

A.I.D. EVALUATION SUMMARY PART I

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

PS-AP-11-599

IDENTIFICATION DATA

A. REPORTING A.I.D. UNIT:

PS
(Mission or AID/W Office)
(ES# 93-3)

B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN?

yes slipped ad hoc
Eval. Plan Submission Date: FY ___ Q ___

C. EVALUATION TIMING

Interim final ex post other 86064

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)	MOU 16, Amendment 4 FEDECOOP Phase II	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
MOU 16.	MOU 16, Amendment 4 FEDECOOP Phase II		1985	03/85 04/93	\$21 Mil	\$21 Mil

ACTIONS

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

Action(s) Required
None

Name of officer responsible for Action

N/A

Date Action to be Completed

N/A

(Attach extra sheet if necessary)

APPROVALS

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo 11 day 19 yr 92

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

Signature	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Mr. Kenneth Lanza/FEDECOOP	Mr. Vinzenz Schmack	Virginia Waddell	Ronald F. Venezia	
Date: <u>3/24/93</u>	Date: _____	Date: <u>6/17/93</u>	Date: _____	

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

Evaluation Abstract.

In 1985 AID/Costa Rica signed an MOU (No.16) to provide the local currency equivalent of \$21 million for a Loan Fund (C950 million) and Grant Fund (C50 million) to FEDECOOP, the Federation of 32 coffee cooperatives, to finance the technification and renovation of coffee farms belonging to associate members of FEDECOOP. The funds are being handled by a Trust managed by COFISA. The first phase of this project was successful with regard to the renovation of 7,212 ha. of coffee farms and the diversification (new non-traditional export crops) of 1,289 ha., benefiting 8,284 farmers in 33 cooperatives. The repayments of these loans from the cooperatives to FEDECOOP to the Trust are being channelled into a Phase II project. The Phase II funds are being lent by the Trust to three participating banks, BANCOOP, FEDECOOP, and Banco COFISA, to affiliate cooperatives of FEDECOOP to finance the improvement of their coffee processing facilities.

Channelling the funds through banks, which assume the full credit risk towards the Trust, was a major novelty and break-through. Its aim is to make the cooperatives financially less dependent from FEDECOOP and to establish a mutually beneficial relationship between the banks and the cooperatives.

The purpose of the evaluation was to find out whether the Phase II project goals were achieved, especially if banks are more efficient as financial intermediaries than FEDECOOP, and if the technical assistance provided to the project through ACDI and FEDECOOP was efficient. The major findings and conclusions are:

1. The private banks are more efficient as financial intermediaries than FEDECOOP.
2. FEDECOOP has no capacity as financial intermediary of long-term project loans. They are specialized in short-term crop financing.
3. The technical assistance given through ACDI was efficient.
4. In the future more banks should be allowed to participate on a competitive basis as financial intermediaries.

I. EVALUATION COSTS

1. Evaluation Team Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (US\$)	Source of Funds
Ernesto Solera	Independent Consultant		\$10,000 (LC equivalent)	US Controlled Local Currency
2. Mission/Office Professional Staff Person-Days (estimate) <u>8</u>		3. Borrower/Grantee Professional Staff Person-Days (estimate) <u>N/A</u>		

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: OPS

Date this summary prepared: 11-19-92

Title and Date of Full Evaluation Report: Assessment of FEDECOOP Phase II Project, MOU No. 16, Amendment No. 4.

Purpose of Project.

The MOU No. 16 (FEDECOOP/COFISA Trust) was signed in March 1985 to supply the colon equivalent of \$21 million (C1 billion) in loan funds, via FEDECOOP, to its affiliated cooperatives to finance technification and diversification of coffee farms, in order to maintain a high standard of quality and yield and to diversify production in marginal farms.

Six hundred fifty million of colones (C650,000,000) of reflows were used in a Phase II (Amendment 4) program to extend term loans to three selected banks, for onlending to cooperatives affiliated to FEDECOOP to enhance their productive capacity, especially through improvement of their processing facility. Additional C42 million were used as grant to FEDECOOP (C25 million) and ACDI (C17 million) for technical assistance to implement the program.

Purpose of Evaluation.

The purpose of the evaluation was to see how efficient the banks were in channeling loans to cooperatives and if they were more efficient than FEDECOOP, which acted as intermediary in Phase I, and how efficient the technical assistance of ACDI was. The evaluation was also to find out if lasting relationships could be established between private commercial banks and cooperatives. Previously commercial banks stayed away from cooperatives.

The contractor used the following methodology: "The contractor became thoroughly familiar with the Project's purposes, objectives and components and analyzed the different project units with regard to their capability and performance. The contractor interviewed the respective unit chiefs and other employees and visited a representative number of cooperatives to determine what has changed in the cooperatives as a result of the project input. He reviewed all available Project documentation and past audits and evaluations.

Findings.

The Phase II of MOU No. 16, Amendment No. 4, has worked very well, principally due to the fact that the funds were channelled through private commercial banks, which assumed the full credit risk. Banks were very careful in analyzing the cooperatives and imposed conditions which the cooperatives were obliged to fulfill.

After an initial resistance, the Cooperatives recognized the benefits to work with private commercial banks, and the participating banks overcame their resistance to work with cooperatives and are willing to continue to work with them, even with their own funds.

The technical division, contracted with ACDI, did a good job to preselect the cooperatives and to help them to prepare the documentations required by the banks.

The success of Phase II also shows that loans under Phase I should not have been channeled through FEDECOOP, which has only experience in short-term crop financing, but not in long-term project financing.

Recommendations.

Have more banks participating in the program, as many as possible, on a competitive basis.

Lessons Learned.

Channel credit whenever possible through commercial banks or specialized institutions, with a proven track record in lending activities.

SUMMARY (continued)

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

Evaluation report.

ATTACHMENTS

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

The Phase II of MOU 16, Amendment 4 introduces an important new element into the Project. Instead of channelling the funds through the Federation (Fedecoop) to its member cooperatives, funds were passed to eligible member cooperatives through private and cooperative banks which assumed the full credit risk.

Fedecoop (the Cooperatives' Federation) and the coops themselves strongly resisted this change and wanted to continue to act as intermediaries of the funds. They were concerned that the banks would be too inflexible and demanding for cooperatives needs.

The report clearly points out that the change was for the better. After initial resistance, Fedecoop and the cooperatives realized that they and the banks benefitted from working with each other. Banks realized that there are cooperatives which represent a good credit risk and have indicated a willingness to continue to work with them with their own funds when the program terminates. The cooperatives have learned how to work with normal sector banks.

The report also points out that Fedecoop should have never acted as a financial intermediary given their lack of analytical and monitoring capacity for long term project loans. Their experience was limited to short-term crop financing.

The report also pointed out that more banks should have participated in the program. Originally, this was the Mission intention, however Fedecoop insisted on a limited number of banks. If the program had been open to all private banks on a competitive basis, the disbursement rate would have accelerated.

The report also points out that in Phase II the ACDI did an excellent job in the pre-selection and preparation of the coops to qualify for bank credit. The ACDI involvement on Phase I was determined to be less efficient.

In general, Phase II achieved its goal and objections. No actions are required other than continued monitoring of the Project's activities.

MISSION COMMENTS ON FULL REPORT

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Memorandum

DATE: January 18, 1994

TO: See Distribution

FROM: LAC/DPP/SDPP Jean Meadowcroft

SUBJECT: Project Evaluation Summary
Country Costa Rica
Project FEDECOOP Phase II

Attached for your information and files is a copy of the subject Project Evaluation Summary. The following findings and issues may be of broader interest. Please let us know if you consider that a broader discussion is warranted.

The purpose of this local currency project was to provide the equivalent of \$21 million for a Loan Fund and Grant Fund to FEDECOOP, the Federation of 32 coffee cooperatives, to finance technification and renovation of coffee farms belonging to associate members of FEDECOOP.

The funds are handled by a trust, and this phase of the project was renovation of 7,212 ha. of coffee farms and diversification of new non traditional export crops for 1,289 ha. Repayments of these loans to the trust were channelled into Phase II, with funds lent by the trust to three banks, to affiliate cooperatives of FEDECOOP to finance improvement of their coffee processing facilities.

Channelling the funds through banks, which assume the full credit risk towards the trust, was a major novelty and breakthrough. Its aim is to make the cooperatives financially less dependent from FEDECOOP and to establish a mutually beneficial relationship between the banks and the cooperatives.

This evaluation was to find out whether the Phase II project goals were achieved, especially if banks are more efficient as financial intermediaries than FEDECOOP, and if the technical assistance was efficient. Major findings:

1. The private banks are more efficient as financial intermediaries.
2. FEDECOOP has no capacity as financial intermediary of long term project loans; they are specialized in short term crop financing.
3. The technical assistance was efficient.
4. In the future, more banks should be allowed to participate as financial intermediaries.

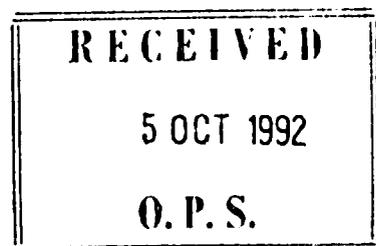
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ASSESSMENT OF FEDECOOP PHASE II PROJECT

MOU No. : 16, AMENDMENT No. 4.

REP No. : Costa Rica 92-12.



Ernesto Solera

August 1992

San José, 25 de agosto de 1992

Señor
Vinzenz Schmack
Consultor Financiero
Agencia para el Desarrollo Internacional
Presente

Estimado señor Schmack:

Adjunto sírvase encontrar el estudio sobre Proyecto de la Fase II.

Además deseo transcribir el "Scope of Work" como lo solicitan ustedes y aclarar que, además de haberse cumplido a cabalidad con el mismo, se expandió el scope al incluirle un breve análisis sobre la Phase I y al mencionar algunas ideas sobre una posible Fase III.

Scope of Work:

It is expected that the Vendor will provide at least the following:

1. Determination of the extend to which the terms of the MOU N° 16, Amendment N° 4 conditions have been met and throughly describe any problems associated with compliance.
2. Determination of the extend to which the Project has made progress toward achievement of its specifically stated objectives as defined in the MOU N° 16, Amendment N° 4 Agreement.
3. Overall, general and specific observations and recommendations regarding implementation and performance of the three units, loan preparation, Fedecoop's processing unit and Fedecoop's research and development unit

It is expected that specific recommendations will be made regarding future project implementation and will include, but not limited to:

Suggestions for the elimination of constraints to successful Project implementation; actions which may be taken by the Mission and/or the

different Project participants that would contribute to more efficient Project management and output.

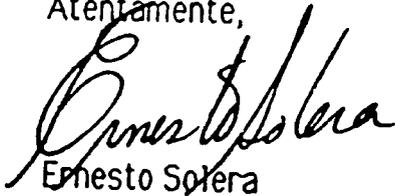
Estaré en contacto con usted para revisar dicho documento y aclarar cualquier información o duda con respecto al mismo.

Además, deseo solicitarle una extensión del período de servicios por un mes, o sea hasta el 15 de setiembre del año en curso. La razón de lo anterior es debido a varios atrasos en la programación de visitas y consecución de cierta información.

Por último, quiero por este medio también solicitarle el segundo pago y último pago por la suma de \$528,768.00.

Agradeciendo de antemano su atención a la misma, se despide de usted,

Atentamente,



Ernesto Solera

EXECUTIVE SUMMARY

PHASE II PROJECT

The Phase I Project goal was to support the Costa Rican economy in sustaining the levels of coffee exports through the improvement of the technology and diversification of coffee plantations. While, the Phase II Project was oriented toward the strengthening, financially and technically, of the coffee exporting cooperatives and the improvement of their administrative capacity. This new Project removed Fedecoop from its previous role as financial intermediary and assigned the responsibility to three private banks with the objective that in the future these would possibly be the most important source of financing.

The funds available to the Phase II have almost been totally lent to the cooperatives in amounts that range from ₡4 million to ₡50 million, excluding Fedecoop loan, with an average of around ₡20 million for a total of ₡458 million instead of the ₡650 million original allocated, because of the one year principal payment moratorium approved to the cooperatives from June 1992 to May 1993 for the amount of ₡163 million. Out of the three banks, Cofisa is the one, which has lent most to the cooperatives: ₡257 million, followed by Banco Federado with ₡50.9 million and then Bancoop with ₡39 million. However, Bancoop most probably will increase its exposure since several cooperatives are presently in the process of presenting credit request to them. As of August 13, 1992, the funds have been invested as follows: ₡9 million, or 3% to purchase vehicles, ₡203 million, or 60% to modify and expand coffee mills, ₡50 million, or 15% to debt restructuring and \$75 million, or 22% to Fedecoop for working capital. This latter loan was approved by USAID on an exception basis since it did not meet the goal or objectives of the Project.

It is important to mention that despite the coffee economic crisis, no major defaults are expected from the cooperatives for the Phase II Project. This result is due to a good structured and planned Project, which lead to a better selection of potential borrowers based on their expected financial performance. However, we can not say the same about the Phase I, since it is estimated that over ₡100 million have to be reserved and a moratorium of one year given. It is recommended that Fedecoop performs an immediate

evaluation to properly quantify the possible losses and minimize it through a well thought out plan that will include, among other things, an inventory of the present Phase I borrowers, renegotiation of the terms and conditions and the probability of repayment of principal and interest.

The majority of the funds were lent to bigger and better organized cooperatives, which qualified by the banks as creditworthy. There were several cooperatives that applied for new credits, having obtained already one. However, Fedecoop policy was to give priority to first timers. The cooperatives that learned most are the ones that went through the whole process of preparing the financial study, including sometimes, the technical analysis, and the negotiation with the banks.

The key problems encountered during the implementation of the Project were of several natures. Among the most important were that several cooperatives did not apply the guide or the methodology of cash flows and budgets, prepared by Fedecoop and ACDI, in a very detail and professional manner. Also, some of them were not used to deal with private banks. Here is where the support of Fedecoop and ACDI were necessary. In addition, there were some unexpected events that interrupted the implementation of the Project. Among these are: the Banco Central de Costa Rica (BCCR) suspension, in August 1990, of any credit disbursement from the banking system as a monetary measure to control monetary expansion, which is one of the ways to reduce inflation. This caused a temporary interruption of the disbursements of the Phase II, which were reactivated in January, 1991. In July 1991, BCCR prohibited Bancoop and Banco Federado to continue funding themselves through the Trust Fund because both banks had already disbursed funds to the cooperatives without its previous authorization. Cofisa was authorized in August 1991, Bancoop in November 1991 and Banco Federado in July 1992. Then, Bancoop had temporarily financial problems and BCCR intervened it from December 4, 1991 to May 15, 1992. This caused that some credits were delayed or stocked several months in Bancoop, waiting for the intervention to end. Finally, most of the delays in the credit process were mostly due to legal problems in the guarantee as a result of properties incorrectly registered.

It is recommended for future Projects the participation of more banks. This would have brought more competition among them, resulting in better and faster financial services. In addition, more private banks would have known

better the cooperative sector and Fedecoop. The opinion of the cooperatives visited is that the loan requirement in terms of financial analysis, technical study, guarantee requested and negotiation were perceived as adequate and that they are looking forward to continue doing business with the banks. Also, the banks expressed their satisfaction of doing business with the cooperatives, and are expected to continue business with them. Fedecoop's financial division was a little apprehensive about future bank relationship between cooperatives and banks because of the negative image of the banks toward the cooperative.

The Phase II Project has made strong contributions to the cooperative sector. These were able to cope better with the high interest rates prevailing in the financial market during 1991 and the strong decline in the world coffee prices because of the effort placed in the preparation of cash flows, budgets, the technical improvements of the coffee mill process, the readequation of the loans plus the convenient terms and conditions of the funds received from the Project, which are hard to find in the local financial market. In addition, several cooperatives have upgraded the level of education and experience of their staff. Fedecoop's staff has also learned from this process and has exteriorized their complacency with the matters learned.

In general, the Phase II helped to increase the awareness among the cooperatives of the necessity of improving the internal controls and financial analysis. However, it is of great importance to increase for the remaining of the Project, the number of seminars given with more specific scope and smaller number of participants. Then, follow up with each cooperatives on these seminars, trying to work closely and defining the weak areas with the administration of the cooperatives to ensure that the solution of the problems are implemented. This would require more effort and time from Fedecoop and ACDI, but it is within the goal and objectives of the Project. However, the solutions to certain problems that are key to the future development of the cooperative sector go beyond the goal and objectives of the two Projects. Therefore, it is recommended that some thoughts are given to a Phase III Project. The scope could include an in depth restructuring and the expansion of certain businesses of the cooperative sector, as explained in the section II of this study under the title "Some ideas about a possible Phase III Program".

The driving force behind the implementation of the Phase II were Fedecoop and ACDI. Both cooperated and worked well coordinated. Despite some minor

difficulties. We can conclude that the work done was satisfactory. The representation of Fedecoop through the account officers and the investment committee were well thought out and smoothed out many possible difficulties between the banks and the cooperatives. ACDI, through its representative, performed a good job and was very supportive in the development and during the implementation of the Project.

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ASSESSMENT OF FEDECOOP PHASE II PROJECT

1. INTRODUCTION

The Federation of Coffee Growers Cooperatives (Fedecoop R.L.) was founded on May 31, 1962. Actually, there are 33 Coffee Grower Cooperatives in Costa Rica, of which 32 are affiliated to the Federation. This represents 45,000 associated base members. For more information on cooperative production see annex 1.

Fedecoop was created with the objective of promoting the investment of the coffee growers movement. In fulfilling this purpose, it has pledged itself to achieve its members integration, increase the economic democratization of the sector, improve the distribution of wealth and improve the social and educational conditions of the coffee growers and their communities.

In this context, Fedecoop's present mission can be defined as a constant effort to provide cooperatives and associates, the services they need for their development.

To fulfill its objectives, Fedecoop promotes and leads the development, growth and economic consolidation of the affiliated cooperatives with harmony and coordination.

2. PURPOSE OF THE STUDY.

The purpose of this study is to evaluate and assess the Fedecoop Phase II Project. In order to achieve this purpose, the study should evaluate:

- **The extend of which the goal of the Cooperative Financial Strengthening Activity has contributed to strengthen the coffee exporting cooperatives and through them, to provide stable processing and marketing services for their associates**
- **How much the administrative capacity of Fedecoop's member cooperatives has improved through its various activities.**

The activity components are:

I. Short and long term loans

The purpose of these loans is to invest in activities, which will enhance the productive capacity of the cooperatives. There are three participating banks, which will extend the loans in accordance to the creditworthiness of each cooperative and upon recommendation of Fedecoop's Investment Committee.

II. Management assistance to the cooperatives

The Finance Division of Fedecoop with the services of ACDI will be responsible to determine the criteria, which the cooperatives will meet in order to qualify as creditworthy; to assemble and analyse financial information on compliance with the established criteria; make recommendations regarding loan request; to make recommendations to cooperatives for management improvements to increase the amount of loans and to assist the cooperatives implement management improvement recommendations.

III. The establishment of Fedecoop's Processing Technical Assistance Unit

The main objectives of this unit is to achieve through the use of modern methods an increase of aromatic quality and to achieve an increase in first quality exportable grade from 55% to 65% of the harvest.

3. Fedecoop's Organization

Following, we will analyze each of the Fedecoop's units involved in the AID/Fedecoop Program. Annex 2 shows the organizational chart of Fedecoop. This organizational chart has gone through several modifications due to a strong reduction in the number of people working for Fedecoop. Since 1990, this reduction has been close to 50%. 2.

The Fedecoop's departments directly involved in the development and implementation of the Phase II Program are:

- The Finance Division. Specifically, Geovanni Rivas, head of the Finance Division; Pedro Carvajal, credit head; and the credit officers
- The Administrative Division through the head of Planning, Fernando Camacho.
- The Industrialization and Commercialization of Coffee Division, Ing. Javier Bonilla Laporte and also Ing Andrés Cordero Viquez, who is the engineer in charge of the technical assistance to the coffee mills cooperatives.
- In addition, the general manager is represented by Gilberto Gutiérrez, who is his assistant.

3.1. Fedecoop Investment Committee:

The duties and responsibilities of the Investment Committee are the following:

To review and analyse the financial and technical studies prepared by the cooperatives with the support of Fedecoop credit officers and Technical Assistance Department and ACDI assistance. If it is accepted, then it will be recommended to the participating banks, the approval of such credits.

The Investment Committee is composed of five members of which four of them are employees of Fedecoop and one of ACDI. The Investment Committee members are the following:

- Geovanni Rivas B.: 29 years old. C.P.A. 11 years in Fedecoop of which 4 as finance manager. Named as coordinator of the Investment Committee. Enthusiastic, intelligent and knowledgeable about Phase II Project and other financial subjects.

- Pedro Carvajal S.: 36 years old. Bachelor in Business Administration. 3 years as credit head. Previously worked in Icafé in Department of Audit. Passive, hard worker and order follower.

- Gilberto Gutiérrez S.: 38 years old. Bachelor in Business Administration. 4 years in Fedecoop. Assistant to General Manager and administrative manager. Knowledgeable about coffee and cooperative matters.

- Fernando Camacho G: 29 years old. C.P.A. 9 years in Fedecoop. Head of Department of Planning. Previously Hotel Irazu chief auditor.

- Manuel Carballo V: 50 years old. C.P.A. Works with ACDI. Key player in the AID/Fedecoop Program.

Mario Fernández Urpi, Fedecoop's general manager, is informed by Gilberto Gutiérrez, his assistant, through the meeting minutes and informal conversations. However, he does not attend the Investment Committee meetings.

3.2. Fedecoop Credit Officers

The main responsibilities of Fedecoop credit officers are to: 1. maintain a close relationship with affiliated cooperatives; 2. process any credit request from the cooperatives; 3. evaluate the cooperatives coffee crop financing needs; and other financial services as in the case of the AID/Fedecoop program. Key financial contacts between Fedecoop and the cooperatives.

The concept of credit officers in Fedecoop is relatively new (about a year). Presently, there are 4 groups of 2 credit officers and through them all the credit and financial matters are channeled. These credit officers have worked very closely with ACDI representative in the preparation and review of the loan request from the affiliated cooperatives.

Among the credit officers interviewed were:

- Francisco Zamora Fernández. 28 years old. Private accountant. 8 years with Fedecoop. 4 to 5 years with AID/Fedecoop Program. Have worked with Coopesantarosa, Coopecafira and Coopepilangosta on AID/Fedecoop Program.

- Dennis Marín A. 25 years old. Bachelor in business administration. 2 years with Fedecoop. 4 months with AID/Fedecoop program, remaining time in the credit department. Have worked with Coopecerroazul, Coopetilarán, Coopecafira and Coopeaguabuena on AID/Fedecoop Program.

- Rodney Peñaranda B. 25 years old. Bachelor in Business Administration. 4 years with Fedecoop of which 2 years with AID/Fedecoop Program. Have

worked with Coopeatenas, Coopeldós and Coopepirro on AID/Fedecoop Program.

These credit officers showed great knowledge about the Phase II Program. All of them had good opinion about the Program, and have recommended several changes to improve present future Programs.

3.3. Fedecoop Technical Assistance Department

The Technical Assistance Department has been reduced in Fedecoop due to organizational changes. This department was previously composed of two departments, one dedicated to field or production assistance and the other to technical assistance in the coffee mill. As a result of the above-mentioned organizational changes, presently there is only one person in charge of the technical assistance, Ing. Andrés Cordero Viquez, who reports to Ing. Javier Bonilla.

- Ingeniero Javier Bonilla Laporte. 35 years old. 7 years with Fedecoop. Head of the Coffee Industrialization and Coffee Export Department.
- Ingeniero Andrés Cordero Viquez. 32 years old. Agricultural Engineer. 6 years with Fedecoop. Previously worked with Coopelibertad. Very knowledgeable about coffee production process and very appreciated and respected by the cooperatives coffee mill managers. A review of previous technical studies show an good analysis and thoughtful recommendations to the problems stated.

The purpose of the Technical Department is to assist the cooperatives with the improvement of the coffee mill process. This assistance is done through visits to the cooperative coffee mills and seminars. For more information on the seminars see annex 3.

To receive technical assistance from Fedecoop, the cooperatives have to request the same. Then, the Technical Assistance Department sends an engineer to visit the coffee mill, makes an evaluation of the problem, its possible alternatives, and proposes a specific recommendation. The study could be global or specific, depending upon the magnitude and the type of the problem.

This recommendation is presented to the cooperative and if same needs to be financed a copy of the technical study is sent to the Financial Department at Fedecoop. If it is approved by the cooperative Administration Council then a letter is sent to Fedecoop requesting possible alternatives of financing of the improvement or the investment. The Technical Department gets again involved during the implementation phase, when the equipment is purchased and installed. Several cooperatives were visited and all of them speak very highly about the assistance and recommendation of Fedecoop's Technical Assistance Department among them are Coopeatenas and Coopevictoria. Please see annex 4 for further information on the type and quantity of technical assistance provided by the department

Among the greatest quality problems of the coffee cooperatives are the coffee grain fermentation, high temperature during the drying process of coffee grain, and higher coffee grain humidity than adequate (higher than 12%) when storage. During the past several years, these problems have been reduced very strongly due to the improvement of the coffee mill process. The main problems found and most cases solved were the bottlenecks in the drying phase of the production process. In addition to solve the above-mentioned problems, an increase in the installed capacity of the cooperative coffee mill is also obtained.

3.4. Status of Fedecoop Grant

Following, we will analyse the status of the grant provided by the USAID/Fedecoop Special Trust Fund to Fedecoop to support, develop and implement the Phase II Program. Please see annex 5 for more information on the budget prepared and the expense/investment made.

Total Grant	€25.000.000
Total Drawn (as of 6/31/92)	€15.000.000
Balance	€10.000.000

3.4.1. Total Drawn Breakdown:

A. Investment and maintenance of equipment	€11.900.000 (See detail below)
B. Technical Assistance	€ 2.800.000 (See detail below)
C. Operating Expenses	€ 300.000
Total	€15.000.000

3.4.2. Breakdown of equipment investment.

belly
is it
done

• Purchase of two computers for the Finance Department	€ 400.000
• Office reparation and remodeling, purchase of office equipment and maintenance of vehicles	€2.500.000
• Computer software and other related equipment	€8.900.000
• Purchase of overhead projector	€ 100.000
Total:	€11.900.000

3.4.2. Breakdown of Technical Assistance Expense:

• Three seminars on the financial analysis strengthening with the attendance of all cooperatives	€1.000.000
• Visits to other countries: international markets, OIC meetings, etc.	€1.500.000
• Fedecoop staff attendance to several activities: computer courses: Fox Prolar, Financial Analysis in a inflationary economy, purchase of english teaching cassettes and other related courses	€ 300.000
Total	€2.800.000

3.4.3. Operating Expenses.

This account includes all minor expenses such as representation expenses,

gasoline, traveling expenses. etc...

The balance available to be drawn for €10.000.000 will be used for the replacement of the present computer system for a new I.B.M. S/36. This investment includes computers hardware and software, training, and other related expenses.

According to the amendment to MOU N°16 dated March 27, 1985, following are the investment guidelines for each of the three units. Following, we will break down the budget expenses of each of the three units, in thousands of colones:

	<u>Loan Preparation</u>	<u>Processing Unit</u>	<u>R&D</u>	<u>Total</u>
Commodities	3.500	4.000	4.000	11.500
Training/TA	2.500	3.000	1.500	7.000
Operating Exp.	2.500	2.500	1.500	6.500
Total	<u>8.500</u>	<u>9.500</u>	<u>7.000</u>	<u>25.000</u>

The following table will show the actual expense versus the budgeted amount in accordance to the attachment N° 4 to MOU N°16. (in €000).

	<u>Actual expense</u>	<u>Budgeted</u>	<u>Amount left to be drawn</u>
Commodities	11.900	11.500	(400)
Training/TA	2.800	7.000	4.200
Operating Exp.	300	6.500	6.200
Total	<u>15.000</u>	<u>25.000</u>	<u>10.000</u>

Please see annex 6, which shows Fedecoop's letters requesting Cofisa a €5 and €10 million drawdown.

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4. Agricultural Cooperative Development International (ACDI)

ACDI is a private and non-profit organization, which provides consultant services. It was created by the most important United States agricultural cooperatives at the beginning of 1960 with purpose of satisfying the needs of the agricultural cooperatives and state-owned entities of underdeveloped countries. ACDI provides mainly technical advises on training, planning, operation and participation of producers in the institutions to which they belong.

The AID/Fedecoop Phase II Program contains a clause that provides a €17 million grant to ACDI, which in turn, will provide technical assistance in financial analysis and management improvement to Fedecoop and its member cooperatives.

As of July 30, 1992, €13.657.889 have been drawn from ACDI out of the €17 millions allocated. Out this amount, €5.078.697.43 has been applied to staff and personnel expenses, €1.044.610.45 to operating expenses, €1.409.695.90 to commodities, €1.186.123.80 to training and T.A. and €3.364.113.47 to indirect cost. Please see annex 7 for more detailed information on cost expenses.

In opinion of Fedecoop management and cooperatives visited, the support provided by ACDI through Manuel Carballo has been excellent, and has been very cooperative and supportive of the Program by providing good ideas and teaching good and new financial knowledge to Fedecoop and the cooperatives. Manuel Carballo has helped the Program by following up on pending financial studies, Investment Committee meetings and calling on cooperatives to review status of bank credit approvals.

5. Short and Long Term Loans.

The steps of the loan request through which the cooperatives have to go through to apply for a loan, are the following:

- The cooperatives have to send a letter of intend to Fedecoop Finance Division specifying the amount and general terms and conditions of the loan

- If accepted in principle, a Fedecoop account officer and a ACDI representative visit the cooperative to explain to them the exact documentation needed for the loan request and provide the necessary support for the preparation of same.
- The Finance division after reviewing the technical and financial analysis of the cooperative makes a recommendation to the Investment Committee.
- The Investment Committee after analyzing the documentation and viability of the project recommends presentation of loan request to the bank previously selected by the cooperative.
- Finally, the bank will make the approval decision based on the investment plan presented by the cooperatives and the expected financial performance.

5.1. Status of the loans of AID/Fedecoop Phase II Program

- Recoveries from Phase I and Phase II as of July 31, 1992:	€458.151.164*
- Disbursed as of July 31, 1992:	€347.500.000
- Available balance as of July 31, 1992:	€135.500.000

* No more recoveries are expected since a principal moratorium was given for one year to the Cooperatives.

Up to August 1992, €11.6 millions have reflowed back to the Trust Fund from Phase II loan repayments. The Phase II loan repayments up to December 1992 are expected to be as follows: September: €744.978, October: €4.247.772, November: €750.000 and December: €753.553.

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5.2. Credits Approved and Disbursed as of July 31, 1992:

I. Bancoop

Cooperative	Credit Amount in Colones	Disbur. Date	Repayment Schedule	Final Maturity Date
Coopeagri	4.000.000	26-03-91	Qrtly	26-03-96
Copcartago	10.000.000	03-12-91	Qrtly	03-12-96
Coopepalmares	15.000.000	22-05-92	Qrtly	30-04-97
Coopeldos	10.000.000	08-08-92	Qrtly	30-04-97
Total	39.000.000			

All of the Bancoop loans do not have any grace period

II. Banco Federado

Cooperative	Credit Amount in Colones	Disbur. Date	Repayment Schedule	Final Maturity Date
Coopesanvito*	30.000.000	02-04-91	Qrtly	02-04-96
Coopedota*	6.000.000	04-04-91	Canc.	04-04-96
Coopesarapiqui**	14.900.000	04-06-91	Qrtly	04-06-96
Total	50.900.000			

* Grace period: 1 year

** Grace period: 2 years

III. Banco de Cofisa

Cooperativo	Credit Amount in colones	Disbur. Date	Repayment Schedule	Final Maturity Date
Coopealajuela	5.000.000	18-10-91	Semian.	18-10-96
Coopevictoria*	13.300.000	14-11-91	Semian.	14-11-96
Coopeagri*	9.500.000	13-12-91	Semian.	13-12-96
Coope libertad*	34.800.000	06-03-91	Qrtly	06-03-97
Coopetarrazú*	50.000.000	26-05-92	Semian	30-04-97
Fedecoop*	75.000.000	19-06-92	Semian	30-04-97
Coopronaranjo*	30.000.000	30-06-92	Qrtly	30-04-97
Coopeatenas	40.000.000	17-07-92	Qrtly	30-04-97
Total	257.600.000			

* One year grace period except Coopealajuela and Coopeatenas

5.3. Credits in process of being approved as of July 31, 1992.

I Bancoop

Cooperative	Amount in Colones
Coopevictoria**	60.000.000
Coopeunión	15.000.000
Coopesuiza	25.000.000
Coopesabalito	15.000.000
Total:	115.000.000

II. Banco Federado

Cooperative	Amount in Colones
Coopeunión	25.000.000

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Coopesantarosa	45.000.000
Coopesabalito	15.000.000
Coopesuiza	25.000.000
Total	€110.000.000

III. Banco de Cofisa, SA

Cooperativa	Amount in Colones
Coopeagri	40.000.000
Coopevictoria**	60.000.000
Coopelibertad	20.000.000
Total	€120.000.000

** Both banks are in competition for Coopevictoria loan. Most probably loan amount will be splitted in half if approve by the Investment Committee and subject to availability of funds.

If taken , the above pending approval loan amount of €285.000.000 less the available amount of €135.500.000, there will be no funds available since there still are pending grants to be given to Fedecoop and ACDi. Fedecoop already knows about this situation and in principle has decided to approve those requests of the cooperatives which have not received any credit from the Program. Therefore, Coopevictoria and Coopelibertad most probably will not receive approval of the their credit request despite their strong financial situation and good performance during the past several years.

6. Key Characteristics of the Phase II Program

Following, the most relevant aspects of the AID/Fedecoop Phase II Program:

- The bigger and better organized cooperatives with a solid and consolidated financial situation are the ones, which have been more benefited of the Program. In addition they have a better human resources, and greater capacity to prepare all the required

documentation.

- The level of man-power support given by Fedecoop depends upon the sophistication and the availability of well trained and educated staff at the cooperatives. However, Fedecoop account officers and ACDI support have been always a key element in the financial study.

6.1. Positive Results/Developments of the Phase II Program

- Cooperatives awareness that their basic financial needs required an upgrading not only to prepare the banks loan proposal, but for the day to day operation. Cooperatives learned to prepare and improve the technics of cash flows, budgets, audits, internal controls, etc..
- Cooperatives have known better each other through the seminars. More communication among them.
- Cooperatives have learned basic financial knowledge to go directly to the banks for lending
- Program has helped cooperatives to cope better with the present world coffee crisis and high interest rates prevailing during 1991 because of the financial aid given the financial studies performed and higher awareness of the negative impacts of the previously discussed economic developments.
- Banks have known better the cooperative sector
- The program has been very useful for Fedecoop staff because of the apprenticeship and knowledge that the Program has brought.
- The cooperatives have benefited from the technical improvements on their coffee mills and the other purposes of the Program.
- In some cases, the cooperatives have realized, and have implemented an upgrading of their administrative staff by replacing or adding people with more education and capacity mainly in the financial area. Examples of this can be seen in Cooperativa Victoria,

Coopesanvito, Coopeagri y Coopeatenas.

6.2. Problems encountered.

- Only a few cooperatives, among them Coopelibertad, Coopenaranjo, Coopevictoria, Coopeagri and Coopeatenas, were accustomed to prepare loan request and negotiate with banks since Fedecoop in the past has been the sole provider of funds. The various credit lines available through Fedecoop add up to over US\$100 million. These credits are used for coffee planting and maintenance, harvest and processing and marketing advances.
- The management and staff of some cooperatives, which are the as above-mentioned, are prepared to make a feasibility study and other related documents. However, Fedecoop and ACDI worked very closely and supported these cooperatives in the preparation of the required bank documentacion.
- High interest rates prevailing in the market did not stimulated the cooperatives to use the Program funds mainly during 1991.
- Preparation of documentation was postponed during coffee harvest. Therefore, loan approval and disbursement were delayed for several months
- It is estimated that only Coopelibertad, Coopenaranjo, Coopevictoria and Coopeagri prepare cash flows or budgets and use them during the year as a financial tool. However and due to-coffee crisis, Fedecoop is requiring to the associated cooperatives 'cash flow and budgets and requires them to follow closely so they can compare the actual expense versus the budget one.
- Some cooperatives, specially the smallest ones, which process 25.000 fanegas or less (see annex 1), have an accountant but this has no financial sophistication to prepare cash flows and budgets. These specific skills are more related to a financial manager than an accountant.

- In some cooperatives and the same as in the previous ones, the financial information was not at hand, and was difficult to obtain, delaying the financial study.
- Fedecoop feels that there are too many requirements to apply for the loan. However, account officers of Fedecoop think that the requirements are appropriate for bank loan requests
- Based on Fedecoop opinion, all the loan documentation prepared by the cooperatives and the Investment Committee serves as a guide to the banks not as a base to approve the loan. Banks disagree and feel that documentation presented was very useful and reduce credit approval time.
- Victor Herra from Fedecoop was dismissed as a result of a personnel reduction policy. He was a key player due to his aggressive and positive attitude toward the Program. Based on this fact, the Program progress slowed down somewhat for a while.

6.3. Recommendations for Improvement.

The recommendations made in this section have the purpose of solving some weaknesses, which could have adopted since the very beginning of the Program in order to improve its implementation. Also, these recommendations can be worthwhile taken into consideration for future programs.

- More seminars to the cooperatives but in smaller groups (perhaps by zones or territories) in order to identify specific administrative needs of each cooperative. There is still time to give more seminars and by doing so, improve an area which it is felt that more can be done
- More marketing and promotion of this program with the cooperatives. Specially, to the general managers and administrative councils of the cooperatives.
- Fedecoop and ACDI should provide the cooperatives with skill staff to support them in the preparation of the documentation, in cases

when is necessary.

- Fedecoop should designate the personnel needed and required to the program in a full time basis so that they can visit and spend the time necessary to accomplish and finish any task.
- No limit on bank participation to only three banks. If more banks are involved, the whole Program benefits because of the more competition among them. In addition, better service and faster respond will be obtained, and above all, a better relationship can be developed between the banks and the cooperatives, which is an important goal of the Phase II Program.

7. Participating Banks:

There are three banks allowed to participate in the Phase II Program: Bancoop, Banco Federado and Banco de Cofisa. Following are some comments:

- In 1990, the Central Bank of Costa Rica (BCCR) stopped the disbursement of any kind of funds as a result of economic measures needed at that time. Specifically, the BCCR limit the credit expansion, therefore limiting the disbursement amount which the banks were previously allowed under the current year credit program. This economic measures also included the AID/Fedecoop Program funds, delaying temporarily the implementation of the Program.
- In 1991, the BCCR intervened Bancoop due to temporary financial problems. Coffee cooperative sector prefers to work with Bancoop, since a good portion of its capital comes from the coffee cooperative sector and Fedecoop. Due to the above-mentioned problems. These credit requests were channelled mainly through Cofisa.
- Present world coffee prices forced the banks to be more strict in the financial analysis and projections. Also, more strict in the selection of their target market slowing down the number of credit approvals programed.
- As general credit policy, all three banks required first degree

mortgage or lien on equipment to guarantee the loans. As general rule, the banks required at least a guarantee, which cover 120% of loan amount when mortgages and 125% higher in case of liens

- In case of Cofisa, the lending limit of the Program was not sufficient to cover all the expected lending projections. Therefore, Cofisa management has requested to USAID an increased of this ceiling
- Fedecoop is not providing any guarantees to the cooperatives for this Phase II Program as a result of a change in policy at Fedecoop and based on Fedecoop bad past experience: Phase I Program.
- Banco Federado and Bancoop had problems with the Central Bank because they made disbursements prior to BCCR authorization. Bancoop obtained the OK, but Banco Federado was allowed until very recently (July, 1992), reason why it had to be inactive during a good portion of the Program.
- Fedecoop's staff impression is that banks have a bad image of the cooperatives. From the banks point of view, this is not so, there are excellent, well-managed and sound cooperatives but also there some cooperatives, which are not creditworthiness at all. It is estimated that about 17 cooperatives would qualify as creditworthy, since rest has management and/or financial problems.
- Banks feel that the objectives of the Project has been successfully accomplished since the banks have developed a good relationship with several cooperatives. At least, 50% to 70% of the cooperatives, which received credit, request to the banks more financial services as temporary investment and financial advises: expected exchange rate changes, etc.
- Cofisa feels that it can develop now credit relationships with the cooperatives without the help or support of Fedecoop or ACDI. Specifically, Cofisa has extended already credit in dollar denominated to two cooperatives.

8. Reasons why several credit requests did not reach final approval.

The purpose of this section is to provide the reasons why some credit requests did not reach final approval, at what stage in the process the loan request was turned down and the reason for it. Please see annex 8 for more information.

8.1. Reasons why several credits were turned down by the ACDI representative and Fedecoop's Administrative staff before reaching the Investment Committee.

- Did not qualify for the credit: Coopepirro (€77 million), Coopellanobonito (€18 million) and Coopecafira (€185 million)
- It closed operations: Coopesanjuanillo (€50 million)

8.2. Reason why several credits were turned down by the Investment Committee

- The credits were not recommended due to weak financial situation: Coopejibaye (€25 million) and Coopeaguabuena (€10 million)

8.3. Reasons why several credits were not approved or disbursed by the banks

- Interrupted by Bancoop intervention by Central Bank: Coopevalverdevega (€26.5 million)
- Do not want to formalize due to low coffee prices: Coopeunión (€10.0 million) and Coopesabalito (€20.0 million)
- Bancoop problem with BCCR/took BID.line: Coopeatenas

It is important to mention that in the case of Coopeatenas a BID credit line was used as a alternative option due to Bancoop/BCCR problems. This is only case in the Program that it happened.

9. Analysis of Credit Approval Process Time

In this section, we will analyze the time, that all the credits disbursed, took to be approved. First comment will be up to Investment Committee approval

and then the second comment during the banks credit approval process. For reference purposes around two months process approval time is considered normal according to Fedecoop and ACDI experience. (Please see annex 9 for more information about dates.)

	• Up to Investment Committee Approval	• During Bank Credit Approval Process
Coopeagri (Bancoop)	1 month. Well coordinated among ACDI, Fedecoop and the cooperative	7 months. Delay due to BCCR limit on credit and time needed to learn Program requirements
Coopecartago (Bancoop)	1 month. Same as above	5 months. Delay due to approval of BCCR to operate with program and BCCR intervention
Coopepalmares (Bancoop)	5 months. Coop. was not very interested due to high interest rates prevailing. Worked well coordinated with Fedecoop and ACDI	3 months. Same as above plus minor legal problems and new Board of Director policy requirement to approve credits
Coopesanvito (Federado)	1 day. Credit application presented same time as financial study.	8 months. Legal problems with properties given as guarantee: no registered. BCCR limit credit as a monetary measure. Delay in appraisals
Coopedota (Federado)	7 months. Delay due to BCCR limitation on credit expansion. Reactivated in January	1 1/2 months. Considered normal. Some delays due to appraisals.
Coopesarapiqui (Federado)	10 months. BCCR monetary measures. Delay due to lack of audited financial statements.	1 month. Less than expected time. Legal documentation in order.

Coopealajuela (Cofisa)	2 months. Within normal time	2 weeks. Worked very well coordinated with bank. Cedula Hipotecaria was previously issued and all legal matters in order
Coopetarrázú (Cofisa)	3 months. Delay somewhat due to technical study.	1 1/2 months. Several delays due to: Administrative Council credit approval, mortgage negotiation and the obtainment of insurance
Coopeagri (Cofisa)	2 months. Within normal time	5 months. Channelled through Federado and then switch to Cofisa due to Bancoop intervention. Deliver to Cofisa end of Nov.
Coopelibertad (Cofisa)	2 months. Normal.	7 months. Channelled first through Bancoop then due to Bancoop intervention was assigned to Cofisa in Feb. 92
Coopetarrázú (Cofisa)	15 months. General Manager resigned. Financial study was not done properly. Investment Committee doubted assumptions	7 months. Channelled first through Bancoop then assigned to Cofisa due to Bancoop intervention in end of April.
Fedecoop (Cofisa)	7 months. Delayed in the preparation of loan documentation and in the approval by Fedecoop Administrative Council of the loan proposal	8 months. Delayed due to AID approval process time and negotiation of properties for guarantee to bank
Coopronaranjo (Cofisa)	3 days. Financial study was done before presenting the credit request to Investment committee	1 month. Sent to Bancoop, then to Cofisa on July 25. All legal matters in order and excellent guarantees

10. Brief Overview of the Phase I.

Even though the scope of work does not include an analysis of the Phase I. Following, we will make a brief overview of the Phase I Project. The results will be mentioned and the expected recovery of the loans extended during this program.

- **The goal of the Phase I was to support the Costa Rica economy in sustaining present levels of coffee exports.**
- **The purpose was to technify and diversify coffee plantations to combat coffee rust.**

10.1. Status of the diversification and the replanting of the coffee plantations

The purpose of this section is to briefly analyze the results of the Phase I Program. Then, measure the financial implications of these results.

10.1.1. Coffee Replanting Program.

- **In this program, 7663 coffee producers were favored with total replanted area of around 7211 hectare.**
- **It is estimated that about \$820,976,000 plus the accumulated interest will not be recovered. Almost half of this loss is due to bad loan documentation and lack of good guarantee.**
- **Coffee producers have abandoned plantations, which have insufficient guarantee.**
- **The coffee export prices were projected at levels of US\$100 to US\$120 per 100 pounds. Now, the price is about half of that, reducing the coffee producers profitability and therefore available cash flow.**

10.1.2. Diversification Program:

10.1.2.1. Cocoa.

- 93 families were beneficiary with the Program with a total of 189.25 hectare
- There was a problem with the genetic material provided by CATIE. It never germinated and presently most of the crops were abandoned.
- The total losses in cocoa are estimated to be about €18 millions or 100% of the total credits, principal and interest, allocated to this Program

10.1.2.2. Cardamomo

- The Program was channelled through three cooperatives: Coopearagón, Coopepejibaye y Coopeaguabuena.
- The total amount invested in the program was €6.1 millions with a total area of 41 hectare.
- Practically, there is no crop being attended due to the cardamomo world price reduction.
- It is estimated that all the funds allocated to this Program are lost, or around €6.1 million.

10.1.3.3. Macadamia.

- An amount of €70.6 millions was allocated to this Program.
- A 480 producers were favored with a total of 955 hectare.
- There are no problems in terms of production and repayment for the time being.

10.2. Status of the Credits:

The total loan approved and disbursed, which both are slightly greater than the available by the Phase I Project amounted to €1.090,890 of which €1.005,384 or 92% was actually disbursed. As of August 24, 1992, out of the €1.090 million lent, the due amount is €753 million and recovered or paid is €566 million. Therefore, principal due but no paid is €187 million. (See annex 10 for more details).

The estimated total amount of doubtful loans is €199 million as of August 24, 1992, of which over €100 million is expected to be lost. This loss will have to be absorbed or assumed by Fedecoop. Fedecoop made a reserve of €5 million, but due to the projected loss, this is now being increased to the above-estimated amount. Fedecoop will most probably will recover a portion of this loss through the spread earned on the loans. However, this estimate is preliminary, since final loss is not known and also because this projected loss can vary depending upon the future coffee prices. The net interest earned or accrued by Fedecoop on the loans outstanding is €43.1 million in 1989, €38.5 million in 1990 and €20.2 million in 1991. This revenue has been decreasing due to the lack of interest payments. Interest due but not paid as of August 24, 1992 is €41.6 million (See annex 11 for details).

Following is a brief analysis of several cooperatives, which are not current on their loan and interest payments and Fedecoop's staff believes that the possibilities of repayment are minimum and several cases nil (See annex 10 for more details on the problem cooperatives):

- In the case of Coopesantere and Coppearagón, both with a past due balance of €63.1 million, had administrative problems. Now, these two cooperatives plus Coopepejivalle are in the process of being merged into one.
- Coopeleoncortés with due balance of €31.8 million had to close operations, and now is the process of being dissolved.
- Coopevalverdevega has a due balance of €13.1 millions, had a great administrative and financial problems.

- Coopesanjuanillo is now closed, owing €34.5 millions to the Phase I Program. Finally, Coopevalverdevega has a due balance of €13.1 million.

Another problem with this situation is that a little is being done to recover the principal and interest of the loans extended during the Phase I Program. It is important to mention that a recovery of principal and interest is impossible since several cooperatives are already in a bankruptcy stage.

In addition, the financial loss can attributed to, but not limited to, the following reasons:

- Lack of planning and no feasibility study were done since the very beginning of the Program
- No credit analysis was performed when the credits were extended
- No guarantees were required for some credits
- Lack of supervision in general and follow-up from Fedecoop
- High Fedecoop's personnel turnover, who were involved in the implementation of the Program. Therefore, lack of follow-ups.
- Some technical difficulties as in the case of a seed, which did not germinated produced a loss of €18 million
- The loans were extended with no appropriate legal documentation
- Lower world price of coffee and other crops than projected increased the past due balance amount.

From the above results, it can be seen that Fedecoop was not fully prepared to develop and implement The Phase I Project as proposed. Learning from experience, Fedecoop should not get involved in the financing of projects that are substantially different from the regular short term coffee crop financing unless Fedecoop prepares itself with an adequate staff, policies and procedures and a good supervision and follow-up system.

The main problem to Fedecoop is that it is the entity responsible for the credits of the Phase I Project and as such it has had to pay to the Trust Fund in detriment to its cash flow and financial performance. Presently, Fedecoop is current on its payments of principal and interest to the Trust Fund. In sum, the present loss from the due interest and principal payments are exceeding the earnings from the net interest earned.

Based on this situation, the following recommendations are suggested in a very broad basis to reduce the non-performing loans and increase the repayment of interest and principal with the objective of minimizing its negative impact on Fedecoop financial performance:

- Performed an in depth analysis of all the credits, which will include, at least, the following information: lender, name of borrower, address, loan balance, past due report, status of loan documentation and guarantee.
- Assign the necessary manpower to visit all the borrowers, who are not paying their debts or have past due balance, and propose and negotiate a loan restructure.
- Also, renegotiate the new terms and conditions and prepare all the legal documentation and insure that all guarantees are adequate in order to reduce future loan losses.
- Assure that an adequate system is put in place for the collection of loan and interest and clear responsibilities are assigned to perform the task.

This problem has being minimized in the Phase II Program due to:

- The involvement of the banks, since they are responsible of the loan repayment and as such the banks have performed a more in depth financial analysis. Besides, they have disregarded those cooperatives, which are not creditworthy.
- The banks require an acceptable guarantee to them in case of a loan default
- The Phase II Program was better planned and credit request process more carefully analyzed and studied by the applicants, Fedecoop, ACDI and of course the lenders.
- Program will definitely provide better results against goals and objectives, when it is better conceived and well implemented

11. Some ideas about a possible Phase III Program: Pending Issues

The purpose of this section is mention several ideas about things that need to be done or are still pending in the cooperative movement improvement process in Costa Rica.

11.1. ACDI feels that a more in depth structural changes have to be made in the coffee cooperative sector. By this, they mean that certain cooperatives should group together to join forces in order to optimize their human, technical and monetary resources. Another possibility is that the best managed and financially sound cooperatives should acquire the small and weakest financial cooperatives. Finally, merges could be another option. Final result or objectives is to reduce the number of cooperatives so that the sector reaches economies of scale, be managed by better and more experienced management and a financial concentration of resources occurs. This is a trend, which is taking, has taking place in other countries, including United States, where the cooperative movement was born and grown before Costa Rica.

Presently, there is tendency in the sector which is the formation consortiums among several cooperatives. Following are examples of this:

1. There is one group of cooperatives which are planing to form their own Federation or a subfederation: Concafé. These cooperatives are Coopronaranjo, Coopevictoria, Coopelibertad, Coopeagri, Coopetenas and Coopecartago. All these cooperatives represent 44% of total cooperatives production.
2. In addition, there is another group of cooperatives called Coocafé: Consorcio de Cooperativas de Guanacaste y Monte de Oro R.L. composed of Coopetilarán, Coopemonte de Oro, Coopeldós, Coopepilangosta, Coopesarapiquí and Coopecerroazúl, which also formed a consortium. This group is working excellent, and is an example for the rest of the cooperatives. These cooperatives represent 3.9% of all cooperatives coffee volume.

PARTIES INTERVIEW / FILES REVIEWED

1. Parties Interview:

The following persons were interview:

1.1. At Fedecoop:

Name	Position	Number of times
Geovanni Rivas	Financial Manager	5
Pedro Carvajal	Credit head	2
Gilberto Guierrez	Assistant manager	2
Mario Fernández	General manager	1
Francisco Zamora	Credit officer	1
Dennis Martin	Credit officer	1
Rodney Peñaranda	Credit officer	1
Javier Bonilla	Head of Coffee Ind.	1
Andrés Cordeiro	Coffee mill expert	3

1.2. ACDI.

Steven Huffstutlar	General manager	1
Jorge Céspedes	Assistant manager	2
Manuel Carballo	Technical assistant	5

1.3. Banks

1.3.1. Bancoop

Carlos E. Robert	General Manager	1
Manuel Guevara	Credit Head	3
Marco Vega	Account Officer	2

1.3.2. Banco Federado

Carlos Mora	General Manager	1
Alfonso Jiménez	Credit Head	1
Marvin Viquez	Credit Officer	2

1.3.3 Banco Cofisa

Guillermo Serrano	General Manager	1
Alejandro Saravia	Account officer	4

1.4. Cooperatives.

Leoni'as López (Coopeatenas)	General Manager
Hernán Fait (Coopevictoria)	General Manager
Alvaro Durán (Coopevictoria)	Finance Department
Yanina Bolaños (coopevictoria)	Finance Department
Edwin Acuña (Coopronaranjo)	General Manager
Olmán Ramírez (Coopronaranjo)	Assistant Manger
Luis Carlos Castillo (Coopepalmares)	General Manager
Francisco Vásquez (Coopepalmares)	Accountant
Emilio Sánchez (Coopepalmares)	Internal Auditor
Juan Bautista Moya (Coopelibertad)	Gerente General

2. Files Reviewed

2.1. Teaching Handbooks.

- Guía Resumida Evaluación de Proyectos de Inversión
- Modelo de Presupuesto de Operaciones para una Cooperativa de Caficultores

- **Control Interno/Cuestionario de Control Interno**
- **Análisis Financiero**
- **Manual sobre Técnicas de Auditoria y Control Interno para Cooperativas Cafetaleras**
- **Auditoria: Objetivos, Programas y algunas pruebas**

2.2. Studies on Cooperatives Coffee Mill Process and Financial Analysis

- **Estudio de Factibilidad para Solicitud de Crédito para Coopevictoria RL**
- **Proyecto de Transformación de la Estructura de Financiamiento de Coopesuiza**
- **Estudio para Solicitud de Crédito y Readequación de Deudas de Coopetarrazú**
- **Estudio de Factibilidad para Solicitud de Crédito para Coopealajuela**

CURRICULUM VITAE

CURRICULUM VITAE

1. DATOS PERSONALES:

Nombre: Ernesto Solera González
Nacionalidad: Costarricense
Idiomas: Español e inglés

2. PREPARACION ACADEMICA:

Post-graduado (1972-1974)	Instituto Centroamericano de Administración de Empresas. Título: Máster en Administración de Empresas
Universitaria (1968-1972)	Louisiana State University, U.S.A. Título: Ingeniero Civil
Secundaria (1962-1967)	Colegio La Salle, Costa Rica. Título: Bachiller en Ciencias y Letras

3. EXPERIENCIA DE TRABAJO:

3.1. Negocios Propios y Consultoría. De octubre de 1989 a la fecha.

- En el ramo de consultoría:

- Consultor asociado de Deloitte Ross Tohmatsu en un análisis integral del Banco Inmobiliario de Nicaragua (1990-1991) con el propósito de evaluar su factibilidad financiera y operacional: crédito, operaciones, personal, productos, competencia y medio ambiente.
- Consultoría con el USAID acerca del Role de las Financieras en el Mercado Costarricense (1991)
- Consultoría con el Banco Internacional de Costa Rica con el objeto de evaluar y recomendar mejoras en el proceso de crédito (1992)
- Evaluación del Proyecto USAID/Fedecoop sobre préstamo de \$650 millones para mejoramiento y financiación de cooperativas de café

- En el ramo de los negocios propios, la administración y dirección de empresas dedicadas a plantas ornamentales, producción de café, desarrollo y comercialización de urbanizaciones

3.2. Citicorp SA: 1974-1989

Gerente de crédito de 1980 a 1984. Gerente General de 1985 a 1989.

3.3. Beneficio de Café de Ernesto González Suc., SA

Gerente General de 1974 a 1980.

3.4. Urbanizadora Montebello SA

Gerente General de 1974 a 1980

4. Otras Actividades:

4.1. Compañía Costarricense del Café SA (CAFESA)

Director desde 1974 y actual Presidente de la Junta Directiva.

4.2. Plantexpo H.V. SA

Empresa dedicada a la exportación de plantas ornamentales. Presidente y socio desde 1989.

4.3. L&M Comercial SA

Empresa dedicada a desarrollos urbanísticos. Presidente y socio desde 1990.

5. RESPONSABILIDADES COMO GERENTE GENERAL DE CITICORP SA

- Evaluar de forma continua la situación económica, política y social de Costa Rica para recomendar las estrategias y políticas más adecuadas y convenientes para el Citibank.
- Desarrollar e implementar nuevos productos y servicios en línea con el nivel de riesgo aprobado.
- Representar a Citicorp ante el público, comunidad financiera y el Gobierno de Costa Rica, para formar y fortalecer su imagen.

- Negociar los términos y condiciones de los créditos y otros negocios con los clientes.

6 CURSOS TOMADOS EN EL CITIBANK:

6.1. Latincaad: 1980

Tiene como objetivo enseñar oficial de crédito: a) las destrezas básicas de crédito; b) las herramientas necesarias para un buen análisis financiero; c) un conocimiento básico sobre los productos crediticios, y; d) las técnicas de contabilidad general.

6.2. Intermediate Credit Seminar: 1981

Provee al participante de destrezas más amplias y sofisticadas para el análisis de crédito, exponiéndolo a un amplio rango de técnicas analíticas y de herramientas prácticas

6.3. International Trade Services: 1982

Identifica diferentes productos y servicios relacionados al comercio exterior, como por ejemplo, Cartas de Crédito, Cobranzas, transferencias, manejo de efectivo, etc.

6.4. Advanced Selling Skills: 1983

Muestra al oficial de crédito las técnicas para poder demostrar y vender los productos relacionados con crédito, incluyendo el mismo crédito.

6.5. Unit Management: 1983

Identifica y aplica las disciplinas esenciales de la gerencia, para el buen manejo de una unidad bancaria.

6.6. Managing People: 1984

Enseña las técnicas más apropiadas para el manejo del personal, de manera que las metas personales de los empleados y del banco se identifiquen, para lograr un trabajo más profesional y eficaz.

6.7. Competitive Strategy: 1985

El propósito de este seminario es el de enseñar las técnicas y procedimientos necesarios para crear y establecer una estrategia bancaria acorde con las políticas de la corporación.

6.8. Bourse Game: 1986

Enseña las reglas básicas de tesorería y expone al oficial del banco a una simulación de compra y venta de diferentes monedas en economías cambiantes y algunas muy vulnerables.

6.9. Corporate Finance: 1988

Delinea y enseña las mejores alternativas de financiamiento a las empresas tomando en consideración las opciones más creativas. Asesor financiero versus vendedor de productos y servicios bancarios.

6.10. Professional Development Program III: 1988

Ayuda y enseña a los oficiales del Banco en el manejo de las estrategias de cada negocio basado en el conocimiento amplio y profundo de nuestro ambiente.

7. DIRECCION PERMANENTE:

Apartado 8
Heredia 3000, Costa Rica

Teléfono: 24 72 65

Fax: 53 67 32

ANNEX 1.

ANNEX 1.

**FEDECOOP R.L., COOPERATIVAS AFILIADAS
CAPTACION E IMPORTACION RELATIVA Y ACUMULADA**

COSECHA 90-91

#	COOPERATIVA	ZONA	CAPTACION	%	%
			FANEGAS	INDIVIDUAL	ACUMULADO
1	Coopronarajo R.L.	1	154,655	11.40	11.40
2	Coopevictoria, R.L.	1	117,404	8.65	20.05
3	Coopelibertad, R.L.	1	114,352	8.43	28.48
4	Coopagri, R.L.	4	96,227	7.09	35.57
5	Coopecalira, R.L.	1	86,869	6.40	41.97
6	Cooproanvito, R.L.	4	78,715	5.80	47.77
7	Coopetarrazu, R.L.	2	74,510	5.49	53.26
8	Coopelmares, R.L.	1	71,532	5.27	58.53
9	Coopatenas, R.L.	1	56,309	4.15	62.68
10	Coopesabalito, R.L.	4	56,081	4.13	66.81
11	Coopcartago, R.L.	3	55,419	4.09	70.90
12	Coopesantarosa, R.L.	1	50,206	3.70	74.60
13	Coopesuiza, R.L.	2	37,765	2.78	77.38
14	Coopesanjuanillo, R.L.	1	36,406	2.68	80.06
15	Coopunion R.L.	1	35,802	2.64	82.70
16	Coopedota, R.L.	2	29,613	2.18	84.88
17	Coopelco, R.L.	2	28,667	2.11	86.99
18	Coopaguabuena, R.L.	4	20,591	1.52	88.51
19	Coopelajucla, R.L.	1	18,509	1.37	89.88
20	Coopelverde Vega, R.L.	1	18,208	1.34	91.22
21	Coopellanobonito, R.L.	2	14,787	1.09	92.31
22	Coopearagon, R.L.	3	14,519	1.07	93.38
23	Coopetilaran R.L.	5	14,019	1.03	94.41
24	Coopesancarlos, R.L.	6	12,629	0.93	95.34
25	Coopelirro, R.L.	1	11,766	0.87	96.21
26	Coopemontes de Oro, R.L.	5	11,018	0.81	97.02
27	Coopelpejibaye, R.L.	3	9,130	0.67	97.69
28	Coopelcos, R.L.	5	8,603	0.64	98.33
29	Coopelilangosta, R.L.	5	7,700	0.57	98.90
30	Coopesarapiqui R.L.	6	6,867	0.51	99.41
31	Coopelcerro Azul, R.L.	5	4,528	0.33	99.74
32	Coopesantaterc, R.L.	3	3,539	0.26	100.00
	TOTAL		1,356,945	100.00	100.00

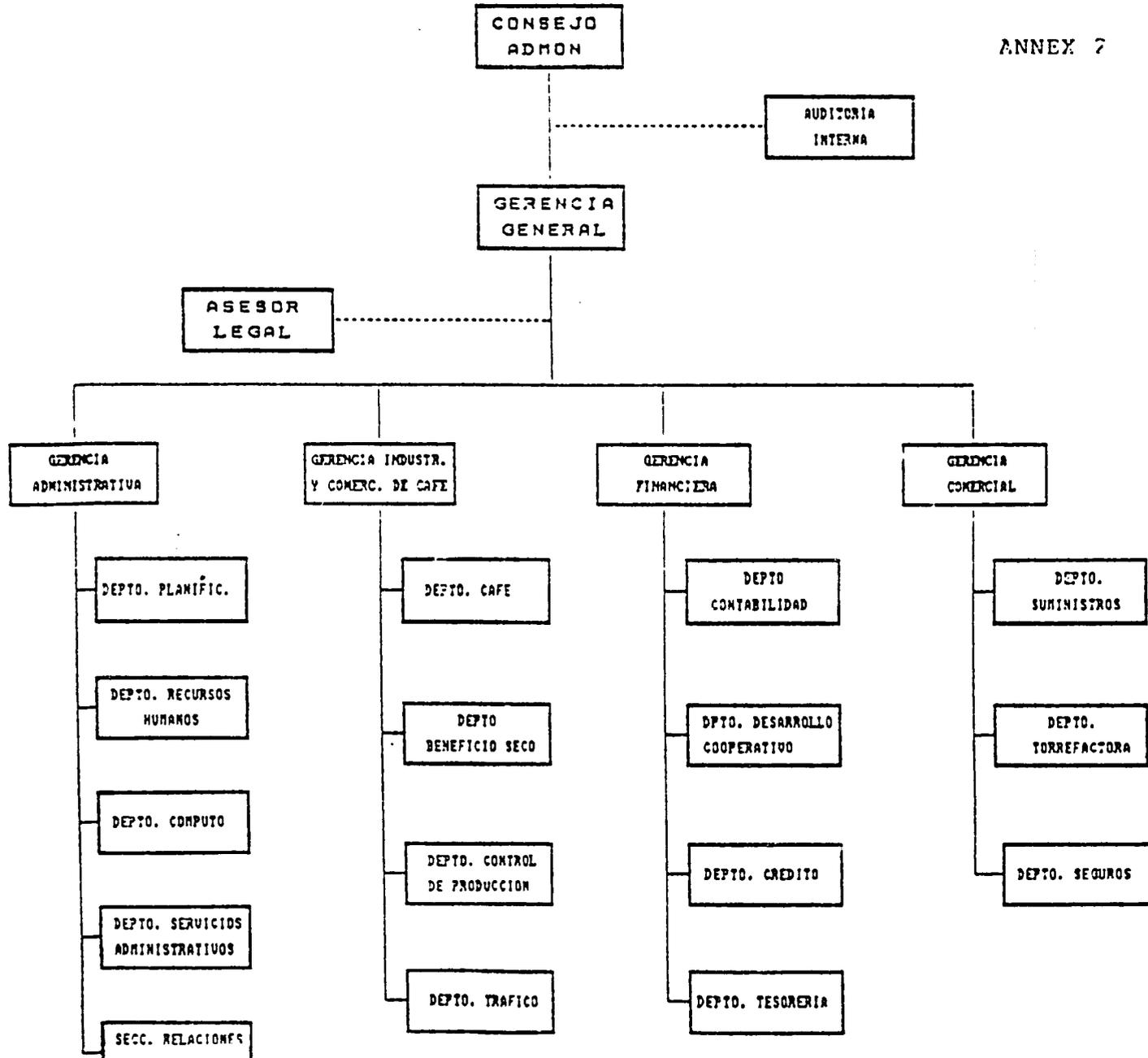
Fuente: Propia de datos suministrados por FEDECOOP, R.L.

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ANNEX 2.

ORGANIGRAMA PROPUESTO
FEDECOOP, R.L.

ANNEX 7



ANNEX 3.

ANNEX 3.

CURSOS DE CAPACITACION EN
EL AREA DE PROCESAMIENTO DE CAFE
DIRIGIDOS A PERSONAL DE COOPERATIVAS

Periodo octubre 1989 - junio 1992

CURSO #1 ZONA SUR

Dirigido a personal de beneficios de cafe de las Cooperativas

1. Agri. El General
2. Sabalito
3. San Vito
4. Agua Buena

FECHA: 23 al 24 de julio de 1991

INSTRUCTOR: Personal técnico de FEDECOOP.

TEMARIO: Procesamiento del cafe (todas las etapas), preparación del cafe para exportación, control de calidad y comercialización.

CURSO #2 ZONA DE LOS SANTOS

Dirigido a personal de beneficios de cafe de las Cooperativas

1. Tarrazú
2. Llano Bonito
3. Dota

FECHA: Setiembre 1991

INSTRUCTOR: Personal técnico de FEDECOOP.

TEMARIO: Procesamiento del cafe (todas las etapas) preparación del cafe para exportación, control de calidad y comercialización.

CURSO #3 Dirigido a personal técnico de Departamentos: Control de Producción, Ventas y Beneficiado.

FECHA: Setiembre 1990

TEMARIO: El proceso de beneficiado, tipos de cafe, medidas control de calidad, trámites ICAFE, comercialización internacional.

INSTRUCTOR: Sr. Gerardo Astúa Roman, Catador Oficial del ICAFE.

ANNEX 3.

CURSO #4 "FUNDAMENTOS DEL SECADO DE CAFE"

Dirigido a administradores de beneficios de café de las cooperativas afiliadas a FEDECOOP R.L.

FECHA: Octubre de 1991

TEMARIO: Principios que gobiernan el proceso de secamiento, tecnología de secamiento, parámetros de combustibles y combustión, requerimientos de energía para el secado.

INSTRUCTORES: Ing. Fernando Caldas, Ph. D. Consultor Privado. Personal técnico de FEDECOOP R.L.

CURSO #5 Evaluación de la cosecha 91-92 y del seminario "Fundamentos del secado industrial"

PARTICIPANTES: Administradores de beneficios de café de Cooperativas afiliadas a Fedecoop R. L.

TEMARIO: Análisis de problemática presentada durante la cosecha 91-92 y su relación con el seminario impartido en octubre de 1991. Propuesta de alternativas de solución, discusión sobre aspectos económicos de inversión y rentabilidad.

FECHA: Abril de 1992.

INSTRUCTORES: Ing. Fernando Caldas, Ph.D. Consultor Privado. Personal Técnico de FEDECOOP R.L.

CURSO #6 COSTOS INDUSTRIALES EN EL SECTOR CAFETALERO

PARTICIPANTES: Cuerpos Administrativos y Técnicos de las Cooperativas afiliadas a Fedecoop R. L.

TEMARIO: Especificación de todos los pasos a seguir para la implantación de un sistema de control de costos industriales dentro del proceso de beneficiado de café.

FECHA: Mayo de 1992

INSTRUCTOR: Lic. Oscar Sáenz, Asesor Privado

ANNEX 3 .

CONFERENCIAS TECNICAS:

Durante el periodo considerado se dictaron 4 conferencias técnicas sobre procesamiento y preservación de la calidad del café en las cooperativas:

- Santa Rosa (Heredia)
- Cartago
- Llano Bonito (León Cortés)
- Cafira (San Ramón)

ANNEX 4.

ANNEX 4 .

3.2 RESUMEN DE LABORES DESARROLLADAS EN LAS COOPERATIVAS
PERIODO OCTUBRE 1990 - SETIEMBRE 1991

COOPERATIVA	LABOR DESARROLLADA	No.VISITAS
ATENAS	Evaluación del rendimiento del nuevo sistema de impulsión y distribución de aire para secado de café. Se confirmó el aumento de capacidad de proceso y disminución de costos de operación. Detalle de resultados se presentó en informe respectivo. Asesoría para instalación de secadora "cascada" y sistema de tubería en Pila de Recibo. Sistema de abastecimiento de agua al beneficio.	7
LLANO BONITO	Asesoría en instalación de ductos de distribución de aire para secadoras de café. instalación de caño de clasificación y secadora estática para calidades inferiores, equipo con el que se obtuvieron excelentes resultados. Recopilación de información para proyectos de sala de alistado y elaboración de informe respectivo. Asesoría en modificación de sistemas y economías de equipos.	6
MONTES DE ORO	Inspección de instalación de maquinaria de la planta de secado y , asesoría en procesamiento. Recopilación de información para proyecto de normas generales en el beneficio. elaboración de estudio de factibilidad técnica para mejoramiento de sistemas de secado y almacenamiento.	4

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ANNEX 4.

PILANGOSTA	Evaluación de rendimiento de equipos de impulsión y distribución de aire para secado de café, e inspección de instalación y funcionamiento de equipos de beneficio húmedo. Evaluación de horno, recopilación de información para proyecto y elaboración de dos informes técnicos. Asesoría profesional en procesamiento y selección de maquinaria.	4
SARAPIQUI	Asesoría en instalación y funcionamiento de la maquinaria de beneficio húmedo. Evaluación y ajustes en equipos de secado.	2
NARANJO	Inspección de obras de ampliación de capacidad en sistemas de secado. Actualización del registro de maquinaria para el sistema de inventario.	3
LIBERTAD	Inspección y puesta en operación de maquinaria de beneficio húmedo. La operación de este equipo es satisfactoria.	2
DOTA	Supervisión de instalación de maquinaria para "presecado", generación de energía calórica y almacenamiento de café. Se elaboró informe respectivo.	3
TARRAZU	Asesoría e inspección de instalación de maquinaria de "presecado y escurrido" de café pergamino. Estas obras están concluidas y la maquinaria está operando satisfactoriamente. Asesoría durante la época de procesamiento y elaboración de dos informes al respecto. Ejecución de estudio técnico para proyecto de inversiones en beneficio de café. Exposición ante el Consejo de Administración de esta cooperativa.	9

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ANNEX 4.

Asesoría técnica en almacenamiento de café. Elaboración de Estudio Estadístico de producciones y correlación con capacidad de Procesamiento

VICTORIA

Inspección de obras en instalación de sistemas para procesos de "presecado y preparación de café en oro". La instalación se concluyó conforme al proyecto elaborado por el Depto. I.D.E.A. Recopilación de información para nuevo proyecto de inversiones. Elaboración de informe técnico emitiendo criterio al respecto.

3

EL GENERAL

Asesoría en procesamiento de café, en programación de la producción y operación de equipos para beneficiado. Evaluación de horno colectivo con pruebas experimentales. Medición de flujos de aire en secadoras. Evaluación de norras tipo ciclón. Asesoría para proyecto de inversión. Asesoría en instalación de abanicos.

7

SAN VITO

Asesoría para instalación de maquinaria para clasificación por tamaños de café oro. Recopilación para proyecto de sala de alistado y beneficio húmedo y elaboración de informe técnico. Asesoría para instalación de centro de acopio de secaduría. Elaboración de informe corto. Evaluación del funcionamiento de secadoras. Proposición de modificación al sistema norras-secadoras.

5

SABALITO

Inspección y asesoría en proceso de beneficiado. Entrega y discusión de informe referente a características físicas de café tipo "Caturra Larga".

2

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11

ANNEX 4.

AGUA BUENA	2
Asesoría para acondicionamiento de silo para ser utilizado en secado de café. Cálculo para diseño de secadora estática para café inferior.	
SAN CARLOS	4
Evaluación de equipos de secado y asesoría en selección y modificación de equipos de presecado. Elaboración de informe técnico para la ampliación del crédito original. Asesoría para la instalación de centro de acopio de macadamia. Avalúo de una parte de la maquinaria del beneficio para uso en garantía en operación bancaria	
CERRO AZUL	2
Recopilación de información sobre existencia y funcionamiento de maquinaria. Elaboración de informe técnico al respecto, con valoración de los equipos adquiridos. Asesoría profesional en procesamiento y selección de maquinaria.	
VALVERDE VEGA	2
Actualización de registro de maquinaria. Recopilación de información para proyecto de modificación de secadora.	
SAN JUANILLO	3
Asesoría utilización de sistemas de generación de energía calorífica para evitar deterioro de la calidad del café. Se elabora informe. Estudio técnico de adecuación de instalaciones. Avalúo de maquinaria, terreno y edificaciones del beneficio de café.	
EL DOS DE TILARAN	2
Asesoría profesional en procesamiento selección de maquinaria. Recopilación de información para Avalúo del beneficio. Elaboración de documento respectivo.	

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ANNEX 4.

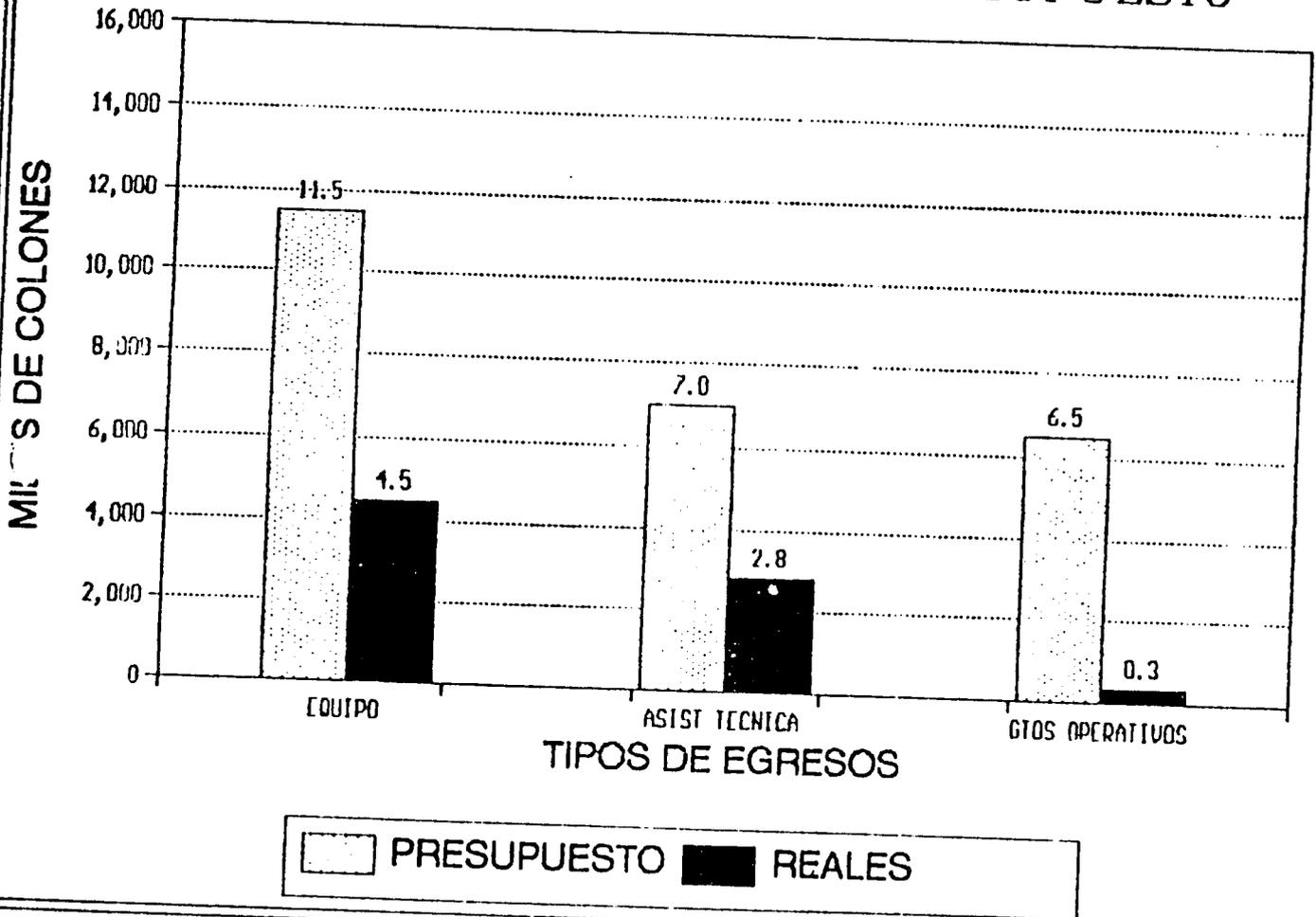
TILARAN	Asesoría técnica en procesamiento y análisis de calidad de macadamia para proyecto de exportación que en conjunto llevan a cabo COOPETILA R.L y COOCAFE R.L.	2
SANTA ROSA.	Recopilación de información para el avalúo del beneficio de café.	6
PIRRO.	Recopilación de información para avalúo de beneficio de café.	2
PEJIBAYE.	Recopilación de información para el avalúo del beneficio de café. Recolección de información para valuación de maquinaria pesada y vehículos.	2
PALMARES	Recopilación de información para avalúo de maquinaria.	2
ALAJUELA	Recopilación de información para estudio global de planta de beneficio.	2
BENEFICIO SAN JOAQUIN	Evaluación de selectoras electrónicas de café "oro"	4

TOTAL		93

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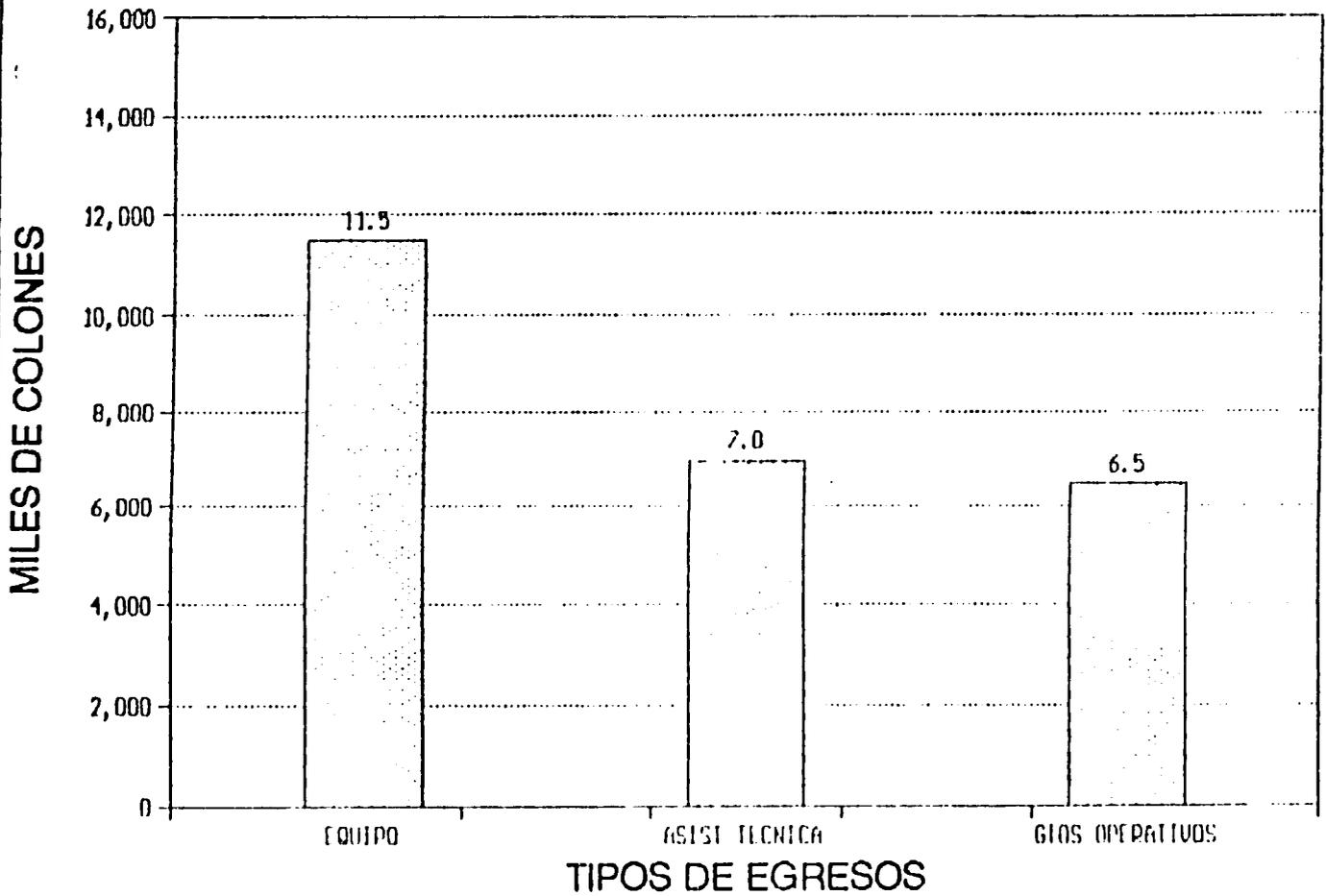
ANNEX 5.

DONACION A.I.D. EGRESOS REALES VERSUS PRESUPUESTO



ANNEX 5.

DONACION A.I.D. PRESUPUESTO DE EGRESOS



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ANNEX 6.



GERENCIA GENERAL

ANNEX 6.

**FEDERACION DE COOPERATIVAS
DE CAFICULTORES R.L.**

PRODUCTORES, BENEFICIADORES, TORREFACTORES Y
EXPORTADORES DE CAFE

RECIBIDO
24 JUL 1990

24 de julio de 1990.
GG-120-90.

Ing.,
Alejandro Saravia,
Administrador Fideicomisos,
Banco COFISA S. A.,
S.O.

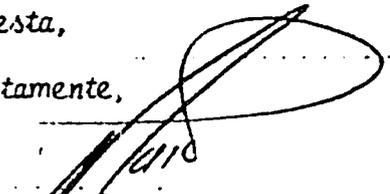
Estimado señor:

Por este medio nos permitimos presentarle nuestra solicitud para que con base en los términos de la Enmienda Nº 2 al Memorandum de Entendimiento Nº 16, de fecha 27 de marzo de 1985, firmado entre la Agencia para el Desarrollo Internacional (A.I.D.) y la Federación de Cooperativas de Caficultores R. L. (FEDECOOP), el 12 de febrero de 1990, donde se le asignó a FEDECOOP un fondo de donación por un total de \$25.0 millones; se nos gire un total de \$5.0 millones de dicho fondo.

Lo anterior con el propósito de cubrir gastos contemplados dentro del Apéndice 3 de la Enmienda antes citada.

En espera de una pronta respuesta,

Atentamente,


Lic. Mario Fernández Urpí,
Gerente General.

LV.

cc.



ANEX 6.

**FEDERACION DE COOPERATIVAS
DE CAFICULTORES R.L.**

PRODUCTORES, BENEFICIADORES, TORREFACTORES Y
EXPORTADORES DE CAFE

12 de setiembre de 1990

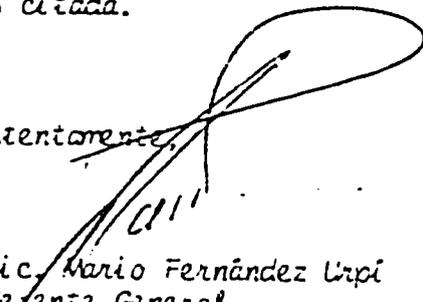
Señor
Alejandro Saravia
Administrador Fideicomisos
Banco COFISA S.A.
S. _____ O.

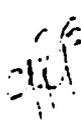
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Lo anterior con el propósito de cubrir gastos contemplados dentro del Apéndice 3 de la Enmienda antes citada.

Atentamente,


Lic. Mario Fernández Uruj
Gerente General


/nopa
CC: archivo

ANNEX 7.

ANNEX 7.

COSTA RICA ACDI CREDIT ADVISOR EXPENSE REPORT
FROM: 6/1/92 TO 6/30/92 (#22)

		EXPENSES			
	LINE ITEMS	BUDGET YEAR 1 & 2	6/01/92 6/30/92	ACCUMULATED EXPENSES	REMAINING FUNDS
127-70-1310	1 STAFF AND PERSONNEL	4,798,464	155,077.60	5,078,697.43	(280,233.43)
127-70-3000	2 OPERATING EXPENSES	1,310,730	35,870.95	1,044,610.45	266,119.55
127-10-690	a. Per diem	361,200	0.00		
	b. Phone, fax, etc.	64,500	0.00		
	c. Vehicle oper./maint.	365,500	31,280.95		
	d. Secretarial support	455,030	0.00		
	e. Mis. costs	64,500	4,590.00		
127-30-1290	3 COMMODITIES	1,503,000		1,409,695.90	93,304.10
127-30-1220	a. Vehicle	914,700			
	b. Office furniture/supplies	65,300			
127-30-1230	c. Lap top computer	400,000			
	d. Audiovisual	50,000			
	e. Telef. system	73,000			
127-20-890	4 TRAINING AND T.A.	1,011,428		1,186,123.80	(174,695.80)
	a. Local Short Term Consult.	351,000			
	b. Training	660,428	0.00		
	TOTAL DIRECT COSTS	8,623,622	190,948.55	8,719,127.58	(95,505.58)
127-85-	INDIRECT COSTS (36.6%)	3,363,213	69,887.17	3,364,113.47	(900.89)
		11,986,834.58	260,835.72	12,083,241.05	(96,406.47)

ANNEX 8.

TABLE 1
A.C.D.I. COSTA RICA
FEDECOOP LOAN TRUST PHASE II
STATUS OF LOAN REQUESTS AS OF JUNE 30, 1992

COOPERATIVE	REQUEST DATE	AMOUNT REQUESTED (Mil.Col)	AS SENT TO COMMITTEE	APPROVED BY COMMITTEE	APPROVED BY BANK	DISBURSED	
1 COOPEDOTA R.L.	03-07-90	6.0	6.0	6.0			
2 COOPEPEJIBAJE R.L.	17-07-90	25.0	25.0		6.0 F	6.0	
3 COOPEAGRI, R.L.	17-07-90	4.0	4.0	4.0			
4 COOPE SAN CARLOS, R.L.	07-08-90	2.7	2.7	2.7	4.0 B	4.0	
5 COOPESARAPIQUI, R.L.	17-07-90	14.9	14.9	14.9	2.7 B		
6 COOPEATENAS, R.L.	17-07-90	32.0	32.0	32.0	14.9 F	14.9	
7 COOPEALAJUELA, R.L.	07-08-90	1.0	1.0	1.0	32.0 B		
8 COOPAGUABUENA, R.L.	19-06-90	10.0	10.0		1.0 B		
9 COPROSANVITO, R.L.	20-08-90	30.0	30.0				
10 COOPESANTAROSA, R.L.	30-06-92	50.0		30.0	30.0 F	30.0	
11 COOPELLANOBONITO, R.L.	07-08-90	18.0					
12 COOPEVALVERDE VEGA, R.L.	14-08-90	26.5	26.5				
13 COOPEVICTORIA, R.L.	19-06-91	13.3	13.3	26.5			
14 COOPEUNION, R.L.	29-11-91	35.0	35.0	13.3	13.3 C	13.3	
15 COOPESABALITO, R.L.	04-01-91	20.0	20.0	35.0			
16 COOPESANJUANILLO, R.L.	14-08-90	50.0		20.0			
17 COOPETARRAZU, R.L.	24-07-90	50.0	50.0				
18 COOPEPIRRO, R.L.	07-08-90	77.0		50.0	50.0 C	50.0	
19 COOPECAFIRA, R.L.		185.0					
20 COOPEPALMARES, R.L.	11-09-90	15.0	15.0				
21 COOPESUIZA, R.L.	11-09-90	25.0	25.0	15.0	15.0 B	15.0	
22 COOPEAGRI, R.L.	14-05-91	9.5	9.5	25.0			
23 COOPROCARTAGO, R.L.	19-06-91	10.0	10.0	9.5	9.5 C	9.5	
24 COOPELIBERTAD, R.L.	19-06-91	34.8	34.8	10.0	10.0 B	10.0	
25 COOPEALAJUELA, R.L.	09-08-91	5.0	5.0	34.8	34.8 C	34.8	
26 COOPELDOS, R.L.	28-11-91	10.0	10.0	5.0	5.0 C	5.0	
27 FEDECOOP R.L.	12-03-91	75.0	75.0	10.0			
28 COOPEATENAS R.L.	27-02-92	40.0		75.0	75.0 C	75.0	
29 COOPEAGRI R.L.	27-01-92	30.0					
30 COOPRONARANJO	31-05-92	30.0	30.0				
31 COOPECERROAZUL	13-02-92	12.6		30.0	30.0 C	30.0	
BANK		TOTAL FUND	947.3	484.7	449.7	333.2	297.5
B. BANCOOP		TOTAL LOAN	31	23	21	16	13
C. COFISA							
F. FEDERADO							

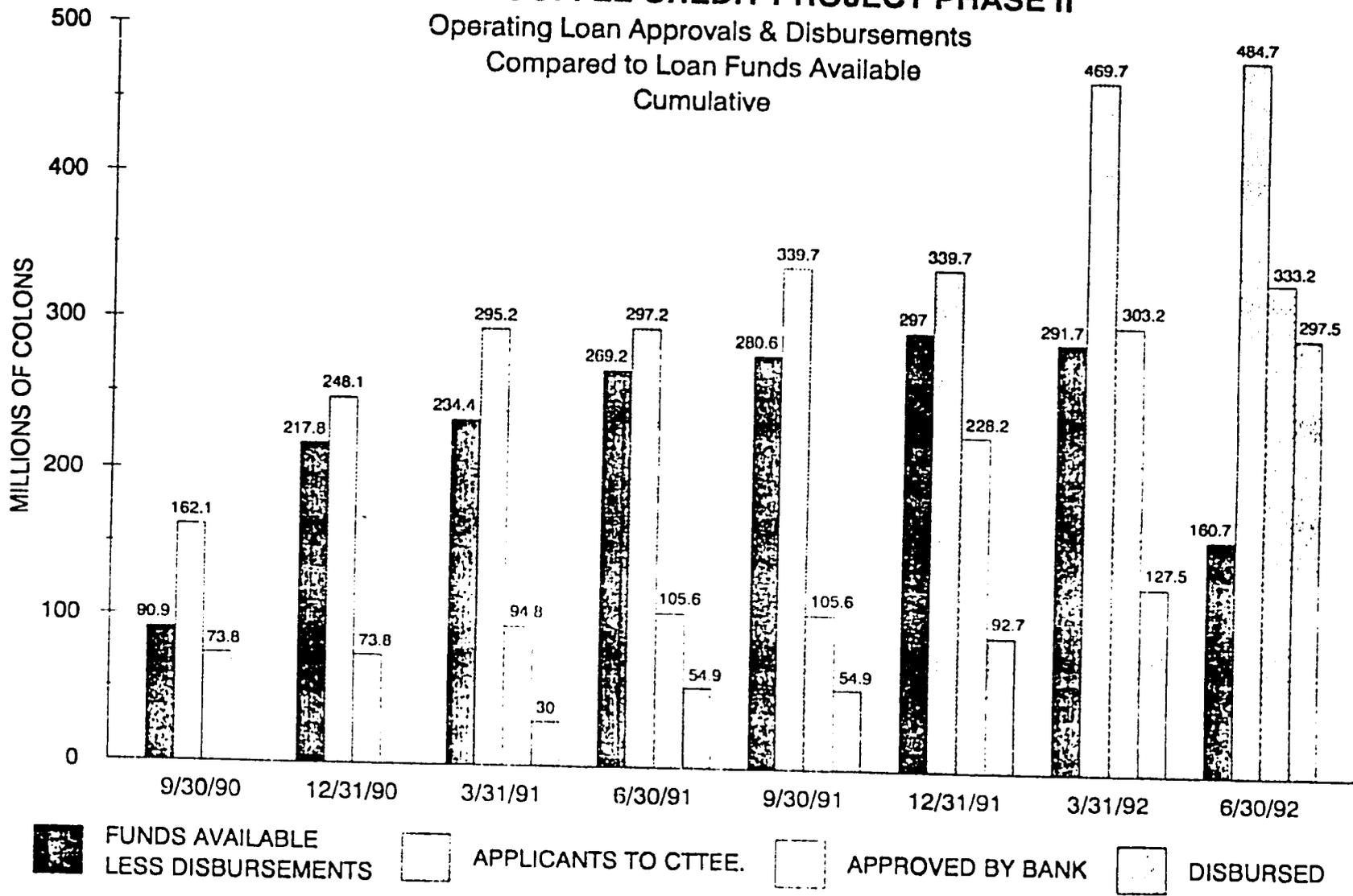
Funds available 1990 = 217.8 millions colons
1991 = 193.7

TABLE 2
ACDI COSTA RICA
FASE II DEL PROGRAMA USAID-FEDECOOP
ESTADO DE SOLICITUDES DE CREDITO
AL 30 DE JUNIO DE 1992

NO. SOLICITUD	COOPERATIVA	FECHA SOLICITUD	MONTO SOLICITADO	MODIF. Y AMP. BENEF.	COMPRA DE VEHICULOS	CAPITAL DE TRABAJO	READEC. DE DEUDA	CONDICION SOLICITUD	
								FECHA RECOMENDAC.	BANCO DESEMBOLSO
1	Coopecafira, R.L.								
2	Coopeaguabuena, R.L.		185.0	--	--	--	185.0	--	-- 6)
3	Coopecota, R.L.	19 6 90	10.0	--	--	--	10.0	--	-- 4)
4	Coopeasantarosa, R.L.	3 7 90	6.0	6.0	--	--	--	19-02-91	F SI
5	Coopejibaye, R.L.	30 6 92	50.0	--	--	50.0	--	--	-- 2)
6	Coopeagri, R.L.(2ª Prest)	17 7 90	25.0	--	--	--	25.0	--	-- 4)
7	Coopearapiqui, R.L.	17 7 90	4.0	--	4.0	--	--	14-08-90	B SI
8	Coopeatenas, R.L.	17 7 90	14.9	14.9	--	--	--	14-05-91	F SI
9	Coopearrazu, R.L.	17 7 90	32.0	32.0	--	--	--	14-08-90	B NO 1)
10	Coopepirro, R.L.	24 7 90	50.0	4.8	--	35.0	10.2	03-10-91	C SI
11	Coopeancarlos, R.L.	7 8 90	77.0	--	--	--	77.0	--	-- 4)
12	Coopealajuela, R.L. (1er.Prest)	3 7 90	2.7	2.7	--	--	--	17-07-90	B NO
13	Coopeellanobonito	7 8 90	1.0	--	1.0	--	--	07-08-90	B NO 3)
14	Coopevalverdevega, R.L.	14 8 90	18.0	--	--	--	18.0	--	-- 5)
15	Coopeanjuanillo, R.L.	14 8 90	26.5	--	--	--	26.5	31-07-91	B NO 6)
16	Coopeanvito, R.L.	20 8 90	50.0	--	--	50.0	--	--	-- 2)
17	Coopepalmares, R.L.	11 9 90	30.0	--	--	--	30.0	21-08-90	F SI
18	Coope-suiza, R.L.	11 9 90	15.0	15.0	--	--	--	19-04-91	B SI
19	fedecoop, R.L.	12 3 91	25.0	--	--	--	25.0	16-08-91	B NO 6)
20	Coopeagri, R.L.(2ª Prest)	14 5 91	75.0	35.0	--	40.0	--	03-10-91	C SI
21	Coopevictoria, R.L.	19 6 91	9.5	9.5	--	--	--	05-07-91	C SI
22	Coopecartago, R.L.	19 6 91	13.3	13.3	--	--	--	02-09-91	C SI
23	Coope libertad, R.L.	19 6 91	10.0	10.0	--	--	--	23-07-91	B SI
24	Coopealajuela, R.L.(2ªPrest)	9 8 91	34.8	34.8	--	--	--	09-08-91	C SI 7)
25	Coopeunion, R.L.	29 11 91	5.0	5.0	--	--	--	11-10-91	C SI
26	Coopeidos, R.L.	29 11 91	35.0	--	--	35.0	--	27-02-92	-- NO 8)
27	Coopeabalito, R.L.	28 11 91	10.0	10.0	--	--	--	21-05-92	B -- 2)
28	Coopeagri R.L.(3er.Prest)	4 1 91	20.0	20.0	--	--	--	27-02-92	-- NO 8)
29	Coopeatenas (2ª Prest)	27 1 92	30.0	15.0	--	15.0	--	--	-- 2)
30	Coopearranjo R.L.	27 2 92	40.0	8.5	--	15.0	16.5	--	-- 2)
31	Coopecerroazul R.L.	21 5 92	30.0	15.0	--	15.0	--	21-05-92	B SI
		13 6 92	12.6	--	--	12.6	--	--	--
TOTAL			947.3	251.5	5.0	267.6	423.2		

- 1) La cooperativa utilizo prestamo puente con recursos del BID por restricciones del Banco Central en ese momento y no utilizo posteriormente fondos de A.I.D.
- 2) Pendiente estudio de factibilidad.
- 3) No se formalizo el credito.
- 4) En estudio nuevas opciones.
- 5) Estudio terminado no fue presentado.
- 6) Estudio devuelto para revision.
- 7) Solicitud planteada originalmente a Bancoop R.L. y trasladada al Bco. de Cofisa posteriormente.
- 8) Sin definir ante que Banco hara gestion.

ACDI COSTA RICA
FEDECOOP COFFEE CREDIT PROJECT PHASE II
 Operating Loan Approvals & Disbursements
 Compared to Loan Funds Available
 Cumulative

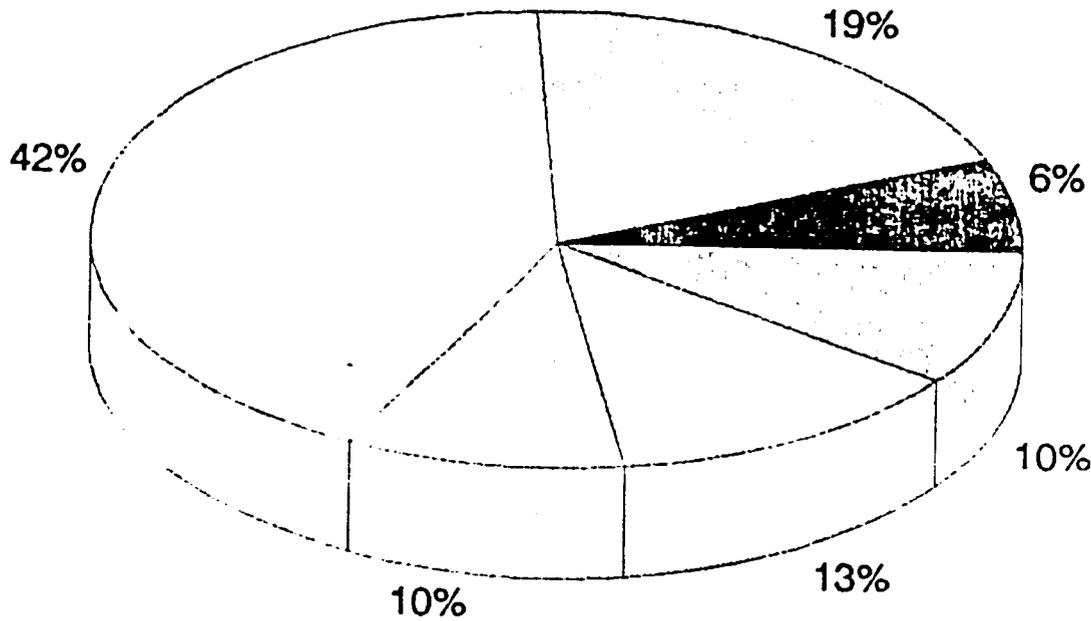


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ACDI COSTA RICA

STATUS OF FEDECOOP LOANS PROCESSED

AS OF JUNE 30, 1992



PASSED TO COMMITTEE:

<input checked="" type="checkbox"/>	UNDER STUDY	2
<input type="checkbox"/>	APPROVED	6
<input type="checkbox"/>	DISBURSED	13
<input type="checkbox"/>	WITHDRAWN	3

NOT SENT TO COMMITTEE:

<input type="checkbox"/>	UNDER STUDY	4
<input type="checkbox"/>	WITHDRAWN	3

TOTAL REQUESTS: 31

24 months from lending activity start-up and
ACDI financial advisers starting work (7-9-90)

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ANNEX 9.

ANNEX 9 .
FEDERACION DE COOPERATIVAS DE CAFICULTORES R.L.
GERENCIA FINANCIERA
II ETAPA A I D

COOPERATIVA	MONTO SOLICITADO	FECHA SOLICITUD	APROBADO COMITE	FORMALIZAD BANCO
COOPEAGRI R.L.	4,000,000	17-Jul-90	14-Aug-90	26-Mar-91
COOPECARTAGO	10,000,000	19-Jun-91	23-Jul-91	03-Dec-91
COOPEPALMARES	15,000,000	09-Nov-90	14-Apr-91	22-May-92
COOPRO SAN VITO	30,000,000	20-Aug-90	21-Aug-90	02-Apr-91
COOPE DOTA	6,000,000	03-Jul-90	19-Feb-91	04-Apr-91
COOPE SARAPIQUI	14,900,000	17-Jul-90	14-May-91	04-Jun-91
COOPE ALAJUELA	5,000,000	09-Aug-91	11-Oct-91	18-Oct-91
COOPE VICTORIA	13,300,000	19-Jun-91	02-Sep-91	14-Nov-91
COOPE AGRI	9,500,000	14-May-91	05-Jul-91	13-Dec-91
COOPE LIBERTAD	34,800,000	19-Jun-91	09-Aug-91	06-Mar-92
COOPE TARRAZU	50,000,000	24-Jul-90	03-Oct-91	20-May-92
FEDECOOP	75,000,000	12-Mar-91	03-Oct-91	19-Jun-92
COOPE NARANJO	30,000,000	18-May-92	21-May-92	30-Jun-92
TOTAL	297,500,000			

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ANNEX 10.

ANNEX 10.

DEPARTAMENTO DE CREDITO
PROGRAMA USAID-FEDECOOP R.L.
COMPORTAMIENTO DEL PROYECTO
AL 24 AGOSTO 1992
(Miles de Colonos)

RENOVACION	MONTO APROBADO	MONTO GIRADO	SALDOS 24-8-92	RECUPER	INTERESE DEVENGA	INTERE COBRA	INTERES COBRAD
RENOVACION 85	199,718	199,718	27,151	172,567	51,201	755	50,446
RENOVACION 86	373,521	373,425	145,553	227,872	94,569	3,000	91,569
RENOVACION 87	234,408	210,083	127,270	82,813	48,443	1,297	47,146
RENOVACION 88	44,460	37,154	29,163	7,991	5,669		5,669
ALMACIGO 85	40,940	40,940	0	40,940			0
ALMACIGO 86	39,535	38,954	0	38,954			0
TOTAL	932,582	900,274	329,137	571,137	199,882	5,052	194,830
DIVERSIFICACION							
CACAO 85	8,790	8,790	8,790	0	3,387	2,264	1,123
CACAO 86	7,894	5,332	5,332	0			0
CACAO 87	8,363	4,434	4,434	0			0
TOTAL	25,047	18,556	18,556	0	3,387	2,264	1,123
MACADAMIA 86	16,993	13,565	18,911	(5,346)	3,367		3,367
MACADAMIA 87	25,258	23,526	23,442	84	702		702
MACADAMIA 88	36,651	25,017	24,911	106			0
MACADAMIA 89	25,054	7,805	7,805	0			0
MACADAMIA 90	10,184	5,326	5,527	(201)			0
MACADAMIA 91	6,491	2,750	2,750	0			
TOTAL	120,631	77,989	83,346	(5,357)	4,069	0	4,069
CARDAMOMO 86	5,909	5,585	5,885	(300)	120		120
CARDAMOMO 87	316	316	316	0			0
TOTAL	6,225	5,901	6,201	(300)	120	0	120
AGUACATE 87	2,929	1,153	726	427			0
GUANABANA 88	3,476	1,511	1,399	12	86		86
TOTAL DIVERSIFICA	158,308	105,110	110,228	(5,118)	7,662	2,264	5,348
TOTAL GENERAL	1,090,890	1,005,384	439,365	566,019	207,544	7,316	200,228

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ANNEX 10.

PROGRAMA P.V.C.
RECUPERACION DEL PRINCIPAL
DEL MES DE OCTUBRE 93 A SU VENCIMIENTO

COOPERATIVA	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/2000	2000/2001	TOTAL
RENOVAC 85	7.079,768	0	0	0	0	0	0	0	0	7.079,768
RENOVAC 86	26.037,849	26.041,876	129,840	146,109	154,450	0	0	0	0	52.309,224
RENOVAC 87	17.588,117	26.617,877	22.898,549	0	0	0	0	0	0	67.104,543
RENOVAC 88	2.972,260	6.172,026	9.414,096	5.070,478	0	0	0	0	0	23.628,860
RENOVAC 89	0	0	0	0	0	0	0	0	0	0
DIVERSIF 85	2.971,872	3.221,406	3.921,056	0	0	0	0	0	0	10.114,334
DIVERSIF 86	2.262,958	3.887,416	3.422,821	3.221,464	270,547	0	0	0	0	12.965,206
DIVERSIF 87	2.486,767	3.241,649	3.427,420	3.797,190	3.212,794	389,576	0	0	0	18.504,086
DIVERSIF 88	0	2.527,611	4.414,807	4.966,908	5.892,880	6.294,501	2.622,009	0	0	26.108,716
DIVERSIF 89	0	0	719,746	837,218	998,047	2.107,849	2.264,676	109,269	0	6.037,705
DIVERSIF 90	0	0	0	922,392	1.799,104	2.567,461	2.789,289	2.982,744	787,608	10.068,600
TOTAL 85	70.488,784	60.109,251	49.229,809	16.492,602	22.872,462	3.272,087	6.625,874	2.109,907	787,608	162.020,884

INDICAN SALDOS NEGATIVOS QUE SE RECONSTRUYEN EN EL PERIODO SIGUIENTE.



ANNEX 11.

ANNEX 11.

DEPARTAMENTO DE CREDITO
PROGRAMA A.I.D.

DETALLE DE RECUPERACIONES DUDOSAS.

24-8-92

	DIFICIL RECUPERAC	RENOVACI	DIVERSIFICACION	CARDAMO	TOTAL	INT. x COBRAR
ARAGON	30,792	15,802		5,033	51,627	10,567
SANTA TERE	9,200	2,364			11,564	6,249
PEÑIBAYE	7,439			636	8,075	1,328
SAN JUANILLO	34,539				34,539	7,633
VALVERDE VEGA	12,428	725			13,153	2,888
LEON CORTES	31,776				31,776	8,089
CENIZOSA	5,125				5,125	887
SAN CARLOS	3,696	33,328			37,024	4,716
AGUA BUENA	5,696	308		285	6,289	130
TOTAL	140,691	52,527		5,954	199,172	41,621

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