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QUARTERLY REPORT

APRIL 1 - JUNE 30, 1992

USAID PROJECT: 519-0307  
TECHNICAL ASSISTANCE TO THE AGRARIAN REFORM  
COOPERATIVES AND DECREE 207 BENEFICIARIES

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## INTRODUCTION

On July 31, 1986, the United States Agency for International Development (USAID) entered into a contract with the government of El Salvador to undertake the \$67 million USAID Project No. 519-0307, entitled "Financing for the Agrarian Reform Sector", using \$50 million grant funds from USAID and \$17 million El Salvadoran government local currency counterpart funds. This project is administered by the El Salvadoran Central Reserve Bank (BCR) through the Bank's Technical Unit for Financing the Reformed Sector (UTFRA). In early September 1987, Arizona State University was awarded a contract by USAID to provide technical assistance to the project. The \$3.49 million ASU contract is financed entirely by USAID grant funds which are made directly available to the University. Under this contract, the University is to provide advice and assistance to the BCR in the four main project components: (a) promoting the use of and monitoring the 0307 Project rediscount line; (b) developing and implementing short- and long-term training programs for project credit agents, other banking system officials and final borrowers; (c) initiating and undertaking policy studies, research and policy seminars on relevant issues in the Project and in financial intermediation; and (d) developing a pilot savings mobilization program in the Banco de Fomento Agropecuario (BFA). Early in the second quarter 1989, the contract was modified when the pilot savings mobilization program was discontinued by USAID. In the third quarter 1989 a management information system activity in the BFA was added to the project at the request of USAID. This created the need to revise the university's contract and scope of work, which was completed during the second quarter 1990.

Although the project was scheduled to end July 31, 1991, the BCR requested that it be extended through December 1993. The request was based partly on the fact that, at that time, nearly 37% or approximately \$25 million of the total amount of resources assigned for credit remained to be utilized. The BCR was also influenced by recommendations made by UTFRA's director and the favorable results of the final evaluation of the project by the development firm Development Associates. USAID agreed to extend the project through July 1993, but left open for discussion the details of the University's role during the project extension. These details were to be resolved during a five month (August 1991-December 1991), no cost extension of the Project made possible by surplus funds remaining in ASU's contract. Following discussions with AID and the BCR, this work was completed early in the fourth quarter 1991 and the University submitted a revised scope of work and contract for an extension of the technical assistance component of the Project through December 1992.

## Extension of 0307 Project

At the end of the fourth quarter of 1991, USAID granted a \$437,764 one year (January 1992-December 1992) extension of the Contract.

## Organization of Report

The details of ASU activity in the second quarter 1992 are set forth in the following sections of this report. First, there is a section describing ASU contract management. Second, there are sections corresponding to each of the main project components. There are also summary sections that describe activities completed in previous periods. Third, there is a section analyzing the performance of the 0307 rediscount line in the second quarter of 1992 as well as over the life of the project. Finally, the report concludes with a summary of ASU's second quarter performance of the rediscount line.

## II. CONTRACT ADMINISTRATION

### On-Campus Support

Arizona State University was satisfied with its ability to administer the contract during the quarter. In addition to activity in El Salvador, there was a large amount of work done on the ASU campus. No major problems were encountered in on-campus activities. ASU personnel actively working on the project are Dr. José A. Méndez, Project Director; Mr. Denis Sorenson, Program Coordinator; and Mr. Larry Fallis, Senior Project Administrator of the Office of Sponsored Projects Administration.

### ASU Activity in El Salvador

#### ASU Personnel in El Salvador

The University believes that its work in El Salvador continues to be effective. ASU, through the credit advisor (Ing. Pedro Negrón) and the assistant credit advisor (Lic. Alfonso Zúñiga), maintains good rapport with BCR, which enhances the University's work with the BCR and the UTFRA.

### ASU's Relations with the BCR

#### Project Administration Matters

Relations with the BCR and the UTFRA. In mid-September 1991, Lic. Ruben Alvarez was appointed UTFRA's director, replacing Lic. Carlos Pocasangre who retired. Lic. Alvarez resigned in April and

there are no plans to hire a new director. Personnel was placed under the supervision of the head of the Agricultural Financing Section. The University's relationship with the new director, as with the previous director, was very amicable, open and one of trust and confidence.

Office Facilities. The on-again off-again move from the Markay Building to the new BCR building is now complete. The space set aside in the new building is too small to accommodate all of UTFRA's personnel and several employees are housed on the third floor.

#### TECHNICAL ASSISTANCE

UTFRA's New Role. During the second quarter, several unresolved issues pertaining to UTFRA's organization and functions were resolved, if not formally, at least implicitly. The lack of resolution of these issues impacted negatively on the flow of work and lending to the reform sector during the first two quarters. In all likelihood, since these issues remain only partially resolved, lending to the reform will continue to be hindered through the end of this year. This is a source of concern to the University, since it appears that the project is losing its impetus, which is reflected in the sharp decline in amount of loans contracted during the first half of the year.

It appears that the decision is to how UTFRA is to operate within the BCR's new structure (that of being primarily a rediscount facility or "Banco de Segundo Piso") has been (at least implicitly) resolved. This is suggested by the several organizational decisions that have taken place. First, a decision was made not to hire a new director and to locate four UTFRA employees in the third floor among the "Sección de Financiamiento Agrícola". This suggests that UTFRA will or has been integrated within the "Sección de Financiamiento Agrícola". The head of this section is directly supervising UTFRA personnel.

Second, the BCR made the decision that UTFRA supervisors will no longer engage in the promotion of projects, which in the past was the project's single most important activity. Their new main function is of credit supervision, consisting of collecting a sample of credits from each bank and reviewing whether BCR norms (regarding interest rates and repayment) were applied correctly.

Third, UTFRA was moved to the new BCR building in late June.

The new functions for UTFRA personnel, as well as their integration both physically and within the BCR's organizational structure, are a reflection of the dramatic transition that is under way. Although some of these changes are to be expected, the change in UTFRA's emphasis is a source of concern for the University. It means quite simply that the BCR views the line as

no different than other rediscount lines. This bodes ill for the future of the project since these changes -- principally that of eliminating the identification and monitoring of investment projects -- appear to have begun to have an important dampening effect on the amount of lending, particularly investment, flowing to the reform sector. The University plans to conduct an intensive analysis of the implications of these trends for the current life of the project and beyond.

The amount of credit granted to the reform sector under the rediscount line fell dramatically during this quarter and the project is highly unlikely to achieve the 1992 annual targets for contracted credit established by UTFRA. There were only 5 loans rediscounted in the quarter totaling €7.4 million in comparison to last quarter's total of 1,220 rediscounted loans totaling €19.3 million. This performance is counter to the usually cyclical trend which has lending activity peaking during this quarter. Moreover, this quarterly performance, combined with last quarter's performance, suggests that the project will fall far short of meeting its annual targets. Indeed, even though we are halfway through the year, to date only 9.1% and 5.4%, respectively of the annual production and investment goals have been achieved.

Two factors account for the sharp reduction in use of the line. First, is the elimination of UTFRA's role in identifying and promoting investment projects. This has dealt a major blow to the project. Second, is the fact that banks currently find themselves with excess liquidity and have chosen to finance approved loans with their own funds rather than using the rediscount line. Evidence of this is reflected in the following figures for the first half of 1992 as compared with same period of 1991, that show that the demand for credit by the reform sector appears to have fallen only moderately from €226.2 million to €189.3 million or by 16.3%. Yet, the amount contracted under the line has fallen sharply during the same period, by 76.4 percent. The percentage of approved loans rediscounted under the line has fallen from 50 percent to 14.1 percent.

Loans Eligible to be Financed under the 0307 Rediscount Line  
January - June 1992

Year	Loans Approved by banks		Loans Rediscounted in BCR under 0307		
	1,000s C	Percent change	1,000s C	percent change	as percent of approved loans
1991	226.2	-	113.2	-	50.0
1992	189.3	(16.3)	26.7	(76.4)	14.1

Of the total loans granted by BCR during the second quarter 1992, 4 loans valued at Q7.3 million were for production purposes. This represented 80% and 98.6%, respectively, of the total numbers and volume. The 1 investment loan was valued at Q88.4 thousand and accounted for 20% of loan numbers and 2.4% of total loan volume.

Phase I cooperatives accounted for 100% of the production loan volume and production loan numbers. The loans were all concentrated in coffee, a tradicional crop for export. The one investment loan went also to a Phase I cooperative and was used to finance the purchase and repairs of machinery and equipment.

#### UNIVERSITY WORK DURING THE SECOND QUARTER

Analytical Reports. The University produced three analytical reports during this quarter, each requiring several weeks of intense effort. The first two documents were written at the request of the BCR.

The first document ("Perfil del Instituto Salvadoreño de Transformación Agraria - ISTA") was motivated by the BCR's interest in knowing how reform sector institutions operate and, in particular, in knowing how their operation may affect the BCR's responsibility to make credit available to the reform sector. The document provides a profile of ISTA, which includes a description of its organization, its sources of funds, and its most immediate concerns. Among the latter are effecting the transfer of land (in excess of 245 hectares, in phase I coops held by ISTA and under "New Options" Law) and ensuring that beneficiaries' agrarian debt is paid. Both of these obligations have implications for the credit delivery system. New land beneficiaries will require production credit, so as to permit them to generate sufficient income to service their land debts and to increase their standard of living. The report recommends that the land transfers be accelerated and that the new land beneficiaries receive training to enhance their business and production skills, in addition to gaining access to credit. The document was forwarded to the director of the Credit Department on June 24, 1992.

The second document ("Propuesta de Creación de la Superintendencia de Cooperativas de la Reforma Agraria") was proposed by the University and incorporated by BCR in UTFRA's work plan for 1992. Contains a proposal for creating an Office of the Superintendent of Reform Sector Cooperatives. The functions of this office would be (1) to control, monitor and oversee the management of cooperatives, and (2) to provide training to address administrative weaknesses among reform sector cooperatives. The office, if effective, should be instrumental in strengthening the creditworthiness of cooperatives among the commercial and financial sector. For example, a strengthening of the internal management of the reform sector cooperatives should reduce uncertainties among those that sell inputs to the cooperatives and among those

financial institutions that make credit available. The document notes that it is critical that such an office be created at this point in time. During the next three to five years a number of service cooperatives are expected to be formed under the New Options Law. The creation of this office will be a key to ensuring that these cooperatives avoid the same pitfalls experienced by the Phase I and III cooperatives, as well as to ensure that the latter begin to improve their administrative capacity. The document was divided into two parts. The first outlined the structure of the Superintendency, while the second indicated the mechanism to be used to create the office. The document was forwarded to the director of the Credit Department on June 24, 1992.

The third document ("Sistema de Crédito para los Pequeños Agricultores que Reciben Parcelas Agrícolas Bajo las Nuevas Opciones de Tenencia de la Tierra del ISTA que Operan Bajo un Esquema Cooperativo") was written at the initiative of the University. The document contains a set of guidelines to be used in administering the credit provided by the BFA to reform sector cooperatives that have opted to subdivide under Law 747, known as the New Option for Land Tenure Law. Under ISTA's plan it was envisioned that those cooperatives choosing to subdivide totally would form service cooperatives to be used to coordinate the purchase of inputs and the delivery of credit. Those cooperatives partially subdividing into individual plots and a jointly-farmed area were to obtain credit through the existing production cooperative. In either case, a cooperative would serve as a financial intermediary between the individual farmer and the bank. Although some 60 cooperatives have or are in the process of subdividing, credit is being administered in a haphazard fashion between the cooperatives and their members. In response to this, the University developed a document setting out uniform guidelines detailing, among other things, the responsibilities between the cooperatives and the BFA and those between the cooperatives and their members. It includes forms and written instructions on how to fill and use them by the cooperatives. This document was completed in late June and is currently being review in a series of meetings with the BFA. During the third quarter 1992, the University plans to contact the private banks that are serving subdivided cooperatives in order to establish a similar system.

New Strategy of Training Program. The University proposed a novel element of the training program consisting in that UTFRA will no longer be involved in its day-to-day administration. Instead, the program will be implemented through two instruments: (a) an agreement entitled "Plan Interinstitucional para Implementar el Programa de Desarrollo Empresarial para Pequeños Agricultores de la Reforma Agraria", will be signed with CENTA-MAG, ISTA and BFA to provide credit (BFA), technical assistance (CENTA) and local coordination (ISTA) to enhance the credit worthiness of the new small farmers resulting from the implementation of the New Options Law of ISTA, and (b) contracting a local firm to provide training to the

remaining production cooperative to address deficiency in their administration that affect their creditworthiness; to identify and implement new productive projects; to provide entrepreneurial skills and management training to the new options beneficiaries and the Land Bank; and finally, to provide training for banks officials and technicians who will work with the new small producers and the production cooperatives. UTFRA's role under the new strategy is to negotiate the two instruments, and monitor its implementation.

There was a long delay in implementing the 1992 training program due to a long process in obtaining fresh counterpart funds. Because of this delay the University proposed, and both AID and the BCR agreed, to extend the 1992 program through July 31, 1993.

Credit Supervision. The University recommended to the BCR that UTFRA's supervisors, in addition to the duties outlined above, should direct their attention to determining whether or not investment loans achieved their desired result. This activity is implementable since UTFRA constructed up-front projections of each project's cash flow prior to the granting of the investment loan used to finance the project. These credit advisors could also make visual assessments of how project resources were utilized. The supervisors could concentrate on investment loans made for coffee, machinery and equipment, and dual (dairy/beef) purpose livestock, which as a whole account for more than 70 percent of total investment loans. Following their assessments, the credit advisors would write reports with recommendations. The Head of the Credit Division, Lic. José Edilberto Martínez, has expressed some interest in this.

Credit Impact. The University obtained the information from the banks and made, as in previous years, estimate of the value of gross income and employment generated by the lending activity with the agrarian reform rediscount line for the agricultural cycle 1991-92 that are included in Table XIX of this quarterly report.

Other University Activity. No financial institution is more important to the 0307 Project than the BFA. It is the dominant lender to reform sector beneficiaries (Phase I and Phase III) and it is expected to also become the principal lender to the small farmers created under the New Options Law and through the new Land Bank. The bank's important role is reflected in the c100 million lending target established for it by UTFRA -- a target representing nearly 45% of the total 1992 lending goal under 0307 funds. In light of the importance played by the BFA, the University took the initiative in the early part of the year to make several recommendations (contained in UTFRA's action plan for the BFA) designed to remove an organizational impediment that hampered the effectiveness of the BFA in meeting the credit needs of the reform sector cooperatives. The University found that within the BFA, the Section for Cooperatives fell under the Department of Credit which in turn was under the Credit Division. However, the credit agents

who administered the loans made to cooperatives were responsible to the heads of banks field agencies, who in turn respond to the BFA's General Manager in the central office. Consequently, the relationship between the supervisors from the Section for Cooperatives and the credit agents in the agencies who administered the loans was too indirect.

The University proposed that a new organizational structure be created, one that elevated the Section for Cooperatives to a Department. It also proposed that the relationship be clarified between supervisors from the newly created Department and the heads of the agencies. The agency heads would be responsible for administrative matters pertaining to their credit agents, but they would also be required to support the efforts of the credit agents in meeting the goals established by the Cooperative Department. The Cooperative Department would be responsible for monitoring, supervising and providing technical support to the credit agents, which includes visits of the supervisors to the agencies and the cooperatives. As of this date, the BFA is in a process of internal reorganization and it is expected that the University's recommendations will be adopted.

The University also took steps during this quarter to determine the modifications that will be required to the computerized information system to serve the needs of both AID and BCR after Projects PACD. The University will contract with a computer consultant to implement the modifications required once approved by AID and BCR.

The University also played the same key role during this quarter of providing stability and continuity to the project during a period of uncertainty. During this quarter, the University's presence ensured that many of the project activities continued to be implemented. The high degree of uncertainty that naturally surrounds a reorganization period has been intensified by the absence of action on many administrative matters.

### III. PROMOTING THE USE OF AND MONITORING THE REDISCOUNT LINE

In the past, a major responsibility of ASU was to work with the UTFRA in developing improved ways of monitoring the 0307 Project rediscount line and promoting the use of the line for solid credit projects, including non-traditional and traditional exports. At the request of the BCR, starting early in 1992, project promotion is no longer a responsibility of UTFRA.

Background. During the first four years of the project, this proved to be the most time consuming component. The ASU credit advisor and his assistant dedicated their time almost exclusively

to this work. Not only was there the matter of working with the UTFRA to establish methods and procedures to monitor progress, but also the development of new project activities such as the special programs to promote investment projects. The eligibility of the BFA for the 0307 Project and the development of a loan guarantee fund and the elimination of the conditionality clause that was precluding the use of project funds to better serve the credit needs of the reform sector, largely came about as a result of ASU initiative and assistance.

In previous years, there were seven planned objectives for the UTFRA: (a) develop and implement special projects to promote the use, especially for non-traditional and traditional exports, of 0307 Project funds in accordance with the 1990 UTFRA goals; (b) develop possibilities for investments in agribusiness projects for reformed-sector cooperatives; (c) initiate farm plans to identify investment projects for selected cooperatives; (d) support the BFA's eligibility for use the 0307 rediscount line; (e) delinquency control among 0307 Project borrowers; (f) monitor the participating banks' progress in meeting their annual goals for 0307 Project lending, and (g) reduce risk for the banks in lending to the reformed sector by encouraging the use of the Loan Guarantee Fund. A more limited set of activities is planned for 1992.

Activities for 1992. During 1992, there were five planned objectives for the UTFRA: (a) promote the use of 0307 Project funds in accordance with the 1990 UTFRA goals (This activity was dropped early in 1992); (b) support the BFA; (c) delinquency control among 0307 Project borrowers; (d) monitor the participating banks' progress in meeting their 1992 goals for 0307 Project lending, and (e) reduce risk for the banks in lending to the reformed sector by encouraging the use of the Loan Guarantee Fund.

The following sections report on the activities undertaken to meet each objective, the accomplishments obtained, and the problems encountered in meeting the objectives for each of the three special projects. In addition, the efforts on other investment projects promoted in previous years are summarized.

#### Special Investment Projects

In order to promote the use of 0307 Project funds, three classes of special projects were identified in the UTFRA's 1992 Plan. The projects are: (a) renovation of existing and establishment of new high-yield coffee plantations; (b) production of non-traditional exports, and (c) the purchase of agricultural equipment and machinery.

During the quarter, there were no contracted projects under the special projects. One problem that affects all three special projects was the reluctance of private banks to finance these investments.

## Renovation and Establishment of Coffee Plantations

This work is done by the UTFRA in collaboration with PROCAFE the El Salvadoran Coffee Research Institute (ISIC), which has been privatized and renamed PROCAFE.

The 1992 target for formulated investment projects is 33 projects totaling C12.6 million.

### Accomplishments.

Through June 1992, 16 projects totaling C3.8 million were formulated. It appears that the project will fall far short of meeting its annual target. No projects have been contracted with the rediscount line. Due to delays in obtaining counterpart funds to finance the training component for 1992, UTFRA was unable to secure PROCAFE's collaboration in implementing the coffee renovation project.

## Non-Traditional Exports

The 1992 target for formulated projects is 176 projects totaling C36.1 million, which consists of 8 investment projects total C3.2 million and 168 production projects totaling C32.9 million. This project is carried partly with the assistance of CLUSA (46 projects totaling C8.7 million).

### Accomplishments.

Through June 1992, 3 investment projects were approved totaling C738 thousand and 73 production projects totaling C11.5 million were approved. No projects have been contracted in BCR. It appears that the banks have chosen not to use the rediscount line because they find themselves with excess liquidity.

## Agricultural Equipment and Machinery

This activity was implemented within the context of a special project during the first quarter 1991. Doing so was intended to give this already existing activity greater emphasis.

The 1992 target for formulated projects is 44 projects totaling C11.9 million.

### Accomplishments.

Through June 1992, 22 projects totaling C2.8 million were approved by the banks and three projects totaling C1.3 million were contracted in BCR. Like the other special investments, contracted credit will fall short of the annual target.

## Summary of Earlier Efforts on Other Projects

### Irrigation

This project was started with collaboration of the Directorate of Irrigation (DIR) in the Ministry of Agriculture. A technician on loan from the DIR, Ing. Guillermo Henríquez Nuñez, worked during part of 1990 with the UTFRA to promote and identify possible irrigation projects. This collaboration led to the identification of 18 potential irrigation projects. Although Ing. Nuñez's collaboration ended during the fourth quarter of 1990, 75 additional small projects were identified and added to the list of projects. During the first quarter 1991, UTFRA assigned an employee, Ing. Miguel Rene Ruiz, to promote and coordinate UTFRA's activities related to this project.

Problems to implement irrigation projects continued in spite of renewed efforts during the third quarter 1991. After a series of visits to coops and banks, seven projects were accepted by coops and banks to proceed to the project design phase with local private firms. Six firms were invited to a meeting where documentation was provided to them to visit the seven cooperatives and make proposals. After proposals were received, UTFRA held a second meeting to open proposals. All the banks involved (5) were asked to send a representative, ISTA and a representative from each one of the 7 cooperatives was invited. Two cooperatives did not attend. All the other 5 cooperatives declined to proceed with the projects. The banks did not cooperate. On the other hand, they offered the cooperatives to finance supposedly less risky projects like the purchase of a tractor, etc. It was a total frustration.

The size of the majority of projects was about 60 manzanas to be irrigated, mainly for non-traditional crops and vegetables. The cost of project design averaged \$60,000. In most cases this cost appeared to be the major constraint for the cooperatives that found it to be too high for their present economic situation, even though this cost would be included in the credit if the project was feasible.

### Commercial Shrimp Farms

In 1989, feasibility studies were completed for three potential salt-water shrimp farms located on three cooperatives. The results showed that a large investment using a fairly intensive level of technology would be required to make these projects economically feasible. Unfortunately, these cooperatives underwent changes in early 1991 that virtually eliminated them as potential sites. In two cases the cooperatives were subdivided into individual plots and in the third the vast majority of the acreage was planted with sugar cane.

In 1990, DIVAGRO started to promote fresh-water shrimp production. At the same time, UTFRA with ASU assistance, started talks with BFA credit officials to explore possibilities for small fresh-water shrimp production. Several sites in 5 reformed-sector cooperatives were identified and the UTFRA initiated plans to coordinate with DIVAGRO to provide technical assistance. The identified sites were in cooperatives that had received financing during the early eighties from the BFA to grow tilapia; however, the projects and their facilities had been abandoned. During the second quarter 1991, the credit advisor had intense discussions with FUSADES/DIVAGRO in order to move this process forward. Project funds would be used to repair and rehabilitate the infrastructure, while FUSADES/DIVAGRO would fund the necessary technical assistance which is to be provided by RPI. However, these efforts yielded no results.

It is important to note that problems with these projects are not limited to those being promoted in reform sector cooperatives. There has not been much progress even in the private sector in advancing shrimp projects.

### Agribusiness

In this activity the UTFRA has collaborated with the BID/IICA/MAG Project which developed agribusiness projects, such as plants to process farm products for selected cooperatives. Under this arrangement 0307 funds would be used to finance the investments. At the end of 1990, 29 projects valued at \$35.9 million (\$4.4 million) in 23 cooperatives had been identified as having possibilities for funding. The projects and their status are shown in Table I. Nothing happened in terms of promoting these projects. Upon closer inspection, few had any potential for being funded due to the complexity of designing and implementing them.

### Farm Plans

This activity was designed to identify feasible investment projects by means of detailed farm plans for selected cooperatives. Nothing concrete was accomplished due to a lack of interest by the previous director. Moreover, the concept was not incorporated into the new project strategy.

### Banco de Fomento Agropecuario

The BFA has become the single source of credit for 2/3's of the reformed sector cooperatives and virtually all 207 beneficiaries. Yet, at the time this project was implemented, the BFA was not made eligible to use the Project's funds, because of noncompliance with the terms of other USAID projects. Following the resolution of these earlier problems, the GOES and USAID signed an agreement in May 1990 making the BFA eligible to use 0307

TABLE I. AGROINDUSTRIES PROJECTS FORWARDED BY IICA  
AS OF DECEMBER 1990

( \$ 000 )

BANK / COOPERATIVE	PURPOSE	N° COOP.	N° PROJ.	ESTIMATED AMOUNT	STATUS OF PROJECT				
					PROMOTION	NO VIABLE	REJ. BY COOP	REJ. BY BANK	CONTRACTED
AGRICOLA COMERCIAL	CATTLE SLAUGHTERING	1	1	706.0	706.0				
HOJA DE SAL	COFFEE ROASTING AND GRINDING	1	1	262.4	262.4				
EL REFUGIO								2,876.5	
CAPITALIZADOR	FEED PLANT	1	1	2,876.5					
EL TRANSITO									
COMERCIO	MILK PRODUCTS	1	1	2,090.0	2,090.0				
PASATIEMPO	IRRIGATION	1	1	159.6	159.6				
PASATIEMPO	MARKETING FACILITIES	1	1	1,620.3	1,620.3		1,420.4		
SANTA CRUZ TAZULATH	MARKETING FACILITIES	1	1	1,420.4					
MIATE CAMPO								2,277.7	
CREDITO POPULAR	MILK PRODUCTS	1	1	2,277.7				1,795.0	
EL TERCIO	IRRIGATION	1	1	1,795.0					812.5
EL TERCIO	FEED PLANT	1	1	812.5					
EL TERCIO									
CUSCATLAN	COFFEE ROASTING AND GRINDING	1	1	706.4			706.4		
AGUA FRIA	COFFEE ROASTING AND GRINDING	1	1	279.0			279.0		
FLORENCIA	MILK PRODUCTS	1	1	1,051.6			1,051.6		
SANTA CLARA # 2	FEED PLANT	1	1	741.0				741.0	
SANTA CLARA # 2									
HIPOTECARIO	CATTLE SLAUGHTERING	1	1	1,024.0			1,024.0		
EL EDEN									
FINANCIERO	COFFEE PROCESSING	1	1	1,100.0	1,100.0				
SOCIEDAD SAGU									
DESARROLLO E INVERSION	GRAINS WAREHOUSING	1	1	897.6	897.6				
TUTULTEPEQUE									
FONENTO AGROPECUARIO	FEED PLANT	1	1	260.1	260.1				
TALCUALUTA	MARINE SHRIMP PRODUCTION	1	1	3,460.6	3,460.6				
EL JOBAL	FRESH WATER SHRIMP PROD.	1	1	652.0	652.0				
SAN FCO. GUAJOYO	RICE PROCESSING	1	1	1,130.4	1,130.4				
EL HILO 2	COFFEE PROCESSING	1	1	730.6	730.6				
LAS QUEBRADAS	RICE PROCESSING	1	1	379.0	379.0				
MIRAVALLE	FACTORIA DE CONCENTRADOS	1	1	262.7	262.7				
EL HILO 1	MILK PRODUCTS	1	1	626.0	626.0				
EL HILO 1	FEED PLANT	1	1	632.6	632.6				
ESCUINTLA	MARINE SHRIMP PRODUCTION	1	1	6,000.0	6,000.0				
ESCUINTLA	FEED PLANT	1	1	736.1	736.1				
SAN ANTONIO SILVA	FEED PLANT	1	1	276.1	276.1				
SAN RAFAEL PORVENIR	RICE PROCESSING	1	1						
		23	29	35,961.4	22,095.7	1,420.4	3,941.0	7,691.0	812.5

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rediscounts. Under the agreement, the BFA was made eligible to rediscount loans up to an initial amount set at \$5 million; any additional amounts would depend on the BFA's progress in complying with a plan of action related to its role and performance. Since it is clear that the BFA's continued eligibility to use 0307 rediscounts is critical for the Project's goal of using the 0307 rediscount line to meet the credit needs of the reformed sector, the University has provided technical assistance to assist the BFA comply with the terms of the agreement.

The BFA continues to play a key role in mobilizing funds for the reform sector during the Project extension. This is underscored by that fact that it represents 45% of UTFRA's 1992 annual credit goal for contracted credit. To strengthen the institutional capacity of the BFA, UTFRA's action plan contains a specially tailored program for the BFA, which includes having the University provide outside consultants.

#### Compliance with the Memorandum of Understanding

During the fourth quarter of 1990, the BFA contracted \$4.6 million with the BCR. However, USAID turned down the first voucher for disbursement submitted by BCR, apparently because of BFA's unsatisfactory progress toward meeting the terms outlined under the USAID-GOES agreement. In an effort to resolve this problem, USAID and BFA held extensive discussions during the first and second quarter. These discussions were fruitful and led to a new agreement in March, consisting essentially of a modification of the timetable required for fulfilling the various conditions outlined in the initial agreement.

Prior to the completion of these discussions, USAID asked ASU to obtain the services of an outside consultant to assist the BFA in complying with the conditions established in the USAID-GOES agreement. The consultant had to be someone with extensive development bank experience and expertise. ASU obtained the services of Mr. Robert E. LaPort, who was one of the preferred candidates on a short list of consultants identified in collaboration with USAID. In addition to considerable development bank expertise, Mr. LaPort has extensive knowledge of the 0307 Project since he headed its mid-term evaluation team. Mr. LaPort arrived in El Salvador on May 6, 1991 and stayed one month. He returned again on July 23, 1991 and remained through August 10, 1991. During both stays, he received the full cooperation of the BFA.

The following summarizes the actions taken by the BFA to comply with the conditions of the MOU. It is current through June 30, 1992. The following also describes the technical assistance provided by the University.

The conditions agreed to in the MOU fall under two broad categories: (1) Events For the Transfer of BFA's Non-Banking (Complementary) Facilities and Activities, and (2) Events to Strengthen BFA's Banking Activities. Within each category are a set of objectives, each with a specific timetable for completion.

Events For the Transfer of BFA's Non-Banking (Complementary) Facilities and Activities

Objective I Divestiture of all property assets used in non-banking facilities

Action 1a. Develop plan to liquidate resources (rented and owned) used in non-banking activities.

Plan was completed with the assistance of Robert LaPort and was sent to USAID in June 1991.

Action 1b. Begin implementation of the plan described above, canceling all leases of rented warehouses by December 1991.

Plan is currently being implemented.

Action 1c. The BFA will cancel the leases for the 22 leased warehouses and remove all employees according to the following timetable: 8 warehouses by July 1991, 8 by October 1991, and 6 by December 1991.

This action was completed by December 31, 1991. All 22 warehouses have been closed.

Action 2a. The BFA will determine the costs of operation, maintenance, and cost to carry for each of the six BFA-owned properties.

Action was completed by Robert LaPort and Ing. Monge Ayala of the BFA. The study was submitted to USAID in June 1991.

Action 2b. The MAG through its Transition Team will develop a plan and strategy for transferring IRA and BFA-owned assets. The date for completion of this action is September 1991.

This is related to Objective III, 2b the strategic reserve concept to be developed by MAG. BFA has limitations in disposing of its facilities because they were financed, in part, with an IDB loan. The BFA and MIPLAN (Planning Ministry) have joined together to work with BID in finding a solution to the problem.

Objective II Suspend sale of agricultural inputs

Action 1. The BFA will import 30,000 metric tons of fertilizer contracted prior to 1991 for sale through 1991.

1991 imports have stopped at 29,500 metric tons of fertilizer.

Action 2. The BFA will cease purchases of agricultural inputs on January 1991.

Purchases have stopped.

Action 3. The BFA will cease sales of agricultural inputs.

An effort is underway to sell unsold inventories to distributors.

Objective III BFA will cease purchase and sale of grains and milk

Action 1. BCR and BFA will maintain a credit line sufficient to satisfy demand by the private sector to buy basic grains.

During 1992 the BFA has granted credits to animal feed producers totaling ₱18.1 million. It has also granted ₱213.0 thousand in credits among the agencies to finance the sale of corn.

Action 2a. The BFA, acting as a trustee for the MAG, will purchase for the strategic reserve the following: 500,000 qq (1 qq = 100 lbs) of corn and 100,00 qq of beans.

During the first quarter 1992, the following was purchased: 54,734 qq of white corn and 27,732 qq of red beans. As of June 30, 1992, BFA's reserves consisted of 805,957 qq of white corn valued at ₱57.5 million and 96,717 qq of red beans valued at ₱22.4 million. The financing of these credits by the BFA affect the BFA's ceiling established by the BCR. The sources of financing for these credits were ₱35 million from GOES and ₱50 million from BCR.

Action 2b. The MAG will send USAID its determination with respect to the composition and management of the strategic reserve. Date for completion: June 1991

Action was completed by the MAG.

Action 3. The BFA will cease purchase of milk after March 1991.

The BFA has ceased purchases of milk. As of June 30, 1992, the BFA had 136,042 5 lb.-cans. A contract has been negotiated with R y R Comercial, a local firm, for the sale of the entire inventory by the end of 1992.

Events to Strengthen BFA's Banking Activities.

Objective I Reduce administrative costs of banking operations to 7% of the total portfolio value

Action 1a. Establish by August 1991 a separate administrative and cost structure for all banking activities.

The BFA produced a proposal, with Robert Laport's assistance, which is under consideration by BFA officials.

The BFA has submitted a request to USAID to obtain technical assistance in analyzing the proposal and putting into effect those recommendations that are feasible.

Action 1b. Initiate the implementation of the transaction cost reduction plan by September 1991.

Work will start once Action 1a is completed.

Action 2. Develop a plan to reduce transactions costs by June 1991 and present it to BCR and USAID.

Action completed.

Action 3. Initiate the transaction cost reduction plan.

The cost reduction program is currently underway. Agencies have already taken steps to simplify procedures in the credit area.

The BFA has requested technical assistance in implementing this program.

Objective II Reduce delinquency rate of portfolio as of December 31, 1989

Action 1. Implement plan to write-off 2500 non-performing loans by December 1991.

The following was accomplished during 1991.

- o Norms to be used for cleaning up the portfolio were developed and approved.
- o Personal to execute the cleaning up process were assigned and trained.

The following was accomplished in 7 agencies:

	<u>number</u>	<u>1,000s \$</u>
cases identified	1,012	4,447.2
cases pending notification	1,019	3,610.6
cases under foreclosure	282	1,171.0
cases sent to Agencies to <u>continue collection</u>	<u>245</u>	<u>4,976.4</u>
TOTAL	2,558	14,205.2

The following was accomplished during the first quarter of 1992.

- Documentation of cases in the agencies	1,082
- Documentation completed for cases pending since 1991	<u>167</u>
Total of for which work was conducted	1,249

The work for the 1,249 cases is broken down as follows:

cases under foreclosure	27
cases sent to Agencies	3
cases pending reports from registry	502
cases under collection	717

The latter represent

principal	€2,179.0 thousand
interest	<u>1,637.4 thousand</u>
Total	€3,816.4 thousand

During 1992, the following projects continued to be implemented:

- o Norms and Procedures for cleaning up the credit portfolio
- o Computer system for monitoring the cleaned portfolio

Objective III Maintain a collection rate of not less than 86% on new loans made after March 30, 1990

Action 1. Design a proposal for presentation to the GOES Economic Committee for a method by which the GOES can guarantee the BFA against loss in making policy loans to high-risk borrowers.

Robert LaPort assisted in drafting a proposal, which was completed by BFA personnel in June 1991 and submitted to GOES Economic Committee on August 19, 1991. The proposal was resubmitted November 1, 1991.

Objective IV Sale of acquired assets

Action 1. Complete legal requirements for court intervention for sale of properties guarantying bad loans to permit sale of €5 million of these properties.

During the first quarter of 1992, 5 cases were filed for foreclosure totaling €6.4 million.

Action 2. Sell annually during next 3 years at least €5 million of foreclosed properties.

Negotiations are in the final phase for the sale of two properties for €900 thousand. With respect to rural properties, the Legal Department has made an opinion, which has been sent to the Superintendent of the Financial System and the Court of Claims of El Salvador.

## Monitoring Progress in Meeting 1990 Credit Goals

The rediscount line and actions and initiatives to promote its use was the component of the ASU contract that required the most time and effort. At the beginning of the project it was necessary for ASU to advise the UTFRA on the development and design of monitoring procedures. This was an on going process, since the development of each new activity created another requirement for monitoring. Consequently, new procedures continually needed to be developed.

In order to promote the use of the 0307 line, ASU was instrumental in proposing and developing the special projects approach, designing and implementing the Loan Guarantee Fund, and initiating and implementing plans to bring the BFA into the Project. During the latter part of 1991, ASU spent considerable time developing a new strategy and designing a new structure for UTFRA in line with the University's objective of promoting the use of the 0307 line. All these activities were intended to promote the full use of 0307 funds during the extension period.

The new strategy was completed in the early part of 1992, but it will not be implemented. The integration of the UTFRA within the BCR and changes in its function -- no longer identifying and promoting investment projects -- have, for all practical purposes, reduced the project to one of being a conventional rediscount line.

### Loan Guarantee Fund

The total volume of loans guaranteed was \$178.1 million as of March, up from \$125.2 million guaranteed as of March 1992. However, the amount guaranteed was \$108.3 million, equivalent to 60%, out of the maximum of 70% allowable for any loan.

MONTH	AMOUNT OF LOANS GRANTED (C000)	CUMULATIVE (C000)	AMOUNT GUARANTEED (C000)	CUMULATIVE (C000)
1991				
April-June	31,957.0	51,195.5	17,662.5	27,096.2
July-Sept	49,788.3	81,745.3	29,005.2	46,667.7
Oct-Dec	20,060.0	101,805.3	12,461.1	59,128.8
1992				
Jan-Mar	23,444.0	125,249.3	13,204.2	72,332.0
April-June	<u>52,857.4</u>	<u>178,106.7</u>	<u>35,938.4</u>	<u>108,270.4</u>
TOTAL	178,106.7	178,106.7	108.270.4	108.270.4

Of the ¢178 million guaranteed by the Fund, ¢103.3 million went to the reform sector (¢79.2 million to Phase I, ¢4.5 million to Phase III, ¢6.3 million traditional BFA cooperatives) and ¢13.2 million to independent small farmers with assets not to exceed ¢750,000.

The BFA, as expected, has been the main user of the Fund's guarantee facility. A total of ¢104.6 million of the amount of loans guaranteed and ¢59.5 million of the total amount guaranteed went to BFA. The amounts by lending institution is shown below.

LENDING INSTITUTION	AMOUNT OF LOANS GUARANTEED (¢000)	AMOUNT GUARANTEED (¢000)	PERCENT (%)
Fomento Agropecuario	104,584.6	59,465.2	63.0
Cuscatlan	25,229.1	14,249.3	13.0
Hipotecario	23,847.3	16,307.9	13.0
Salvadoreno	7,913.1	4,523.9	5.0
Comercio	7,033.9	3,456.4	3.0
Agricola Comercial	5,567.4	2,734.3	2.0
Desarrollo e Inversion	1,182.0	763.1	1.0
FEDECREDITO	<u>2,749.3</u>	<u>1,570.3</u>	<u>1.0</u>
T O T A L	178,106.7	108,270.4	100.0

The fund has not been used as planned to guarantee investment projects. Most of the loans guaranteed, about 80.9%, have gone to production loans.

#### IV. TRAINING

This has been and the new project strategy calls for this to be an important component of the 0307 Project. The training plan for 1992, which has not yet been approved, includes important changes. Among borrowers, the scope will be broadened to include small landholders who receive land through the new Land Bank and the small landholders formed when a cooperative chooses to subdivide under the New Opciones program.

Background. An important component of the 0307 Project has been the provision of training of credit agents, bank personnel and

borrowers in subject matter that will enhance the success of the Project. ASU provided technical assistance to the UTFRA in planning the training and in preparing contracts for consultants where ASU contract funds were involved. Initially ASU carried out the implementation of the training; later, the in-country training was left to the UTFRA, which used local counterpart funds to implement the program. UTFRA's annual training plan had three objectives: (a) increasing the capacity of project credit agents and the heads of the agricultural credit departments in the banks to formulate and evaluate investment projects, (b) increasing the capacity of the reform sector to use investment credit productively, and (c) strengthening the technical capacity of banking system personnel through graduate training.

New Strategy. The new training component has three subprograms. The purpose of the first subprogram is to enhance the productivity of small farmers created under ISTA's "Nuevas Opciones" and the Land Bank. Central to this objective will be the provision of entrepreneurial skills and management training. Since most of these farmers largely plant only basic grains, UTFRA will also coordinate with CENTA and MAG to ensure that they receive useful production information. It is estimated that there will be approximately 7,000 new small farmers created by these programs in 1992. The purpose of the second subprogram is to provide training to those cooperatives that have the potential for becoming creditworthy to address deficiencies identified by the banks, and to implement new productive projects. UTFRA will coordinate with other USAID programs (TECHNOSERVE, CLUSA, DIVAGRO-FUSADES, etc.) to complement the technical support for the new projects. The purpose of the third subprogram will be to provide training for bank officials and technicians who will work with the new small producers and the production cooperatives. The goal is to provide orientation with regards to the technical, economic, and entrepreneurial situation of the small producers and the production coops.

A novel element of the training program is that UTFRA will no longer be involved in its day-to-day administration. Instead, a local consulting firm will be in charge of administering the program previously designed and approved by UTFRA and the participating banks.

Finally, since the BFA represents 45% of UTFRA's annual credit goal for contracted credit, UTFRA's action plan contains a component tailored towards strengthening the institutional capacity of the BFA.

#### Credit Agent Training

In future reports, this section will contain a summary of the number of participants and courses offered.

## Increasing the Productive Capacity of the Reformed Sector

In future reports, this section will contain a summary of the number of participants and courses offered.

### Master's Degree

Summary: 12 candidates from the banking system were selected for out-of-country master's degree programs. 7 attended the Technical Institute for Higher Education in Monterey, Mexico; 1 attended INCAE in Costa Rica; and, 4 attended Arizona State University. Eleven of the twelve candidates graduated; one withdrew due to illness.

### ABANSA Equipment

Summary: The University has purchased approximately \$120,000 in computer and related equipment for the El Salvadoran Banker's Association (ABANSA) training facilities. Although these purchases are \$6,000 short of the amount designated for ABANSA in ASU's contract, USAID requested that the funds be rebudgeted.

## V. RESEARCH, POLICY STUDIES AND SEMINARS

In future reports, this section will contain a summary of ASU's activities.

## VI. PERFORMANCE OF THE 0307 REDISCOUNT LINE

This section summarizes and analyzes the performance of the 519-0307 Project rediscount line in the second quarter 1992 as well as the trends over the life of the project. The reader is referred to the UTFRA to obtain detailed data on rediscounting at BCR and lending by individual banks to specific cooperatives and Decree 207 beneficiaries.

### Performance in the Second Quarter 1992

#### Loans Granted: Total, Term and Purpose

The amount of credit contracted sector under the rediscount line fell dramatically during the quarter. As shown in Table II, there were only 5 loans contracted in the quarter totaling C7.4 million in comparison to last quarter's total of 1,220 rediscounted loans totaling C19.3 million. This is even more serious when it is recognized that credit granted under the line usually peaks during this quarter. (The trend can be discerned from the information in

(Value in Colones)

	PRODUCTION LOANS	INVESTMENT LOANS	TOTAL
<u>PHASE I COOPERATIVES</u>			
NUMBER OF COOPERATIVES RECEIVING LOANS	4	1	5
NUMBER OF LOANS GRANTED	4	1	5
AMOUNT GRANTED	7,295,605.09	88,453.90	7,384,058.99
AMOUNT DISBURSED *	711,857.64	88,453.90	800,311.54
AMOUNT REPAID	.00	.00	.00
NUMBER OF BANKS MAKING LOANS	1	1	1
<u>DECREE 207 BENEFICIARIES</u>			
NUMBER OF LOANS GRANTED	.00	.00	.00
AMOUNT GRANTED	.00	.00	.00
AMOUNT DISBURSED *	.00	.00	.00
AMOUNT REPAID	.00	.00	.00
NUMBER OF BANKS MAKING LOANS	0	0	0
<u>TOTAL</u>			
NUMBER OF LOANS GRANTED	4	1	5
AMOUNT GRANTED	7,295,605.09	88,453.90	7,384,058.99
AMOUNT DISBURSED *	711,857.64	88,453.90	800,311.54
AMOUNT REPAID	.00	.00	.00
NUMBER OF BANKS MAKING LOANS	1	1	1
<u>TOTAL AMOUNT DISBURSED</u>			
PHASE I COOPERATIVES	711,857.64	1,442,976.37	2,154,834.01
DECREE 207 BENEFICIARIES	.00	39,570.00	39,570.00
TOTAL	711,857.64	1,482,546.37	2,194,404.01

\* The figures below show the actual amount disbursed during the quarter for credits contracted both in this quarter and in previous quarters. These quantities more closely indicate the quarterly activity in the rediscount line. For more details see table XIII.

Table XIII.) Activity peaks during this quarter as the planting cycle begins.

Three factors account for the sharp reduction in use of the line. First, is the fact that banks currently find themselves with excess liquidity and have chosen to finance loans with their own funds rather than using the rediscount line, at least temporarily. Second, is the elimination of UTFRA's role in identifying and promoting investment projects. This has dealt a major blow to the project. Third, was the delay in starting the rainy season.

Of the total loans granted, 4 loans valued at C\$7.3 million were for production purposes. This represented 80% and 98.6%, respectively, of the total numbers and volume. The 1 investment loan was valued at C\$88.4 thousand and accounted for 20% of loan numbers and 2.4% of total loan volume. Production loans generally dominate both in terms of numbers and volume, reflecting the difficulties of lending for investment projects among this clientele.

Table III shows loans granted by purpose. Phase I cooperatives accounted for 100% of the production loan volume and production loan numbers. The loans were all concentrated in coffee, a traditional crop for export. Phase III producers did not receive any production loans. The one investment loan went also to a Phase I cooperative and was used to finance the purchase and repair of machinery and equipment.

#### Bank Participation

As shown in Table IV, only 1 bank, the Banco Hipotecario, granted new loans during the quarter.

#### Disbursements and Repayments

As shown in Table II, disbursements from the new loans made in the quarter were C\$800.3 thousand.

As shown in Table XIII, total disbursements during the quarter that includes loans granted in previous quarters were C\$2.2 million. This is the lowest level of disbursements for the second quarter during the life of the project. It barely exceeds the previous low (first quarter 1989) for the project.

As shown in Table XIII, there were repayments of C\$2.4 million, that is the second highest quarter during the life of project, reflecting, in part, banks liquidity.

#### Portfolio: June 30, 1992

Table V presents data on the portfolio. As of the end of the second quarter 1992, a total of 136 Phase I cooperatives had 281

TABLE III. PURPOSE OF LOANS GRANTED BY BCR  
 UNDER REDISCOUNT LINE AID 519-0307  
 FROM 04/01/92 TO 06/30/92

(Value in Millions Colones)

PURPOSE	No. OF LOANS	PERCENT	AMOUNT GRANTED	PERCENT
<b>INVESTMENT LOANS</b>	<b>1</b>	<b>100.0</b>	<b>88,453.90</b>	<b>100.0</b>
<b>PHASE I</b>	<b>1</b>	<b>100.0</b>	<b>88,453.90</b>	<b>100.0</b>
<b>MACHINERY AND EQUIPMENT</b>	<b>1</b>	<b>100.0</b>	<b>88,453.90</b>	<b>100.0</b>
Purchase of new machinery and Repair of existing machinery				
<b>INFRASTRUCTURE</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
<b>CROPS</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
New coffee plantations	0		0.00	
Renovation of coffee plantations	0		0.00	
Replanting of coffee plantations	0		0.00	
Coconut	0		0.00	
<b>LIVESTOCK</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
Dairy	0		0.00	
Dual purpose (Dairy/Beef)	0		0.00	
<b>PHASE III</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
<b>MACHINERY AND EQUIPMENT</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
Purchase of new machinery and Repair of existing machinery				
<b>INFRASTRUCTURE</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
<b>AGROINDUSTRY</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
Coconut Processing	0		0.00	
<b>PRODUCTION LOANS</b>	<b>4</b>	<b>100.0</b>	<b>7,295,605.09</b>	<b>100.0</b>
<b>PHASE I</b>	<b>4</b>	<b>100.0</b>	<b>7,295,605.09</b>	<b>100.0</b>
<b>NON TRADITIONAL</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
Vigna	0		0.00	
Melon	0		0.00	
Henequen	0		0.00	
Coconut	0		0.00	
Kenaf	0		0.00	
<b>LOCAL CONSUMPTION</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
Beef Fattening	0		0.00	
Rice	0		0.00	
Beans	0		0.00	
Corn	0		0.00	
Sorghum	0		0.00	
Corn Seed	0		0.00	
<b>TRADITIONAL FOR EXPORT</b>	<b>4</b>	<b>100.0</b>	<b>7,295,605.09</b>	<b>100.0</b>
Coffee	4		7,295,605.09	
Cotton	0		0.00	
<b>OTHER</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
Working Capital	0		0.00	
Machinery and Equipment	0		0.00	
<b>PHASE III</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
<b>LOCAL CONSUMPTION</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
Rice	0		0.00	
Beans	0		0.00	
Corn	0		0.00	
Sorghum	0		0.00	
<b>TRADITIONAL FOR EXPORT</b>	<b>0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>
Coffee	0		0.00	

(Value in Colones)

	INVESTMENT LOANS		PRODUCTIONS LOANS		TOTAL	
	NUMBER	AMOUNT GRANTED	NUMBER	AMOUNT GRANTED	NUMBER	AMOUNT GRANTED
<u>PHASE I COOPERATIVES</u>						
BANCO HIPOTECARIO	1	88,453.90	4	7,295,605.09	5	7,384,058.99
TOTAL	1	88,453.90	4	7,295,605.09	5	7,384,058.99
<u>DECREE 207 BENEFICIARIES</u>						
	0	0.00	0	0.00	0	0.00
TOTAL	1	88,453.90	4	7,295,605.09	5	7,384,058.99

(Value in Colones)

LOANS TO PHASE I COOPERATIVES	LOANS TO DECREE 207 BENEFICIARIES	TOTAL
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## ANNUAL PRODUCTION LOANS

NUMBER OF COOPERATIVES WITH LOANS	19	0	19
NUMBER OF OUTSTANDING LOANS	38	0	38
AMOUNT GRANTED	8,293,065.09	0.00	8,293,065.09
AMOUNT DISBURSED	1,444,196.04	0.00	1,444,196.04
AMOUNT REPAID	91,704.20	0.00	91,704.20
OUTSTANDING BALANCE	1,352,491.84	0.00	1,352,491.84

## INVESTMENT LOANS

NUMBER OF COOPERATIVES WITH LOANS	119	0	119
NUMBER OF OUTSTANDING LOANS	243	9	252
AMOUNT GRANTED	83,732,560.65	1,716,332.00	85,448,892.65
AMOUNT DISBURSED	72,025,816.76	1,649,192.00	73,675,008.76
AMOUNT REPAID	10,426,274.57	288,723.00	10,714,997.57
OUTSTANDING BALANCE	61,599,542.19	1,360,469.00	62,960,011.19

## TOTAL

NUMBER OF COOPERATIVES WITH LOANS	136	0	136
NUMBER OF OUTSTANDING LOANS	281	9	290
AMOUNT GRANTED	92,025,625.74	1,716,332.00	93,741,957.74
AMOUNT DISBURSED	73,470,012.80	1,649,192.00	75,119,204.80
AMOUNT REPAID	10,517,978.77	288,723.00	10,806,701.77
OUTSTANDING BALANCE	62,952,034.03	1,360,469.00	64,312,503.03

outstanding loans with an outstanding balance of C63 million. There were 9 outstanding loans to Decree 207 beneficiaries with an outstanding balance of C1.4 million or 2.2% of the total outstanding balance for the reform sector. The 207 beneficiaries account for so little of the portfolio outstanding because they largely obtain production loans which have been repaid.

#### Progress in Meeting 1992 Goals

As indicated in Table VI, UTFRA has established an annual 1992 target for contracted credit of C222.4 million, of which C198.5 million is for production loans and C23.9 million is for investment. This represents a small increase over last year's target. The initial target was reduced by C40 million since BFA's credit ceiling for the year was reduced by BCR monetary policy. Private banks also submitted lower goals for 1992. The banks consider themselves to be too overexposed with respect to the agrarian reform sector and argue that any increased exposure threatens the interests of their new shareholders.

Midway through the year, only 12.7% of the annual production goal and 5.9% of the annual investment goal have been achieved. It is argued that one reason for this decline may be the excess liquidity that banks now find themselves with. They can use their own funds to finance credits to the reform sector rather than paying the BCR to use funds under the rediscount line.

#### Status of Investment Projects as of June 30, 1992

As shown in Table VII, as of the end of June 30, 1992, 49 investment projects had been formulated. As shown in Table VIII, of this number, 45 projects for C7.9 million had been approved by the banks and 4 for C1.4 million had been contracted at BCR.

#### Status of Loans Between Banks and Borrowers

##### Status as of March 31, 1992

Data on the delinquency status by participating banks are presented in Table IX as of March 31, 1992. The delinquency rate is good. Of the total outstanding portfolio of C103.7 million, only 5.6% is delinquent; 9.1% (Table X) production loans and .9% (Table XI) investment loans. Delinquency is concentrated in two banks: Banco de Fomento Agropecuario and Capitalizador.

The percent recovered of the cumulative amount due is a preferred measure of performance. Of the total amount of C388.7 million disbursed by banks, C290.8 million came due as of March 31, 1992, of which C285.0 was recovered, equivalent to a recuperation

TABLE VI. UFRS GOALS FOR CONTRACTING ANNUAL PRODUCTION AND INVESTMENT CREDITS DURING 1992

RESULTS AS OF JUNE 30, 1992 BY BANK

(€ 1,000)

BANK	ANNUAL PRODUCTION LOANS				INVESTMENT LOANS			
	ANNUAL PROGRAMMED		CONTRACTED		ANNUAL PROGRAMMED		CONTRACTED	
	NO.	€	NO.	€	NO.	€	NO.	€
AGRIC LA COMERCIAL	30	22,657.0	0	0.0	3	822.5	0	0.0
CAPITALIZADOR	0	0.0	0	0.0	0	0.0	0	0.0
COMERCIO	31	13,010.1	0	0.0	3	931.9	0	0.0
CREDITO POPULAR	0	0.0	0	0.0	0	0.0	0	0.0
CUSCATLAN	54	29,497.1	0	0.0	6	1,750.0	0	0.0
HIPOTECARIO	58	21,092.0	12	11,967.2	11	4,163.2	2	858.6
SALVADOREÑO	25	18,364.2	0	0.0	0	0.0	0	0.0
FINANCIERO	0	0.0	0	0.0	0	0.0	0	0.0
MERCANTIL	0	0.0	0	0.0	0	0.0	0	0.0
DESARROLLO	21	9,650.5	4	542.8	2	496.0	0	0.0
DE FOMENTO AGROPECUARIO	513	84,234.6	1,205	12,803.5	77	15,765.4	2	543.9
T O T A L	732	198,505.5	1,221	25,313.5	102	23,929.0	4	1,402.5

14/03/92

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TABLE VII. STATUS OF INVESTMENT PROJECTS IN FORMULATION  
DURING 1992  
AS OF JUNE 30, 1992 BY BANK

(€1,000)

BANK	FORMULATED		IN FORMULATION		NOT STARTED		DISCARDED		TOTAL	
	NO.	€	NO.	€	NO.	€	NO.	€	NO.	€
AGRICOLA COMERCIAL	2	906.0	0	0.0	3	1,175.0	0	0.0	5	2,081.0
CAPITALIZADOR	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMERCIO	3	751.8	0	0.0	3	1,331.3	0	0.0	6	2,083.1
CREDITO POPULAR	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CUISCATLAN	3	742.1	0	0.0	3	1,600.0	0	0.0	6	2,342.1
HIPOTECARIO	3	1,007.7	0	0.0	11	5,947.5	0	0.0	14	6,955.2
SALVADOREÑO	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
FINANCIERO	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
MERCANTIL	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DESARROLLO	1	50.0	0	0.0	2	708.3	0	0.0	3	758.3
FOMENTO AGROPECUARIO	37	5,003.6	0	0.0	54	17,764.7	0	0.0	91	23,568.3
TOTAL	49	9,261.2	0	0.0	76	28,526.8	0	0.0	125	37,788.0

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TABLE VIII. STATUS OF INVESTMENT PROJECTS ALREADY FORMULATED  
DURING 1992

AS OF JUNE 30, 1992 BY BANK

(€1,000)

BANK	1°		2°		3°		4°		5°		6°		7°	
	UNDER REVIEW BY UTFRA		RETURNED TO BANKS FOR CORRECTION		IN PROCESS OF APPROVAL BY BANKS		APPROVED BY BANKS		PROJECTS TURNED DOWN		CONTRACTED WITH BCR		TOTAL	
	NO.	€	NO.	€	NO.	€	NO.	€	NO.	€	NO.	€	NO.	€
AGRICOLA COMERCIAL	0	0.0	0	0.0	0	0.0	2	906.0	0	0.0	0	0.0	2	
CAPITALIZADOR	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	
COMERCIO	0	0.0	0	0.0	0	0.0	3	751.8	0	0.0	0	0.0	3	
CREDITO POPULAR	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	
CUSCATLAN	0	0.0	0	0.0	0	0.0	3	742.1	0	0.0	0	0.0	3	
HIPOTECARIO	0	0.0	0	0.0	0	0.0	1	149.1	0	0.0	2	858.6	3	1,007.7
SALVADOREÑO	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	
FINANCIERO	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	
MERCANTIL	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	
DESARROLLO	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	1	
SUB-TOTAL	0	0.0	0	0.0	0	0.0	10	2,599.0	0	0.0	2	858.6	12	3,457.6
FOYENTO AGROPECUARIO	0	0.0	0	0.0	0	0.0	35	5,259.6	0	0.0	2	543.9	37	5,803.5
TOTAL	0	0.0	0	0.0	0	0.0	45	7,858.6	0	0.0	4	1,402.5	49	9,261.1

18/01/92

table

TABLE IX. PERCENTAGE OF DELINQUENCY AND LOAN RECUPERATION OF PRODUCTION AND INVESTMENT LOANS  
 BY BANK  
 UNDER REDISCOUNT LINE AID 519-0307  
 AS OF 03/31/92

(Value in Colons)

BANK (1)	DISBURSED (2)	REPAID (3)	DELINQUENCY (4)	PORTFOLIO (5)	PERCENTAGE DELINQUENCY (6) = (4) / (5)	PERCENTAGE RECUPERATION (7) = (3) / (3 + 4)
AGRICOLA COMERCIAL	53,070,761.76	40,917,752.93	341,203.19	12,161,008.83	2.81	99.17
CAPITALIZADOR	24,722,230.17	17,001,010.69	951,035.24	7,721,219.48	12.32	94.70
DE COMERCIO	23,965,749.39	16,162,344.03	31,722.26	7,803,405.36	0.41	99.80
DE CREDITO POPULAR	10,639,345.12	9,809,398.29	0.00	829,946.83	0.00	100.00
CUSCATLAN	70,548,844.19	65,900,241.73	0.00	4,648,602.46	0.00	100.00
HIPOTECARIO	39,184,767.88	29,628,389.70	104,374.12	9,556,378.18	1.09	99.65
SALVADOREÑO	87,416,843.96	53,676,863.60	346,515.30	33,739,980.36	1.03	99.36
FINANCIERO	0.00	0.00	0.00	0.00	0.00	0.00
MERCANTIL	10,646,442.00	7,786,715.41	0.00	2,859,726.59	0.00	100.00
DE DESARROLLO E INVERSION	19,775,094.21	13,753,941.94	0.00	6,021,152.27	0.00	100.00
DE FOMENTO AGROPECUARIO	48,726,759.95	30,380,873.56	4,040,680.88	18,345,886.39	22.02	88.26
T O T A L E S	388,704,838.63	285,017,531.88	5,815,530.99	103,687,306.75	5.61	98.00

23,6

TABLE X. PERCENTAGE OF DELINQUENCY AND LOAN RECUPERATION OF PRODUCTION LOANS  
 BY BANK  
 UNDER REDISCOUNT LINE AID 519-0307  
 AS OF 03/31/92

(Value in Colons)

BANK (1)	DISBURSED (2)	REPAID (3)	DELINQUENCY (4)	PORTFOLIO (5)	PERCENTAGE DELINQUENCY (6) = (4) / (5)	PERCENTAGE RECUPERATION (7) = (3) / (3 + 4)
AGRICOLA COMERCIAL	43,994,601.96	37,628,320.93	341,203.19	6,366,281.03	5.36	99.10
CAPITALIZADOR	15,466,416.83	10,766,614.78	951,035.24	4,699,802.05	20.24	91.88
DE COMERCIO	16,647,364.72	15,090,203.36	0.00	1,557,161.36	0.00	100.00
DE CREDITO POPULAR	8,812,145.36	8,812,145.31	0.00	0.05	0.00	100.00
CUSCATLAN	59,853,697.41	57,502,878.63	0.00	2,350,818.78	0.00	100.00
HIPOTECARIO	33,094,611.26	26,626,326.06	104,374.12	6,468,285.20	1.61	99.61
SALVADOREÑO	66,943,110.01	43,989,874.09	0.00	22,953,235.92	0.00	100.00
FINANCIERO	0.00	0.00	0.00	0.00	0.00	0.00
MERCANTIL	7,281,132.42	4,645,015.73	0.00	2,636,116.69	0.00	100.00
DE DESARROLLO E INVERSION	15,085,697.94	11,036,459.04	0.00	4,049,238.90	0.00	100.00
DE FOMENTO AGROPECUARIO	38,201,753.14	29,724,830.65	4,040,680.78	8,476,922.49	47.67	88.03
T O T A L E S	305,380,531.05	245,822,668.58	5,437,293.33	59,557,862.47	9.13	97.84

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TABLE XI. PERCENTAGE OF DELINQUENCY AND LOAN RECOVERY OF INVESTMENT LOANS  
 BY BANK  
 UNDER REDISCOUNT LINE AID 519-0307  
 AS OF 03/31/92

(Value in Colons)

BANK (1)	DISBURSED (2)	REPAID (3)	DELINQUENCY (4)	PORTFOLIO (5)	PERCENTAGE DELINQUENCY (6) = (4) / (5)	PERCENTAGE RECOVERY (7) = (3) / (3 + 4)
AGRICOLA COMERCIAL	9,084,159.00	3,289,432.00	0.00	5,794,727.00	0.00	100.00
CAPITALIZADOR	9,255,813.34	6,234,395.91	0.00	3,021,417.43	0.00	100.00
DE COMERCIO	7,318,384.67	1,072,140.67	31,722.26	6,246,244.00	0.51	97.13
DE CREDITO POPULAR	1,827,199.76	997,252.98	0.00	829,946.78	0.00	100.00
CUSCATLAN	10,695,146.78	8,397,363.10	0.00	2,297,783.68	0.00	100.00
HIPOTECARIO	6,090,156.62	3,002,063.64	0.00	3,088,092.98	0.00	100.00
SALVADOREÑO	20,473,733.95	9,686,989.51	346,515.30	10,786,744.44	3.21	96.55
FINANCIERO	0.00	0.00	0.00	0.00	0.00	0.00
MERCANTIL	3,365,309.50	3,141,699.68	0.00	223,609.90	0.00	100.00
DE DESARROLLO E INVERSION	4,689,396.27	2,717,482.90	0.00	1,971,913.37	0.00	100.00
DE FOMENTO AGROPECUARIO	10,525,006.81	656,042.91	0.10	9,868,963.90	0.00	100.00
T O T A L E S	83,324,307.58	39,194,863.30	378,237.66	44,129,444.28	0.86	99.04

786

rate of 98% (see Table IX). Tables X and IX show that the percent of recuperation is 97.8% for production loans and 99.0% for investment loans. Again, the lowest rates of recuperation are reported for Banco de Fomento Agropecuario and Banco Capitalizador with 88.3% and 94.7%, respectively.

## Historical Trends

### Loan Numbers and Amounts

The cumulative trends in 0307 Project rediscounts over the life of the project are summarized in Table XII and Figure 1. At the end of the second quarter 1992, the project had rediscounted a cumulative total of C532.9 million. Of this amount, C495.0 million was granted to 241 different Phase I cooperatives. The difference of C37.9 million was granted to Phase III beneficiaries.

The quarterly trend in lending is presented in Table XIII and Figure 1. The data show two cyclical trends in the amounts of loans contracted per quarter, one for production loans and the other for investment loans. In the second quarter of each year the amount of annual production credit rises sharply because this is the period when most coffee production loans are made. Some of this activity is carried into the third quarter. The first and fourth quarters have the least activity each year, because these are quarters during which there is less lending for annual production purposes. The dominance of coffee in loans granted for investment purposes also causes a quarterly cycle in contracted investment loans. Investment loans granted rise sharply during the third quarter, often rising two to three times the level during the previous quarter.

### Disbursements and Repayments

At the end of the second quarter 1992, as shown in Table XII, the cumulative disbursements totaled C433.6 million. Repayments were C369.3 million leaving an outstanding balance of C64.3 million at the end of the quarter.

The quarterly data in Table XIII and Figure 2 are useful in understanding the trends in disbursements. Again, the two cyclical trends are evident, although less so for investment loans. The peak months for production loans occur in the second quarter, while that for investment credits occurs in the third quarter. In both cases, the peaks in disbursements follow the peaks in credits granted.

With respect to repayment, there is also a cyclical trend. The peak months are in March through April when the previous year annual crop loans come due.

(Value in Colones)

AÑO : 1987

QUARTER	I	II	III	IV
<b>PHASE I COOPERATIVES</b>				
NUMBER COOPS. WITH LOANS	9	46	61	71
NUMBER OF LOANS	10	65	88	115
AMOUNT GRANTED	4,010,207.00	39,629,284.20	45,361,410.00	52,967,334.46
AMOUNT DISBURSED	101,297.00	8,655,261.95	19,312,435.77	41,979,286.32
AMOUNT REPAID	.00	.00	15,250.00	2,317,438.52
OUTSTANDING BALANCE	101,297.00	8,655,261.95	19,297,185.77	39,661,847.80
<b>DECREE 207 BENEFICIARIES</b>				
NUMBER OF BENEFICIARIES	0	391	391	391
NUMBER OF LOANS	0	5	5	5
AMOUNT GRANTED	.00	1,845,298.00	1,845,298.00	1,845,298.00
AMOUNT DISBURSED	.00	1,068,150.00	1,092,600.00	1,092,600.00
AMOUNT REPAID	.00	.00	.00	.00
OUTSTANDING BALANCE	.00	1,068,150.00	1,092,600.00	1,092,600.00
<b>TOTAL</b>				
NUMBER OF LOANS	10	70	93	120
AMOUNT GRANTED	4,010,207.00	41,474,582.20	47,206,708.00	54,812,632.46
AMOUNT DISBURSED	101,297.00	9,723,411.95	20,405,035.77	43,071,886.32
AMOUNT REPAID	.00	.00	15,250.00	2,317,438.52
OUTSTANDING BALANCE	101,297.00	9,723,411.95	20,389,785.77	40,754,447.80

24a

(Value in Colones)

AÑO : 1988

QUARTER	I	II	III	IV
<u>PHASE I COOPERATIVES</u>				
NUMBER COOPS. WITH LOANS	77	84	93	97
NUMBER OF LOANS	129	164	195	212
AMOUNT GRANTED	59,527,403.99	89,407,707.99	106,898,339.99	109,595,935.99
AMOUNT DISBURSED	46,838,868.81	59,458,806.45	79,308,397.41	96,203,212.45
AMOUNT REPAID	11,356,296.21	31,206,220.12	31,800,693.62	33,034,513.65
OUTSTANDING BALANCE	35,482,572.60	28,252,586.33	47,507,703.79	63,168,698.80
<u>DECREE 207 BENEFICIARIES</u>				
NUMBER OF BENEFICIARIES	391	391	391	391
NUMBER OF LOANS	5	5	7	7
AMOUNT GRANTED	1,845,298.00	1,845,298.00	1,982,198.00	1,982,198.00
AMOUNT DISBURSED	1,092,600.00	1,092,600.00	1,195,275.00	1,229,500.00
AMOUNT REPAID	7,894.38	1,092,600.00	1,092,600.00	1,092,600.00
OUTSTANDING BALANCE	1,084,705.62	.00	102,675.00	136,900.00
<u>TOTAL</u>				
NUMBER OF LOANS	134	169	202	219
AMOUNT GRANTED	61,372,701.99	91,253,005.99	108,880,537.99	111,578,133.99
AMOUNT DISBURSED	47,931,468.81	60,551,406.45	80,503,672.41	97,432,712.45
AMOUNT REPAID	11,364,190.59	32,298,820.12	32,893,293.62	34,127,113.65
OUTSTANDING BALANCE	36,567,278.22	28,252,586.33	47,610,378.79	63,305,598.80

24b

(Value in Colones)

AÑO : 1989

QUARTER	I	II	III	IV
<b>PHASE I COOPERATIVES</b>				
NUMBER COOPS. WITH LOANS	98	99	111	112
NUMBER OF LOANS	217	269	331	348
AMOUNT GRANTED	112,740,053.99	143,983,315.99	181,148,043.67	184,820,045.67
AMOUNT DISBURSED	92,373,231.52	108,636,069.68	132,063,374.10	151,567,857.46
AMOUNT REPAID	33,812,017.64	65,680,864.56	67,451,631.61	68,706,656.98
OUTSTANDING BALANCE	64,561,213.88	42,955,205.12	64,611,742.49	82,861,200.48
<b>DECREE 207 BENEFICIARIES</b>				
NUMBER OF BENEFICIARIES	391	466	581	651
NUMBER OF LOANS	7	10	12	15
AMOUNT GRANTED	1,982,198.00	2,655,990.00	3,487,490.00	4,847,490.00
AMOUNT DISBURSED	1,229,500.00	1,833,917.00	1,911,948.25	2,961,348.25
AMOUNT REPAID	1,229,500.00	1,229,500.00	1,229,500.00	1,229,500.00
OUTSTANDING BALANCE	.00	604,417.00	682,448.25	1,731,848.25
<b>T O T A L</b>				
NUMBER OF LOANS	224	279	343	363
AMOUNT GRANTED	114,722,251.99	146,639,305.99	184,635,533.67	189,667,535.67
AMOUNT DISBURSED	99,602,731.52	110,469,986.68	133,975,322.35	154,529,205.71
AMOUNT REPAID	35,041,517.64	66,910,364.56	68,681,131.61	69,936,156.98
OUTSTANDING BALANCE	64,561,213.88	43,559,622.12	65,294,190.74	84,593,048.73

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(Value in Colones)

AÑO : 1990

QUARTER	I	II	III	IV
<b>PHASE I COOPERATIVES</b>				
NUMBER COOPS. WITH LOANS	114	120	178	194
NUMBER OF LOANS	362	474	628	662
AMOUNT GRANTED	191,374,672.67	269,278,005.43	308,955,476.68	319,396,996.98
AMOUNT DISBURSED	170,217,640.60	187,165,422.44	211,468,827.40	269,140,254.89
AMOUNT REPAID	73,735,052.32	124,372,342.01	128,445,013.13	130,689,864.18
OUTSTANDING BALANCE	96,482,588.28	62,793,080.43	83,023,814.27	138,450,390.71
<b>DECREE 207 BENEFICIARIES</b>				
NUMBER OF BENEFICIARIES	651	651	3,661	3,661
NUMBER OF LOANS	16	16	2,670	2,670
AMOUNT GRANTED	4,981,890.00	4,981,890.00	19,032,897.50	20,727,897.50
AMOUNT DISBURSED	4,071,148.25	4,205,548.25	18,070,055.77	19,527,805.77
AMOUNT REPAID	1,281,531.25	3,542,281.25	3,542,281.25	3,542,281.25
OUTSTANDING BALANCE	2,789,617.00	663,267.00	14,527,774.52	15,985,524.52
<b>TOTAL</b>				
NUMBER OF LOANS	378	490	3,298	3,332
AMOUNT GRANTED	196,356,562.67	274,259,895.43	327,988,374.18	340,124,894.48
AMOUNT DISBURSED	174,288,788.85	191,370,970.69	229,538,883.17	288,668,060.66
AMOUNT REPAID	75,016,583.57	127,914,623.26	131,987,294.38	134,232,145.43
OUTSTANDING BALANCE	99,272,205.28	63,456,347.43	97,551,588.79	154,435,915.23

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(Value in Colones)

AÑO : 1991

QUARTER	I	II	III	IV
<b>PHASE I COOPERATIVES</b>				
NUMBER COOPS. WITH LOANS	195	221	230	241
NUMBER OF LOANS	682	885	949	990
AMOUNT GRANTED	328,508,625.98	417,704,339.98	439,492,656.98	469,964,417.98
AMOUNT DISBURSED	283,328,041.55	295,609,582.01	339,152,324.49	378,577,940.29
AMOUNT REPAID	148,609,656.85	227,693,752.47	234,661,536.48	260,510,125.27
OUTSTANDING BALANCE	134,718,384.70	67,915,829.54	104,490,788.01	118,067,815.02
<b>DECREE 207 BENEFICIARIES</b>				
NUMBER OF BENEFICIARIES	3,679	5,109	6,159	6,159
NUMBER OF LOANS	2,671	3,740	3,846	3,847
AMOUNT GRANTED	20,780,897.50	35,640,812.50	36,181,012.50	36,205,412.50
AMOUNT DISBURSED	20,004,555.77	25,466,371.97	28,439,418.98	28,463,818.98
AMOUNT REPAID	3,745,581.25	19,380,658.75	19,380,638.75	19,380,638.75
OUTSTANDING BALANCE	16,258,974.52	6,085,733.22	9,058,780.23	9,083,180.23
<b>TOTAL</b>				
NUMBER OF LOANS	3,353	4,625	4,795	4,837
AMOUNT GRANTED	349,289,523.48	453,345,152.48	475,673,669.48	506,169,830.48
AMOUNT DISBURSED	303,332,597.32	321,075,953.98	367,591,743.47	407,041,759.27
AMOUNT REPAID	152,355,238.10	247,074,391.22	254,042,175.23	279,890,764.02
OUTSTANDING BALANCE	150,977,359.22	74,001,562.76	113,549,568.24	127,150,995.25

2.40

AÑO : 1992

QUARTER	I	II	III	IV
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**LOANS TO COOPERATIVES**


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NUMBER COOPS. WITH LOANS	241	241		
NUMBER OF LOANS	1,167	1,172		
AMOUNT GRANTED	487,616,523.38	495,000,582.37		
AMOUNT DISBURSED	401,242,076.01	403,396,910.02		
AMOUNT REPAID	267,517,754.91	340,444,875.99		
OUTSTANDING BALANCE	133,724,321.10	62,952,034.03		

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**LOANS TO DECREE 207 BENEFICIARIES**


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NUMBER OF BENEFICIARIES	7,206	7,206		
NUMBER OF LOANS	4,894	4,894		
AMOUNT GRANTED	37,885,287.49	37,885,287.49		
AMOUNT DISBURSED	30,143,693.95	30,183,263.95		
AMOUNT REPAID	19,397,438.75	28,822,794.95		
OUTSTANDING BALANCE	10,746,255.20	1,360,469.00		

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**T O T A L**


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NUMBER OF LOANS	6,061	6,071		
AMOUNT GRANTED	525,501,810.87	532,885,869.86		
AMOUNT DISBURSED	431,385,769.96	433,580,173.97		
AMOUNT REPAID	286,915,193.66	369,267,670.94		
OUTSTANDING BALANCE	144,470,576.30	64,312,503.03		

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TABLE XIII. DISTRIBUTION OF CREDITS GRANTED AND DISBURSED  
UNDER REDISCOUNT LINE AID 519-0307  
BY PURPOSE AND QUARTER

QUARTER	AMOUNT GRANTED					AMOUNT DISBURSED				
	COLONES (C)			%		COLONES (C)			%	
	TOTAL	PRODUCTION	INVESTMENT	PRODUCT.	INV.	TOTAL	PRODUCTION	INVESTMENT	PRODUCT.	INV.
JAN-MAR/87	4,010,207.00	0.00	4,010,207.00	0.0	100.0	101,297.00	0.00	101,297.00	0.0	100.0
APR-JUN/87	37,464,375.20	32,710,320.20	4,754,055.00	87.3	12.7	9,622,114.95	6,890,201.45	2,731,913.50	71.6	28.4
JUL-SEP/87	5,732,125.80	1,598,800.00	4,133,325.80	27.9	72.1	10,681,623.82	6,522,947.44	4,158,676.38	61.1	38.9
OCT-DEC/87	7,605,924.46	400,000.00	7,205,924.46	5.3	94.7	22,666,850.55	17,475,611.14	5,191,239.41	77.1	22.9
JAN-MAR/88	6,560,069.53	608,100.00	5,951,969.53	9.3	90.7	4,859,582.49	945,968.57	3,913,613.92	19.5	80.5
APR-JUN/88	29,880,304.00	25,655,836.00	4,224,468.00	85.9	14.1	12,619,937.64	6,693,552.52	5,926,385.12	53.0	47.0
JUL-SEP/88	17,627,532.00	8,985,234.00	8,642,298.00	51.0	49.0	19,952,265.96	12,075,098.25	7,877,167.71	60.5	39.5
OCT-DEC/88	2,697,596.00	787,453.00	1,910,143.00	29.2	70.8	16,929,040.04	13,690,702.56	3,238,337.48	80.9	19.1
JAN-MAR/89	3,144,118.00	0.00	3,144,118.00	0.0	100.0	2,170,019.07	71,156.16	2,098,862.91	3.3	96.7
APR-JUN/89	31,917,054.00	25,482,751.00	6,434,303.00	79.8	20.2	10,867,255.16	4,847,733.02	6,019,522.14	44.6	55.4
JUL-SEP/89	37,996,227.68	26,302,116.93	11,694,110.75	69.2	30.8	23,505,335.67	14,661,608.34	8,843,727.33	62.4	37.6
OCT-DEC/89	5,032,002.00	4,810,002.00	222,000.00	95.6	4.4	20,553,883.36	18,339,768.40	2,214,114.96	89.2	10.8
JAN-MAR/90	6,689,027.00	3,357,427.00	3,331,600.00	50.2	49.8	19,759,583.14	16,154,618.99	3,604,964.15	81.8	18.2
APR-JUN/90	77,903,332.76	71,193,305.26	6,710,027.50	91.4	8.6	17,082,181.84	13,041,489.29	4,040,692.55	76.3	23.7
JUL-SEP/90	53,728,478.75	38,541,753.00	15,186,725.75	71.7	28.3	38,167,912.42	33,454,542.64	4,713,369.78	87.7	12.3
OCT-DEC/90	12,136,520.30	4,609,222.30	7,527,298.00	38.0	62.0	59,129,177.48	48,004,896.96	11,124,280.52	81.2	18.8
JAN-MAR/91	9,164,629.00	5,967,012.00	3,197,617.00	65.1	34.9	14,664,536.66	10,265,978.29	4,398,558.37	70.0	30.0
APR-JUN/91	104,055,629.00	98,666,624.00	5,389,005.00	94.8	5.2	17,743,356.66	15,706,550.89	2,036,805.77	88.5	11.5
JUL-SEP/91	22,328,517.00	12,074,935.00	10,253,582.00	54.1	45.9	46,515,789.49	35,050,376.68	11,465,412.81	75.4	24.6
OCT-DEC/91	30,496,161.00	24,814,501.00	5,681,660.00	81.4	18.6	39,450,015.80	32,926,737.73	6,523,278.07	83.5	16.5
JAN-MAR/92	19,331,980.39	18,017,898.39	1,314,082.00	93.2	6.8	24,344,010.71	22,342,391.75	2,001,618.96	91.8	8.2
APR-JUN/92	7,384,058.99	7,295,605.09	88,453.90	98.8	1.2	2,194,404.01	711,857.64	1,482,546.37	32.4	67.6

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## Distribution of Rediscounts by Term and Purpose

Table XIV presents the cumulative distribution of loans disaggregated by production (short-term) and investment (intermediate and long-term) purpose. At the end of the second quarter 1992 only nine of the 4,894 loans to Decree 207 beneficiaries were for investment. Among the Phase I cooperatives, 30.8% of the 1,167 loans and 24.1% of the amount granted of loans were for investment. The larger percentage for loan numbers relative to the percentage for amounts granted, demonstrates that many of the investment loans are relatively small compared to the annual production loans.

The quarterly data of Table XIV and Figure 1 show that annual production credit continues to dominate lending.

Table XV presents the cumulative distribution of investment lending by purpose. Nearly one-fourth (29.5%) of the rediscounts have been to finance machinery and equipment; crop plantations have received one-half (44.0%), mainly for establishing new or renovating old coffee plantations. Another 13.3% of the investment credits has gone to livestock activities, mostly dual-purpose cattle; some 10.2% to finance agroindustry coffee processing mills, and another 3.0% was directed to infrastructure.

As shown in Table XVI, 38% of number of loans and 78% of volume of annual production loans made to the Phase I cooperatives were for coffee. As shown in Table XVIII, 63.9% of number of loans and 43.8% of volume of annual production loans made to Decree 207 beneficiaries were for corn. Although only .2% of number of loans were for coffee, the nine loans accounted for 19.3% of the volume of annual production loans.

## Distribution Across Participating Banks

Table XVII presents the cumulative distribution of loans to Phase I cooperatives and Decree 207 beneficiaries across banks. Two banks, the BFA with C107.9 million and Banco Salvadoreño with C100.3 million, dominate lending, together accounting for about 39.0% of the total cumulative amount lent. Among cooperatives, the Banco Salvadoreño dominated lending with 19.3% of the loan volume contracted to cooperatives, whereas the BFA dominated lending with 38.0% of the total numbers of loans contracted to cooperatives. The next most active banks are the Banco Hipotecario, Banco Cuscatlan and Agrícola Comercial which accounted for 15.6%, 15.4%, and 12.5%, respectively, of the total cooperative portfolio. Three banks had very low levels of participation.

Lending to Decree 207 beneficiaries is dominated by the BFA, accounting for 81.9% of the loan volume, followed by Banco

(Value in Colones)

YEAR : 1987

QUARTER	I	II	III	IV
<b>LOANS TO COOPERATIVES</b>				
NUMBER OF LOANS	10	65	88	115
% PRODUCTION	.00	50.77	42.05	33.04
% INVESTMENT	100.00	49.23	57.95	66.96
AMOUNT GRANTED	4,010,207.00	39,629,284.20	45,361,410.00	52,967,334.46
% PRODUCTION	.00	77.88	71.57	62.05
% INVESTMENT	100.00	22.12	28.43	37.95
<b>LOANS TO DECREE 207 BENEFICIARIES</b>				
NUMBER OF LOANS	0	5	5	5
% PRODUCTION	.00	100.00	100.00	100.00
% INVESTMENT	.00	.00	.00	.00
AMOUNT GRANTED	.00	1,845,298.00	1,845,298.00	1,845,298.00
% PRODUCTION	.00	100.00	100.00	100.00
% INVESTMENT	.00	.00	.00	.00

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TAB IV. DISTRIBUTION OF CUMULATIVE REDISCOUNT:  
 FOR ANNUAL PRODUCTION AND INVESTMENT PURPOSES  
 BY SALVADORAN CENTRAL RESERVE BANK  
 UNDER REDISCOUNT LINE AID 519-0307 AT END OF QUARTER

(Value in Colones)

YEAR : 1988

QUARTER	I	II	III	IV
<b>LOANS TO COOPERATIVES</b>				
NUMBER OF LOANS	129	164	195	212
% PRODUCTION	31.78	42.07	42.05	41.04
% INVESTMENT	68.22	57.93	57.95	58.96
AMOUNT GRANTED	59,527,403.99	89,407,707.99	106,898,339.99	109,595,935.99
% PRODUCTION	56.23	66.13	63.59	62.74
% INVESTMENT	43.77	33.87	36.41	37.26
<b>LOANS TO DECREE 207 BENEFICIARIES</b>				
NUMBER OF LOANS	5	5	7	7
% PRODUCTION	100.00	100.00	100.00	100.00
% INVESTMENT	.00	.00	.00	.00
AMOUNT GRANTED	1,845,298.00	1,845,298.00	1,982,198.00	1,982,198.00
% PRODUCTION	100.00	100.00	100.00	100.00
% INVESTMENT	.00	.00	.00	.00

TABLE IV. DISTRIBUTION OF CUMULATIVE REDISCOUNTS  
FOR ANNUAL PRODUCTION AND INVESTMENT PURPOSES  
BY SALVADORAN CENTRAL RESERVE BANK  
UNDER REDISCOUNT LINE AID 519-0307 AT END OF QUARTER

(Value in Colones)

YEAR : 1989

Q U A R T E R	I	II	III	IV
<b>LOANS TO COOPERATIVES</b>				
NUMBER OF LOANS	217	269	331	348
% PRODUCTION	40.09	45.35	47.43	49.14
% INVESTMENT	59.91	54.65	52.57	50.86
AMOUNT GRANTED	112,740,053.99	143,983,315.99	181,148,043.67	184,820,045.67
% PRODUCTION	60.99	65.41	66.05	66.60
% INVESTMENT	39.01	34.59	33.95	33.40
<b>LOANS TO DECREE 207 BENEFICIARIES</b>				
NUMBER OF LOANS	7	10	12	15
% PRODUCTION	100.00	90.00	91.67	93.33
% INVESTMENT	.00	10.00	8.33	6.67
AMOUNT GRANTED	1,982,198.00	2,655,990.00	3,487,490.00	4,847,490.00
% PRODUCTION	100.00	77.24	82.67	87.53
% INVESTMENT	.00	22.76	17.33	12.47

XIV. DISTRIBUTION OF CUMULATIVE REDISCOUNTS  
FOR ANNUAL PRODUCTION AND INVESTMENT PURPOSES  
BY SALVADORAN CENTRAL RESERVE BANK  
UNDER REDISCOUNT LINE AID 519-0307 AT END OF QUARTER

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(Value in Colones)

C U A R T E R	YEAR : 1990			
	I	II	III	IV
<b>LOANS TO COOPERATIVES</b>				
NUMBER OF LOANS				
% PRODUCTION	362	474	628	662
% INVESTMENT	49.45	56.96	59.71	58.16
	50.55	43.04	40.29	41.84
AMOUNT GRANTED				
% PRODUCTION	191,374,672.67	269,278,005.43	308,955,476.68	319,396,996.98
% INVESTMENT	66.08	73.40	71.90	70.46
	33.92	26.60	28.10	29.54
<b>LOANS TO DECREE 207 BENEFICIARIES</b>				
NUMBER OF LOANS				
% PRODUCTION	16	16	2,670	2,670
% INVESTMENT	87.50	87.50	99.93	99.93
	12.50	12.50	.07	.07
AMOUNT GRANTED				
% PRODUCTION	4,981,890.00	4,981,890.00	19,032,897.50	20,727,897.50
% INVESTMENT	85.17	85.17	96.12	96.44
	14.83	14.83	3.88	3.56

T/ XIV. DISTRIBUTION OF CUMULATIVE REDISCOUNT  
 FOR ANNUAL PRODUCTION AND INVESTMENT PURPOSES  
 BY SALVADORAN CENTRAL RESERVE BANK  
 UNDER REDISCOUNT LINE AID 519-0307 AT END OF QUARTER

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(Value in Colones)

YEAR : 1991

QUARTER	I	II	III	IV
<b>LOANS TO COOPERATIVES</b>				
NUMBER OF LOANS				
% PRODUCTION	682	885	949	990
% INVESTMENT	57.92	66.10	64.28	63.94
	42.08	33.90	35.72	36.06
AMOUNT GRANTED				
% PRODUCTION	328,508,625.98	417,704,339.98	439,492,656.98	469,964,417.98
% INVESTMENT	70.32	75.46	74.46	74.92
	29.68	24.54	25.54	25.08
<b>LOANS TO DECREE 207 BENEFICIARIES</b>				
NUMBER OF LOANS				
% PRODUCTION	2,671	3,740	3,846	3,847
% INVESTMENT	99.89	99.84	99.79	99.77
	.11	.16	.21	.23
AMOUNT GRANTED				
% PRODUCTION	20,780,897.50	35,640,812.50	36,181,012.50	36,205,412.50
% INVESTMENT	96.19	96.77	95.32	95.26
	3.81	3.23	4.68	4.74

TABLE XIV. DISTRIBUTION OF CUMULATIVE REDISCOUNTS  
 FOR ANNUAL PRODUCTION AND INVESTMENT PURPOSES  
 BY SALVADORAN CENTRAL RESERVE BANK  
 UNDER REDISCOUNT LINE AID 519-0307 AT END OF QUARTER

(Value in Colones)

YEAR : 1992

QUARTER	I	II	III	IV
<b>LOANS TO COOPERATIVES</b>				
NUMBER OF LOANS	1,167	1,172		
% PRODUCTION	69.15	69.20		
% INVESTMENT	30.85	30.80		
AMOUNT GRANTED	487,616,523.38	495,000,562.37		
% PRODUCTION	75.55	75.90		
% INVESTMENT	24.45	24.10		
<b>LOANS TO DECREE 207 BENEFICIARIES</b>				
NUMBER OF LOANS	4,894	4,894		
% PRODUCTION	99.82	99.82		
% INVESTMENT	.18	.18		
AMOUNT GRANTED	37,885,287.49	37,885,287.49		
% PRODUCTION	95.47	95.47		
% INVESTMENT	4.53	4.53		

TABLE XV. PURPOSE OF DISCOUNTED INVESTMENT LOANS MADE TO PHASE I OPERATIVES  
 UNDER REDISCOUNT LINES AID 519-0307  
 CUMULATIVE AS OF JUNE 30, 1992

(Value in Millions Colones)

PURPOSE	REDISCOUNTS (c Millions)	PERCENT OF TOTAL
MACHINERY AND EQUIPMENT	30.1	29.5
Purchase of new machinery and repair of existing machinery		
INFRASTRUCTURE	3.1	3.0
LIVESTOCK	13.6	13.3
Dairy	2.9	
Beef	0.9	
Dual purpose (dairy/beef)	8.4	
Swine	0.2	
Poultry	1.1	
Bees	0.0	
CROPS	44.9	44.0
New coffee plantations	17.6	
Renovation of coffee plantations	20.3	
Citrus	1.1	
Bananas	2.8	
Caramomo	0.5	
Henecuen	1.4	
Cashue	0.9	
Coconut	0.3	
AGROINDUSTRY	10.4	10.2
Coffee processing	10.4	
Feed Plant	0.0	
TOTAL	102.1	100.0

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TABLE . PURPOSE OF PRODUCTION LOANS GRANTED TO P  
COOPERATIVES, UNDER REDISCOUNT LINE AID 519-030.

CUMULATIVE AS OF 06/30/92

(Value in Colones)

PURPOSE	NUMBER OF LOANS		GRANTED		DISBURSED		REPAID		OUTSTANDING	
	No.	%	€	%	€	%	€	%	€	%
COFFEE	307	38.0	293,824,316.87	78.2	236,320,497.94	78.4	235,608,640.30	78.5	711,857.64	52.6
BENECUEN	7	0.9	3,780,329.00	1.0	1,872,350.82	0.6	1,872,350.82	0.6	0.00	0.0
KENAF	3	0.4	1,635,805.00	0.4	1,147,006.31	0.4	1,147,006.31	0.4	0.00	0.0
OKRA	19	2.4	3,559,653.80	0.9	2,702,647.28	0.9	2,702,647.28	0.9	0.00	0.0
WATERMELON	5	0.6	532,610.00	0.1	362,795.62	0.1	362,795.62	0.1	0.00	0.0
SESAME	51	6.3	4,377,731.81	1.2	3,092,941.14	1.0	3,092,941.14	1.0	0.00	0.0
PEANUTS	11	1.4	542,400.00	0.1	492,190.48	0.2	492,190.48	0.2	0.00	0.0
CITRUS	1	0.1	9,880.00	0.0	9,880.00	0.0	9,880.00	0.0	0.00	0.0
BEEF FATTENING	46	5.7	9,180,664.69	2.4	8,837,297.53	2.9	8,588,317.53	2.9	248,980.00	18.4
MANGO	1	0.1	6,884.00	0.0	4,719.00	0.0	4,719.00	0.0	0.00	0.0
COCONUT	8	1.0	741,166.00	0.2	424,562.86	0.1	424,562.86	0.1	0.00	0.0
WORKING CAPITAL	10	1.2	1,744,016.97	0.5	2,630,501.47	0.9	2,630,501.47	0.9	0.00	0.0
MACHINERY AND EQUIPMENT	16	2.0	3,158,649.13	0.8	2,928,143.13	1.0	2,628,143.13	0.9	300,000.00	22.2
VIGNA	19	2.4	1,889,742.08	0.5	1,198,046.21	0.4	1,198,046.21	0.4	0.00	0.0
PLANTAIN	6	0.7	2,099,928.47	0.6	1,477,636.31	0.5	1,477,636.31	0.5	0.00	0.0
SOYBEANS	11	1.4	1,576,406.65	0.4	870,863.67	0.3	870,863.67	0.3	0.00	0.0
MELON	10	1.2	4,201,676.00	1.1	2,966,278.22	1.0	2,966,278.22	1.0	0.00	0.0
CORN, CONSUMPTION	143	17.7	13,656,849.99	3.6	9,026,135.78	3.0	9,022,055.81	3.0	4,079.97	0.3
CORN SEED	7	0.9	2,804,330.00	0.7	2,743,455.41	0.9	2,655,881.21	0.9	87,574.20	0.5
SORGHUM	39	4.8	4,598,015.86	1.2	3,641,376.33	1.2	3,641,376.33	1.2	0.00	0.0
PROPERTY IMPROVEMENTS	2	0.2	50,000.00	0.0	25,000.00	0.0	25,000.00	0.0	0.00	0.0
COCOA	2	0.2	757,000.00	0.2	432,658.56	0.1	432,658.56	0.1	0.00	0.0
VEGETABLES (TOMATOE)	3	0.4	100,138.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0
PEPINO	1	0.1	18,375.51	0.0	18,375.51	0.0	18,375.51	0.0	0.00	0.0
BEEHAVE	1	0.1	17,398.54	0.0	17,398.54	0.0	17,398.54	0.0	0.00	0.0
RICE	48	5.9	7,891,152.09	2.1	5,739,805.94	1.9	5,739,805.94	1.9	0.00	0.0
BEANS	20	2.5	896,924.90	0.2	618,242.34	0.2	618,242.34	0.2	0.00	0.0
COTTON	8	1.0	8,562,241.32	2.3	9,248,209.83	3.1	9,248,209.83	3.1	0.00	0.0
COFFEE PROCESSING	1	0.1	2,500,000.00	0.7	1,495,046.62	0.5	1,495,046.62	0.5	0.00	0.0
CASHUE	1	0.1	995,654.00	0.3	995,654.00	0.3	995,654.00	0.3	0.00	0.0
<b>TOTAL</b>	<b>807</b>	<b>99.9</b>	<b>375,709,940.68</b>	<b>99.7</b>	<b>301,339,716.85</b>	<b>99.7</b>	<b>299,987,225.04</b>	<b>99.7</b>	<b>1,352,491.81</b>	<b>100.0</b>

BANK	NUMBER OF COOPERATIVES WITH LOANS		NUMBER OF LOANS WITH COOPERATIVES		AMOUNT OF LOANS GRANTED WITH COOPERATIVES		NUMBER OF LOANS TO DECREE 207 BENEFICIARIES		AMOUNT OF LOANS TO DECREE 207 BENEFICIARIES	
	No.	%	No.	%	(¢)	%	No.	%	(¢)	%
AGRICOLA COMERCIAL DE E. S.	17	7.0	94	8.0	61,640,328.80	12.5	0	0.0	0.00	0.0
CAPITALIZADOR	13	5.3	100	8.5	31,394,806.76	6.3	1	0.0	32,300.00	0.1
DE COMERCIO DE EL SALVADOR	14	5.8	60	5.1	27,106,655.00	5.5	2	0.0	186,500.00	0.5
DE CREDITO POPULAR, S. A.	8	3.3	23	2.0	12,058,980.00	2.4	3	0.1	1,747,496.00	4.6
CUSCATLAN S. A.	23	9.5	104	8.9	76,046,806.00	15.4	0	0.0	.00	0.0
HIPOTECARIO DE EL SALVADOR	26	10.7	119	10.2	77,099,682.65	15.6	0	0.0	.00	0.0
SALVADOREÑO	16	6.6	109	9.3	95,718,503.96	19.3	7	0.1	4,593,017.00	12.1
MERCANTIL	10	4.1	39	3.3	12,727,365.30	2.6	4	0.1	234,700.00	0.6
DE DESARROLLO E INVERSION	14	5.7	78	6.7	24,252,551.00	4.9	2	0.0	69,375.00	0.2
DE FOMENTO AGROPECUARIO	102	42.0	446	38.0	76,954,902.90	15.5	4,875	99.6	31,021,897.49	81.9
TOTALES	243	100.0	1,172	100.0	495,000,562.37	100.0	4,894	100.0	37,885,287.49	100.0

TABLE XI . PURPOSE OF PRODUCTION LOANS GRANTED TO C I E 207  
BENEFICIARIES, UNDER REDISCOUNT LINE AID 519-0307

CUMULATIVE AS OF 06/30/92

(Value in Colones)

PURPOSE	NUMBER OF LOANS	GRANTED		DISBURSED		REPAID		OUTSTANDING	
		€	%	€	%	€	%	€	%
COFFEE	9	6,987,144.99	19.5	122,303.20	0.4	122,303.20	0.4	0.00	0.0
COCA	293	2,393,389.73	6.6	2,393,389.73	8.4	2,393,389.73	8.4	0.00	0.0
BEANS	619	2,596,591.45	7.2	2,488,191.45	8.7	2,488,191.45	8.7	0.00	0.0
BEEF FATTENING	1	994,800.00	2.8	994,800.00	3.5	994,800.00	3.5	0.00	0.0
CELON	5	3,854,200.00	10.7	3,854,200.00	13.5	3,854,200.00	13.5	0.00	0.0
CORN SEED	1	70,100.00	0.2	70,100.00	0.2	70,100.00	0.2	0.00	0.0
SORGHUM	833	1,858,501.91	5.1	1,858,501.91	6.5	1,858,501.91	6.5	0.00	0.0
CORN, CONSUMPTION	3124	15,463,525.60	42.8	14,801,883.81	51.9	14,801,883.81	51.9	0.00	0.0
COTTON	1	1,950,701.81	5.4	1,950,701.81	6.8	1,950,701.81	6.8	0.00	0.0
<b>TOTAL</b>	<b>4,886</b>	<b>36,168,955.49</b>	<b>100.0</b>	<b>28,534,071.91</b>	<b>100.0</b>	<b>28,534,071.91</b>	<b>100.0</b>	<b>0.00</b>	<b>0.0</b>

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Salvadoreño with 12.1% and Crédito Popular with 4.6%. BFA also accounted for 99.6% of the total number of loans.

## VII. STATISTICAL SUMMARY

### Analysis of Performance of 0307 Rediscount Line

The University provides a quarterly analysis of the rediscount line activities for the quarter as well as over the life of the Project.

#### Summary of Second Quarter 1992 Activity

1. 5 loans for ₡7.4 million.
2. 4 loans for annual production purposes for ₡7.3 million.
3. 1 loans for investment purposes for ₡88.4 thousand.
4. The Banco Hipotecario accounted for all five loans.
5. Disbursements were ₡800.3 thousand. Total disbursement (including loans granted in previous quarters) totaled ₡2.2 million.
6. There were no repayments made on the new loans during the quarter. Total repayments were ₡82.4 million.
7. Portfolio, as of June 30 was 281 loans to 136 Phase I cooperatives with an outstanding balance of ₡63 million and 9 loans to Decree 207 beneficiaries with an outstanding balance of ₡1.4 million.
8. Results of 1992 annual goals.
  - a. 12.7% of annual production goal achieved.
  - b. 5.9% of annual investment goal achieved.

#### Summary of Historical Trends and Patterns through September 1991

All data are reported on a cumulative basis over the life of the project.

#### Loans, Disbursements, Repayments.

1. 6,066 loans made in amount of ₡532.9 million.
  - a. 1167 loans for 241 Phase I cooperatives for ₡495.0 million.

- b. 4894 loans to Decree 207 beneficiaries for c37.9 million.
2. Disbursements were c433.6 million.
3. Repayments were c369.3 million.
4. Outstanding balance is c64.3 million.

Bank Participation.

1. Two banks, BFA and Banco Salvadoreño, dominate lending, accounting for about 39% of the total cumulative amount lent.
2. Among cooperatives, the Banco Salvadoreño dominates lending accounting for 19.3% of the loan volume to that group.
3. Among 207 Beneficiaries, the BFA dominates, accounting for 81.9% of the loan volume to that group.

Loan Term and Purpose.

1. Investment and Production Loans.
  - a. For investment loans, 44.0% are for crops (mainly coffee renovation), 29.5% for machinery and equipment, 13.3% for livestock (mostly dual-purpose cattle) and the other 13.2 for agroindustry and farm infrastructure.
  - b. For annual production loans 78% of volume were for coffee.
2. For Phase I cooperatives.
  - a. 30.8% of number of loans and 24.1% of volume are for investment.
3. For Decree 207.
  - a. Only 9 of the 4,894 loans were for investment.
  - b. Production loans were mainly for basic grains: 43.8% of loan volume was for corn.

Delinquency Between Banks and Borrower.

1. Portfolio is in excellent shape. Total delinquency is only 5.6% of portfolio.

2. Loan recovery rate (based on what should have been repaid) is 98%: 97.8% for production loans and 99.0% for investment.

### Conclusions

1. Lending activity fell reflecting the lack of project identification and promotion activity by UTFRA supervisors and the excess liquidity among banks. Generally, lending is at its highest during the second quarter.
2. The amount of loans contracted during the second quarter 1992 was the lowest of any second quarter and close to the lowest (first quarter 1989) of all quarters over the life of the Project.

### VIII. SUMMARY OF QUARTERLY ACTIVITIES AND PROJECTIONS FOR NEXT QUARTER

Table XIX presents the summary data requested by USAID showing the goals for the second quarter, the accomplishments and the projections for next quarter.

TABLE XIX. INDICADORES DE RESULTADOS BAJO LA LINEA 519-0307  
SEGUNDO TRIMESTRE 1992 Y PROYECTADO TERCER TRIMESTRE DE 1992  
CONSOLIDADO

INDICADORES	Programado Trimestre	Realizado	Realizado Acumulado	Programado Proximo Trimestre
-----	-----	-----	-----	-----
	(1)	(2)	(3)	(4)
<b>1. LINEA DE REDESCUENTO</b>				
<b>a. CREDITOS DE INVERSION FASE I Y III</b>				
Coop. Fase I (#)	14	1	171	20
Numero de Creditos	21	1	361	26
Monto contratado (US\$ 000)	709.60	10.59	19,348.57	953.20
Monto Desembolsado (US\$ 000)	450.00	172.81	16,487.39	1,200.00
Beneficiarios fase III (#)	50	0	1,176	0
Numero de Creditos	5	0	9	0
Monto contratado (US\$ 000)	56.00	0.00	262.18	0.00
Monto Desembolsado (US\$ 000)	56.00	4.74	250.88	0.00
<b>b. CREDITO DE AVIC FASE I Y III</b>				
Cooperativas Fase I (#)	105	4	197	104
Numero de Creditos	172	4	807	137
Monto Contratado (US\$ 000)	14,250.84	873.73	55,806.44	10,841.30
Monto Desembolsado (US\$ 000)	5,500.00	85.25	44,066.43	6,600.00
Beneficiarios Fase III (#)	190	0	6,030	0
Numero de Creditos	19	0	4,885	0
Monto Contratado (US\$ 000)	446.30	0.00	4,760.74	0.00
Monto Desembolsado (US\$000)	150.00	0.00	3,693.42	0.00
<b>c. TOTAL FASE I Y III</b>				
Cooperativas Fase I (#)	119	5	241	124
Numero de Creditos	193	5	1,168	163
Monto Contratado (US\$ 000)	14,960.44	884.32	75,155.01	11,794.50
Monto Desembolsado (US\$ 000)	5,950.00	258.06	60,553.82	7,800.00
Beneficiarios Fase III (#)	240	0	7,206	0
Numero de Creditos	24	0	4,894	0
Monto Contratado (US\$ 000)	502.30	0.00	5,022.92	0.00
Monto Desembolsado (US\$ 000)	206.00	4.74	3,944.30	0.00
<b>d. Gran Total</b>				
Numero de Creditos	217	5	6,062	163
Monto contratado (US\$ 000)	15,462.74	884.32	80,177.93	11,794.50
Monto Desembolsado (US\$ 000)	6,156.00	262.80	64,498.12	7,800.00
<b>2. Valor de la Produccion (US\$ 000)</b>				
<b>a. Inversion</b>				
		4,641.94	12,522.14	
Exportacion no Tradicional		9.49	23.94	
Exportacion Tradicional		700.67	2,878.01	
Sustitucion de Importaciones		3,307.04	6,069.07	
Consumo		624.74	3,551.12	
<b>b. Avio</b>				
		21,014.53	77,806.94	
Exportacion no Tradicional		1,059.72	5,446.59	
Exportacion Tradicional		10,218.76	47,426.80	
Sustitucion de Importaciones		784.78	1,149.75	
Consumo		8,951.27	23,783.80	
<b>c. Total</b>				
		25,656.47	90,329.08	
Exportacion no Tradicional		1,069.21	5,470.63	
Exportacion Tradicional		10,919.43	50,304.71	
Sustitucion de Importaciones		4,091.82	7,218.82	
Consumo		9,576.01	27,334.92	

Consumo	15,783.31	17,758.91		
<b>4. Empleo Generado</b>				
-----				
(miles Hombrs / Dias)				
-----				
a. Inversion	1,371.51	2,760.31		
	-----	-----		
Exportacion no Tradicional	1.68	5.68		
Exportacion Tradicional	482.95	830.25		
Sustitucion de Importaciones	489.29	998.59		
Consumo	397.59	925.79		
b. Avio	3,945.91	9,773.31		
	-----	-----		
Exportacion no Tradicional	335.66	803.96		
Exportacion Tradicional	896.44	6,231.44		
Sustitucion de Importaciones	42.96	53.56		
Consumo	2,670.85	2,684.35		
c. total	5,317.42	12,533.62		
	-----	-----		
Exportacion no Tradicional	320.37	801.99		
Exportacion Tradicional	1,262.93	7,250.91		
Sustitucion de Importaciones	343.42	606.66		
Consumo	3,390.70	3,874.06		
<b>5. Adiestramiento</b>				
-----				
Cursos corto plazo				
-Numero	0	0	72	0
-Participantes	0	0	1,450	0
En el Exterior				
-Numero	0	0	12	0
-Participantes	0	0	99	0
Charlas y Seminarios				
-Numero	37	266	128	0
-Participantes	3,522	4,319	6,564	0
Programa de Maestria				
-Numero Participantes	0	0	12	0
<b>5. Estudios de Politica Crediticia</b>				
-----				
Numero de Estudios	0	0	7	0

## Notas :

- 1) El numero de cooperativas acumulado ( columna 3 ) es el numero neto de cooperativas ; no así el numero de cooperativas citado en las columnas ( 1 ) , ( 2 ) y ( 4 ) .
- 2) Todas las cantidades en Dolares en las columnas ( 1 ) , ( 2 ) y ( 4 ) , estan calculadas al tipo de cambio de 8.35 = 1.00 US\$.
- 3) Los montos desembolsados incluyen los correspondientes a creditos contratados en el trimestre y en periodos anteriores .
- 4) El valor de la produccion y Empleo generado citado en la columna ( 2 ) , se refieren al ciclo agricola 91/92
- 5) El valor de la produccion y empleo generado citados en la columna ( 3 ) , corresponde a los ciclos del 87/88 al 91/92

Nota: No se programa actividad alguna para el proximo trimestre en lo que respecta a Adiestramiento, en vista de que no se ha aprobado el plan respectivo.

TABLE XIX A. INDICADORES DE RESULTADOS BAJO LA LINEA 519-0307  
 SEGUNDO TRIMESTRE 1992 Y PROYECTADO TERCER TRIMESTRE DE 1992  
 BANCA MIXTA E HIPOTECARIO

	Programado Trimestre ----- (1)	Realizado ----- (2)	Realizado Acumulado ----- (3)	Programado Proximo Trimestre ----- (4)
<b>INDICADORES</b> -----				
<b>1. Linea de Redescuento</b> -----				
<b>a. Creditos Inversion</b> -----				
Coop. Fase I (Numero)	0	1	110	5
Numero de Creditos	0	1	253	7
Monto contratado (US\$ 000)	0.00	10.59	15,671.17	250.30
Monto Desembolsado (US\$ 000)	0.00	58.19	13,269.25	200.00
Benefic. fase III (Numero)	0	0	90	0
Numero de Creditos	0	0	2	0
Monto contratado (US\$ 000)	0.00	0.00	140.00	0.00
Monto Desembolsado (US\$ 000)	0.00	0.00	137.30	0.00
<b>b. CREDITO DE AVIO</b> -----				
Cooperativas Fase I (numero )	0	4	131	8
Numero de Creditos	0	4	476	12
Monto Contratado (US\$ 000)	0.00	873.73	49,986.78	1,500.00
Monto Desembolsado (US\$ 000)	0.00	85.25	37,479.11	1,600.00
Beneficiarios Fase III(numero)	0	0	561	0
Numero de Creditos	0	0	17	0
Monto Contratado (US\$ 000)	0.00	0.00	1,005.20	0.00
Monto Desembolsado (US\$000)	0.00	0.00	795.19	0.00
<b>c. Total Fase I y III</b>				
Cooperativas fase I (numero)	0	5	241	13
Numero de creditos	0	5	729	19
Monto contratado(US\$ 000)	0.00	884.32	65,657.95	1,750.30
Monto Desembolsado (US\$ 000)	0.00	143.44	50,748.36	1,800.00
Beneficiarios Fase III(numero)	0	0	651	0
Numero de Creditos	0	0	19	0
Monto Contratado (US\$ 000)	0.00	0.00	1,145.20	0.00
Monto Desembolsado (US\$ 000)	0.00	0.00	932.49	0.00
<b>d. Gran Total</b>				
Numero de Creditos	0	5	748	19
Monto Contratado (US\$ 000)	0.00	884.32	66,803.15	1,750.30
Monto Desembolsado (US\$ 000)	0.00	143.44	51,680.85	1,800.00

Notas :

- 1) EL NUMERO DE COOPERATIVAS ACUMULADO (COLUMNA 3) ES EL NUMERO NETO DE COOPERATIVAS; NO ASI EL NUMERO DE COOPERATIVAS CITADO EN LAS COLUMNAS (1), (2), Y (4).
- 2) TODAS LAS CANTIDADES EN DOLARES EN LAS COLUMNAS (1), (2) Y (4), ESTAN CALCULADAS AL TIPO DE CAMBIO DE  $\text{¢}8.35 = 1.00 \text{ U.S.S.}$
- 3) LOS MONTOS DESEMBOLSADOS INCLUYEN LOS CORRESPONDIENTES A CREDITOS CONTRATADOS EN EL TRIMESTRE Y EN PERIODOS ANTERIORES.

TABLE XIX B. INDICADORES DE RESULTADOS BAJO LA LINEA 519-0307  
 SEGUNDO TRIMESTRE 1992 Y PROYECTADO TERCER TRIMESTRE DE 1992  
 BANCA DE FOMENTO AGROPECUARIO

INDICADORES -----	Programado	Realizado	Realizado	Programado
	Trimestre	Realizado	Acumulado	Proximo Trimestre
	(1)	(2)	(3)	(4)
<b>1. LINEA DE REDESCUENTO</b> -----				
<b>a. CREDITOS DE INVERSION FASE I Y III</b> -----				
Coop. Fase I (Numero)	8	0	61	15
Numero de Creditos	12	0	108	19
Monto contratado (US\$ 000)	400.00	0.00	3,677.41	702.90
Monto Desembolsado (US\$ 000)	300.00	114.62	3,218.14	1,000.00
Benefic. fase III (Numero)	50	0	1,086	0
Numero de Creditos	5	0	7	0
Monto contratado (US\$ 000)	56.00	0.00	122.18	0.00
Monto Desembolsado (US\$ 000)	56.00	4.74	113.58	0.00
<b>b. CREDITO DE AVIO FASE I Y III</b> -----				
Cooperativas Fase I (numero )	70	0	80	96
Numero de Creditos	106	0	331	125
Monto Contratado (US\$ 000)	6,122.43	0.00	5,819.66	9,341.30
Monto Desembolsado (US\$ 000)	2,500.00	0.00	6,587.32	5,000.00
Beneficiarios Fase III(numero)	190	0	5,122	0
Numero de Creditos	19	0	4,868	0
Monto Contratado (US\$ 000)	446.30	0.00	3,755.54	0.00
Monto Desembolsado (US\$000)	150.00	0.00	2,898.23	0.00
<b>c. TOTAL FASE I Y III</b> -----				
Cooperativas fase I (numero)	78	0	141	111
Numero de creditos	118	0	439	144
Monto contratado(US\$ 000)	6,522.43	0.00	9,497.07	10,044.20
Monto Desembolsado (US\$ 000)	2,800.00	114.62	9,805.46	6,000.00
Beneficiarios Fase III(numero)	240	0	6,208	0
Numero de Creditos	24	0	4,575	0
Monto Contratado (US\$ 000)	502.30	0.00	3,877.72	0.00
Monto Desembolsado (US\$ 000)	206.00	4.74	3,011.81	0.00
<b>d. GRAN TOTAL</b> -----				
Numero de Creditos	142	0	5,314	144
Monto Contratado (US\$ 000)	7,024.73	0.00	13,374.79	10,044.20
Monto Desembolsado (US\$ 000)	3,006.00	119.36	12,817.27	6,000.00

Notas :

- 1) EL NUMERO DE COOPERATIVAS ACUMULADO (COLUMNA 3) ES EL NUMERO NETO DE COOPERATIVAS; NO ASI EL NUMERO DE COOPERATIVAS CITADO EN LAS COLUMNAS (1), (2), Y (4).
- 2) TODAS LAS CANTIDADES EN DOLARES EN LAS COLUMNAS (1), (2) Y (4), ESTAN CALCULADAS AL TIPO DE CAMBIO DE c2.35 = 1.00 U.S.S.
- 3) LOS MONTOS DESEMBOLSADOS INCLUYEN LOS CORRESPONDIENTES A CREDITOS CONTRATADOS EN EL TRIMESTRE Y EN PERIODOS ANTERIORES.
- 4) EL NUMERO DE BENEFICIARIOS DE LA FASE III COLUMNA (2), ES ESTIMADO

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