed exclusively to the financing of working capital. This was too limiting for farmers who also needed to acquire small but vital equipment (i.e. backpack sprayers.) Credit projects in the future should not be restricted to financing working capital or fixed investments separately, but they should be designed to provide integrated packages which include credit for working capital and fixed investments, plus training and technical assistance components.

- The kind of short-term credit provided by the EAC Project to finance working capital needs of the small and medium size farmers, wasn't very adequate to fit the particular needs of the implementing agency, the ICIs and the beneficiaries. In the case of the implementing agency and the ICIs, it created a heavy administrative and operative burden for them which prevented them from operating more rationally. In the case of the beneficiaries, it didn't provide them with the amounts, the appropriate terms, and the technical assistance they required to produce and market their productions, nor with the alternatives to take care of contingencies such as the effects of adverse climatic conditions and significant price fluctuations which could influence negatively their capacity to repay the loans. Credit projects in the future should be made more adequate to the administrative and

operative needs of the implementing agency, the ICIs and the beneficiaries. To that effect, funds to the ICIs should be provided with longer terms (3 or 4 years) to allow them to use the funds more rationally, that is, to select the beneficiaries more carefully, to create better guarantee systems, to process requests for extension of time to repay loans more properly, and to prosecute those who don't pay with more rigor. All this, without the pressures of having to act within unreasonable deadlines set by projects. On the other hand, credit to the beneficiaries should be provided with more flexible terms and conditions and be provided to coincide with their production and marketing cycles. Credit to the beneficiaries should also take into account the risks associated with climatic conditions and market price fluctuations to prevent their effects when they turn adverse.

- The Project's idea to involve the agricultural chambers proved to be successful for the most part. Most of the chambers performed important tasks assisting the PL-480 Executive Secretariat and some of the ICIs (FENACRE) in credit planning activities, and the beneficiaries in loan applications. Credit projects in the future should encourage a more active participation of agricultural chambers and other farmers' associations, strengthening them institutionally and technically to play the role of intermediaries between the farmers and the ICIs. They could also carry out activities that are akin to their particular character and experience, such as: assisting the implementing agency in the preparation of credit-demand studies and credit distribution programs; and farmers in loan applications, production and marketing activities, and repayment of loans. Preference should be given to those agricultural chambers and farmers' associations which have adequate facilities and skilled personnel to carry out such activities.
- Regional distribution of credit was planned in the EAC Project and it worked reasonably well. Credit projects in the future should plan credit distribution not only by region but also by crop, giving preference to those which have advantages in terms of market conditions and production potentials.
- Some of the ICIs that participated in the EAC Project didn't perform as expected. Credit projects in the future should evaluate the performance of each participating ICI after each cycle and advise them of the results, with the purpose of assisting them in improving their future participation.
- The legal framework of Laws, Agreements, PIs, and Letters of Understanding within which the Project was implemented was generally adequate to allow the activities of the Project to be carried out effectively. Some of the instruments however, affected some aspects of the Project. The Supreme Decree 21060 for instance, affected the beneficiaries of the Project by allowing foodstuffs to be imported indiscriminately to the country. Also, the delays in the approval of the Letters of Understanding caused the loans to be provided too late in the agricultural seasons affecting the levels of production of the beneficiaries. Credit projects in the future should pay closer attention to the effects legal instruments have in the implementation of projects to diffuse or neutralize their potential negative effects.
- The institutional framework used to implement the Project performed appropriately. The PL-480 Executive Secretariat managed the implementation efficiently, USAID/Bolivia supervised it, the ICIs, associations and cooperatives carried out their tasks responsibly, the target-beneficiaries received their loans, and the funds were used in the agricultural sector. Credit projects in the future could use this institutional framework, selecting the ICIs more carefully and strengthening the role of the agricultural chambers and other farmers' associations, to complement the role of the ICIs with training, technical assistance, and loan supervision.
- The PL-480 Executive Secretariat's performance in managing the implementation of the Project was efficient. Despite the limitations of size and personnel of its office, the quickness with which USAID/Bolivia wanted to implement the Project and the delay in the disbursements of funds, the PL-480 Executive Secretariat was able to plan the implementation of the Project, organize the operative structure, provide overall direction and carry out control of the implementation successfully, particularly during the 1987/88 Summer Cycle which was better organized than the prior cycle. The PL-

480 Executive Secretariat has the skill to implement agricultural credit projects efficiently; with slight methodological and management improvements it could play an excellent role as the implementing agency in future credit projects.

- The design of the EAC Project had several weaknesses, some of which may be due to the quickness with which the Project was conceived and prepared. Neither the objectives nor the objectively verifiable indicators were sufficiently clear or appropriate. The indicators to measure accomplishments were inadequate in some cases, and the connections between the levels of objectives (inputs to outputs; outputs to Purpose and Purpose to Goal) were not tight enough (little cause-effect). The budget was not related to the activities to produce the outputs, and the cost of the outputs was not related to the budget. The Means of Verification were too general, particularly those needed to verify the accomplishments at the Purpose and Goal levels. The assumptions were correct in most cases. Some of these weaknesses, such as the lack of clarity in the objectives and indicators and specificity in the Means of Verification not only hinder the implementation of projects, but also the evaluations. In the present case, the Evaluation Team was handicapped in not having the data sources to compare the situations before and after the Project, particularly that related to the socio-economic impact. In future credit projects USAID/Bolivia should be a) more careful and exhaustive when preparing logical frameworks, b) more knowledgeable about the specific "before the project" socio-economic characteristics of the intended beneficiaries, and c) more demanding about the gathering of socio-economic data during the implementation of projects to allow the measurement of the results accomplished and their comparison with that before the project.
 - The implementation of the EAC Project was greatly handicapped by USAID/Bolivia's delays in disbursing Project funds. The lateness with which the funds were disbursed to the beneficiaries, seriously affected their levels of production. The Evaluation Team considers that timely provision of credit is a very important factor in credit projects, therefore recommends USAID/Bolivia that in future credit projects, all efforts should be made to be timely in the disbursement of funds, timing them to coincide closely with the agricultural cycles.
 - The use of the loans in the EAC Project was targetted. The rate of success on this matter, as is usually the case was very limited. Targetting of credit does not work. The farmer uses the loans in accordance with his own needs and not with those required by the projects or those dictated by the implementing agencies. Credit projects in the future should provide broad guidelines with regard to the use of credit and refrain from being too specific about it.
- 1 Of the US\$ 13,540,715 disbursed to the beneficiaries, as of July 31, 1988 the PL-480 Executive Secretariat has recovered US\$ 2,247,837 from the ICIs. It has been estimated that US\$ 1,936,734 are overdue now, and much more may be overdue after August 31, 1988 if no extensions are provided.
- 1 Factors such as the effects of the delays in the disbursement of funds to the farmers, the adverse climate conditions that prevailed in most of the agricultural areas in the country, and the depressed prices for some of the crops produced by the farmers who were benefitted by the Project, forced most of the farmers to request extensions to the ICIs to repay their loans. The Evaluation Team believes those requests are justified, therefore recommends the extensions should be granted. The extensions however, should be provided to the ICIs and they in turn should provide the extensions to the farmers using their own judgments as to who should get the extensions.

g

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier)

ATTACHMENTS

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRANTEE

MISSION COMMENTS ON FULL REPORT

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I. EXECUTIVE SUMMARY

A. INTRODUCTION

This report is the Final Evaluation of the "Emergency Agricultural Credit Project" (EAC)(Project No. 511-0591). It was prepared by consultants contracted by EXPERIENCE, INC. in accordance with the Terms of Reference contained in the Delivery Order No. 17 of the IQC: PDC-1406-I-00-7011-00 signed in Washington, D.C. on July 15, 1988.

B. METHODOLOGY

The Methodology used to carry out the Final Evaluation consisted of interviewing officials and technical personnel of participant institutions such as the PL-480 Executive Secretariat, USAID/Bolivia, private banks, cooperative credit associations, agricultural chambers, producer associations and cooperatives. Additionally, authorities of non-participant institutions such as the Central Bank, Agricultural Bank, MACA, UDAPE, INE, IDB and IBRD were also interviewed. The information collected via interviews was complemented with the results of the Survey of Beneficiaries conducted in La Paz, Oruro, Cochabamba, Potosi, Chuquisaca, Tarija and Santa Cruz by a group of 11 professionals and technicians contracted and supervised by the Evaluation Team.

C. BACKGROUND

On September 30, 1986 USAID/Bolivia signed a Grant Agreement for US\$ 10 million with the Government of Bolivia to finance the implementation of the "Emergency Agricultural Credit Project" (EAC) to provide agricultural production and marketing credit to small and medium size farmers of the Altiplano and the Lowlands of Bolivia during the 1986/87 summer cycle. Important volumes of funds not used in this period were used in the 1987/88 Summer Cycle.

The Project was implemented by the PL-480 Executive Secretariat with the participation of private banks, cooperative credit associations, agricultural chambers, producer associations, and cooperatives. The PACD was March 30, 1988 but was extended first to June 30 and then to September 30, 1988 to allow the Final Evaluation to be carried out.

D. CONCLUSIONS AND RECOMMENDATIONS

For purposes of this summary only the most important conclusions are presented as follows:

*The Project was conceived, designed and made operational by USAID/Bolivia in a very short period of time in September, 1986. The Project was implemented fully and was well received by the farmers and the institutions that participated.

*The Project was not entirely successful however, in accomplishing its Goal and Purpose as they were stated in the design due to the adverse effects of climatic and market conditions that prevailed during the seasons, lateness in the disbursement of credits, and flaws in its design. The Project was more than successful however, in accomplishing its main target-output, which consisted of providing credit to small and medium size farmers. (8,757 loans vs. 2,500 projected)

*Despite the results of the Project, the Evaluation Team strongly recommends that USAID/Bolivia continue financing the implementation of agricultural credit projects for small and medium size farmers in Bolivia, but with improvements in the design and the implementation mechanism.

*The effects of the delays in credit disbursements, adverse climate conditions, and depressed market prices for some crops, have caused most of the farmers who received loans from the Project, to request extensions to repay their loans. In turn, several ICIs have approached the PL-480 Executive Secretariat to request urgent consideration of the situation. The Evaluation Team considers that the requests for extension are justified, therefore recommends USAID/Bolivia to authorize the PL-480 Executive Secretariat to provide the extensions. The criteria as to who should get the extensions should be left to the judgment of the ICIs.

*Of the US\$ 13,540,715 disbursed to the beneficiaries, as of July 31, 1988 the PL-480 has recovered US\$ 2,247,837 from the ICIs. It has been estimated that US\$ 1,936,734 are overdue now, and much more may be overdue after August 31, 1988 if no extensions are provided. It is expected however, that most of the funds will be recovered within a reasonable period of time.

*The implementation of the EAC Project has shown that in Bolivia, cooperative credit associations work better than the majority of private banks as intermediaries to provide credit to small and medium size farmers. It has also shown that the incorporation of agricultural chambers and other farmers' associations as technical links between the farmers and the credit intermediaries has had positive results.

*The implementation of the EAC Project has shown that credit projects that provide short-term credit to small and medium size farmers, without taking into account the potential effects of adverse climate and market conditions are inadequate for the ICIs and for the farmers.

E. RESULTS ACCOMPLISHED BY THE PROJECT

In relation to the objectives stated in its design the Project accomplished the following results:

Based on the socio-economic results of the Survey of 518 Beneficiaries, the Goal of the Project has not been accomplished as stated. Agricultural production was not increased; farmers' incomes, at best remained equal than before, at worst they decreased. As to promoting Bolivia's economic growth, the vagueness with which this indicator was stated in the Project design doesn't allow any possibility of measuring its achievement.

The Purpose of the Project as stated and measured by its indicators of success has not been fully accomplished. Only one of its three indicators contemplated in the design, was fully accomplished, the establishment by the PL-480 Executive Secretariat of a close working relationship with at least 10 private sector intermediary credit institutions (ICIs) for channeling credit to small and medium size farmers in Bolivia's major agricultural areas. The other two, relating to a) the continuing participation of the private sector ICIs, particularly private banks, in providing credit to small and medium size farmers; and b) a significant increase in agricultural production over the previous cycle, were not accomplished.

As to the Outputs contemplated in the design, two of the three were accomplished, the creation by the PL-480 Executive Secretariat of a Special Project Account in the Central Bank and the extension of loans to farmers in the Altiplano, Valleys and Lowlands. In the case of the latter, 8,757 loans were provided versus the 2,500 that were projected in the design. The third, relating to the planting of 20,000 additional hectares of land was not accomplished in its entirety.

Finally, in relation to its projected cost, the Project estimated US\$ 87.4 million would be channeled in credits to small and medium size farmers, US\$ 10 million from USAID/Bolivia funds and US\$ 77.4 from several institutions of the Government of Bolivia. In practice, only US\$ 13,850,000 were provided directly by the

Project, US\$10,850,000 by USAID/Bolivia and US\$ 3,000,000 by the PL-480 Executive Secretariat. Totally independent of the Project, during the same period of time 1986/88 the Central Bank provided US\$ 71.2 million in credit to the farmers, US\$29.4 million of which were channelled through the Agricultural Bank.

The lack of achievement of the Purpose indicates the Project has not had its expected effect. Several aspects can be identified as having contributed to it: weaknesses in the Project design, rush to implement the Project, serious delays in the disbursements of funds, bad climate conditions, and depressed market prices for some crops. Lack of statistical information before the Project, and lack of socio-economic data-gathering during the implementation of the Project, compounds the deficiency.

F. ADEQUACY OF THE INSTITUTIONAL FRAMEWORK WITHIN WHICH THE PROJECT WAS IMPLEMENTED

The implementation of the Project was carried out within the framework contemplated in its design with respect to the target-sector, the target-beneficiaries, and the legal environment of laws, supreme decrees, agreements, PILs, and letters of understanding. Together with USAID/Bolivia and the PL-480 Executive Secretariat, 9 private banks, 4 cooperative credit associations, 8 agricultural chambers, 4 producers associations, 33 cooperatives and 1 "Mutual de Vivienda" participated in the Project. The institutional framework within which the Project was implemented was sufficiently adequate to permit the Project to be fully implemented and served its purpose well in practice.

G. PROJECT IMPLEMENTATION MANAGEMENT

The overall management of the implementation of the Project was provided by the PL-480 Executive Secretariat. USAID/Bolivia supervised it. The PL-480 Executive Secretariat planned the credit program and the distribution of credit, negotiated the Letters of Understanding with the ICIs and set up the systems to review loan applications, carry out disbursements and collect repayments. Each participant institution played its role under its own management, but followed the direction and instructions the PL-480 Executive Secretariat provided.

The management of the implementation of the Project by the PL-480 Executive Secretariat was found to have been efficient, particularly during the 1987/88 Summer Cycle,

which was better planned and organized than the 1986/87 Summer Cycle.

H. FINANCIAL PLANNING AND IMPLEMENTATION

A total of US\$ 13,850,000 was allocated to the Project, US\$10,850,000 by USAID/Bolivia and US\$ 3,000,000 by the PL-480 Executive Secretariat (including a US\$1.0 million PL-480 loan to USAID/Bolivia to meet Project credit demand). Additionally, the PL-480 Executive Secretariat loaned the Project US\$ 1,000,000 to meet credit demand. A total of US\$ 13,540,715 was disbursed to the final beneficiaries. In general, USAID/Bolivia disbursements started late in the seasons, and while the pace with which the disbursements were made during the 1986/87 Summer Cycle was quicker, in the 1987/88 Summer Cycle was much more slower.

The disbursement mechanism from USAID/Bolivia was adequate, the delays cannot be attributed to it. The disbursement mechanism from the PL-480 Executive Secretariat to the ICIs and final beneficiaries functioned very efficiently.

There is a high overdue rate; the same is the result of the effect of adverse climate and market conditions which affected the capacity of the beneficiaries to meet their repayment obligations. It is expected however, that a high percentage of the loans will be repaid within a reasonable period of time.

II. INTRODUCTION

The following report was prepared by consultants contracted by EXPERIENCE, INC. to carry out the Final Evaluation of the "Emergency Agricultural Credit Project" (Project No. 511-0591). The Terms of Reference of the Final Evaluation were contained in the D.O. No. 17 of the IQC: PDC-1406-I-00-7011-00 signed in Washington, D.C. on July 15, 1988.

The objectives of the Evaluation were: a) to determine the accomplishments of the Project in meeting the targets specified in the Logframe of the Project Paper, as well as the soundness of the Project design, effectiveness of the implementation mechanism in achieving impact in the sector, and the continuing need for the program, b) to use the results to make recommendations to improve the ongoing and future USAID-related agricultural credit programs, including those financed by the PL-480 Executive Secretariat generations and reflows, c) to determine the capabilities of the PL-480 Executive Secretariat, ICIs and Associations to carry out this type of credit projects and provide services, and d) to determine if resources were used by the beneficiaries for the purposes intended.

The Final Evaluation, which was contemplated in the Grant Agreement, was conducted in Bolivia during the period July 18/September 3, 1988. During that time, a Survey of Beneficiaries was carried out to find out what had happened to the beneficiaries and use the findings in the Evaluation.

The results of the Evaluation are presented in this report arranged in 9 Chapters with 4 Appendices. Chapter I provides an Executive Summary of the Evaluation; Chapter II an introduction to the report; Chapter III a description of the Methodology used to carry out the evaluation; Chapter IV the background about the Project; Chapter V important conclusions about the implementation of the Project and recommendations for future credit projects; Chapter VI an analysis of the results accomplished with the implementation of the Project in relation to the objectives sought; Chapter VII an analysis of the performance of the institutional framework used to implement the Project; Chapter VIII an analysis of the management of the implementation of the Project; and Chapter IX an analysis of the sources and uses of funds during the implementation of the Project. Among the Appendices, the most important is Appendix 2 which shows the results of the Survey of Beneficiaries.

The Project originally was designed to provide credit to farmers during the 1986/87 Summer Cycle only, but due to delays in disbursements, large volumes of funds were not used. The available funds were used during the 1987/88

Summer Cycle. For purposes of the Evaluation the developments in both cycles were analyzed.

III. METHODOLOGY

The Final Evaluation was conducted by three consultants contracted by EXPERIENCE, INC. during the period July 18/September 3, 1988. They were assisted by a group of 11 professionals and technicians who carried out a field Survey of 518 beneficiaries of the EAC Project in areas of La Paz, Oruro, Potosí, Chuquisaca, Cochabamba, Santa Cruz and Tarija during the period July 27/August 8, 1988.

The consultants visited La Paz, Cochabamba, Santa Cruz, Tarija and Chuquisaca and held meetings with personnel of USAID/Bolivia, the PL-480 Executive Secretariat, private banks, cooperative credit associations, agricultural chambers, producer associations and cooperatives. Also, with authorities of the Central Bank, Agricultural Bank, MACA, UDAPE, INE, IDB and IBRD. (See Appendix 1). The information gathered by means of visits and interviews with personnel of the participant institutions, together with the information collected by the Survey of Beneficiaries, served as the basis for the Evaluation.

IV. BACKGROUND

On September 30, 1986, USAID/Bolivia signed an Agreement with the Government of Bolivia for a US\$ 10 million grant to carry out the "Emergency Agricultural Credit Project" (EAC), to provide agricultural production and marketing credit to small and medium size farmers of the Altiplano and the Lowlands. The funds were made available as part of a worldwide allocation of excess funds at the end of the USAID 1986 fiscal year.

The Project was designed to cover some of the shortages resulting from a reduced supply of Central Bank refinancing for small farmer annual production credit. The Project was designed by USAID/Bolivia and implemented by the PL-480 Executive Secretariat. Among participant institutions were private banks, cooperative credit associations, agricultural chambers, producers associations and cooperatives. Due to the desire of AID/Washington for the Project to become operational quickly, USAID/Bolivia only had 3 to 4 weeks to conceive and design the Project.

The PACD was March 30, 1988 but it was extended twice, the first time to June 30, 1988 and the second to September 30, 1988 to allow the Final Evaluation of the Project to be carried out, as required by the Grant Agreement.

V. CONCLUSIONS AND RECOMMENDATIONS

- * The EAC Project was conceived, designed and made operational by USAID/Bolivia in less than 30 days in September, 1986, at a time when Bolivia was in great need for agricultural credit and USAID/Bolivia had the opportunity to obtain extra funds from AID/W. The Project was implemented fully and its implementation was well received by the small and medium size farmers, cooperative credit associations, cooperatives and producer associations that participated.
- * The Project was not fully successful in accomplishing its Purpose as it was stated and as it was measured by its indicators of success (EOPS) in the Project Paper. As a result, the Goal or socio-economic impact of the Project, as it was stated and measured by its indicators, was also not fully achieved. The Project accomplished successfully however, its main target-output of providing credit to small and medium size farmers.
- * There continues to be a great need for agricultural credit in Bolivia and not enough funds to satisfy the demand of the small and medium size farmers. Despite some of the setbacks in the achievement of results in the EAC Project, the Evaluation Team strongly recommends USAID/Bolivia to continue implementing agricultural credit projects for the small and medium size farmers in Bolivia in the future, but with improvements in the design and implementation mechanism. The funds recovered from the EAC Project should be used in the implementation of the improved credit projects.
- * The improvements the Evaluation Team recommends for future credit projects draw on the strengths and weaknesses observed in the implementation of the EAC Project, during the evaluation. The improvements recommended are the following:
 - Cooperative Credit Associations such as FENACRE, La Merced and CACEN, and cooperatives such as ARADO and "Integral de Servicios Cochabamba" did a good job as ICIs and Sub-ICIs channeling credit to the beneficiaries in the EAC Project. They showed they can do a better job providing credit, technical assistance and supervising the use of the loans, than the majority of the private banks that participated in the Project. As a result, credit projects in the future should favor the use of these institutions over that of private banks, to provide agricultural credit to small and medium size farmers in Bolivia. The participation of the Bolivian Agricultural Bank, despite some apprehensions of

USAID/Bolivia, and of selected private banks, particularly of those which had an important participation in the EAC Project and are willing to participate again (i.e. Banco Hipotecario) should also be contemplated.

- Agricultural credit provided to small and medium size farmers by the EAC Project was directed exclusively to the financing of working capital. This was too limiting for farmers who also needed to acquire small but vital equipment (i.e. backpack sprayers.) Credit projects in the future should not be restricted to financing working capital or fixed investments separately, but they should be designed to provide integrated packages which include credit for working capital and fixed investments, plus training and technical assistance components.
- The kind of short-term credit provided by the EAC Project to finance working capital needs of the small and medium size farmers, wasn't very adequate to fit the particular needs of the implementing agency, the ICIs and the beneficiaries. In the case of the implementing agency and the ICIs, it created a heavy administrative and operative burden for them which prevented them from operating more rationally. In the case of the beneficiaries, it didn't provide them with the amounts, the appropriate terms, and the technical assistance they required to produce and market their productions, nor with the alternatives to take care of contingencies such as the effects of adverse climatic conditions and significant price fluctuations which could influence negatively their capacity to repay the loans. Credit projects in the future should be made more adequate to the administrative and operative needs of the implementing agency, the ICIs and the beneficiaries. To that effect, funds to the ICIs should be provided with longer terms (3 or 4 years) to allow them to use the funds more rationally, that is, to select the beneficiaries more carefully, to create better guarantee systems, to process requests for extension of time to repay loans more properly, and to prosecute those who don't pay with more rigor. All this, without the pressures of having to act within unreasonable deadlines set by projects. On the other hand, credit to the beneficiaries should be provided with more flexible terms and conditions and be provided to coincide with their production and marketing cycles. Credit to the beneficiaries should also take into account the risks associated with climatic conditions and market price fluctuations to prevent their effects when they turn adverse.

- The Project's idea to involve the agricultural chambers proved to be successful for the most part. Most of the chambers performed important tasks assisting the PL-480 Executive Secretariat and some of the ICIs (FENACRE) in credit planning activities, and the beneficiaries in loan applications. Credit projects in the future should encourage a more active participation of agricultural chambers and other farmers' associations, strengthening them institutionally and technically to play the role of intermediaries between the farmers and the ICIs. They could also carry out activities that are akin to their particular character and experience, such as: assisting the implementing agency in the preparation of credit-demand studies and credit distribution programs; and farmers in loan applications, production and marketing activities, and repayment of loans. Preference should be given to those agricultural chambers and farmers' associations which have adequate facilities and skilled personnel to carry out such activities.
- Regional distribution of credit was planned in the EAC Project and it worked reasonably well. Credit projects in the future should plan credit distribution not only by region but also by crop, giving preference to those which have advantages in terms of market conditions and production potentials.
- Some of the ICIs that participated in the EAC Project didn't perform as expected. Credit projects in the future should evaluate the performance of each participating ICI after each cycle and advise them of the results, with the purpose of assisting them in improving their future participation.
- The legal framework of Laws, Agreements, PILs, and Letters of Understanding within which the Project was implemented was generally adequate to allow the activities of the Project to be carried out effectively. Some of the instruments however, affected some aspects of the Project. The Supreme Decree 21060 for instance, affected the beneficiaries of the Project by allowing foodstuffs to be imported indiscriminately to the country. Also, the delays in the approval of the Letters of Understanding caused the loans to be provided too late in the agricultural seasons affecting the levels of production of the beneficiaries. Credit projects in the future should pay closer attention to the effects legal instruments have in the implementation of projects to diffuse or neutralize their potential negative effects.
- The institutional framework used to implement the

Project performed appropriately. The PL-480 Executive Secretariat managed the implementation efficiently, USAID/Bolivia supervised it, the ICIs, associations and cooperatives carried out their tasks responsibly, the target-beneficiaries received their loans, and the funds were used in the agricultural sector. Credit projects in the future could use this institutional framework, selecting the ICIs more carefully and strengthening the role of the agricultural chambers and other farmers' associations, to complement the role of the ICIs with training, technical assistance, and loan supervision.

- The PL-480 Executive Secretariat's performance in managing the implementation of the Project was efficient. Despite the limitations of size and personnel of its office, the quickness with which USAID/Bolivia wanted to implement the Project and the delay in the disbursements of funds, the PL-480 Executive Secretariat was able to plan the implementation of the Project, organize the operative structure, provide overall direction and carry out control of the implementation successfully, particularly during the 1987/88 Summer Cycle which was better organized than the prior cycle. The PL-480 Executive Secretariat has the skill to implement agricultural credit projects efficiently; with slight methodological and management improvements it could play an excellent role as the implementing agency in future credit projects.

- The design of the EAC Project had several weaknesses, some of which may be due to the quickness with which the Project was conceived and prepared. Neither the objectives nor the objectively verifiable indicators were sufficiently clear or appropriate. The indicators to measure accomplishments were inadequate in some cases, and the connections between the levels of objectives (inputs to outputs; outputs to Purpose and Purpose to Goal) were not tight enough (little cause-effect). The budget was not related to the activities to produce the outputs, and the cost of the outputs was not related to the budget. The Means of Verification were too general, particularly those needed to verify the accomplishments at the Purpose and Goal levels. The assumptions were correct in most cases. Some of these weaknesses, such as the lack of clarity in the objectives and indicators and specificity in the Means of Verification not only hinder the implementation of projects, but also the evaluations. In the present case, the Evaluation Team was handicapped in not having the data sources to compare the situations before and after the Project, particularly that related to the

socio-economic impact. In future credit projects USAID/Bolivia should be a) more careful and exhaustive when preparing logical frameworks, b) more knowledgeable about the specific "before the project" socio-economic characteristics of the intended beneficiaries, and c) more demanding about the gathering of socio-economic data during the implementation of projects to allow the measurement of the results accomplished and their comparison with that before the project.

- The implementation of the EAC Project was greatly handicapped by USAID/Bolivia's delays in disbursing Project funds. The lateness with which the funds were disbursed to the beneficiaries, seriously affected their levels of production. The Evaluation Team considers that timely provision of credit is a very important factor in credit projects, therefore recommends USAID/Bolivia that in future credit projects, all efforts should be made to be timely in the disbursement of funds, timing them to coincide closely with the agricultural cycles.
 - The use of the loans in the EAC Project was targetted. The rate of success on this matter, as is usually the case was very limited. Targetting of credit does not work. The farmer uses the loans in accordance with his own needs and not with those required by the projects or those dictated by the implementing agencies. Credit projects in the future should provide broad guidelines with regard to the use of credit and refrain from being too specific about it.
- * Of the US\$ 13,540,715 disbursed to the beneficiaries, as of July 31, 1988 the PL-480 Executive Secretariat has recovered US\$ 2,247,837 from the ICIs. It has been estimated that US\$ 1,936,734 are overdue now, and much more may be overdue after August 31, 1988 if no extensions are provided.
- * Factors such as the effects of the delays in the disbursement of funds to the farmers, the adverse climate conditions that prevailed in most of the agricultural areas in the country, and the depressed prices for some of the crops produced by the farmers who were benefitted by the Project, forced most of the farmers to request extensions to the ICIs to repay their loans. The Evaluation Team believes these requests are justified, therefore recommends the extensions should be granted. The extensions however, should be provided to the ICIs and they in turn should provide the extensions to the farmers using their own judgments as to who should get the extensions.

VI. RESULTS ACCOMPLISHED BY THE PROJECT

The results of the implementation of the Project in relation to its projected objectives are the following:

A. IN RELATION TO ITS PROJECTED GOAL

The Goal of the Project was to "increase agricultural production of participating farmers by at least 3% during the 1986/87 Summer Cycle, increase farmer's income, and promote Bolivia's economic growth."

In relation to the achievement of the projected Project Goal, it is important to advise the reader that the accuracy of the information available to demonstrate the accomplishment of the Project Goal is not completely reliable. Specific "before the project" socio-economic data of the beneficiaries does not exist to be used for comparison purposes, and none was generated during the implementation of the Project. As a result, in order to determine the socio-economic impact of the Project, the Evaluation Team has had to rely heavily on the information supplied by the Survey of Beneficiaries, which was conducted during the course of this evaluation. (See Appendix 2). This approach has its faults methodologically speaking, but it's the only one available to know what happened to the beneficiaries during the implementation of the Project.

With this in mind, the Project accomplishments in relation to its projected Goal are:

- Agricultural Production of participating farmers seems to have remained at the same level as before or have decreased. 74% of those surveyed, expressed the opinion that their agricultural production had remained at the same level of the year before or had decreased, and only 26% answered that it had increased. (See Appendix 2/Table 5). The culprits for the decrease were identified as bad climate conditions, depressed market prices for some crops (i.e. potatoes) and lateness in the delivery of credit.
- Participating farmer's incomes ranged from a yearly high of Bs 5,225 (US\$ 2,385) in Santa Cruz to a low of Bs 1,099 (US\$ 502) Oruro. The national average was estimated at Bs 3,694 (US\$ 1,637). These figures, according to the beneficiaries, in the best of cases, seem to have been equal to those in the year before; in the worst of cases, they seem to have been inferior. (See Appendix 2/Table 1).

- As far as promotion of Bolivia's economic growth is concerned, it is very hard to measure its achievement due to the vagueness with which this objective was stated in the Project Design. The Evaluation Team was unable to find demonstrable evidence to connect directly the Project's achievements with Bolivia's economic growth. Subjectively, the members agreed, some people would insist that this is in fact what happened.

In looking at the information presented above, the Evaluation Team concludes, that based on the results of the Survey of Beneficiaries, the Project Goal has not been accomplished as stated in the design. No other information is available at this time to affect this conclusion differently.

B. IN RELATION TO ITS PROJECTED PURPOSE

The Purpose of the Project as stated in the Project's Design, was "to contribute to the recovery of the agricultural sector by providing agricultural production credit to small and medium size farmers during the 1986/87 crop planting/livestock production cycle."

The accomplishment of the Purpose of the Project was expected to be measured by the following three indicators:

INDICATOR No. 1. The PL-480 Title III Executive Secretariat will have established a close working relationship with at least 10 Private Sector Intermediary Credit Institutions for channeling credit to small and medium size farmers in Bolivia's major agricultural areas.

The PL-480 Executive Secretariat met this indicator by establishing close working relationships with 9 private banks and 4 cooperative credit associations. Eight private banks and two cooperative credit associations participated in the 1986/87 Summer Cycle and 4 private banks and 4 cooperative credit associations during the 1987/88 Summer Cycle.

INDICATOR No. 2. At least 10 Bolivian Private Sector ICIs will be providing credit programs to small and medium size farmers.

There is no assurance that 10 Bolivian private sector ICIs, particularly private banks, will continue providing credit to small and medium size farmers beyond

the PACD, with their own funds. In fact, most of the ICIs which participated in the Project, particularly private banks, have already stopped doing it. The likelihood is that private banks are not going to continue providing similar credit to farmers in the near future.

INDICATOR No.3. Agricultural Production will have increased significantly over the previous cycle.

There is no official statistical information available about agricultural production in the country in the last three years (1986/88) to conclude that there has been an increase, much less significant, during the 1986/87 Summer Cycle. Official opinions indicate instead that agricultural production has remained at approximately the 1985/86 level.^{1/}

On the basis of the above, the Evaluation Team finds that the Purpose of the Project, as measured by its three indicators of success contemplated in the design, has not been accomplished fully. This indicates the Project has not had its intended effect. It also indicates that since there should be a close cause-effect relationship between the Purpose and the Goal it would be unrealistic to expect the Goal to have been achieved under these circumstances.

With respect to the quality of the indicators used in the design to measure the Purpose, only one of them, the one that refers to an increase in total agricultural production, can be considered appropriate. The other two would be hard to justify as appropriate. This is an important weakness in the Project Design.

C. IN RELATION TO ITS PROJECTED OUTPUTS

In order to accomplish its Purpose, the Project was scheduled to complete the following three Target-Outputs during the life of the Project:

TARGET-OUTPUT No.1: Creation of a Trust Fund within the PL-480 Title III Executive Secretariat.

^{1/} MACA, INE, UDAPE, IDB and IBRD were consulted. Also USAID/Bolivia's Agricultural Sector Assessment. NO 1986/88 data was available concerning the Agricultural Sector value added, production, employment, income and growth rates.

The PL-480 Executive Secretariat met this Target-Output by opening a Special Project Account in the Central Bank within its Account No. 8-D515 on Dec. 9, 1986. All Capital Repayments are deposited in Account 8-D514.

TARGET-OUTPUT No.2: Extension of 2,500 loans to farmers in the Altiplano and the Lowlands.

The PL-480 Executive Secretariat met this Target-Output by providing 8,757 loans to small and medium sized farmers. 1,917 loans (US\$ 3,210,923) were provided to farmers of the Altiplano, 5,171 loans (US\$ 7,655,195) to farmers of the Valleys, and 1,669 loans (US\$ 2,674,597) to farmers of the Lowlands. The average loan per farmer was US\$ 1,674 in the Altiplano, US\$ 1,480 in the Valleys and US\$ 1,642 in the Lowlands. The number of loans provided far exceeded the number projected. On the one hand this was good; on the other, it caused the loans to be insufficient in most of the cases, judging by the answers given by the beneficiaries. (See Appendix 2 / Answer 14)

TARGET-OUTPUT No.3: Planting of 20,000 additional hectares of land.

There is not enough evidence to substantiate the number of additional hectares planted during the life of the Project, but on the basis of the results of the Survey conducted by the Evaluation Team, only 477 additional hectares were planted in the areas surveyed. (See Appendix 2/Table 4). This means approximately one hectare per beneficiary.

An analysis of the above indicates, that two of the three Target-Outputs were accomplished fully. The third, relating to the planting of 20,000 additional hectares was not accomplished. The Project Design is not clear as to whether it expected the additional hectares to be planted by the beneficiaries of the Project or by others outside it also, but in any case the target of 20,000 hectares was not reached by the beneficiaries of the Project. At the most, extrapolating the above mentioned figure of "one additional hectare planted per beneficiary," only 8,000 additional hectares would have been planted by the beneficiaries of the Project, or approximately 40% of the target.

D. IN RELATION TO ITS PROJECTED COST

The cost of the Project was estimated at US\$ 87.4 million in the Grant Agreement. The financing was projected as follows:

USAID/Bolivia	US\$ 10.0 million
PL-480 Executive Secretariat	US\$ 4.7 million
Central Bank	US\$ 55.0 million
Agricultural Bank	US\$ 7.3 million
Private ICIs and Other	US\$ 10.4 million

In practice, the Project costs were met by USAID/Bolivia (US\$ 10.8 million approximately, including a US\$1.0 million loan from the PL-480) and the PL-480 Executive Secretariat (US\$ 3.0 million) only. No other institution of the Bolivian Public or Private Sector made any other direct contribution to the Project, as was contemplated in the "LOP Cost Estimate and Financial Plan" in the Project Paper and in the Grant Agreement.

The lack of contribution of the private sector ICIs is noted with concern by the Evaluation Team, but with respect to the apparent failure of the Bolivian Government institutions to contribute to the financing of the Project Cost, it should be said that the intention of those who designed the Project seems to have been not that they would contribute directly through the Project, but instead that they would provide similar credit to the farmers of the country independently, during the life of the Project. In this regard, it is important to note that the Central Bank provided US\$ 71.2 million in credit to the sector, US\$23.4 million of which were disbursed through the Agricultural Bank, independent of the Project.

In a well designed Project, the Cost Estimate should be directly related to what it costs to produce the Project Outputs. In the case of the EAC Project the design was faulty. It gave the impression that the total cost of the Project was US\$ 87.4 million when in fact it was much less. In the future, USAID/Bolivia should be more careful in designing the cost structure and financing of the Projects.

With respect to the adequacy of the Budget to produce the three Outputs of the Project, the Evaluation Team finds that there was never any real relationship between the cost of the Project and the production of each of the Outputs. Under these conditions, it would be irrelevant to try to analyze and comment as to whether the budget was sufficient or deficient to produce the Outputs of the Project. It is only recommended that in the future SAID/Bolivia should make a stronger effort to be more specific and accurate in relating costs to outputs of the Projects.

VII. ADEQUACY OF THE INSTITUTIONAL FRAMEWORK WITHIN WHICH THE PROJECT WAS IMPLEMENTED

A. THE TARGET SECTOR

The target-sector of the implementation of the Project was the Agricultural Sector of Bolivia. The Sector is the largest component of GDP with approximately 20% of the value. Over a five-year period 1981-1985 the growth of the Sector has followed a downward tendency with slight traces of improvement starting in 1986. There is no information available about the behavior of the Sector during the period 1986/88, but knowledgeable officials indicate that the main sector indicators (production, value added, etc.) have remained at approximately the same levels of 1985/86. (See footnote page 17). The Agricultural Sector provides employment for half the labor force of Bolivia.

According to the Survey, all loans provided by the Project, with insignificant exceptions, were used in the Sector. The uses given to the loans by the beneficiaries surveyed were as follows:

<u>Crops</u>	<u>Altiplano</u>	<u>Valleys</u>	<u>Lowlands</u>	<u>Total</u>
	(ha)			
Potatoes	482	199	29	710
Maize	--	239	269	508
Rice	--	--	462	462
Vegetables	11	33	--	44
Other	217	273	176	666
TOTAL	711	744	936	2,390

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 Source: Appendix 2/Table 3.

The results of the Survey suggest that, in practice, the target-sector benefited by the Project was in fact the Agricultural Sector. (See Appendix 2/Answer 12).

B. THE LEGAL ENVIRONMENT

The implementation of the Project took place within the following framework of Laws, Supreme Decrees, Agreements, Project Implementation Letters and Letters of Understanding:

Laws and Supreme Decrees

- The Foreign Assistance Act of 1961, as amended, enacted by the Government of the United States of America to provide technical and economic assistance

to the developing countries of the world.

- Supreme Decree No. 21060 of August 29, 1985, establishing a new economic order for Bolivia.
- Supreme Decree No. 21660 of July 10, 1987, setting forth the framework for Bolivia's economic reactivation.

Agreements

- The Bilateral Technical Cooperation Agreement between the Republic of Bolivia and the United States of America.
- "Agreement for Sales of Agricultural Commodities" of May 31, 1978 between the Republic of Bolivia and the Government of the United States of America, which establishes the PL-480 Title III Executive Secretariat as an autonomous public institution in charge of implementing the subject agreement. Also, its Eighth Amendment signed on April 8, 1983 which expands the rights and obligations of the PL-480 Executive Secretariat, and sets forth the legal, institutional and operative structure to implement said program, as well as projects of the private sector such as the EAC.
- Grant Agreement dated September 30, 1986, between the Republic of Bolivia and the Government of the United States of America, represented by USAID/Bolivia, for the undertaking of the EAC Project to provide credit to small and medium size farmers during the 1986/87 Summer Cycle for production, harvesting and marketing purposes. This Grant Agreement was amended twice to make adjustments in the amounts authorized under the Grant.

Project Implementation Letters

- PIL No. 1 of November 13, 1986, sets forth AID general procedures for implementation of the Project.
- PIL No. 2 of November 26, 1986, supplements instructions in PIL No. 1 establishing detailed financial management procedures, including guidelines for disbursements, accounting of funds, etc.
- PIL No. 3 of January 12, 1987, authorizes the inclusion of Banco de Financiamiento Agrícola, S.A. as an intermediary credit institution for the Trust Fund Program and the EAC Project.

- PIL No. 4 of January 13, 1987, authorizes the transfer of US\$ 2,420,000 on a loan basis from the Agreement for the Sale of Agricultural Commodities PL-480 Title III (4-9-86) Financing Line No. 3 to the EAC Project.
- PIL No. 5 of March 16, 1987, authorizes the reimbursement to the Agreement for the Sale of Agricultural Commodities PL-480 Title III of the US\$ 2,420,000 loaned to the EAC Project under PIL No. 4.
- PIL No. 6 of June 19, 1987 reprograms funds in the EAC Project to create a new line item called "Administrative Expenses and Project Coordination".
- PIL No. 7 of October 5, 1987, responds to questions raised in the PL-480 Executive Secretariat's letter of August 11, 1987, and approves the drafts of the Letters of Understanding to be signed with the participating institutions under the EAC Project which were submitted with said letter, subject to the modifications contained therein. PIL No. 7 has an annex which consists of specific regulations establishing the participation of private lending institutions in the EAC Project, including eligibility of borrowers, interest rates, loan ceilings, etc.
- PIL No. 8 of October 28, 1987, changes disbursement procedures of the PL-480 Executive Secretariat for all Local Currency Programs mentioned in the reference.
- PIL No. 9 of November 17, 1987, expands on the amendments to PIL No. 7 and annexed regulations concerning granting of loans to independent (not affiliated) borrowers and the distribution of the 2% flat commission among agricultural chambers and associations.
- PIL No. 10 of November 19, 1987, approves procedures for the granting of extensions in the repayment period for loans made during the 1986/87 agricultural season.
- PIL No. 11 of November 30, 1987, authorizes the establishment of a US\$ 17.5 million local currency revolving credit fund to support production credit activities, agroindustry, agricultural marketing, and livestock production of the Chapare Regional Development Project and determines that US\$ 2.0 million of EAC's loan reflows be transferred to said revolving fund.
- PIL No. 12 of March 30, 1988, extends EAC's Project Assistance Completion Date (PACD) from March 30, 1988

to June 30, 1988 in order to carry out the final evaluation of the Project.

- PIL No. 15 of June 25, 1987, extends EAC's Project Assistance Completion Date (PACD) from June 30, 1988 to September 30, 1988 in order to carry out the final evaluation and audit of the Project.

Letters of Understanding

Subscribed between the PL-480 Executive Secretariat and the participating institutions during the period Oct. 15-26, 1987 with the exceptions of CACEN and Cooperativa La Merced that were signed in November, 1987. The Letters were signed with:

- The participating ICIs, setting forth in detail EAC's loans purposes, conditions, approval and disbursement procedures, obligations, payment of commissions, repayment of loans, and auditing requirements;
- The Agricultural Chambers, (with the purpose of strengthening them and assisting them to develop producers associations), providing them with a portion of a flat commission for their participation-- directly or through producers associations-- in promoting the EAC Project, completing and assessing loan applications, assisting to process application forms, providing or coordinating technical assistance, monitoring and supervising loans, and assisting in their recovery.

Comments on the Legal Framework

The legal framework within which the Project was implemented is considered to have been generally adequate, with the exception of a few aspects which hindered a more efficient execution of some of the Project's components or affected the beneficiaries negatively. The following are some of those aspects:

With respect to Supreme Decree No. 21060:

Article 73 authorizes the Ministry of Industry and Commerce to guarantee the normal supply of basic food staples at competitive prices through imports, local purchasing or any other means. It is considered that while the provisions of Article 73 are probably necessary under certain circumstances to insure a regular EAC supply of basic foodstuffs, these hurt some of the EAC Project's beneficiaries when markets were flooded with indiscriminate imports of agricultural

products.

With respect to Supreme Decree No. 21660:

Articles 66 and 69 regulate the effective annual rates of interest for the ICIs and the final borrowers determining that they include any and all commissions, charges and levies for any concept. These articles are considered to be advantageous because they put a ceiling on the cost of credit. In practice however, it was detected that in most instances, the ICIs disregarded the precept under Article 69 and imposed, in addition to the effective annual interest rate, charges for the cost of forms and other commissions. In some cases spotted in La Paz, beneficiaries were required to pay to private consultants enlisted by an ICI (a private bank) a fee for the completion and processing of their loan applications, believed to have been up to 10% of the amount of each loan. In Tarija, FENACRE's legal counsellor reportedly charged loan applicants between US\$ 2 and 20 approximately to review and approve the guarantees offered.

With respect to PILs No. 7 and 9:

PIL No. 7 and PIL No. 9 spelling out the operational procedures and conditions of the EAC Project as well as the distribution of credit within the different departments of Bolivia, were not issued until October 5 and November 17, 1987 respectively, four or five months after the proposals had been submitted by the PL-480 Executive Secretariat to USAID/Bolivia. As a result, all loans for the 1986/87 and 1987/88 Summer Cycles were disbursed late.

With respect to the Letters of Understanding:

The Letters of Understanding were clear with respect to the terms of the loans to the ICIs but not to the beneficiaries. As a consequence, some farmers received loans with terms of as little as 6 months, length of time which is hardly sufficient for the small and medium size farmers to carry out an effective agricultural campaign and repay the loan.

C. THE TARGET BENEFICIARIES

The target beneficiaries of the Project in practice were 8,757 small and medium size farmers of the Altiplano, Valleys and Lowlands, who received a total of US\$ 13,540,715 in loans during the life of the Project. They were located in La Paz, Oruro, Potosí, Tarija,

Chuquisaca, Cochabamba, Santa Cruz and Beni. The average loans provided during the 1986/87 and the 1987/88 Summer Cycles were as follows:

SUMMER CYCLE 1986/87

Geographic Area	No.		Loan		Average Loan (US\$)
	Benef.	%	Amount	%	
Altiplano	1,162	20	2,258,521	26	1,944
Valleys	3,447	61	4,573,100	54	1,327
Lowlands	1,115	19	1,698,008	20	1,523
TOTAL	5,724	100	8,529,629	100	1,490

SUMMER CYCLE 1987/88

Geographic Area	No.		Loan		Average Loan (US\$)
	Benef.	%	Amount	%	
Altiplano	755	25	952,402	19	1,261
Valleys	1,724	57	3,082,095	62	1,788
Lowlands	554	18	976,589	19	1,762
TOTAL	3,033	100	5,011,086	100	1,652

Source: Appendix 3.

According to the Survey of Beneficiaries, of those who received loans and were surveyed, 66% were small farmers who had between 1 and 10 ha each and 34% were medium size farmers with 10 or more ha each. Extrapolating the results of the Survey to the Project as a whole it would mean that of those who received loans, 5,730 were small and 3,977 were medium size farmers.

Some socio-economic characteristics of the farmers who received loans from the Project are provided to illustrate their social and economic conditions:

By size of farm:

Type of farmer	Altiplano	Valleys	Lowlands
	(ha)		
Small	2 to 4	up to 2	10 to 20
Medium	5 to 10	4 to 10	30 to 40

By cultural traits:

The majority of the small farmers benefited by the Project can not read or write. They speak in their native tongues (Quechua and Aymara) and only a few are

fluent in Spanish. They employ rudimentary technology, wooden plow, oxen and organic fertilizers; and work in agriculture seasonally; the rest of the time they leave the farm to find work somewhere else. The farmers of the Altiplano and Lowlands for instance, leave for the Orient and Argentina to work in sugar cane fields. The number of members in the families vary between 4 and 6. On the basis of the above, the information received from participant institutions, and the results of the Survey of Beneficiaries, the Evaluation Team concludes that the beneficiaries of the Project, in practice, were in fact small and medium size farmers.

D. PARTICIPANT INSTITUTIONS

USAID/Bolivia, the PL-480 Executive Secretariat, 13 ICIs (9 private banks and 4 cooperative credit associations), 8 agricultural chambers, 4 producers associations, 33 cooperatives and 1 "Mutual de Vivienda" participated in the implementation of the Project. (See Appendix 4). The specific role each institution or groups of institutions played in the design and implementation of the Project is analyzed below:

1. USAID/Bolivia

USAID/Bolivia, representing the Government of the United States of America, signed the Grant Agreement providing US\$ 10 million to the Government of Bolivia to implement the Emergency Agricultural Credit Project. USAID/Bolivia designed the Project, prepared the Project Paper in its entirety, and supervised the implementation of the Project. The design of the Project and preparation of the Project Paper were the responsibility of the Project Development and Implementation Office (PD&I), and the implementation supervision the responsibility of the Private Enterprise and Rural Development Office (PRD). In September 1987 the implementation supervision became the responsibility of the Office of Agriculture and Rural Development (ARD).

During the implementation of the Project, USAID/Bolivia participated in the planning of the implementation, in the planning of the distribution of credit, and in the approval of the Letters of Understanding between the PL-480 Executive Secretariat and the ICIs. USAID/Bolivia also authorized the disbursement of funds to the PL-480 Executive Secretariat, carried out joint supervision of the implementation with the PL-480 Executive Secretariat, carried out financial control of the ICIs and beneficiaries by means of visits; and contracted the final evaluation of the Project.

USAID/Bolivia carried out these activities with the assistance of 2 Project Managers, one from September 1986 to September 1987 and the other from September 1987 to the present, and a locally-hired Project Coordinator.

Findings about USAID/Bolivia's performance in the implementation of the Project reveal that it was acceptable in general, but slow in responding when it came to the timely approval of crucial Letters of Understanding between the PL-480 Executive Secretariat and the ICIs, and the disbursement of project funds. The resulting delays were found to have had a negative effect in the implementation of the Project, in the timely distribution of credit and in the level of accomplishment of the impact of the Project.

Also, Bolivian Government authorities interviewed (particularly from MACA and Central Bank) expressed concern about the wisdom of USAID/Bolivia in designing the Project without participation of local counterparts and implementing it with little or no coordination with the appropriate Government entities or counterparts. The Evaluation Team found that those actions created unnecessary resentment against the Project and USAID, therefore it recommends that in the future the Mission should weight carefully the advantages and disadvantages of designing and implementing projects without proper coordination with local officials.

Finally, the PL-480 Executive Secretariat also expressed concern about the valuable time USAID/Bolivia lost in internal discussions about the issue of including or leaving out of the Project non-members of the departmental agricultural chambers. In the estimation of the PL-480 Executive Secretariat officials the long delay had a negative effect in the implementation of the Project.

2. THE PL-480 EXECUTIVE SECRETARIAT

The PL-480 Executive Secretariat is an autonomous public institution in charge of executing the Program for Sales of Agricultural Commodities under the "Agreement for Sales of Agricultural Commodities" signed between the Government of Bolivia and the Government of the United States of America on May 31, 1978. The Eight Amendment to the Agreement signed on April 8, 1983 provides the new rights and obligations of the PL-480 Executive Secretariat and the legal, institutional and operative framework for the PL-480 Executive Secretariat to execute private sector projects such as the Emergency Agricultural Credit Project.

The PL-480 Executive Secretariat is a small institution operated by experienced and knowledgeable professionals. Its current organization structure, which has been operating for more than a year, is composed of the Office of the Executive Director and the Offices of the Technical and Financial Chiefs. The Chief of the Technical Department supervises four Areas: Agriculture and Agroindustry; Social; Infrastructure; and Health, Education and Natural Resources. The Chief of the Financial Department supervises three Areas: Control and Credit; Control of Donations; and Auditing. USAID/Bolivia has not yet approved this structure of organization waiting for the result of a Price Waterhouse study on the reorganization of the Auditing Area.

The PL-480 Executive Secretariat employs 30 people in total: 3 Executives (two of them with a combined experience of 12 years in credit projects), 18 professionals (3 Agricultural Engineers, 1 Industrial Engineer, 1 Sociologist, 6 Economists, 2 Civil Engineers, 1 Educator, 1 Physician, 2 Financial Assistants, and 1 Auditor) 1 Administrator, 1 Computer Programmer, 5 Secretaries and 2 Drivers.

The PL-480 Executive Secretariat's facilities are small and somewhat overcrowded. With regards to computer equipment it has 1 Minicomputer WANG VS 15 with 3 terminals and 1 Microcomputer WANG PC, but needs at least 6 more terminals to satisfy its current needs for data and word processing.

The PL-480 Executive Secretariat is currently involved in the execution of 15 lines of credit established in Trust Funds in the Central Bank. The total amount disbursed by these lines to date is approximately US\$ 45,453,863 with an overall overdue rate of 6.6%.

The PL-480 Executive Secretariat participation in the EAC Project

In September 1986, USAID/Bolivia requested the PL-480 Executive Secretariat to execute the Emergency Agricultural Credit Project, which had been designed in its entirety by personnel of the Mission. The PL-480 Executive Secretariat accepted the task and executed the Project during the 1986/87 and 1987/88 Summer Cycles. It established the Project Account in the Central Bank, promoted the Project jointly with personnel of USAID/Bolivia and the Departmental Agricultural Chambers, selected the ICIs, drafted the Letters of Understanding between the PL-480 Executive Secretariat

and the ICIs, planned jointly with USAID/Bolivia the geographical distribution of credit, approved loan requests from the ICIs, requested disbursement of funds to USAID/Bolivia, disbursed funds to the ICIs, supervised the implementation of the Project, carried out an evaluation of the 1986/87 Summer Cycle and two on-site supervisions of the 1987/88 Cycle and kept financial and other Project records.

The PL-480 Executive Secretariat carried out these activities without changing its internal organization structure and without increasing significantly the number of its personnel. Only the services of a Project Coordinator and a Computer Programmer, on a part time basis, were added to strengthen the handling of the Project tasks.

The PL-480 Executive Secretariat performed all tasks efficiently, without any cost to the Project. Findings by the Evaluation Team about the efficiency with which the PL-480 Executive Secretariat implemented the Project, confirmed comments received from participants during visits to the ICIs, associations and cooperatives praising the role the PL-480 played during the implementation of the Project. The PL-480 Executive Secretariat did a credible job even during the 1986/87 Summer Cycle which was implemented without planning and in a disorganized manner.

3. INTERMEDIARY CREDIT INSTITUTIONS (ICIs)

3.1 PRIVATE BANKS

BANCO HIPOTECARIO NACIONAL (BHN)

BHN was founded in 1889 as a bank specializing in housing mortgage loans. However, during the last few decades it has gradually shifted its operations towards offering commercial banking services. The bank's headquarters is in La Paz, and it has branches in Cochabamba, Santa Cruz, Montero, and Puerto Suarez. In 1984, the BHN made the decision to diversify its portfolio to include development activities. It established Development Departments in all its branches and staffed them with skilled and experienced personnel. They operate under a National Development Manager headquartered in La Paz.

The bank's consolidated portfolio as of August 2, 1988, was as follows:

US\$ million

Total portfolio	50.9	100%
Portfolio financed with own resources	27.4	54%
Portfolio financed with external resources	22.6	44%
EAC Project portfolio	0.9	2%

BHN's participation in the EAC Project was handled by the Development Departments in the corresponding regions, which were coordinated by the National Development Manager in La Paz. No additional staff was added to manage the EAC Project. Lending operations were as follows:

1986/87 Summer Cycle

<u>Borrowers</u>	<u>Amount</u> (US\$)	<u>Recovery</u>
<u>Cochabamba</u>		
ARADO (sub-ICI)	160,924	100%
Bertha Rodriguez	7,339	100%
Empresa Santa Isidora	<u>12,188</u>	<u>100%</u>
Sub total	180,451	100%
<u>Santa Cruz</u>		
ASOFRUT	70,000	33%
Cooperativa Minera	301,740	50%
Coop. Cuatro Ojitos	<u>30,000</u>	<u>100%</u>
Sub total	401,740	51%
Total	582,191	66%
	=====	

1987/88 Summer Cycle

<u>Cochabamba</u>		
ARADO (sub-ICI)	320,248	Due Oct./88
	=====	

BHN disbursed the funds directly to the final beneficiaries (individual members of the cooperatives and of ASOFRUT), except in the case of ARADO, which acted as a sub-ICI. ARADO assumed responsibility for the whole amount and disbursed the individual loans to its affiliates. No special regulations were adopted for the EAC loans other than the Letters of Understanding subscribed with the PL 480 Executive Secretariat.

BHN did not provide technical assistance to the borrowers, although it did carry out supervision activities.

BHN's Board adopted sometime ago the policy of intervening as intermediary of development loans for small farmers grouped in agricultural cooperatives and producers associations, activity which is recognized and praised by the leaders of farmers' organizations.

The Evaluation Team has found that the BHN's performance in the administration of the EAC Project loans was efficient.

BANCO NACIONAL DE BOLIVIA (BNB)

BNB entered as an ICI under the EAC Project in November, 1987, mainly because of inducement from CONAGRIN, a consulting firm formed by a group of agronomists who had done some projects for the bank in the past, and who apparently were temporarily out of work. CONAGRIN claimed to have made studies of several communities in the Altiplano whose residents could qualify for EAC loans. BNB was already participating in the PL-480's Trust Fund Projects, but decided to go along with CONAGRIN's initiative on a limited basis. BNB presented a loan package of 63 applications for a total of \$98,202 to the PL-480 Executive Secretariat.

Most of the borrowers were new clients, only a few had obtained loans previously under the other lines of credit which BNB handles. The EAC Project beneficiaries were virtually all subsistence farmers with average holdings of under 5 ha; their main crop being overwhelmingly potatoes and to a much lesser degree vegetables and barley.

BNB handled the EAC loans through its Development Department with minimal effort on the its staff. All activities regarding the completion of loan application forms and their analyses was done by CONAGRIN consultants for a fee which was paid by the beneficiaries. The amount of such fees were not disclosed, but there are indications that they may have reached up to 10% of the amount of each loan. Visits to some of the communities were made jointly by a credit assistant from BNB and a CONAGRIN consultant for the purpose of reminding borrowers that their loans are due on October 15, 1988. Other than these visits, there has been no other loan follow up or provision of technical assistance of any kind.

BNB's portfolio of development loans consists of EAC and PL-480's Trust Fund loans as follows:

	<u>Disbursed</u>	<u>Overdue</u>	<u>%</u>
	(US\$)	(US\$)	
Trust Fund loans	1,104,000	236.000	21.4
EAC funds	98,202	(not yet due, but expected to reach 40%)	

The only guidelines for the approval of loans were the Letters of Understanding subscribed with the PL-480 Executive Secretariat. Loan Guarantees were mostly mortgages of property and deposit of Land Reform titles. Monies were disbursed by BNB to the representatives of each community, who in turn distributed them to the individual borrowers.

As indicated previously, BNB participated in the EAC Project mainly because of the inducement of a group of former associates and, reportedly, also because of a sense of a moral obligation towards the small farmers. However, BNB indicates that the EAC Project loans are granted mainly to new borrowers and that Trust Fund loans (which are considered to be more advantageous) are "saved" for their "best clients".

BNB considers that the objectives and conditions of the EAC Project loans are too limited and, therefore, inoperative, and doubts it will continue participating in the Project. BNB thinks that the approach to agricultural lending should respond to all the credit needs of the rural producers, and the terms of financing should allow the ICIs to be able to maintain a rational flow of resources for financing.

BANCO INDUSTRIAL Y GANADERO DEL BENI S.A. (BIG-BENI)

BIG-Beni was established in 1967 as a credit source for cattle breeders in Beni and Pando. Later on, BIG-Beni extended its financing services to ranchers in Santa Cruz and La Paz. Presently, it operates as a regular commercial bank covering all lines (industries, businesses, agricultural producers, etc.).

BIG-Beni's headquarters is in Trinidad, and has branches in Cochabamba, Santa Cruz, Cebija, Riberalta and Guayaramerin. Its Central Office is located in La Paz. BIG-Beni operates in each of its branch offices a Development Department which reports directly to a National Manager located in La Paz. With this structure BIG-Beni was able to gain access to refinancing lines of

the Central Bank, the PL-480 Executive Secretariat and IDB. Its consolidated portfolio as of June 30, 1988 was as follows:

	<u>US\$ million</u>	
Total portfolio	30.3	100.0%
Portfolio financed with own resources	14.3	47.0%
Portfolio financed with external resources	15.6	51.6%
EAC portfolio	0.4	1.4%

The EAC Project loans were handled by the staffs of the Development Departments in the different regions with no additional personnel required. The granting of loans followed the terms and conditions established by the Letters of Understanding subscribed with the PL-480 Executive Secretariat.

BIG-Beni's participation in the 1986/87 and 1987/88 Summer Cycles had the following results:

1986/87 Summer Cycle

Borrowers	<u>Amount</u> (US\$)	<u>Recovery</u>
<u>Cochabamba</u>		
Members of the Agricultural Chamber of Cochabamba	150,347	83%
<u>Santa Cruz</u>		
Members of the Pig Growers Association	130,000	24%
<u>Guayaramerin</u>		
Members of the Agricultural and Industrial Chamber	<u>44,000</u>	<u>28%</u>
Total	324,347	52%
	=====	=====

1987/88 Summer Cycle

<u>Cochabamba</u>		
Members of the Agricultural Chamber of Cochabamba	153,000	Due Oct./88
	=====	

BIG-Beni disbursed the loans directly to the final beneficiaries who were members of the agricultural chambers and associations indicated above. It made two supervisions together with staff of the PL-480 Executive Secretariat. Borrowers indicated they received some technical assistance from the agricultural chambers but

not from the Bank. The Bank has no information as to whether borrowers will request extensions to repay the loans.

BANCO DE SANTA CRUZ DE LA SIERRA

This Bank is Bolivia's largest and has a network of branches in most regions of the country. However, its participation in the EAC Project was limited to the 1986/87 Summer Cycle with borrowers from the Santa Cruz region only, as follows:

<u>Borrowers</u>	<u>No. of Loans</u>	<u>Amount</u> (US\$)	<u>Recovery</u>
Members of the Agricultural Chambers of Santa Cruz (CAO)	103	276,256	100%
Members of the Sugar Cane Growers Association	(not known)	<u>12,834</u>	100%
Total		<u>289,090</u>	

The two institutions to whose members the Banco de Santa Cruz made loans, are fairly strong and well organized; consequently, loan follow-up and recovery of loans were not difficult. Technical assistance rendered by the borrowing institutions is considered to have been adequate. The Bank itself did not provide direct technical assistance.

Banco de Santa Cruz de la Sierra declined to participate in the 1987/88 Summer Cycle mainly because it considered the amount of funds made available for it too small. Also, because it had access to larger and more advantageous lines of credit.

BANCO DE COCHABAMBA S.A.

This Bank was established in August of 1962 as a regular private commercial bank. Its headquarters is in La Paz and it maintains branch offices in Cochabamba, Santa Cruz, Sucre and Oruro.

The loan portfolio of the Banco de Cochabamba as of June 30, 1988 was as follows:

	<u>US\$ (000)</u>
Total portfolio	42,959.2 (100.0%)
Portfolio financed with own resources	18,153.4 (42.3%)
Portfolio financed with external res.	24,719.0 (57.5%)
EAC Project Portfolio	86.8 (0.2%)

The idea to participate in the EAC Project came from the Bank's branch office in Santa Cruz during the 1986/87 Summer Cycle. Banco de Cochabamba submitted two loan packages to the PL-480 Executive Secretariat, one for individual farmers and the other for members of agricultural cooperatives as follows:

<u>Borrowers</u>	<u>No. of Loans</u>	<u>Amount (US\$)</u>
Individual borrowers	22	53,287
Members of the following Agricultural Cooperatives		
. San Isidro	1	2,000
. A. Fernández	9	18,000
. Montero	2	4,500
. Nueva Aroma	3	5,500
. Integral Guabirá	<u>1</u>	<u>3,500</u>
	38	86,787

Of the above disbursements only US\$ 31,177 (36%) was repaid. It was not possible to obtain any more data concerning Banco de Cochabamba's involvement in the EAC Project, but discussions with different sources indicated it wasn't active or substantial.

BANCO DE LA UNIÓN, S.A.

Banco de la Unión's headquarters is in Santa Cruz. This Bank participated in the EAC Project only during the 1986/87 Summer Cycle through its branch office in Cochabamba. It submitted one loan package to the PL-480 Executive Secretariat and disbursed the loans to individual farmers and to members of a poultry producers association as follows:

<u>Borrowers</u>	<u>No. of Loans</u>	<u>Amount (US\$)</u>
Individual farmers	4	57,000
Members of the "G. Villarroel Poultry Producers Association"	39	43,000
EMIAGRO	<u>4</u>	<u>20,000</u>
	47	120,000

Of the above disbursements, only US\$ 60,000 (50%) had been repaid as of March 18, 1988.

BANCO LATINOAMERICANO DE DESARROLLO S.A. (BLADESA)

BLADESA is a small development bank which has no commercial bank operations. Its resources come almost exclusively from lines of credit and other loans it manages to obtain from different sources. BLADESA is presently intervened by the Superintendency of Banks, therefore it was not possible to interview any officials who knew anything about the EAC Project.

BLADESA was instrumental in disbursing loans under the EAC Project during both, the 1986/87 and 1987/88 Summer Cycles as follows:

1986/87 Summer Cycle

	<u>No. of Loans</u>	<u>Amount (US\$)</u>
La Paz	142	417,717
Santa Cruz	15	60,000
Oruro	36	137,567
Potosí	<u>457</u>	<u>856,100</u>
Sub-total	650	1,471,384

1987/88 Summer Cycle

Chuquisaca	11	35,500
Potosí	<u>296</u>	<u>420,000</u>
Sub-total	307	455,500
TOTAL	957	1,926,884
	=====	=====

Of the funds disbursed during the 1986/87 Summer Cycle BLADESA was able to recover US\$ 301,000 (20.5%). The PL-480 Executive Secretariat is presently studying a proposal made by BLADESA to transfer the balance of the outstanding portfolio (US\$1,625,884).

BANCO DE POTOSI

This bank is under liquidation procedures. It participated in the EAC Project only during the 1986/87 Summer Cycle having disbursed a total of US\$ 152,612 to 37 borrowers. There were no loan recoveries. The PL-480 Executive Secretariat estimates it will recover about 70% of the loans after the liquidation procedures are over.

BANCO DE CREDITO ORURO

This bank is also under liquidation procedures. It

participated in the EAC Project only during the 1986/87 Summer Cycle having received US\$ 1,784,122 for disbursement to 965 borrowers. However, there are indications that not all the loans were disbursed to the end-users, as was discovered by the USAID/Bolivia Project Coordinator. There are no records of any repayments which may have been made. The PL-480 Executive Secretariat estimates it will recover about 90% of the total amount disbursed.

3.2 COOPERATIVE CREDIT ASSOCIATIONS

FEDERACION NACIONAL DE COOPERATIVAS DE AHORRO Y CREDITO DE BOLIVIA (FENACRE)

FENACRE was created on February 15, 1962 and was chartered as a second tier cooperative organization through Resolution No. 001 of March, 1967. Its members are primarily savings and credit cooperatives, but it also affiliates other types of cooperatives. It offers the following services: financing, technical assistance, auditing, life insurance and so forth. Its main office is located in Cochabamba, and has regional offices in La Paz, Santa Cruz, Tarija, Sucre, Trinidad, and Oruro.

In December of 1982, it became an ICI under Supreme Decree No. 18331. It presently has 217 member cooperatives with about 300,000 individuals; 50% of whom live in urban areas (mainly small merchants, industrial craftsmen, teachers, employees, etc.), and 50% live in rural areas (mostly small farmers).

FENACRE has a long experience in handling credit lines from external sources; it has acted as a financial intermediary under agreements with the Central Bank, the PL-480 Executive Secretariat, IDB, the Latin American Confederation of Credit Unions (based in Panama) and FINDESA. Its portfolio as of June 30, 1988 was as follows:

	<u>US\$ million</u>
Total portfolio	14.6 (100%)
Portfolio financed with own resources	2.9 (20%)
Portfolio financed with external resources	5.5 (38%)
EAC Project portfolio	6.2 (42%)

FENACRE manages these lines through its Operations Division established in December, 1985. This Division consists of the following departments: Savings Mobilization Program (PMA); Credit and Collections; and Studies and Projects, which prepares projects to be submitted to national and foreign lenders and follows up

the ongoing loans.

Under this structure FENACRE handles US\$ 4,692,956 from the PL-480's Trust Fund Projects (for financing working capital for annual crops) and US\$ 83,000 for a Seed Production and Marketing Credit Program. The staff of the Operations Division is skilled and is constantly being updated through seminars and training courses both in-country and overseas. This Division is responsible for the implementation of the EAC Project.

FENACRE participated in the 1986/87 and 1987/88 Summer Cycles as follows:

<u>Cycle</u>	<u>No. of loans</u>	<u>Amount</u> (US\$)	<u>Recovery</u> (US\$)	<u>%</u>
1986/87	2,882	3,419,279	807,340 a/	23
1987/88	2,129	3,603,557	(Due Oct./88)	

a/ As of July 25, 1988

FENACRE approved and disbursed the loans under the EAC Project using two different modes: (a) directly to individuals who are members of agricultural chambers (Chuquisaca and Tarija) or of producers associations (wheat and potatoes in Cochabamba); and (b) to cooperatives, which assumed the role of sub-ICIs accepting full responsibility for the loans and disbursing the loans to their individual members. The first mode accounted for 56% of the total lending and the second for 44%, as follows:

EAC loans disbursed by FENACRE

(a) With Individuals

<u>Cycle</u>	<u>Institutions</u>	<u>Amount</u> (US\$)	<u>Recoveries</u> (US\$)	<u>%</u>
1986/87	Agr. Chambers	1,903,081	181,189	10
1986/87	Associations	420,000	57,545	14
1987/88	Agr. Chambers	1,432,182	(Due Oct./88)	
		3,755,263		

(b) With Cooperatives

<u>Cycle</u>	<u>No. of Coops.</u>	<u>Amount</u> (US\$)	<u>Recoveries</u> (US\$)	<u>%</u>
1986/87	19	1,096,198	568,613 a/	52
1987/88	26	1,862,475	(Due Oct./88)	
		2,958,673		

a/ As of July 25, 1988

FENACRE participated in the EAC Project after being advised about it by the PL-480 Executive Secretariat in December of 1986. At the time, FENACRE was allowed one month to allocate funds to the end-users. Within this constraint FENACRE promoted the EAC Project in Cochabamba, Santa Cruz, and Chuquisaca and prepared the required loan packages jointly with the cooperatives, agricultural chambers and the producers associations.

FENACRE then submitted the loan packages to the PL-480 Executive Secretariat for consideration. Once disbursements were made, FENACRE channelled the funds to the cooperatives (sub-ICIs) and to the members of the agricultural chambers and of the producers associations, as indicated in the above table.

FENACRE performed regular follow-up visits of loan recipients, with the help of teams of technicians from the Central Office who visited the various regions. Although the teams consisted of at least one agronomist and FENACRE describes the purpose of the visits as "supervision and technical assistance", it is considered that any technical assistance rendered during these visits was minimal and sporadic; and it was limited mainly to offering advise on crops.

The overall performance of FENACRE in the implementation of the EAC Project is considered to have been good, considering the time limitations described previously. Although it did not have sufficient time to promote the Project and plan the allocations adequately, it did a very good job at processing the loan packages and disbursing the loans to cooperatives and individual producers. The Evaluation Team considers that FENACRE, along with some of the other ICIs which have a cooperative structure (i.e. La Merced, CACEN, etc.), is the appropriate mechanism to reach the small and medium size rural producers.

CAJA CENTRAL DE AHORRO Y PRESTAMO PARA LA VIVIENDA (CACEN)

CACEN was created on April 20, 1966, as the apex organization for the 12 saving and loan associations which constitute the "A&P System" in Bolivia. These 12 savings and loan associations operate in La Paz (2), Santa Cruz, Cochabamba, Oruro, Tarija, Potosí, Sucre, Trinidad, Riberalta, Cobija, and Guayaramerín, with a membership of 74,693, belonging to different economic sectors, (mainly from low and medium-income families).

Since its inception CACEN received high levels of finding from USAID/Bolivia to be used solely for the

financing of housing. The savings mobilized among members together with external financing made it possible to finance housing projects of different types (condominium buildings, single family houses, etc.) as well as improvements and expansions of existing housing.

The economic crisis of 1982/85 with the corresponding galloping inflation seriously affected the repayment capacity of the association's borrowers (because of maintenance of value clauses) and forced the A&P System to diversify its operations. Such diversification was authorized under Law Decree No. 19027 and Resolution No. 1432 from the Ministry of Finance.

In 1983 CACEN created a Development Unit staffed with personnel skilled in banking operations. Through this unit CACEN handles resources provided under two agreements with the PL-480 Executive Secretariat such as the Investment Fund for Equipment and Seeds for the farmers affected by floods in the Titicaca Lake area, and for the Chesnut Collection and Marketing Project granted to ASPQBOL in Riberalta.

CACEN's loan portfolio as of January 31, 1988, was as follows:

	<u>US\$ million</u>	
Total portfolio	14.50	100.0%
Portfolio financed with own resources	13.80	95.2%
Portfolio financed with external resources	0.56	3.8%
EAC Project portfolio	0.14	1.0%

CACEN's participation in the EAC Project was promoted by the Agricultural and Industrial Chamber of Guayaramerin which had made direct contact with the PL-480 Executive Secretariat. In view of the diversification policy which it had adopted some time back, CACEN decided to participate in the EAC Project and prepared a loan package for the 1987/88 Summer Cycle jointly with the Savings and Loan Association "La Frontera" from Guayaramerin which acted as a sub-ICI. A total of US\$ 144,000 was disbursed to 75 farmers of the area.

The selection and approval of borrowers, as well as the monitoring and supervision of the loans was done by the Agricultural and Industrial Chamber of Guayaramerin. Technical assistance was supposed to have been also provided by the Chamber, but CACEN does not have official information as to whether such activities were carried out.

The Evaluation Team considers that CACEN's participation in the EAC Project was efficient.

ASOCIACION MUTUAL DE AHORRO Y PRESTAMO PARA LA VIVIENDA
(MUTUAL LA PAZ)

Mutual La Paz was incorporated on July 23, 1970. It is a member of the A&P System of CACEN. Its main function is to mobilize savings from its members and provide loans for the acquisition and construction of housing for low and middle income families. For this purpose Mutual La Paz supplements the resources it mobilizes with external financing obtained through CACEN.

Mutual La Paz' organizational structure consists of the following Departments: Savings; Loans and Awards; Loan Collection; Accounting; and Legal. Its staff is experienced with an average seniority of 10 years; most have attended seminars and courses carried out annually by CACEN with the economic support of USAID/Bolivia.

Up to 1978, Mutual La Paz provided financing only for housing. The inflationary process of 1982-85 seriously curtailed savings and affected loans collection, forcing not only the Mutual, but the whole A&P System, to diversify operations.

Mutual La Paz' portfolio as of July 31, 1988 was as follows:

	<u>US\$ '000</u>	
Total portfolio	3,182.5	100.0%
Portfolio financed with own resrouces	3,131.9	98.4%
Portfolio financed with external resources (CAE)	50.6	1.6%

Prior to participating in the EAC Project, Mutual La Paz had to obtain certification as an ICI from the PL-480 Executive Secretariat. After this formality, Mutual La Paz managed to prepare two loan packages for consideration under the 1987/88 Summer Cycle Disbursements totalled US\$ 64,800 and have benefitted 23 small size farmers around La Paz. Recoveries stood at US\$ 11,260 (17.4%) as of July 31, 1988.

Mutual La Paz indicated that no significant changes were made in its organizational structure to implement the EAC Project, except hiring a full-time agronomist to coordinate the Project. This full-time coordinator was not available for interviewing and the person the Team contacted (the Manager) was rather vague and uncertain in the answers provided. Mutual La Paz reported having made regular follow-up visits to the borrowers, although no technical assistance was provided.

This was the first time Mutual La Paz had participated in an agricultural credit project and was not sure about its future participation in similar projects. It is considered that the performance of this ICI in the EAC Project was generally inadequate.

COOPERATIVA LA MERCED (SANTA CRUZ)

The Cooperative La Merced was established on September 23, 1970, with "personería Jurídica" granted by the former General Directorate of Cooperatives which operated within the Ministry of Agriculture and Campesino Affairs.

The Cooperative La Merced is a multipurpose cooperative which operates in the following fields: savings and loans, consumer store (super market), drug store, medical services, housing (700 units built), recreational fields, correspondence courses and agricultural credit geared to the small-scale producer. It has a membership of 46,574 of which about 5,000 are farmers.

The Cooperative La Merced is the only ICI not yet authorized to operate as such by the Central Bank, although it submitted its application almost two years ago. However, it is recognized as an ICI by USAID/Bolivia and the PL-480 Executive Secretariat, and it was on the strength of this recognition that the Cooperative participated in EAC Project.

In addition to participating in the EAC Project, the Cooperative handles other three lines of credit from the Interamerican Development Bank for a total of \$645,000 (\$182,000 since Dec. 1983, \$400,000 since Dec. 1985 and \$63,000 since Jan. 1988). It also has about \$150,000 of its own resources in agricultural loans out of a total portfolio of around \$520,000 (Bs 1,211,800 to June 30, 1988).

EAC beneficiaries are small-scale farmers (between 10 and 20 ha) living in 70 rural communities mainly North of Santa Cruz. About 70% of these are migrant subsistence farmers who have come from depressed areas in Potosí and Cochabamba and who rarely plant more than 5 to 6 ha. at any given time. Their main crops are rice, maize, soy beans, yucca, potatoes and vegetables.

La Merced has a special unit responsible of all agricultural lending (Sección de Préstamos Campesinos) staffed by two agricultural engineers, one economist, two agronomists, one secretary and three part-time

fieldmen (stationed in Villa Busch, Chané and Mairana). The IDB provides the Cooperative La Merced budget support for three of the above staff members. It is estimated that about 30% of this unit's total time is spent in administering EAC loans.

La Merced received news about the Project in December, 1986, and was given a very short period of time to respond. Despite the fact that the planting season was over and that the term given for repayment was too short, La Merced promoted the EAC Project and in one month prepared a package of loan applications. Most loans requested were for completing cultural practices and repaying high-cost loans obtained from intermediaries and non-institutional sources. The loan package submitted was for US\$ 500,000, but only US\$ 299,817 was disbursed to 208 borrowers. About 80% of this credit was provided to farmers who had previously received loans from La Merced, the balance went to new borrowers. During the 1987/88 agricultural season an additional US\$ 171,779 was disbursed to 123 farmers, of which about 2/3 were repeat borrowers. As of December 31, 1987 La Merced's credit portfolio was as follows:

	No. of loans	%	Amount US\$	%
Campesino loans (own resources)	267	47.5	359,920	37.3
EAC Project	169	30.0	480.447	9.8
IDB lines of credit	126	22.5	123.950	12.9
	562	100.0	964.317	100.0

The overdue situation reported by La Merced as of June 30, 1988 is as follows:

Total portfolio	45%
Campesino loans	39%
EAC Project	44%
IDB lines of credit	71%

Reasons for the high overdue situation were reported to be the large losses caused by drought and then heavy rainfall sustained during the 1987/88 season which mainly affected the rice crops. In addition, the rice market was further influenced by large imports of rice from Argentina which depressed prices. One factor which may be contributing to the low recovery rate of the EAC loans is because La Merced could not assure the continuity of the Project and borrowers are thought to be withholding repayments to use the monies for the next cycle.

Relations with the PL-480 Executive Secretariat were developed via the Letters of Understanding subscribed between the two entities, supervision by the PL-480 personnel, and visits by the members of the Cooperative's staff to the PL-480 Executive Secretariat offices in La Paz. La Merced contacted close to 90% of the EAC beneficiaries at least two times. These contacts were made by the three agents stationed in the field and by staff members from the Santa Cruz office.

The main source of La Merced's capital resources are the shares and savings of its members. However, the inflationary process which devastated the country's economy from 1983 to 1985 reduced the value of these savings from the equivalent of around \$8.0 million to about \$0.6 million. Reportedly, about 50% of La Merced's 46,574 members have less than Bs 1.00 in shares today.

La Merced approved a set of special agricultural credit regulations in 1985 to govern the loans under IDB's lines of credit. These regulations, with the changes necessary to conform with other projects, govern all agricultural loans. They define the small-scale farmer (annual income of less than Bs 1,380), use of loans (production and farm investments), terms (one year for production loans and up to three years for investment loans), rate of interest (13% per annum), guarantees (applicants must have at least 20% of the amount requested in shares and/or in savings; other guarantees are: loans up to Bs 500 require one co-signer, loans up to Bs 1,000 require two co-signers, and loans over Bs 1,000 require that the Agrarian Reform Title be deposited with the cooperative).

With regard to the importance of the EAC Project, La Merced feels that any credit resources made available at concessionary rates are convenient. In the case of CAE, one very important effect of these monies was that it permitted La Merced to reactivate in a larger degree its loan services to small farmers. However, on the other hand, the lack of planning, late disbursements and restricted terms have created a difficult overall situation which may be in part the reason for the high rate of delinquency.

La Merced thinks that in order to improve EAC, or when designing any other agricultural credit project geared to the small-scale farmer sub-sector, the following factors should be taken into consideration:

- a) loan volumes available should be planned and made known to ICIs at least three months before the beginning of each agricultural season, and should be disbursed well in advance and for the full amounts committed;
- b) terms should be longer; ICIs should receive these funds for periods of four to five years in order to manage them more rationally (in accordance with seasonal demand and taking into account the weather cycles which affect crops);
- c) there is an urgent need to provide medium-term loans for farm investments, such as water pumps for irrigation, building of fences, cattle improvement, back-pack sprayers, group mechanization, etc. Land cultivated by small farmers in Northern Santa Cruz for instance, was cleared by hand using the burn and slash methods which leave tree stumps that prevent cultivation by farm machinery. One very important use of medium-term credit would be destumping, which in turn would increase the demand for labor at the farm level; and
- d) any credit project should include a component of technical assistance geared to the use of new technologies.

3.3 AGRICULTURAL CHAMBERS

The Law provides for the establishment of Agricultural Chambers at the departmental level made up of provincial Chambers and trade associations and cooperatives representing the various types of agricultural producers in each region. Agricultural Chambers are private sector institutions. Their stated purposes and functions are to provide to or through their member organizations, technical assistance for the improvement of product quality and yields, access to credit facilities, marketing skills, and, in general, to strengthen their institutional and economic capabilities to operate or promote the establishment of marketing and agribusiness enterprises. Another important function of the Agricultural Chambers is to lobby governmental institutions for the adoption of policies and regulations favorable to the agricultural sector.

The Agricultural Chambers' participation in the EAC Project was normed by Letters of Understanding subscribed between each of them and the PL-480 Executive Secretariat, establishing the following responsibilities and compensations:

-During the initial stage, the Chambers would plan and promote the EAC Project among its members and coordinate activities with the ICIs approved by the PL-480 Executive Secretariat to disburse loans.

-During a second stage, the Chambers would qualify prospective borrowers and assist them in completing and filing their loan applications.

-During the final stage, the Chambers' responsibilities included supervising the end-use of the loans, providing or coordinating the provision of technical assistance to the borrowers, and assisting the ICIs in recovering the loans.

-For these activities the Chambers would receive a compensation, out of the flat commission of 2% paid by the borrowers, distributed as follows: 0.5% for planning and promoting the Project, (initial stage), 0.5% for qualifying borrowers and assisting in processing loan applications (second stage), and 1.0% for providing follow-up and assistance in loan recovery (last stage), but only after 100% of the loans in any given package have been repaid.

The responsibilities indicated above were not handled by the Chambers alone; in some cases the producers associations and especially the cooperatives, assisted the Chambers or performed all the promotion, supervision and technical assistance functions themselves. Because of this and with the purpose of strengthening these cooperatives and associations, the Letters of Understanding provided for the splitting up of the 2% flat commission in accordance with the functions actually performed by each organization. Overall, US\$ 48,691.97 was paid by the PL-480 Executive Secretariat under the 2% flat commission provision which was distributed as follows:

Agricultural Chambers	US\$	35,064	(72%)
Cooperatives		10,857	(22%)
Producers Associations		<u>2,771</u>	<u>(6%)</u>
Total	US\$	48,692	100%

The participation and performance of the Agricultural Chambers under the EAC Project and the commissions paid to each of them is described in the following table:

<u>Chamber</u>	<u>Initial Stage</u>	<u>Second Stage</u>	<u>Final Stage</u>	<u>Commission Received</u> US\$
Chuquisaca 3/	Acceptable	Acceptable	---	6,709
Tarija 3/	Efficient	---	---	8,582
Potosí 3/	Poor/Accept.	Poor/Accept.	Poor/Accept.	5,524
Santa Cruz 1/	Efficient	Efficient	Efficient	3,843
La Paz 1/	Acceptable	---	---	1,060
Oruro 1/	Acceptable	---	---	250
Cochabamba 2/	Poor	---	---	7,336
Guayaramerin 2/	Acceptable	Acceptable	Acceptable	1,760
TOTAL				35,064

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- 1/ Participated only in the 1986/87 Summer Cycle
2/ Participated only in the 1987/88 Summer Cycle
3/ Participated in both Cycles

3.4 PRODUCER ASSOCIATIONS AND COOPERATIVES

There were four producers associations and 33 cooperatives (See Appendix 4) which participated in the EAC Project, either as sub-ICIs or as links between the borrowers and the ICIs.

A few of these producers associations and cooperatives were visited by the Evaluation Team. Because of the importance of two of them as sub-ICIs and their good performance in implementing the EAC Project, both are described below:

ACCION RURAL AGRICOLA DE DESARROLLO ORGANIZADO (ARADO)

ARADO was established on March 11, 1963, and was legally incorporated by Supreme Resolution No. 133089 of March 7, 1966.

ARADO is a non-profit campesino organization whose main purpose is to provide technical and marketing services to its members. It has a pyramidal structure consisting of the rank and file (1,957 farmers) grouped in 80 Rural Centers, which form area organizations, which in turn conform three Regional Directorates (Departmental level); the three regional directorates participate in ARADO's General Assembly. The membership and Rural Centers are distributed as follows:

	<u>Rural Centers</u>	<u>Member Farmers</u>
La Paz	21	515
Cochabamba	55	1,360
Santa Cruz	<u>4</u>	<u>82</u>
TOTAL	80	1,957

ARADO's headquarters is in Cochabamba, and it has regional offices in Santa Cruz and La Paz. In addition, it owns silos in Cochabamba for the collection of potatoes and an ovine fattening farm in the Los Andes Province in La Paz.

ARADO has a long experience in handling credit and refinancing lines, having obtained in the past financing from the Central Bank and IDB. Its accumulated portfolio to July 31, 1988 was as follows:

	<u>US\$ million</u>	
Total portfolio	1.9	100%
Financing with own resources	0.3	16%
Financing with external resources	1.3	68%
EAC Project portfolio	0.3	16%

ARADO's organizational structure consists of four departments: Production, Credits, Marketing of Agricultural Products, and Accounting. Its office staff is adequately experienced, and frequently attends updating seminars and courses. No additional staff was hired to implement the EAC Project.

ARADO participated in the EAC Project as a sub-ICI of Banco Hipotecario Nacional (BHN), having disbursed loans in the two Summer Cycles with the following results:

<u>Cycle</u>	<u>No. of Loans</u>	<u>Amount</u>	<u>Recoveries</u>	<u>%</u>
1986/87	160	US\$ 160,924	US\$ 160,924	100%
1987/88	<u>273</u>	" <u>320,248</u>	(Due Oct. 1988)	
	433	" 481,172		

ARADO's responsibilities as a sub-ICI were the following:

- qualify prospective borrowers and evaluate their personal and mortgage guarantees;
- submit the guarantees to BHN; and
- process the loan applications and disburse the loans to the end-users.

The credit granted by ARADO was exclusively for the production of potatoes and all disbursements were in kind (seeds, fertilizer, and other inputs), and loan repayments were also in kind. The potato crop received was being stored in the silos owned by ARADO for marketing at a later date. ARADO's provision of technical assistance was effective and efficient. The inputs disbursed as loans are part of a well planned technological package which, together with systematic visits to the borrowers' farms to transmit new technologies, were supposed to increase yields.

ARADO agronomists are assigned responsibilities for specific areas where they have to provide technical assistance to members for crop commercialization. Within the project, it acted efficiently in processing as well as granting and recovering credits, and also in giving technical assistance to production.

ARADO is presently controlling the harvest, and selection and siloing of the product delivered by the members.

In addition to assisting its members in their production efforts, ARADO provides support in the marketing of their crops.

With regard to the processing of loan applications under the EAC Project, as well as with their follow-up and recovery, ARADO technicians played a key role.

COOPERATIVA INTEGRAL DE SERVICIOS "COCHABAMBA" Ltda.

The "Cooperativa Integral de Servicios Cochabamba" was organized in 1976 under an integral cooperative development program sponsored by USAID/Bolivia. Its headquarters is in Mirabel located near Punata, and its area of influence is the sector between km 20 and km 60 of the Cochabamba-Santa Cruz highway. It has a membership of 6,025 consisting primarily of small farmers with average holdings of 2 ha.

The Cooperative provides the following services: credit, technical assistance, input supply, and sale of agricultural tools and machinery, all geared to the adoption of better technologies to improve production and increase productivity.

The Cooperative's financial resources come from members' contributions as well as from loans received from the Banco Central, USAID/Bolivia, FENACRE, and some private banks. Loan applications from members are prepared with

the assistance of specialized staff (agronomists) and credit offices who take into consideration the members' credit history. The loans are approved by the Credit Committee which is elected from among the membership. The EAC Project is managed by these staff members and officers who are considered to be experienced and efficient.

The Cooperative's portfolio as of July 31, 1988, is as follows:

	<u>US\$</u>	
Total portfolio	1,067,690	100.0%
Portfolio financed with own resources	302,907	28.4%
Portfolio financed w/external "	615,983	57.7%
EAC portfolio	148,800	13.9%

Upon being invited to participate in the EAC Project, the Cooperative prepared a financing plan of US\$ 2.9 million for the 1987/88 Summer Cycle; however, the amount finally approved and disbursed through FENACRE was US\$ 148,800 which benefited only 282 members.

The Cooperative acted as a sub-ICI assuming the responsibility for the total amount disbursed as well as for evaluating, granting, and collecting the individual loans disbursed to its members. Loans disbursed were 40% in kind and 60% in cash. The Cooperative provided adequate assistance and supervision to its members through the agricultural experts who are part of the Cooperative's regular staff.

The Evaluation Team considers that the Cooperativa Integral de Servicios Cochabamba Ltda. was efficient in the administration of the loan resources as well as in providing technical assistance to its members.

IX. PROJECT IMPLEMENTATION MANAGEMENT

The implementation of the Project officially started on September 30, 1986 right after the Grant Agreement was signed. The PACD was set March 30, 1988. The overall management of the implementation of the Project was carried out by the PL-480 Executive Secretariat under USAID/Bolivia supervision.

A. PLANNING

The Project was designed by USAID/Bolivia with the objective of providing US\$ 10 million to small and medium size farmers during the 1986/87 Summer Cycle. The PL-480 Executive Secretariat did not participate in the design of the Project and was only made aware of it in September 1986 by USAID/Bolivia. At the same time it was put in charge of the execution of the Project and given 20 days to identify and structure the demand for agricultural credit and plan its distribution. The speed with which the Project was designed and gotten ready for implementation by USAID/Bolivia caught the Executive Secretariat by surprise and prevented it from preparing a viable Implementation Plan for the Project. As a result, the Project was implemented without a Plan in a very disorganized manner allowing only US\$ 4,790,000 from USAID/Bolivia funds to be disbursed during the 1986/87 Summer Cycle, due to administrative confusion and lateness in the planting season.

In order to plan the disbursements, the PL-480 Executive Secretariat established the Project Account in the Central Bank, identified a credit demand of US\$ 12 million; promoted the Project jointly with USAID/Bolivia officials via visits around the country (except Beni and Pando); selected participating ICIS, prepared Letters of Understanding between the PL-480 Executive Secretariat and the ICIs, organized the system with the agricultural Chambers to prepare and submit loan applications; set up the accounting systems to control the financial resources of the Project; and established a computerized system to process loan applications from the ICIs in accordance with the rules, parameters and conditions of the Project.

The funds not used during the 1986/87 Summer Cycle were authorized by USAID/Bolivia to be reprogrammed for use in the 1987/88 Summer Cycle. During this cycle the PL-480 Executive Secretariat found itself better prepared to plan the implementation of the credit program with the funds still available and to make the necessary adjustments to the credit approval and disbursement

mechanism it had previously set up. The PL-480 Executive Secretariat planned the implementation, taking into account the positive and negative aspects observed during the prior cycle. As a result, the Project was implemented more smoothly and in a more orderly way, accomplishing the objective of disbursing the remaining US\$ 5,060,000 from USAID/Bolivia funds.

Summing up, the Project was implemented with little or no planning during the 1986/87 Cycle. During the 1987/88 Campaign the Project was implemented with the assistance of instruments such as the Letters of Understanding with the ICIs, and the Credit Distribution Plan prepared by the PL-480 Executive Secretariat and approved by USAID/Bolivia. These instruments, which were prepared taking advantage of the results of the prior campaign, appear to have been sufficiently appropriate to facilitate an adequate implementation of the Project during the 1987/88 Cycle.

It is important to note that the PL-480 Executive Secretariat has the skills to do a good job in the implementation planning of credit projects, but in the case of the EAC Project it was handicapped by the speed with which USAID/Bolivia wanted to implement the Project and by its lack of participation in the design of the Project.

B. ORGANIZATION

The implementation of the Project was carried out by the participant institutions in a decentralized manner. Each institution managed its own affairs and used its structure of organization accordingly. The institutions were aware of their responsibilities through the advice and directives of the PL-480 Executive Secretariat. Despite the decentralization there was sufficient degree of communication among the institutions to guarantee an effective flow of information between the PL-480 Executive Secretariat and the ICIs and agricultural chambers, and between the ICIs and the Sub-ICIs and the Beneficiaries. Such flow was somewhat limited during the 1986/87 Summer Cycle, but improved greatly during the following Summer Cycle.

The PL-480 Executive Secretariat managed the implementation of the Project without modifying significantly its internal organization structure. USAID/Bolivia, through PRD first and ARD later, supervised the implementation of the Project jointly with the PL-480 Executive Secretariat. Nine Private Banks and four Private Financial Associations

participated as Financial intermediaries (ICIs) also without making any important changes to their internal structures of organization. Eight Agricultural Chambers participated, some in one or both campaigns, making changes or adjustments not to their structures of organization but to their ways of working with ICIs, sub-ICIs and their members.

To carry out their assignments, each of the above mentioned institutions organized their work in accordance with their particular internal needs and possibilities. The PL-480 Executive Secretariat throughout the life of the Project maintained a high degree of visibility among all participating institutions giving them instructions, orientations and a sense of direction. Relationships between PL-480 and USAID/Bolivia, between PL-480 and the ICIs and Sub-ICIs, and between the ICIs and Sub-ICIs and the Beneficiaries appear to have been fluid, timely and frequent.

The structure of organization used to implement the Project, appears to have served its purpose well, particularly in those cases where FENACRE, Cooperativa La Merced and Banco Hipotecario were involved.

C. DIRECTION

The PL-480 Executive Secretariat provided Direction to the implementation of the Project clarifying the objectives of the Project, giving appropriate instructions and providing orientation to all participant institutions. The PL-480 Executive Secretariat provided the leadership needed to implement the Project, particularly during the 1987/88 Summer Agricultural Campaign, which was carried out in a much more organized and orderly way than the 1986/87 Campaign.

The Direction provided by PL-480 during the implementation of the Project is widely recognized and praised by all the people and institutions that participated. The Evaluation Team was able to verify and is satisfied that such leadership and direction existed.

D. CONTROL

Control of the implementation of the Project was carried out by the PL-480 Executive Secretariat by means of on-site supervisions and evaluations. Two on-site supervisions and one evaluation were carried out in total during the life of the Project. The evaluation

was conducted on May 1987 to verify the results of the 1986/87 Summer Cycle and the on-site supervisions were conducted on February and August, 1988 to monitor progress in the implementation of the Project during the 1987/88 Summer Cycle.

The information gathered with the evaluation of the 1986/87 Summer Cycle was used to improve the planning of the implementation of the 1987/88 Cycle. On the other hand, the information collected with the two on-site supervisions served to monitor the use of funds, participation and performance of the ICIs and agricultural chambers and to estimate the repayment schedules and potential problems.

Control of the implementation of the Project during the 1986/87 Summer Cycle was not very effective due to difficulties caused by the desire of USAID/Bolivia to implement the Project rapidly and the immediate need farmers had for credit for summer planting. Under these conditions the PL-480 Executive Secretariat was not even able to collect data about disbursements. Control at the level of the ICIs, agricultural chambers and cooperatives was similarly lacking during this period.

Control of the implementation of the Project during the 1987/88 Campaign improved significantly. The PL-480 Executive Secretariat, as well as other participant institutions, carried out better control of the funds lent and the uses given to it by the beneficiaries. As a result, the PL-480 Executive Secretariat is now in a position to provide very useful information about different aspects of the Project on short notice, and so are some of the institutions the Evaluation Team visited. The information provided by these institutions lacks however, socioeconomic information about the beneficiaries of the Project.

As far as external Auditing is concerned, the Project has not been audited yet. USAID/Bolivia has scheduled an external Auditing on or about (NO DATE SET YET). The Grant Agreement called for two Audits of the ICIS, one in December 1986 and the other on August 1987.

X. FINANCIAL PLANNING AND IMPLEMENTATION

A. PROJECT COST AND FINANCING

The total cost of the Project contemplated in the Grant Agreement was US\$ 87.4 million.

The cost was going to be financed in the following manner:

USAID/Bolivia	US\$ 10.0 mi ^{2/}
Central Bank	55.0 mi
PL-480	4.7 mi
Agricultural Bank	7.3 mi
Private ICIs and others	<u>10.4 mi</u>
Total	US\$ 87.4 mi

In practice, only USAID/Bolivia and the PL-480 Executive Secretariat contributed directly to the financing of the Project. USAID/Bolivia provided US\$ 10,850,000 ^{3/} and the PL-480 Executive Secretariat US\$ 3,000,000. The other institutions did not consider themselves participants of the Project, therefore they did not contribute directly to its financing.

In looking at the cost as it was presented in the design one gets the impression that it was incorrectly stated. In talking to the people who designed the Project one gets the explanation for it. What was apparently expected by them was that during the implementation of the Project, simultaneously, other Bolivian institutions, independently of the Project, would also provide credit to farmers of the country.

As a result, this Chapter refers only to the contributions to the Project made by USAID/Bolivia and the PL-480 Executive Secretariat.

B. DISBURSEMENTS

The following table indicates the disbursements authorized for the Project:

^{2/} Of this amount, a total of US\$150,000 was earmarked for Administrative Expenses and Project Coordination, Evaluation and Audits, and Contingencies.

^{3/} Includes a US\$1.0 million loan from the PL-480 Executive Secretariat.

1986/87 Summer Cycle

Date of Authoriz.	Instrument	Sources		
		USAID/B	PL-480 E.S. US\$	TOTAL
12-02-86	Ltr.w/disbursmt.plan	1,200,000		1,200,000
12-15-86	Automatic disbrsmt. under above letter	500,000		500,000
12-17-86	Automatic disbrsmt.	250,000		250,000
01-07-87	Automatic disbrsmt.	420,000		420,000
01-19-87	PIL No.8 (EAC)		2,420,000	2,420,000
02-18-87	PIL No.3 (Title III)		694,659	694,659
02-27-87	PIL No 5 (Title III)		2,420,000	2,420,000
03-16-87	PIL No.5 (EAC)	2,420,000	(2,420,000)	
04-15-87	PIL No.2 (Title III)		(114,659)	(114,659)
Sub-total		5,790,000	3,000,000	8,790,000

1987/88 Summer Cycle

09-01-87	Letter	3,000,000		3,000,000
12-03-87	Letter	<u>2,060,000</u>		<u>2,060,000</u>
Sub-total		5,060,000		5,060,000

TOTAL		10,850,000	1/ 3,000,000	13,850,000
		=====	=====	=====

Source: PL-480 Executive Secretariat and USAID/Bolivia

1/ Includes US\$ 1.0 million borrowed from the PL-480 Executive Secretariat.

1. USAID/BOLIVIA FUNDS

Disbursements of USAID/Bolivia funds amounted to US\$ 5,790,000 during the 1986/87 Summer Cycle and US\$ 5,060,000 during the 1987/88 Summer Cycle making a total of US\$ 10,850,000. This amount exceeds the total budgeted for loans by US\$ 1.0 million which was borrowed by USAID/Bolivia from the PL 480 Executive Secretariat

under PIL No. 2 (Title III) of April 15, 1988 to meet Project credit demand. PIL No. 2 authorized the transfer of one million dollars from the PL-480 Executive Secretariat funds on a loan basis, indicating that repayment would come from additional allocations or from loan repayments made by the beneficiaries.

There were 7 disbursements from USAID/Bolivia to the PL-480 Executive Secretariat for the EAC Project. The process started late in both seasons, but was fluid once it began. Most of them were made effective in a matter of days, from the time the requests for funds were made to the time when the checks were delivered. In three cases however, there were serious delays. First delay, a request for US\$ 2,420,000 was made on Nov. 26, 1986, the check was made effective on April 7, 1987; second delay, a request for US\$ 3.0 million was made on May 28, 1987, a check was authorized on September 1, 1987, but the check's date was overdue. A replacement had to be requested, the replacement check was not delivered to the PL-480 Executive Secretariat until November 4, 1987, some five months after the original request had been made. The third delay refers to the US\$ 2,060,000 that was delivered to the PL-480 Executive Secretariat on December 22, 1987 after it had been requested on three consecutive occasions (November 17, 25 and 30, 1987).

Out of the US\$ 10,850,000 authorized disbursements of USAID/Bolivia funds for the EAC Project, US\$ 10,719,467 were actually disbursed to the beneficiaries leaving US\$ 130,533 unspent.

2. PL-480 EXECUTIVE SECRETARIAT FUNDS

Disbursements of the PL-480 Executive Secretariat funds amounted to US\$ 3.0 million and were disbursed only during the 1986/87 Summer Cycle. This amount consists of US\$ 694,659 authorized on February 18, 1987 under PIL No. 3 (Title III), US\$ 2,420,000 authorized on February 24, 1987 under PIL No. 5 (Title III), less US\$ 114,659 deobligated on June 10, 1987 under PIL No. 7 (Title III).

PIL No. 4 (EAC) of January 3, 1987 authorized the PL-480 Executive Secretariat a transfer to the EAC Project loan fund of US\$ 2,420,000 on a loan basis, which was reimbursed on March 16, 1987 under PIL No. 5 (EAC).

Out of the US\$ 3.0 million authorized contribution of the PL-480 Executive Secretariat to the EAC Project, US\$ 2,821,248 were actually disbursed to the beneficiaries leaving US\$ 178,752 unspent.

3. DISBURSEMENT MECHANISMS

3.1 FROM USAID/B TO THE PL-480 Executive Secretariat

The disbursement mechanism for the EAC Project funds functioned as follows: (i) the PL-480 Executive Secretariat submitted to USAID/Bolivia requests for disbursements in accordance with the outlays programmed to meet Project requirements; (ii) the USAID/Bolivia Comptrollers Office reviewed the requests and forwarded them to USAID's Regional Disbursement Office in Brazil; (iii) checks were issued by USAID's Regional Disbursement Office in Brazil and forwarded to USAID/Bolivia; and (iv) checks were transmitted by USAID/Bolivia to the PL-480 Executive Secretariat for deposit in the EAC Project's special account with the Central Bank. The dates in which the various amounts were requested, transmitted and finally disbursed are given below:

<u>Amounts</u> <u>US\$ 000</u>	<u>Requests for</u> <u>funds made by</u> <u>the PL-480 E.S.</u>	<u>Checks</u> <u>transmitted</u> <u>by USAID/B</u>	<u>Checks recvd.</u> <u>by PL-480</u> <u>Exec. Sec.</u>
<u>1986/87 Cycle</u>			
1,200	11-26-86 1/	12-02-86	12-09-86
500	11-26-86	12-15-86	12-23-86
250	11-26-86	12-17-86	12-23-86
420	11-26-86	01-07-87	01-07-87
2,420	11-26-86	04-03-87	04-07-87
<u>1987/88 Cycle</u>			
3,000	05-28-87	09-01-87	11-04-87
2,060	11-17-87	12-03-87	12-22-87

Despite the experience gained during the implementation of the 1986/87 Summer Cycle, the rhythm of disbursements were smoother and faster during the 1987/88 Cycle than during the 1986/87 Summer Cycle.

Sources: PL-480 Executive Secretariat and USAID/Bolivia

1/ This request included a disbursement plan under which all disbursements were made more or less promptly.

3.2 FROM THE PL-480 EXECUTIVE SECRETARIAT TO THE ICIs, SUB-ICIs, AND END-USERS

The mechanism for the programming, promotion and disbursement of loans to the final beneficiaries

consisted of the following steps:

Step 1: The agricultural chambers were requested to prepare an Annual Operational Plan for the 1987/88 Summer Cycle that included total financing requirements for all farming activities in each department. On the basis of the demand indicated in these operational plans and the potential existing in each region, USAID/Bolivia and the PL-480 Executive Secretariat distributed the funds available under the EAC Project to the various departments.

Amounts not utilized in any given department were reprogrammed for use in other departments according to the demand.

Step 2: The PL-480 Executive Secretariat selected production lines on the basis of crop potentials, market possibilities and national priorities.

Step 3: The PL-480 Executive Secretariat promoted the EAC Project through visits to the ICIs, agricultural chambers, producers associations and cooperatives in the various departments indicating amounts available and production lines eligible for loans.

Step 4: Application forms were prepared by prospective borrowers, in a most simple form (Form No. EAC-1), with the participation of or the assistance from the agricultural chambers, producers associations and cooperatives, which were then submitted to the ICIs.

Step 5: The ICIs evaluated the individual applications received and consolidated those approved in a loan package (Form No. EAC-2) which were submitted to the PL-480 Executive Secretariat for consideration.

Step 6: The PL-480 Executive Secretariat processed the loan packages following these sub-steps: (i) the individual applicants' names were checked through a computer to screen out those with outstanding or overdue loans of those who, in general, did not comply with the Project's lending criteria; (ii) lists were produced of approved and rejected applicants, and letters were sent to the ICIs including these lists and advising the total amounts approved and rejected; (iii) the PL-480 Executive Secretariat then submitted to the UCCP (Unidad de Coordinación y Control Presupuestario of the Ministry of Finances) requests for the issuance of checks in local currency (in U.S. dollar equivalent) for the amounts approved in each of the loan packages; and (iv) the checks issued were sent to the PL-480 Executive Secretariat for forwarding to the ICIs. It should be noted that the processing of the loan packages by the

PL-480 Executive Secretariat described in this step took no more than 5 to 8 days in practically all cases.

Step 7: The PL-480 Executive Secretariat forwarded the check to the ICIs along with a letter indicating the rate of exchange used to convert the U.S. dollar loan amounts to Bolivianos; and

Step 8: The ICIs disbursed the loans to the final beneficiaries within 30 days of receiving the checks.

The Evaluation Team has found that the disbursement mechanism established by the PL-480 Executive Secretariat to disburse the funds to the ICIs and Sub-ICIs was very efficient.

C. CREDIT PROVIDED

During the life of the Project, the PL-480 Executive Secretariat made 76 disbursements to the participant ICIs to provide 8,757 loans with a total of US\$ 13,540,715 to the small and medium size farmers of the Altiplano, Valleys and Lowlands.

1. BY ICI

The PL-480 provided the loans through private banks and financial associations. The following table shows the number of loans and the amount of the loans by ICI.

ICI	86/87		87/88		TOTAL	
	No. Loans	Amount US\$	No. Loans	Amount US\$	No. Loans	Amount US\$
PRIVATE BANKS						
Bco. Hipotecario	668	582,191	273	320,248	941	902,439
BIG-Beni	95	324,347	75	153,000	170	477,347
Banco Nacional	--	---	63	98,202	63	98,202
BLADESA	650	1,471,384	307	455,500	957	1,926,884
Bco. de la Unión	47	120,000	---	---	47	120,000
Bco. Cochabamba	38	86,787	---	---	38	86,787
Bco. Santa Cruz	134	289,090	---	---	134	289,090
Bco. Créd. Oruro	965	1,784,122	---	---	965	1,784,122
Bco. de Potosí	37	152,612	---	---	37	152,612
COOPERATIVE CREDIT ASSOCIATIONS						
FENACRE	2,882	3,419,279	2,094	3,603,557	4,976	7,022,836
Coop. La Merced	208	299,817	123	171,779	331	471,596
Mutual La Paz	---	---	23	64,800	23	64,800
CACEN	---	---	75	144,000	75	144,000
T O T A L	5,724	8,529,629	3,033	5,011,086	8,757	13,540,715

Source: PL-480 Executive Secretariat

2. BY REGION AND DEPARTMENT

The PL-480 provided the following loans to the regions and departments:

Geographic Region	1986/87		1987/88		TOTAL	
	No.	Amount	No.	Amount	No.	Amount
ALTIPLANO						
La Paz	429	925,826	102	199,002	531	1,124,828
Oruro	160	279,243	97	50,000	257	329,243
Potosí	573	1,053,452	556	703,400	1,129	1,756,852
	1,162	2,258,521	755	952,402	1,917	3,210,923
V A L L E Y S						
Cochab.	2,532	2,129,599	1,080	1,314,088	3,612	3,443,687
Tarija	479	1,063,091	367	1,026,925	846	2,090,016
Chuquis.	436	1,380,410	277	741,082	713	2,121,492
	3,447	4,573,100	1,724	3,082,095	5,171	7,655,195
LOWLANDS						
S. Cruz	1,104	1,654,008	452	768,589	1,556	2,422,597
Beni	11	44,000	102	208,000	113	252,000
	1,115	1,698,008	554	976,589	1,669	2,674,597
TOTAL	5,724	8,529,629	3,033	5,011,086	8,757	13,540,715

Source: PL-480 Executive Secretariat

3. BY END-USE

The funds provided to the farmers during the 1987/88 Summer Cycle ^{4/} were used to produce the following agricultural products:

Product	ALTIPLANO		VALLEYS		LOWLANDS		TOTAL		(%)
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
Potatoe	670	740,590	1,021	1,552,146	12	14,982	1,703	2,307,718	46.0
Maize	14	45,500	295	473,650	82	117,488	391	636,638	12.7
Rice	--	---	---	---	419	747,526	419	747,526	14.9
Vegtbls.	17	31,312	27	60,900	7	15,545	51	107,757	2.2
Poultry	12	38,000	5	17,300	2	9,000	19	64,300	1.3
Other	42	97,000	376	978,099	32	72,048	450	1,147,147	22.9
TOTAL	755	952,402	1,724	3,082,095	554	976,589	3,033	5,011,086	100.0

^{4/} No similar information exists for the 1986/87 Summer Cycle.

D. TERMS AND CONDITIONS OF THE LOANS

Project credit funds were made available to all farmers who became eligible under the terms and conditions of the Project as contained in the Letters of Implementation between the PL-480 Executive Secretariat and the ICIs. The most important of those were the following:

1. TERMS

In theory, all ICIs were given 11 months and farmers 10 months to pay their obligations, starting on the day of disbursements. In practice, it has been found that farmers were given shorter terms by the ICIs.

2. LOAN AMOUNTS

The largest individual loan amounts permitted were US\$ 15,000 during the 1986/87 Summer Cycle and US\$ 5,000 during the 1987/88 Summer Cycle. In practice, the average loans provided during those cycles were US\$ 1,490 and US\$ 1,652 respectively.

3. RATES OF INTEREST AND SPREADS

The rates of interest authorized were LIBOR plus 5% with a maintenance of value clause with respect to the U.S. dollar. This has meant a rate of interest of 13% approximately to the beneficiary. The spread for the ICIs was 4% plus 1% if they made their system of guarantees more flexible. No deviations from the norm were detected. The PL-480 Executive Secretariat paid US\$ (NOT AVAILABLE) to the ICIs for this concept.

4. COMMISSIONS

A flat 2% commission on the nominal value of the loan was authorized to be charged to the borrower. Such commission was supposed to be used to finance the services provided by the agricultural chambers and associations to the farmers who applied for loans to the Project. In practice, it was found that the norm was maintained in general, but in some cases the cooperatives charged additional small amounts to cover the costs of filing forms. During the 1987/88 Summer Cycle the Project collected US\$ 100,221 for this concept and paid off US\$ 48,691 to agricultural chambers, producers associations and cooperatives.

5. INCENTIVES AND PENALTIES

As incentives, the ICIs were promised 1% of the interest rate if they would make more flexible their systems of guarantees; the associations were promised 50% of the commission if they would assist the ICIs in the recovery of 100% of the loans provided to the farmers. The ICIs were paid US\$ (NOT YET AVAILABLE) for it so far; the associations no hing yet until 100% of the loans are recovered.

The only penalty established by the Project was directed to the ICIs; the PL-480 would penalize them if they didn't disburse the funds to the beneficiaries within 30 days of the date they received the funds from the PL-480 Executive Secretariat. In practice, no ICI has been fined yet.

6. GUARANTEES

Meeting collateral requirements is often a formidable obstacle for small farmers. In most cases they do not own property to mortgage and the Agrarian Reforms Titles they hold are not valid, legally, to guarantee obligations. The EAC Project left it to the ICIs to impose the type of guarantees they saw best to secure the loans they disbursed under the Project. According to the Survey results, one third of the borrowers were required to provide mortgage guarantees and the remaining two thirds were able to obtain their loans with just a personal guarantee. The table below shows the types of guarantees used under the EAC Project by departments and geographical regions:

Departments	No. Benef. Surveyed	Types of Guarantees			
		Mortgage		Personal	
ALTIPLANO					
La Paz	30	26	87%	4	13%
Oruro	50	-	0	50	100%
Potosí	81	31	38%	50	62%
	161	57	35%	104	65%
VALLEYS					
Cochabamba	118	15	13%	103	87%
Chuquisaca	20	11	55%	9	45%
Tarija	100	56	56%	44	44%
	238	82	34%	156	66%
LOWLANDS					
Santa Cruz	119	34	29%	85	71%
TOTAL	518	173	33%	345	67%

Source: Survey of Beneficiaries July/August, 1988.

Virtually all private banks required mortgage guarantees to secure the loans they granted to Project beneficiaries. This posed a big problem for most applicants. According to the Survey results, a common practice was that people in the communities who owned property would mortgage it for a fee guaranteeing one loan or groups of loans.

On the other hand, the ICIs with a cooperative structure provided the loans mostly backed by personal guarantees, which include the shares and savings members have in the institutions.

E. LOAN RECOVERIES

1. RATES OF RECOVERY

Data on loan recovery is available only for loans disbursed during the 1986/87 Summer Cycle, since loans granted during the 1987/88 Cycle are not yet due.

Recoveries of the loans granted under the Project have been generally poor and it has been necessary to grant extensions for their repayment.

The following table lists loans recovered, outstanding and overdue by ICIs:

1986/87 Summer Cycle

(US\$)

	<u>Recovery</u>	<u>%</u>	<u>Outstanding</u>	<u>%</u>	<u>Overdue</u>	<u>%</u>
<u>PRIVATE BANKS</u>						
Bco. Hipotecario	384,321	66	197,870	34	---	--
BIG-Beni	168,022	52	156,325	48	---	--
BLADESA	301,000	20	1,170,384	80	---	--
Bco. de la Unión	60,000	50	60,000	50	---	--
Bco. Cochabamba	31,178	36	55,609	64	---	--
Bco. Santa Cruz	289,090	100	---	--	---	--
Bco. Créd. Oruro	0	0	---	--	1,784,122	100
Bco. de Potosí	0	0	---	--	152,612	100
Sub-Total	1,233,611	26	1,640,188	34	1,936,734	40
<u>COOPERATIVE CREDIT ASSOCIATIONS</u>						
FENACRE	809,563	24	2,609,716	76	---	--
Coop. La Merced	185,981	62	113,836	38	---	--
Sub total	995,544	27	2,723,552	73	0	0
TOTAL	2,229,155	26	4,363,740	51	1,936,734	23

Source: PL-480 Executive Secretariat

Note: From the 1987/88 Summer Cycle only US\$ 18,683 were recovered from FENACRE.

For the most part adverse climatic conditions were responsible for the poor loan recovery; in other instances, indiscriminate imports of foodstuffs and contraband accounted for depressed markets for some agricultural products which affected loan repayment. However, there are marked differences in loan recovery experiences between the ICIs, that suggest that some ICIs were more efficient than others in loan follow-up and collection techniques. Likewise, there are different recovery experiences within the various loan packages of some of the ICIs, suggesting that members of cooperatives and associations are better payers than individual borrowers.

Recoveries for loans granted during the 1986/87 Cycle show an overall recovery rate of 26%, overdue loans 23%, and 51% outstanding. It should be noted that the totality of the overdue loans correspond to two ICIs which are in the process of being liquidated (Banco de Oruro and Banco de Potosí); and likewise, the lowest recovery rate (20%) corresponds to BLADESA which has recently been intervened by the Government. The reason there are still outstanding loans from the 1986/87 Cycle is because of extensions granted in view of the adverse climatic conditions, but it is expected that a major portion of them will be recovered.

One other important factor contributing to the poor recovery of loans is undoubtedly the belated disbursements and the short terms given for some loans (some as short as six months). Most of the borrowers received the disbursements when the planting season was underway or over, and were required to pay when they had no income coming.

2. RECOVERY MECHANISMS

Recovery mechanisms differed according to the various ICIs and sub-ICIs. In most cases borrowers were visited by ICI officials or received notices advising them that their loans were due. Generally, borrowers are expected to call on to the ICIs or sub-ICIs to repay their loans. In the case of FENACRE's individual borrowers, they have to obtain a statement of the amount due plus interests and then make a deposit in a special FENACRE bank account.

As the ICIs and sub-ICIs recover the loans from the borrowers, the monies are sent to the PL-480 Executive Secretariat with indications of which loan packages they refer to for proper crediting.

Two conclusions can be drawn from this Chapter. The first conclusion refers to the collateral requirement to secure agricultural loans granted to the small farmers. The private banks applied their regular policies on this matter requiring tangible properties as mortgage, which made it not only difficult for the farmers but increased the cost of their credit because of the fees they had to pay to those who allowed them to use their properties as collateral. The cooperative credit institutions applied more liberal policies for securing loans. After all, most of them are in the agricultural credit business longer than the private banks and a majority of the borrowers under the Project were their regular clients. Consequently, it is apparent that cooperative organizations are better suited to intermediate agricultural financing geared to the small size rural producers.

The second conclusion refers to the heavy overdue situation of most ICIs who have participated in the project. It is believed that, with the possible exception of the three private banks that are being intervened or liquidated, the ICIs will recover the monies which are presently overdue. The farmers need more time however, to recover from the losses they sustained during the last two seasons, due to climatic and market conditions. Unfortunately the cycles to which agricultural activities are subjected do not coincide with the fiscal years of banking institutions which expect results on an annual basis. Agricultural credit, even for the production of annual crops, has to be programmed over a period of time by the financial institutions. They need more leeway to grant extension when the circumstances merit doing so, as well as to provide "rehabilitation" loans to borrowers who have lost their crops and are not able to pay their previous loans.

A P P E N D I C E S

APPENDIX 1

LIST OF INSTITUTIONS VISITED AND OFFICIALS INTERVIEWED

<u>Institution</u>	<u>Name</u>	<u>Title</u>	
USAID/Bolivia	Robert Kramer	Deputy Director	
	John A. Fasullo	ARD Chief	
	Darell McIntyre	ARD Deputy Chief	
	Jorge Calvo	ARD Agric. Specialist	
	Clark Joel	Economic Advisor	
	David Hess	Special Projects Chief	
	David Jessee	PS Deputy Chief	
	Guillermo Ferreranda	CONT Deputy Chief	
	Angel M. Diaz	FD&I Deputy Chief	
	Jaime Viccarra	FD&I Assistant Specialist	
	Lance L. Downing	DF Deputy Chief	
PL-480 Executive Secretariat	Carlos Brockman	Secretario	
	Jorge Noda	Jefe Unidad Financiera	
	Marcelo Urquiza	Técnico de la Secretaría Ejecutiva	
Banco Central de Bolivia	Fernando Tamayo	Gerente Div. Contabilidad Gerencia de Desarrollo	
	Fernando Cáceres P.	Gerente Div. Supervisión de Líneas	
	Hugo Ossio	Gerente de Programación y Coordinación	
Banco Agrícola de Bolivia	Jorge Soliz	Subgerente de Crédito	
Bco. Hipotecario Nacional			
	- Of. La Paz	Enrique Blanco	Gerente Nal. de Fomento
	- Of. Cochabamba	Jaime Zubieta	Gerente
		Carlos Buitrago	Subgerente de Fomento

Eco. Ind. y Ganadero del Beni S.A.		
-Oficina La Paz	Mario Dorado L. Ricardo Angulo	Gerente Nal. de Fomento Asist. Gerencia Fomento
-Of. Cochabamba	Jaime Claire	Encargado Asist. Técnica
Bco. de la Unión		
- Oficina La Paz	Mauricio Toledo Jaime Fajerstein	Oficial de Créditos Gerente Of. Santa Cruz
Banco Nacional		
-Oficina La Paz	Mario Aguilar Leonardo Bruzonic	Gerente de Créditos Asistente de Créditos
FENACRE		
-Oficina La Paz	Alberto Montero C. J. Celian Lopez Oscar F. Alvarez José Villarroel	Gerente General Gerente de Operaciones Director Planificación Oficial de Créditos
-Oficina Sta. Cruz	Jorge Hinojosa	Gerente Regional Sta. Cruz
-Oficina Tarija	Ramiro Rodriguez	Extensionista
-Oficina Sucre	Abdón Alvarez	Técnico Agrónomo
UDAPE	Gonzalo Afcha	Director de Proyecto
INE	Marcelo Mercado	Director
MACA	Buby Kreidler Nilo Robles X. Manchego	Subsecretario de Agricultura Director Planificación Depto. Estadística
Cámara Agropecuaria Chuquisaca	Alberto Rodriguez Ariel Aviléz	Gerente General Ing. Agrícola
Cámara Agropecuaria Tarija	Jaime Castellanos	Presidente
Cámara Agropecuaria del Valle	René López Mérida Ing. Gustavo Guerra	Presidente Gerente

RONCO Consulting Corporation	Luis Ampuero Patrick Moriarty Marcelo Miranda	Jefe a.i. Equipo de Implementación Consultor Intermediación Financiera Privada para el Sector Agrícola - IDEM -
FOCAS	Armando Méndez	Asesor en Banca de Desarrollo
Acción Rural Agrícola de Desarrollo Organizado - ARADO	Arturo Moreira Israel Avilés Gonzalo Sanjinés	Gerente General Jefe Depto. Técnico Jefe Depto. Crédito y Consumos
Coop. Integral de Servicios "Cochabamba" Ltda. -Punata, Cochabamba	Emilio Cano Luis Garvizu	Gerente Técnico de FENACRE
Cooperativa de Ahorro y Crédito San José, Punata -Cochabamba	Jose Arnéz Angel Dávila Luis Garvizu	Presidente del Consejo de Administración Gerente Técnico Dpto. Estudios y Proyectos de FENACRE
COINCA (Coop. Integral Campesina) -Tarija	José Sigler Vaca	Gerente
Coop. Ahorro y Crédito 4-5 -Tarija	Rubén Morales	Gerente
Coop. La Merced -Santa Cruz	Adalberto Terceros Wilde Urquidí	Presidente Ejecutivo Jefe Créditos Campesinos
Mutual La Paz	Carlos Cardozo	Gerente
Caja Central de Ahorro y Pto. para la Vivienda CACEN	Ernesto Wende Ramiro Vera V.	Presidente Gerente Unidad de Desarrollo Sector Productivo

APPENDIX 2

SURVEY OF BENEFICIARIES OF THE EMERGENCY AGRICULTURAL CREDIT PROJECT (EAC)

METHODOLOGY

In order to carry out the Final Evaluation of the Project it was necessary to find out what had been the results of the Project at the level of the beneficiaries. To that end, the Evaluation team implemented a survey of beneficiaries located in La Paz, Oruro, Potosi, Chuquisaca, Tarija, Cochabamba and Santa Cruz, with the assistance of a Survey Team.

The decisions as to the size of the sample and location of the targets of the Survey were made on the basis of the availability of time and budget, ease of access to the farmers by road, potential availability of the farmers at this time of the year in their farms, and knowledge of their addresses.

The Survey Team was composed of 11 professionals and technicians, most of them well acquainted with the areas in which the Project was carried out. The Survey Leader worked for USAID/Bolivia as the EAC Project Coordinator. They began the Survey in the field on July 27 and came back on August 9, 1988. A Map is attached to illustrate the areas they visited.

The Survey Team visited the farmers in their farms; the answers given by them were based on their personal recollections and not on written statistical or accounting information of any kind. The answers then, although provided in good faith, should be accepted with caution.

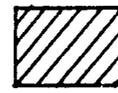
RESULTS

MAP OF THE REPUBLIC OF BOLIVIA

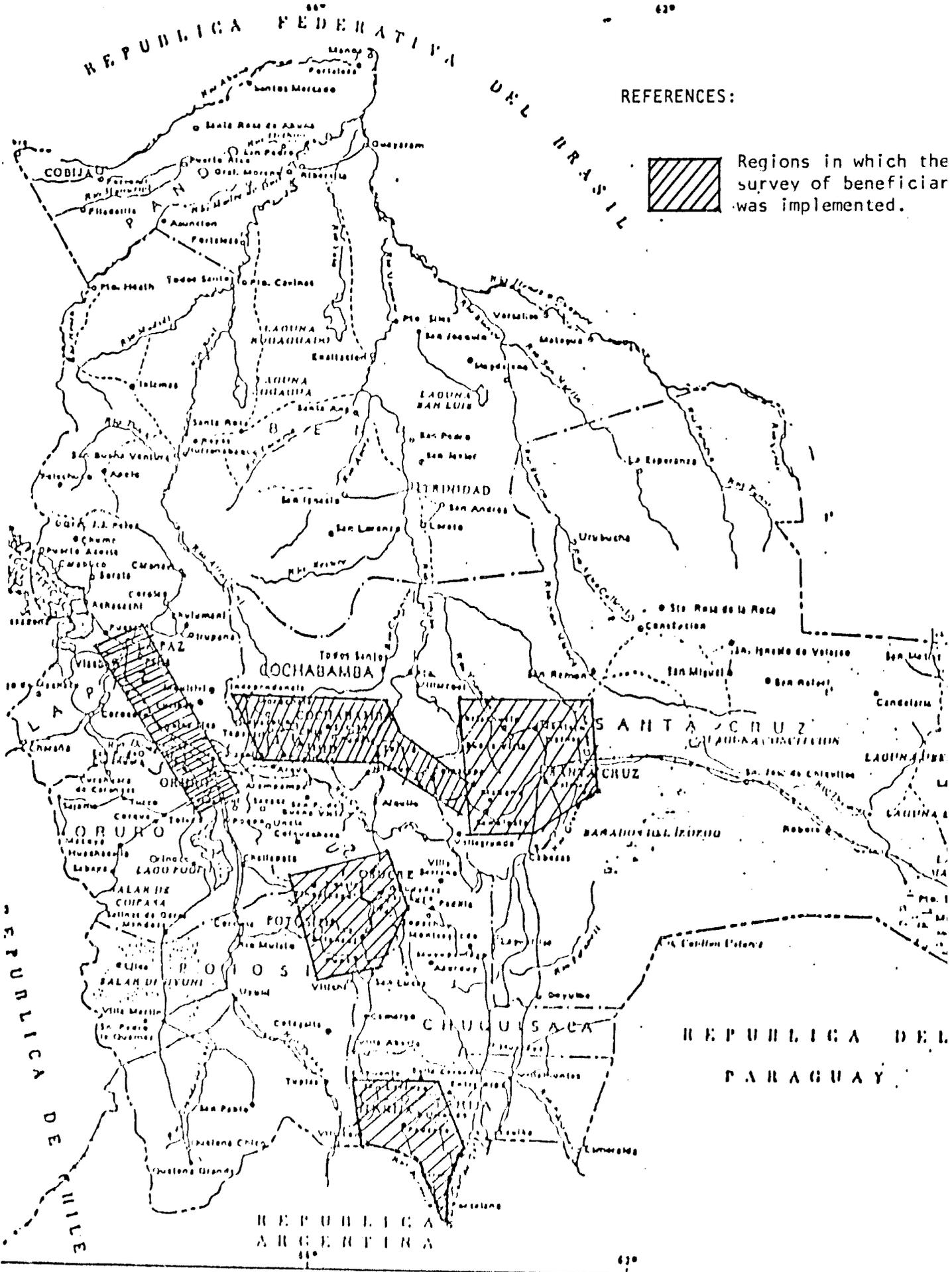
62°

REPUBLICA FEDERATIVA DEL BRASIL

REFERENCES:



Regions in which the survey of beneficiar was implemented.



REPUBLICA DE CHILE

REPUBLICA ARGENTINA

63°

TABLE 1
SOCIO-ECONOMIC INFORMATION OF THE 518 BENEFICIARIES SURVEYED
BY REGION AND DEPARTMENT

Regions and Departments	No. of Beneficiaries Surveyed	Occupation				Credit (US\$)			Average Yearly Income (US\$)	Size of Farm		
		Agri culture	Poul try	Dairy	Requested	Received	Average	1-10 ha		11-20 ha	More than 20 ha	
<u>ALTIPLANO</u>												
La Paz	30	21	6	3	106,178	68,975	2,300	767	15	12	3	
Oruro	50	49	-	1	47,488	27,000	580	502	27	23	-	
Potosí	81	81	-	-	78,930	68,188	864	1,629	62	16	3	
	<u>161</u>	<u>151</u>	<u>6</u>	<u>4</u>	<u>232,596</u>	<u>164,163</u>	<u>1,019</u>	<u>1,118</u>	<u>104</u>	<u>51</u>	<u>6</u>	
<u>VALLEY</u>												
Cochabamba	118	114	2	2	196,287	116,761	989	1,201	112	5	1	
Chuquisaca	20	19	-	1	52,009	42,617	2,130	2,107	15	4	1	
Tarija	100	95	2	3	249,731	244,990	2,450	2,264	62	12	26	
	<u>238</u>	<u>228</u>	<u>4</u>	<u>6</u>	<u>498,027</u>	<u>404,368</u>	<u>1,699</u>	<u>1,723</u>	<u>189</u>	<u>21</u>	<u>28</u>	
<u>LOWLANDS</u>												
Santa Cruz	119	112	5	2	122,678	102,692	863	2,385	43	33	36	
TOTAL	<u>518</u>	<u>491</u>	<u>15</u>	<u>12</u>	<u>853,301</u>	<u>671,223</u>	<u>1,296</u>	<u>1,687</u>	<u>336</u>	<u>105</u>	<u>70</u>	
	100%	95%	3%	2%					66%	20%	14%	

REFERENCES:

- (1) Rate of exchange Bs 2.19 = 1 US\$
- (2) In Sta. Cruz 7 beneficiaries did not have any land

SOURCE: Survey of beneficiaries carried out by EXPERIENCE INC.
July 27 to August 8, 1988

TABLE 3

END-USE OF THE LOANS BY THE 518 BENEFICIARIES SURVEYED
BY AREA PLANTED AND PRODUCTIVE ACTIVITY
BY REGION AND DEPARTMENT

Departments	No. of Benefi- ciaries	Area Planted (ha)					No. of Units	
		Potatoes	Cereals	Vegetables	Other	Total	Poultry	Beef Cattle
<u>ALTIPLANO</u>								
La Paz	30	67	--	11	33	111	14,000	---
Oruro	50	248	97	--	--	345	---	---
Potosí	81	167	81	--	6	254	---	---
	<u>161</u>	<u>482</u>	<u>178</u>	<u>11</u>	<u>39</u>	<u>710</u>	<u>14,000</u>	<u>---</u>
<u>VALLEYS</u>								
Cochabamba	118	91	63	11	9	174	18,100	5
Chuquisaca	20	49	78	--	12	139	---	--
Tarija	100	59	119	22	231	431	7,500	13
	<u>238</u>	<u>199</u>	<u>260</u>	<u>33</u>	<u>252</u>	<u>744</u>	<u>25,600</u>	<u>18</u>
<u>LOWLANDS</u>								
Sta. Cruz	119	29	721	--	176	936	12,500	--
TOTALES	518	710	1,169	44	467	2,390	52,100	18
		29.7%	48.9%	1.8%	19.6%	100%		

 SOURCE: Survey of beneficiaries carried out by EXPERIENCE INC.
 July 27 to August 8, 1988.

TABLE 4

CHANGES IN AREA PLANTED BY THE 518 BENEFICIARIES SURVEYED
BY REGION AND DEPARTMENT

Departments	No. of beneficia ries surveyed	Area planted (ha)			
		Prior Year	year of the loan	Increment	%
<u>ALTIPLANO</u>					
La Paz	30	91	111	20	22
Oruro	50	300	345	45	15
Potosí	81	204	254	50	24
	<u>161</u>	<u>595</u>	<u>710</u>	<u>115</u>	<u>19</u>
<u>VALLEYS</u>					
Cochabamba	118	143	174	31	22
Chuquisaca	20	127	139	12	9
Tarija	100	259	431	172	66
	<u>238</u>	<u>529</u>	<u>744</u>	<u>215</u>	<u>41</u>
<u>LOWLANDS</u>					
Santa Cruz	119	789	936	147	19
TOTAL	518	1,913	2,390	477	25
=====					

SOURCE: Survey of beneficiaries carried out by EXPERIENCE INC.
July 27 to August 8, 1988

TABLE 5
CHANGES IN AREA PLANTED AND PRODUCTION OF THE 518 BENEFICIARIES SURVEYED
BY REGION AND DEPARTMENT

Regions and Departments	No. of beneficiaries with changes in area planted			No. of beneficiaries with changes in production					
	With in- crement	No change or Decrease		With in- crements	No change or Decrease				
<u>ALTIPLANO</u>									
La Paz	21	10	48%	11	52%	5	24%	16	76%
Oruro	49	20	41%	29	59%	6	12%	43	88%
Potosí	81	44	54%	37	46%	35	43%	46	57%
	151	74	49%	77	51%	46	30%	105	70%
<u>VALLEYS</u>									
Cochabamba	114	35	31%	79	69%	27	24%	87	76%
Chuquisaca	19	6	32%	13	68%	7	37%	12	63%
Tarija	95	60	63%	35	37%	41	43%	54	57%
	228	101	44%	127	56%	75	33%	153	67%
<u>LOWLANDS</u>									
Santa Cruz	112	46	41%	66	59%	9	8%	103	92%
TOTAL	491	221	45%	270	55%	130	26%	361	74%
=====									

 SOURCE: Survey of beneficiaries carried out by EXPERIENCE INC.
 July 27 to August 8, 1988

SURVEY RESULTS BY REGION AND DEPARTMENT

1. Localización: Potosí
Provincias: Chayanta, Linares, Cornelio Saavedra

2. Número de Encuestados
81 Agricultores entrevistados

3. Monto promedio de los préstamos
Bs 149,333 / 21=Bs 1.894

4. Destino de los préstamos

	<u>Hectareaje</u>	
-Cultivo papa	167.20 ha	65.7%
-Cultivo cereales	81.25 "	31.9%
-Cultivo hortalizas	---	
-Otros cultivos	5.00 "	2.4%
	<u>254.45 ha</u>	<u>100.0%</u>

=====

5. Superficie adicional cultivada
Sumatoria de todos los cultivos: 50 ha
Incremento de la población ganadera en 92 cabezas
44 Agricultores incrementaron la superficie
21 Agricultores incrementaron su ganadería

6. Producción adicional obtenida
Sumatoria de todos los cultivos 113,160 Kgs.

7. Tamaño de las propiedades

62 Agricultores con propiedades de 1 a 10 ha	76%
16 Agricultores con propiedades de 11 a 20 ha	20%
3 Agricultores con propiedades de más de 20 ha	4%

8. Ingreso promedio de las fincas
Ingreso del total de los 81 encuestados Bs 289,087
Promedio de ingreso por agricultor Bs 3,569

9. Condiciones del préstamo
Tasa de interés 15%
Plazo: varía hasta 9 meses
Comisión: 2%
Cuotas: las cooperativas cubrieron cuotas en todos los casos

10. Garantías

Hipotecaria	31 casos	38%
Prendaria y cruzada	50 casos	62%

11. Monto de los Préstamos

Requerido Bs	171,675	100%
Recibido Bs	149,333	87%

12. Destino de los préstamos por monto en Bs

Preparación de tierras	Bs	20,670	13.8%
Adquisición de insumos	"	32,598	21.8%
Compra de ganado vacuno	"	---	
Equipo y construcciones	"	---	
Pago de jornales	"	60,974	40.9%
Alquiler equipos y otros	"	9,316	6.2%
Comercialización	"	10,255	6.9%
Pago anticipo para labores culturales	"	<u>15,520</u>	<u>10.4%</u>
	Bs	149,333	100.0%

=====

13. Opinión de los beneficiarios con respecto a las asociaciones

	<u>Positiva</u>	<u>%</u>	<u>Inexistente</u>	<u>%</u>
Solicitud	68	84	13	16
Trámite	60	74	21	26
Asistencia técnica	74	91	7	9
Compra de insumos	35	43	46	57

14. Oportunidad y suficiencia del crédito

En general, el crédito fué desembolsado en forma extemporánea.

Sobre la suficiencia del crédito:

16 Agricultores (20%) dijeron SI

65 Agricultores (80%) dijeron que el crédito estuvo limitado por las asociaciones a las ICIs

15. Tiempo transcurrido desde la solicitud hasta el desembolso

Las asociaciones comenzaron a recibir solicitudes en agosto y septiembre y los desembolsos se produjeron entre noviembre y enero. Por lo tanto, el tiempo puede estimarse entre 30 y 150 días.

18. Opiniones para mejorar el programa

Los organismos promotores deben encarar más seriamente la organización campesina para la producción. Debe darse más importancia a la asistencia técnica y a la supervisión, encargándose estas actividades a profesionales idóneos.

EQUIPO ENCUESTADOR:

Responsable: Felipe Nava M.
Encuestador: Genaro Zuzarfo C.

SURVEY RESULTS BY REGION AND DEPARTMENT

1. Localización: Chuquisaca
Provincias: Yamparaez, Tomina, Oropeza

2. Número de Encuestados
20 Agricultores entrevistados

3. Monto Promedio de los Préstamos
Bs 95,371 / 20= Bs 4,668

4. Destino de los Préstamos

	<u>Hectareaaje</u>	
-Cultivo papa	18.80 ha	35.2 %
-Cultivo cereales	78.20 ha	56.4%
-Cultivo hortalizas	---	---
-Otros cultivos	<u>11.62 ha</u>	<u>8.4%</u>
	<u>130.62 ha</u>	<u>100.0%</u>
	=====	=====

5. Superficie adicional cultivada

Sumatoria de todos los cultivos: 12 ha
Incremento de la ganadería: 1
6 Agricultores incrementaron la superficie
1 Agricultor incremento el número de animales

6. Producción adicional obtenida

Sumatoria de todos los cultivos 37,490 Kgs.

7. Tamaño de las propiedades

151 Agricultores con propiedades de 1 a 10 ha 75%
4 Agricultores con propiedades de 11 a 20 ha 20%
1 Agricultor con propiedad de más de 20 ha 5%

8. Ingreso Promedio de las Fincas

Ingreso del total de los 20 encuestados Bs 92,294
Promedio de ingreso por agricultor Bs 4,615

9. Condiciones del Préstamo

Tasa de interés: 15%
Plazo: varía hasta 9 meses
Comisión: 2%
Cuotas: La Cámara Agropecuaria cobra Bs 60 como cuota, en todos los casos

10. Garantías

Hipotecaria	11 casos	55%
Prendaria y cruzada	9 casos	45%

11. Monto de los Préstamos

Requerido Bs	113,900	100%
Recibido Bs	93,331	82%

12. Destino de los préstamos por monto en Bs

Preparación de tierras	Bs	6,940	7.4%
Adquisición de insumos	Bs	22,682	24.3%
Compra de ganado vacuno		---	--
Equipo y construcciones		---	--
Pago de jornales	Bs	35,525	38.1%
Alquiler de equipos y otros	Bs	6,920	7.4%
Comercialización	Bs	1,810	1.9%
Pago anticipo para labores culturales	Bs	19,454	20.8%
	Bs	93,331	100.0%

13. Opinión de los beneficiarios con respecto a las asociaciones

	<u>Positiva</u>	<u>%</u>	<u>Inexistente</u>	<u>%</u>
Solicitud	15	85	5	15
Framite	6	35	14	65
Asistencia Técnica	19	95%	1	5
Compra de insumos	6	30%	14	70

14. Oportunidad y suficiencia del crédito

En general, el crédito fue desembolsado extemporáneamente.

Sobre la suficiencia del crédito:

3 Agricultores (15%) dijeron SI

17 Agricultores (85%) dijeron que estaba limitado por las asociaciones a las ICIs.

15. Tiempo transcurrido desde la solicitud hasta el desembolso

Las asociaciones comenzaron a recibir solicitudes entre los meses de agosto y septiembre y los desembolsos se produjeron entre noviembre y enero; por lo tanto, el tiempo puede estimarse entre 30 y 150 días.

16. Opiniones para mejorar el Programa

Los organismos promotores deben encarar más seriamente la organización del campesinado para la producción.

Equipo Encuestador: Responsable: Felipe Nava H.

Encuestador: Genaro Zuzatto C.

SURVEY RESULTS BY REGION AND DEPARTMENT

1. Localización: Cochabamba
Provincias: Carrasco, Tiraque, Punata, Chapare, Jordan, Ayopaya, Quillacollo, Arani y Capinota.

2. Número de Encuestados

Total de agricultores entrevistados: 118 encuestas.

3. Monto promedio del préstamo

Bs 255,706 / 118= Bs 2,167

4. Destino de los Préstamos

	<u>Hectareaje</u>	
-Cultivo papa	90.69 ha	52.2 %
-Cultivo cereales	63.32 ha	36.5%
-Cultivo hortalizas	10.70 ha	6.2%
-Otros cultivos	<u>2.89 ha</u>	<u>5.1%</u>
	173.60 ha	100.0%

5. Superficie adicional cultivada

Sumatoria de todos los cultivos: 30.87 ha
Incremento de la ganadería: 75 cabezas
Incremento en la cría de aves: 18.100 unidades

45 Agricultores tuvieron incrementos en superficie o número de animales.

6. Producción adicional obtenida

Sumatoria de todos los cultivos 55,840 Kgs.
Parrilleros adicionales producidos 3,500

7. Tamaño de las propiedades

112 Casos con parcelas de 1 a 10 ha
5 Casos con parcelas de 11 a 20 ha
1 Casos con parcelas de más de 20 ha

8. Ingreso Promedio de las Fincas

Bs 310,350 para el total de los 110 encuestados
Bs 2,810 promedio por agricultor

9. Condiciones del Préstamo

Tasa de interés: 12%
Plazo: varía de 6 a 2 meses
Comisión: 2% en todos los casos, menos ARADO que no cobró comisión

10. Garantías

Hipotecaria:	15 casos	13%
Prendaria más personal:	103 casos	87%

11. Monto de los Prestamos

Requerido Bs	429,868	100%
Recibido Bs	255,706	51%

12. Destino de los préstamos por monto en Bs

Preparación de tierras	Bs	40,953	16.0%
Adquisición de insumos	Bs	111,091	43.5%
Compra de ganado vacuno		1,850	0.7%
Equipo y construcciones		23,044	9.0%
Pago de jornales	Bs	33,274	13.0%
Alquiler de equipos y otros	Bs	---	---
Comercialización	Bs	---	---
Pago anticipo para labores culturales	Bs	45,494	17.8%
	Bs	255,706	100.0%

13. Opinión de los beneficiarios con respecto a las asociaciones:

	<u>Positiva</u>	<u>%</u>	<u>Inexistente</u>	<u>%</u>
Solicitud	99	94	19	16
Trámite	111	94	7	6
Asistencia Técnica	45	38%	73	62
Compra de insumos	53	45%	65	55

14. Oportunidad y suficiencia del crédito

En general, el crédito fué desembolsado en forma extemporánea. Sólo aquellos que hicieron siembras de invierno pudieron hacer un uso adecuado del crédito.

Sobre la suficiencia del crédito:

31 Agricultores (26%) dijeron SI

87 Agricultores (74%) dijeron NO

15. Tiempo transcurrido desde la solicitud hasta el desembolso

En varios casos transcurrió más de un año, pero se trató de agricultores que presentaron su solicitud en la anterior gestión y no recibieron el préstamo por falta de fondos o de una ICI que quisiera servir de intermediaria. En los otros casos el tiempo varía de uno a seis meses.

16. Opiniones para mejorar el Programa

El préstamo debe estar disponible en la época de preparación de tierras.

Debe concederse a un plazo de cuatro a cinco años, de tal manera que la amortización no deje descapitalizado al agricultor.

En lo posible, debe trabajarse a través de, o mejor directamente con las asociaciones de agricultores que estén bien organizadas y que demuestren capacidad para el manejo de fondos.

El 3% que la banca privada cobra por su participación como FCI sería mejor utilizado si se destina a cubrir los gastos de una adecuada asistencia técnica que permita al agricultor mejorar sus sistemas de explotación.

Equipo Encuestador: Responsable: Gerardo Mendoza V.
Encuestador: Severo España
Encuestador: Severo Ticona

SURVEY RESULTS BY REGION AND DEPARTMENT

1. Localización: Santa Cruz
Provincias: Ob. Santiesteban, Andrés Ibañez,
Florida, Nuflo de Chavez, Ichilo.

2. Numero de Encuestados

Total de agricultores entrevistados: 119 encuestas.

3. Monto Promedio de los Préstamos

Bs 224,395 / 119 = Bs 1.890

4. Destino de los Préstamos

	<u>Hectareaje</u>	
-Cultivo papa	29.50 ha	3.2%
-Cultivo cereales	730.50 ha	78.0%
-Cultivo hortalizas	--	--
-Otros cultivos	<u>175.90 ha</u>	<u>18.8%</u>
	935.90 ha	100.0%
	=====	=====

5. Superficie adicional cultivada

Se incrementaron 147 hectáreas con el Crédito CAE. En ganadería solo se registra un caso con incremento de 5 cabezas. En avicultura hubo un incremento de 7.500 unidades.

6. Producción adicional obtenida

Hubo rendimientos adicionales en 15 casos, con un promedio del 15.75%.

7. Tamaño de las propiedades

43 prestatarios con 1 a 10 hectáreas	38%
33 prestatarios con 11 a 20 hectáreas	30%
16 prestatarios con más de 20 hectáreas	32%
7 prestatarios no eran propietarios de parcelas	

8. Ingreso Promedio de las Encuestas

Ingreso del total de los 119 encuestados	Bs 621,801
Promedio de ingreso por agricultor	Bs 5,225

9. Condiciones del Préstamo

Tasa de interés: 13%
Plazo: 8 meses
Comisión: 2% sobre monto aprobado

10. Garantías

Personal (colectiva de la Cooperativa) 58 casos 49%
 Prendaria 27 casos 23%
 Hipotecaria 34 casos 28%

11. Monto de los Prestamos

Requerido Bs 268,666 100%
 Recibido Bs 224,896 84%

12. Destino de los préstamos por monto en Bs

Preparación de tierras	Bs	46,834	20.8%
Adquisición de insumos	Bs	44,504	19.8%
Compra de ganado vacuno	Bs	2,325	1.0%
Equipo y construcciones	Bs	2,800	1.3%
Pago de jornales	Bs	66,334	27.8%
Alquiler de equipos y otros	Bs	3,280	1.4%
Comercialización	Bs	14,398	6.4%
Pago anticipo para labores culturales	Bs	<u>44,421</u>	<u>18.7%</u>
	Bs	224,896	100.0%

13. Opinión de los beneficiarios con respecto a las asociaciones

	Positiva	%	Inexistente	%
Solicitud	112	94	7	6
Trámite	109	92	10	9
Asistencia Técnica	7	6	112	94
Compra de insumos	0	0	119	100

14. Oportunidad y suficiencia del crédito

En general, los agricultores opinan que el crédito fué desembolsado en forma e temporánea y muchos tuvieron que utilizarlo en cultivos de invierno.

42 agricultores (55%) calificaron el crédito como suficiente
 27 agricultores (65%) lo calificaron de insuficiente.

15. Tiempo transcurrido desde la solicitud hasta el desembolso

Los agricultores, en su mayoría, presentaron sus solicitudes a sus asociaciones en los meses de julio y agosto. Los desembolsos se realizaron en diciembre y enero, o sea que el tiempo transcurrido entre la solicitud y el desembolso está entre los 6 a 8 meses.

15. Opiniones para mejorar el Programa

A pesar de las dificultades presentadas en su tramitación el préstamo ha suplido la falta de otros financiamientos, especialmente de los bancos Agrícola y Central, a través de las ICIs.

Equipo Encuestador: Responsable: Mario Durán Z.
Encuestador: Renato DávalosC.

SURVEY RESULTS BY REGION AND DEPARTMENT

1. Localización: Tarija
Provincias: Aviles, Cercado, Mendez, Arce y O'Connor

2. Número de Encuestados

Total de agricultores entrevistados: 101
Número de encuestas válidas: 100

3. Monto Promedio de los Préstamos

Bs 538,500 / 100 = Bs 5,385

4. Destino de los Préstamos

	<u>Hectareaje</u>	
-Cultivo papa	58.70 ha	13.6%
-Cultivo cereales	119.50 ha	27.7%
-Cultivo hortalizas	22.00 ha	5.1%
-Otros cultivos	<u>231.00 ha</u>	<u>53.8%</u>
	431.20 ha	100.0%

5. Superficie adicional cultivada

Sumatoria de todos los cultivos 171.53 ha
Se incrementaron 14 cabezas de ganado y 7,500 aves.

6. Producción adicional obtenida

Se puede indicar que hay un incremento de un 36% con relación a los años anteriores.

7. Tamaño de las propiedades

62 prestatarios con 1 a 10 hectáreas
12 prestatarios con 11 a 20 hectáreas
28 prestatarios con más de 20 hectáreas

8. Ingreso Promedio de las Fincas

El total de ingresos de los encuestados se puede estimar en Bs 495,877. Promedio por finca Bs 4,958.

9. Condiciones del Préstamo

Tasa de interés: 15%
Plazo: 6 a 7 meses
Comisión: 2%

10. Garantías

Hipotecaria	56 casos	56%
Prendaria más pagarés cruzados	44 casos	44%

11. Monto de los Préstamos

Requerido Bs 546,912 100%
Recibido Bs 536,530 99%

12. Destino de los préstamos por monto en Bs

Preparación de tierras	Bs 48,480	9.0%
Adquisición de insumos	Bs 155,094	28.9%
Compra de ganado vacuno	Bs 10,584	1.9%
Equipo y construcciones	Bs ---	---
Pago de jornales	Bs 181,553	33.9%
Alquiler de equipos y otros	Bs 34,545	6.5%
Comercialización	Bs 6,350	1.2%
Pago anticipo para labores culturales	Bs 99,924	18.6%
	Bs 536,530	100.0%

13. Opinión de los beneficiarios con respecto a las asociaciones

Sobre la cooperación de las asociaciones hacia el agricultor.

	<u>Positiva</u>	<u>%</u>	<u>Inexistente</u>	<u>%</u>
Solicitud	78	78	22	22
Trámite	91	91	9	9
Asistencia Técnica	28	28	72	72
Compra de insumos	19	19	81	81

14. Oportunidad y suficiencia del crédito

En general, el crédito fué extemporáneo
18 Agricultores lo calificaron de suficiente
32 agricultores lo calificaron de insuficiente

15. Tiempo transcurrido desde la solicitud hasta el desembolso

No se presentó información sobre este punto

16. Opiniones para mejorar el Programa

El crédito ha servido para realizar una diversificación de cultivos antes que incrementar el rubro tradicional. El rendimiento en años anteriores fué malo, por lo que comparado con ello demostró un incremento.

SURVEY RESULTS BY REGION AND DEPARTMENT

1. Localización:

Departamento: La Paz
 Provincias: Murillo, Pacajes y Aroma

Departamento: Oruro
 Provincias: Tomás Barrón, localidades de Eucalipto,
 Huancaroma y Quelcata

2. Número de Encuestados

La Paz: 30 encuestas
 Oruro: 50 encuestas

3. Monte Promedio de los Préstamos

La Paz: Bs 151,056 / 30= 5,038
 Oruro: Bs 59,130 / 50= 1,183

4. Destino de los Préstamos

	<u>Hectareaaje</u>	
<u>Oruro</u>		
-Cultivo papa	248.00 ha	71.8%
-Cultivo cereales	97.50 ha	28.2%
-Cultivo hortalizas	---	--
-Otros cultivos	--- ha	--
	<u>345.50 ha</u>	<u>100.0%</u>
	=====	=====
<u>La Paz</u>		
-Cultivo papa	66.75 ha	59.9%
-Cultivo cereales	---	--
-Cultivo hortalizas	11.25 ha	10.1%
-Otros cultivos	33.50 ha	30.0%
	<u>111.50 ha</u>	<u>100.0%</u>
	=====	=====

5. Superficie adicional cultivada

La Paz: 10 ha
 Oruro: 45.5 ha

6. Producción adicional obtenida

La Paz: Papa 136,480 Kgs.
 Hortalizas 47,665 Kgs.
 Cebada 18,952 Kgs.

Oruro: Papa 136,660 Kgs.
 Cebada en grano 26,570 Kgs.
 Cebada en berza 48,442 Kgs.

7. Tamaño de las propiedades

La Paz: 15 propietarios de 1 a 10 ha
12 propietarios de 11 a 20 ha
3 propietarios con más de 20 ha

Oruro: 27 propietarios de 1 a 10 ha
23 propietarios de 11 a 20 ha

8. Ingreso Promedio de las Fincas

La Paz Bs 1,680
Oruro: Bs 1,100

9. Condiciones del Préstamo

Tasa de interés: 15%
Plazo: 6 meses (Oruro)
Comisión: 2%

10. Garantías

La Paz:
Hipotecaria 26 casos
Personal y prendaria 4 casos

Oruro:
Hipotecaria 0
Personal y prendaria 50 casos

11. Monto de los Préstamos

La Paz:
Requerido Bs 232,530
Recibido Bs 151,056 65%

Oruro:
Requerido Bs 104,000
Recibido Bs 59,130 57%

12. Destino de los préstamos por monto en Bs

La Paz:		
Preparación de tierras	Bs 12,690	8.4%
Adquisición de insumos	Bs 61,164	40.5%
Compra de ganado vacuno	Bs 7,100	4.7%
Equipo y construcciones	Bs ---	---
Pago de jornales	Bs 65,567	43.4%
Alquiler de equipos y otros	Bs ---	---
Comercialización	Bs 4,535	3.0%
Pago anticipo para labores culturales	Bs ---	---
	Bs 151,056	100.0%

Oruro:			
Preparación de tierras	Bs	11,840	20.0%
Adquisición de insumos	Bs	42,290	71.5%
Compra de ganado vacuno	Bs	5,000	8.5%
Equipo y construcciones	Bs	---	--
Pago de jornales	Bs	---	---
Alquiler de equipos y otros	Bs	---	---
Comercialización	Bs	---	---
Pago anticipo para labores culturales	Bs	---	--
	Bs	<u>59,130</u>	<u>100.0%</u>

13. Opinión de los beneficiarios con respecto a las asociaciones:

	<u>Obtención Préstamos</u>	<u>Asist. Técnica</u>
La Paz	Inexistente	Inexistente
Oruro	Positivo	Inexistente

14. Oportunidad y suficiencia del crédito

	<u>Oportunidad</u>		<u>Suficiente</u>	
La Paz	Extemporáneo	82%	Insuficiente	100%
Oruro	Extemporáneo	98%	Insuficiente	100%

15. Tiempo transcurrido desde la solicitud hasta el desembolso

Promedio cuatro meses.

16. Opiniones para mejorar el Programa

Los préstamos permitieron la siembra de los cultivos tradicionales en la superficie acostumbrada por el agricultor, una vez que se descapitalizó en años anteriores; sin embargo no fué suficiente para cubrir sus gastos, especialmente para atender los requerimientos de fertilizantes y pesticidas recomendados.

El programa podría cumplir con sus objetivos en la concesión de préstamos suficientes y oportunos si también ofreciera al agricultor la asistencia técnica necesaria.

EQUIPO ENCUESTADOR:

Responsable: Juan Mercado
Encuestador: Freddy Valverde

APPENDIX 3

LOANS PROVIDED IN THE 1986/87 AND 1987/88 SUMMER CYCLES
BY REGIONS AND DEPARTMENTS

ALTIPLANO (IN \$US)

<u>Departments</u>	<u>1986/87</u>		<u>1987/88</u>		<u>TOTAL</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
La Paz	429	925.826	102	199.002	531	1.124.828
Oruro	160	279.243	97	50.000	257	329.243
Potosi	573	1.053.452	556	703.400	1.129	1.756.852
	1.166		755		1.917	3.210.923

Average Loan \$us 1.674

V A L L E Y S

CBB.	2.532	2.129.599	1.080	1.314.088.01	3.612	3.443.687.01
Tarija	479	1.063.091	367	1.026.925.01	846	2.090.016.00
Chuq.	436	1.380.410	277	741.082.00	713	2.121.492.00
	3.447		1.724		5.171	7.655.195.01

Average Loan \$us 1.480

LOWLANDS

S.Cruz	1.063	1.654.008	452	768.589	1.515	2.422.597
Beni	11	44.000	102	208.000	113	252.000
	1.074		554		1.628	2.674.597

Average Loan \$us 1.642

5.683		3.033		8.716	13.540.715.01
=====		=====		=====	=====

SOURCE: FL-480 Executive Secretariat.

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APPENDIX 4

LIST OF PARTICIPANT CREDIT INSTITUTIONS,
AGRICULTURAL CHAMBERS, ASSOCIATIONS
AND COOPERATIVES

1. INTERMEDIARY CREDIT INSTITUTIONS (ICIs)

PRIVATE BANKS

Banco Hipotecario Nacional
Banco Nacional de Bolivia
Banco Industrial y Ganadero del Beni S.A.
Banco de Santa Cruz de la Sierra
Banco de Cochabamba
Banco de la Unión S.A.
Banco Latinoamericano de Desarrollo
Banco Potosí S.A.
Banco de Crédito Oruro

FINANCIAL INSTITUTIONS

FENACRE
CACEN
Mutual La Paz
Cooperativa La Merced

2. AGRICULTURAL CHAMBERS - CAD

CAD - Chuquisaca
CAD - Tarija
CAD - Potosí
CAD - del Oriente (Santa Cruz)
CAD - La Paz
CAD - Oruro
CAD - del Valle (Cochabamba)
CAD - Guayanamerín

3. PRODUCERS ASSOCIATIONS

ARADO (*)	
De Cañeros (Guabirá)	Santa Cruz
De Papa - APP	Cochabamba
De Trigo - CIAPROT	Cochabamba
ASOFRUT	Santa Cruz

(*) Acted as Sub-ICI

4. COOPERATIVES

a) Savings and Credit (*)

Educadores Gran Chaco	Tarija
Angostura	Tarija
Cuatro "S"	Tarija
Cantera	Cochabamba
Tiquipaya	Cochabamba
San José de Punata	Cochabamba
San Pedro	Cochabamba
Incahuasi	Cochabamba
Santa Ana	Cochabamba
Programa PMA	Cochabamba
2 de Agosto	Cochabamba
Santiago el Paso	Cochabamba
Pío X	Cochabamba
Eucaliptus	La Paz
El Alto	La Paz
COOVIPAZ	La Paz
San Miguel	Sucre
San Roque	Sucre
Magisterio Rural	Sucre
Bella Vista	Santa Cruz
San Martín de Porres	Santa Cruz

b) Agricultural

Ventilla	Oruro (*)
5 de Julio	Santa Cruz (*)
San Isidro	Santa Cruz
A. Fernández	Santa Cruz
Nueva Aroma	Santa Cruz
Montero	Santa Cruz

c) Multiactive

San Julián	Santa Cruz (*)
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d) Integral Services

Cochabamba (Punata) (*)	
Santa Cruz Norte (Montero) (*)	
Guabirá	Santa Cruz
Gran Chaco	Tarija (*)
COINCA	Tarija (*)

5. MUTUALES PARA LA VIVIENDA

Mutual La Frontera	Guayaramerín (*)
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(*) Acted as Sub-ICI