

proj. # 936-5 515  
PN-ABA-380  
3215

# STUDIES IN RURAL FINANCE

## AGRICULTURAL FINANCE PROGRAM



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*PH 11-1-80*

LEVEL AND STRUCTURE OF IHCAFE  
COSTS ASSOCIATED WITH COFFEE  
LOAN ACTIVITIES

A report to the Food and Agricultural Development Office  
of the USAID Mission. Tegucigalpa, Honduras.

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January, 1984

TABLE OF CONTENTS

	Page
1. Introduction . . . . .	1
2. Methodology. . . . .	5
3. Results, Analysis, and Implications. . . . .	8
4. Concluding Remarks . . . . .	18
Appendix . . . . .	20

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LEVEL AND STRUCTURE OF ICAFE COSTS  
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1. Introduction

The importance of the coffee sector in the Honduran economy has been well documented in a separate report (see Pollard, Graham, Cuevas). This crop is one of the important sources of foreign exchange of Honduras, provides a significant proportion of government tax revenues, and is cultivated throughout a wide range of regions, farm sizes and socio-economic conditions in the rural areas. Therefore, policy actions directed to the coffee sector are expected to have effects on the trade balance, the budget deficit, rural income, employment, and income distribution. These expectations have influenced the allocation of public-sector resources in the last decade, characterized by the promotion of public institutions specialized in coffee production and marketing, and the channeling of large amounts of credit to coffee growers.

Coffee loans accounted for approximately 6 percent of the total amount of new loans granted by the banking system in the period 1971-1976. This share increased in the period 1976-1980 to an average of 12 percent,<sup>1/</sup> with a declining trend that continued into the early 80's, where the average proportion of new loans going to coffee production was less than 5 percent (3.5% in 1981 and 5.3% in 1982). However, coffee has been by far the most important single end-use among loans to agriculture. An average

<sup>1/</sup> See OSU, "An Assessment of Rural Financial Markets in Honduras," 1981.

or 46 percent of the value of new loans to agriculture was reported as allocated to coffee production in the period 1976-1980. During this time period, this share declined steadily from a peak of 57 percent in 1977 to 30 percent in 1980, and further decreased in 1981 to 17 percent, showing a partial recovery in 1982 to a 26 percent of the value of new agricultural loans. Notwithstanding this decline, coffee has been historically far more important than other agricultural activities as a credit recipient, for example, the relationship between new loans to coffee production and new loans to basic grains was 7:1 on average during the period 1976-1980. In 1982 this ratio was 4:1, after having declined to 2:1 in 1981.

Among the institutions making loans to the coffee-production sector, private commercial banks have been predominant (as a group). An average of 73 percent of the value of new loans to coffee production was lent by commercial banks in the period 1976-1980, while 27 percent of these loans came from the National Agricultural Development Bank (BANADESA). However, the share of private commercial banks declined steadily during this same period, from 85 percent in 1976 to 63 percent in 1979 and 65 percent in 1980, while the relative importance of BANADESA grew accordingly from 15 percent to 35 percent between 1976 and 1980. The formation of the "Banco Hondureño del Café" (BANHICAFE) explains in part the recent increase in the share of commercial banks to 77 percent in 1981, and 74 percent in 1982. Despite these recent changes, the general trend shows an increased role

of BANADESA in the financing of coffee production. This tendency towards an increased role of the public sector in coffee financing has been facilitated by the participation of the "Instituto Hondureño del Café" (IHCAFE) as a public, non-financial, institution supporting and cooperating in credit programs implemented through BANADESA and, to some extent recently, through BANHCAFE.

The different roles of IHCAFE and its institutional performance are discussed in the report by Pollard, Graham, and Cuevas, therefore it is not necessary to duplicate this discussion here. It is appropriate however, to highlight the significance of the institution in servicing coffee producers in the country with technical assistance and credit related services. IHCAFE provided technical assistance and other services to an annual average of 15,425 farmers in the period 1978-1982 (see table A.1 in the Appendix), associated with an average of 51,844 hectares of crop and 545,593 quintales of coffee production.<sup>2/</sup> During the same period, an average of 1,884 loans per year was granted with IHCAFE participation with an average total amount of 14.1 million lempiras per year.<sup>3/</sup> IHCAFE's participation in the total value of new loans to coffee production granted by the banking system grew from 5.5 percent in 1978 to 19 percent in 1982, having reached a maximum of 30 percent in 1980, a pattern consistent with the increased role of BANADESA in total institutional lending to coffee producers.

<sup>2/</sup> 1 quintal (qq) = 100 pounds = 45.4 kilograms

<sup>3/</sup> 2 lempiras = 1 U.S. dollar

The growing participation of IHCAFE in credit programs designed to favor coffee production has several important implications for the institution's costs and its viability that this study attempts to investigate. Our main objective in this report is to document and analyze the level and structure of operational costs incurred by the institution in dealing with credit-related activities. These costs are classified according to the different functions performed in the process of servicing farmers that borrow from lending institutions. The measurement and classification of these costs are of clear importance for institutional planning and budgeting, and for the design and implementation of credit and technical assistance programs. Furthermore, the costs of IHCAFE's involvement in the lending process represent an implicit subsidy by the government, through IHCAFE, to the financial institutions participating in coffee loan programs. This subsidy is also estimated in this study, when measuring the costs incurred by the institution in credit-related activities.

The methodology utilized for our cost estimates is described in Section 2 of the report. Then, in Section 3, we present the most important results and discuss their implications for credit and technical assistance programs with IHCAFE participation. Finally, the last section of the report includes some concluding remarks. A number of supporting tables are included in the Appendix.

## 2. Methodology

The accounting records of the institution ("ejecuciones presupuestarias") for 1982 were the base for the measurement of operational costs. Accounting items considered as operational costs were expenditures on: personnel services, non-labor services, materials and supplies, machinery and equipment, construction and repairs, and social security payments (includes compensations and other transfers). Two items were excluded from the calculations since they do not correspond to expenditures on resources utilized during the year. The first excluded item is denominated "public debt" in the accounting reports and corresponds to debt service with both domestic and foreign creditors. This item represented 26 percent of total costs in 1982, the year of the study. The second excluded item was of negligible importance in the same year (0.006% of total costs) and corresponds to "financial transfers" ("desembolsos financieros"), a denomination for small loans or grants to cooperative services and semi-public institutions.

The classification of operational costs into credit-related and non-credit-related costs, as well as the functional breakdown of costs associated with credit activities were performed based on a field survey undertaken in August, 1983. Eight of the nine regional offices of IHCAFE were included in the sample. In these regional offices, the regional manager and the agricultural personnel (extension agents and credit agents) were interviewed using specially designed questionnaires. According to IHCAFE

records for 1982,<sup>4/</sup> the eight regional offices included in the sample accounted for 91.5 percent of the total number of coffee farmers assisted directly by the institution, and 88.6 percent of the farmers receiving indirect assistance. These regional offices assisted 93.2 percent of the total number of hectares of coffee plantations serviced by the institution, producing almost 99 percent of total coffee output under IHCAFE's assistance. In terms of credit activities, the eight regional offices in the sample channeled 91 percent of the total number of loans with IHCAFE participation in 1982. The total value of loans intermediated by these eight offices accounted for 89 percent of the value of loans handled by the institution.

Among the agricultural personnel, extension agents are by far the most numerous (a total of 60 in the institution). Despite their denomination, extension agents are actively involved in credit operations performed concurrently with their technical assistance activities. The survey included 50 of these extension agents, 83 percent of the total, the remaining 10 correspond to the excluded office (Marcala) or were unavailable for interviewing on the date of the survey. There is a total of 9 "credit agents" in the institution, of which 7 were interviewed in our survey. Throughout the report we will use the term "extension agents" to refer to both extension and credit agents, since their functions did not differ significantly in the year of the study.

<sup>4/</sup> IHCAFE. "Plan Operativo 1983".

In summary, the sample can be considered highly representative both in terms of the relative importance of the regional offices included in the sample with respect to IHCAFE operations, as well as from the point of view of the number of field personnel interviewed in the survey. The results of this survey provided the time allocation of extension agents and other personnel of the regional offices. The proportion of time dedicated to different activities by IHCAFE personnel, together with the accounting records of the institution were used to estimate credit-related costs and their functional breakdown. Specific procedures utilized in different calculations are summarized in the following section when appropriate.

### 3. Results, Analysis, and Implications

The coverage of the survey in terms of number of farmers and number of loans supervised through the regional offices of the sample is detailed in tables A.2 and A.3 of the Appendix. A total of 20,275 coffee producers received technical assistance by the extension agents interviewed during the survey. Of this total, 5,624 received direct assistance, 10,699 benefited from indirect assistance (courses, demonstrations, etc.), and 3,952 farmers were members of the 25 cooperatives receiving IICAFE assistance (see table A.2). The average work load per extension agent is composed of 99 farmers with direct assistance, 188 with indirect attention, and 69 members of cooperatives receiving either direct or indirect assistance.

The extension agents in the sample handled a total of 1,233 loans during the 1982 crop season (see table A.3). Almost three-fourths (73%) of these loans were of an amount less than 5,000 lempiras, 19 percent had loans between 5,000 and 20,000 lempiras, and only 8 percent corresponded to loans over 20,000 lempiras. The AID program was the source of funds for almost one-half of the loans reported by the extension agents, while the other half (51%) had other sources of funds. A majority of the number of loans corresponded to BANADESA loans, which accounted for 38 percent of the total number of loans reported in the survey. This same bank was the intermediary in 75 percent of the loans funded by the AID program (see table A.4 in the Appendix). BANICAPE was

the financial intermediary in the rest of the cases reported in the interviews.

Interviews with regional managers and extension agents provided the time allocation of all personnel in the regional offices included in the sample. This information, together with data on salaries and wages, allowed the calculation of monthly personnel costs, their distribution between credit and non-credit activities, and the breakdown of credit-related personnel costs. These results are detailed in table A.5 of the Appendix. Further details about the time allocation of extension agents are presented in tables A.6 and A.7. More than 80 percent of total personnel costs can be associated with credit-related activities (see table A.5). Of these, technical assistance is the single most important activity accounting for almost 48 percent of credit-related expenses. Documentation, loan evaluation and analysis represented 26 percent of credit-related personnel costs, loan monitoring accounted for over 7 percent, while loan recovery and reporting activities were of even lower significance, as can be seen in table A.5 of the Appendix.

The breakdown of personnel costs obtained from the survey, and the accounting records of the overall institution for 1982 were the basis used to compute the results presented in table 1. In these calculations, operational expenses directly or indirectly associated with the marketing activities of the institution (export licenses, etc.) were considered costs not related to credit, and the classification of operational costs was

adjusted accordingly. Operational expenses associated with the construction and repairs of bridges, roads and other infrastructure were grouped as "overhead" costs, that are allocated proportionally to both credit and non-credit activities according to their relative shares in the other components of operational costs.

Table 1 shows that 77 percent of total operational costs can be considered associated with credit or credit-related activities. Technical assistance is the most important component of these credit-related costs, accounting for almost 39 percent of the total. Among the factors more closely linked to loan processing, documentation, evaluation and analysis is the most significant, representing 21 percent of credit-related costs. Loan monitoring, recovery, and reporting and records follow in order of importance. Overhead costs (labeled "other, central" in table 1) represent 19 percent of total credit-related costs.

Since criteria to classify different expenditure items as credit-related costs are somewhat arbitrary, average costs per loan and per lempira lent have been reported in table 1 for all different components of costs. Thus it is possible to consider these results under different cost-classification criteria.

As shown in table 1, our "broad" definition of credit-related costs result in extremely high costs per loan (L. 11,488) and per lempira lent (140%). It may be argued however, that two important components of these costs do not correspond to the definition of credit-related costs: overhead costs (mainly

Table 1. IHCAPE Costs, By Activity, 1982

	Amount Lps. <sup>2/</sup>	Percent of Total	Percent of Total Credit-Related	Cost Per Loan (Lps.)	Cost Per Lp. in Credit, %
Total Costs <sup>1/</sup>	27,518,179.80	100%			
Total Credit-Related Costs	21,310,733.88	77.44	100%	11,488.27	139.76
Doc., Eval., and Analysis	4,469,032.76	16.24	20.97	2,409.18	29.31
Monitoring	1,285,350.86	4.67	6.03	692.91	8.43
Recovery	1,024,487.99	3.72	4.81	552.29	6.72
Technical Assistance <sup>3/</sup>	8,219,493.77	29.87	38.57	4,430.99	53.91
Reporting and Records	895,252.16	3.25	4.20	482.62	5.87
Other (Agency)	1,342,241.41	4.88	6.30	723.58	8.80
Other (Central)	4,074,874.93	14.81	19.12	2,196.70	26.72
Total Non-Credit-Related Costs	6,207,445.92	22.56	-	-	-

Source: OSU-IHCAPE Survey, August 1983, and IHCAPE Accounting Records.

<sup>1/</sup> Excludes Public Debt and Financial Transfers

<sup>2/</sup> 2 lempiras (Lp.) = 1 US dollar

<sup>3/</sup> Technical Assistance includes production, management, farm-level marketing and credit activities.

public works undertaken by IHCAFE), and technical assistance. In fact, overhead costs may be considered a part of general government channeled through IHCAFE, therefore they should not be imputed either to credit or non-credit activities of the institution. On the other hand, even though technical assistance is usually considered a necessary complement of credit programs, it might be argued that this is a public service that would be provided to coffee producers even in the absence of credit. This "narrow" criterion suggests we should exclude the technical assistance component from credit-related costs. In table 2 we consider these different criteria and report credit-related costs under the "broad" definition (column 1, same figures of table 1), and under three "narrow" definitions: excluding overhead costs (column 2), excluding technical assistance costs (column 3), and excluding both overhead and technical assistance costs (column 4). Technical assistance costs are also reported separately in this table (column 5).

Even under the "narrowest" definition of credit-related costs, column 4 in table 2, total costs per loan and per lempira are extremely high. Each loan operation represents a cost of 4,861 lempiras for the institution, or 59 percent on a per-lempira basis. The main factor explaining these results appears to be the limited number of loans serviced by IHCAFE extension agents. According to our survey results, only 22 loans per year are attended by each extension agent, even though the total

Table 2. IHCAFE Costs, Related to Different Activity Indicators, 1982

	(1) Total Credit- related costs	(2) Credit-related Excl. Overhead <sup>1/</sup>	(3) Credit-related Excl. Tech. Assist. <sup>2/</sup>	(4) Credit-related Excl. Tech. Assistance and Overhead	(5) Technical Assistance Costs
Total Costs	L.21,310,733.88	L.17,235,858.95	L.13,091,240.11	L.9,016,365.18	L.8,219,493.77
Per Loan, Lps. (1,855 Loans)	11,488.27	9,291.57	7,057.27	4,860.57	4,430.99
Per Lempira in Credit (%) (Lp.15,248,287)	139.76	113.04	85.85	59.13	53.90
Per Farmer Serviced, Lps.					
Direct (8,315 farmers)	2,562.93	2,072.86	1,574.41	1,084.35	988.51
Indirect (11,237 farmers)	1,896.48	1,533.85	1,165.01	802.38	731.47
Total (19,552 farmers)	1,089.95	881.54	669.56	461.15	420.39
Per Hectare of Crop, Lp. (55,857 Ha.)	381.52	308.58	234.37	161.42	147.15
Per Quintal of coffee <sup>3/</sup> produced, Lp. (551,824 qq.)	38.62	31.23	23.72	16.34	14.90

Source: OSU-IHCAFE Survey, August 1983, and IHCAFE Accounting Records

<sup>1/</sup> Overhead = Construction of roads and bridges, agricultural construction and repairs.

<sup>2/</sup> Technical assistance includes production, management, farm-level marketing and credit activities.

<sup>3/</sup> 1 quintal (qq) = 100 pounds = 45.4 kilograms

number of farmers assisted directly by these extension agents is five times larger.

For comparative purposes, we can use the average workload of BANADESA credit officials as a reference. They attended, on average, 181 loans per credit official in 1981,<sup>5/</sup> more than seven times the number of loans reported by IHCAFE extension agents. It is interesting and revealing to note that, if the load per extension agent was similar to that indicated for BANADESA credit officials, i.e. seven times higher, the costs per loan (narrowly defined) would drop to an average of 671 lempiras per loan. Using the same average loan size implicit in the figures of table 2 (8,220 lempiras) this cost per loan would represent 8.2% on a per-lempira basis, a level close to the costs per lempira lent found for BANADESA loans in a previous study (see footnote 5).

The foregoing exercise suggests that the main explanatory factor for the high credit-related costs found in the IHCAFE case is excess capacity, and/or lack of complementary resources to perform credit-related functions. However, even if all farmers under direct assistance by IHCAFE were at the same time credit beneficiaries, the costs per loan would be over one thousand lempiras (see table 2, column 4), implying a per-lempira cost of 13 percent. Here the average loan size becomes another relevant explanation, since IHCAFE tends to operate with small loan sizes. The overall average loan size in 1982 was 8,220 lempiras and, as

<sup>5/</sup> See Cuevas, C. and D. Graham, "BANADESA: Nivel y Estructura de los Costos de Prestamo: Implicaciones para Política Crediticia y Organización Interna." OSU, Septiembre 1982.

indicated before, a majority of the loan operations attended by extension agents correspond to loans under 5,000 lempiras.

In summary, too many resources are devoted to too few, and too small portfolio of loans. This is the problem suggested by the results presented in tables 1 and 2. Expanding loan operations to include more and somewhat larger loans would be a possible solution to reduce these costs. This expansion however, is not necessarily feasible or desirable, since the consequences of such expansion will depend on the degree of cost-increasing targeting and reporting requirements and conditions attached to credit programs that involve IHCAFE. The apparent excess capacity discussed above may be partially explained by an excessive workload associated with each loan operation, given the targeting requirements associated with coffee loan programs.<sup>6/</sup> In other words, under these targeting conditions it may not be feasible to extend IHCAFE loan operations to five or seven times their current level, without further substantial increases in the amount of resources employed by the institution. This trade-off between credit project targeting requirements and a potential cost-decreasing expansion of IHCAFE loan operations from scale economies deserves appropriate consideration from IHCAFE officials and sponsors of coffee loan programs.

Table 2 shows other indicators that may also be interpreted as signs of excess capacity or, from a different viewpoint, as indicators of the subsidy level gained by coffee growers in the

<sup>6/</sup> See for example, AID Project for Small Farmer Coffee Improvement, 1981.

form of free technical assistance and public works. Column 5 of table 2 indicates that technical assistance costs alone represent almost 150 lempiras per hectare of coffee area serviced, or 15 lempiras per quintal of coffee production, which in turn is approximately 10 percent of the farm-gate price of coffee.

The subsidy going through IHCAFE to the financial institutions participating in coffee loan programs is at least as significant as the subsidy to coffee producers discussed above. Considering the narrowest definition of credit-related costs, i.e., including only "banking" functions (loan evaluation, monitoring, etc.), the magnitude of the subsidy going to financial intermediaries was approximately 9 million lempiras in 1982. In other words, IHCAFE performed 9 million lempiras worth of banking functions, that otherwise would have been performed by the financial institutions intermediating loans to coffee producers. This subsidy represented 11.2 percent of the total value of new loans from the banking system to coffee producers in 1982. Using the proportion of BANADESA loans recorded in the survey, 7.9 million lempiras may be considered as a subsidy going to this bank alone. This figure represents almost 39 percent of the value of new loans approved for coffee production by BANADESA in 1982.

The effectiveness of IHCAFE participation in the loan process as an "agent" of the banking system can be evaluated looking at the figures reported in table A.8 of the Appendix. Participating banks approved 65 percent of the loan applications presented to IHCAFE by coffee growers. The implicit rate of bank

approval with respect to loans approved by IHCAFE is 81 percent, i.e., there is a 19 percent of "waste" implicit in IHCAFE involvement in credit programs. In other words, the financial intermediaries participating in these credit programs receive only 81 percent (7.3 million lempiras) of the intended subsidy of 9 million. The other 1.7 million lempiras are wasted in the process.

#### 4. Concluding Remarks

The results presented in the previous section indicate that IHCAFE's participation in credit programs involves very high costs for the institution. Even under the most favorable assumptions these costs represent 59% of the value of the loans processed by IHCAFE. Therefore, administrative cost margins such as the 4-percent allowance included in the current AID program constitute only marginal compensation in the institutional cash flow.

A comparison of the results reported here with those obtained in a previous study of BANADESA costs suggests that the main reason underlying IHCAFE's high cost is excess capacity. A very limited number of loan operations is being handled by too numerous and too costly a set of resources. IHCAFE authorities and its supporting institutions should seriously consider the possibility of expanding the average loan workload per extension agents. However, this expansion should take into account the expense associated with targeting requirements and procedures established in the different credit programs. These will largely determine the minimum per unit cost of processing loans, beyond which no further decreases in costs are feasible. On the other hand, expansion of total credit activity may be limited by the demand for loanable funds.<sup>7/</sup> Therefore, the necessary increase in the average workload per extension agent may require a reallocation of these human resources within the institution or within

<sup>7/</sup> For example, the total number of BANADESA operations in coffee production in 1982 was less than 5000 loans.

the public sector, in order to reduce the total value of resources devoted to credit operations, thus reducing the per unit operation costs of loan processing.

Two important subsidies are channeled through IHCAFE. The first consists of free technical assistance to coffee growers, with a value of approximately 10 percent of the value of coffee production. The second and most important subsidy goes to the financial institutions participating in coffee loan programs. The amount of this subsidy represents more than 11 percent of the total value of new coffee loans from the banking system. In the specific case of BANADESA, this subsidy represented 39 percent of the value of new loans approved by the bank. Furthermore, 19 percent of this subsidy (1.7 million lempiras in 1982) is wasted in the process, since loan applications approved by IHCAFE do not imply automatic bank approval later on.

When IHCAFE's high operational costs per loan are considered together with the subsidy issue discussed above, it seems clear that a reduction in the total value of IHCAFE resources allocated to credit activities is called for. If the institution is able to maintain or increase the number of loan operations serviced, devoting less human and non-labor resources to these activities, both the per unit cost of processing loans and the magnitude of the subsidy to the financial sector will be reduced.

APPENDIX

Table	Page
A.1 IHCAFE: Credit and Technical Assistance Activity Indicators, 1978-1982 . . . . .	21
A.2 IHCAFE. Coffee Farmers Attended During 1982. . . . .	22
A.3 IHCAFE. Number of Loans Attended During 1982, by Loan Size and Source of Funds . . . . .	23
A.4 Number of Loans to Coffee Farmers in the AID-IHCAFE Program by Participating Banks - 1982 . .	24
A.5 IHCAFE. Summary of Personnel Costs (Lps./Month) in Credit and Non-Credit Activities by Regional Office, 1982 . . . . .	25
A.6 IHCAFE. Time Allocation by Extension Agents to Different Activities, 1982 - Percent . . . . .	26
A.7 Percent of Time Allocation of IHCAFE Extension Agents to Different Activities by Field and Office Time in 1982, by Regional Office . . . . .	27
A.8 IHCAFE. Percent of Loans Approved at Different Stages . . . . .	28
A.9 IHCAFE. Loan Delinquency Among Coffee Farmers, Average Percent of Delinquent Loans. . . . .	29
A.10 IHCAFE. Differences in Farm Size and Loan Size Between Farmers Serviced by BANHCAFE AND BANADESA . . . . .	30
A.11 IHCAFE. Differences Between Farmers Serviced by BANHCAFE and BANADESA. . . . .	30
A.12 IHCAFE. Differences Between BANHCAFE and BANADESA in Dealing With Coffee Farmers and IHCAFE. . . . .	31

Table A.1 INCAFE: Credit and Technical Assistance  
Activity Indicators, 1978-1982

Activity Indicator	Year				
	1978	1979	1980	1981	1982
Farmers Serviced	4,459	9,216	12,794	21,285	19,552
Direct	4,459	5,243	5,118	8,391	8,315
Indirect	n/a	4,673	7,676	12,894	11,237
Area Serviced (Ha.)	34,845	47,107	59,019	62,686	55,857
Production (qq.) <sup>1/</sup>	326,851	502,290	637,930	708,620	551,824
No. of Loans	1,728	2,279	2,782	777	1,855
Loan Amount (Lps. '000) <sup>2/</sup>	9,436.03	9,985.03	25,362.39	10,629.26	15,248.29

Source: INCAFE, Agricultural Division Records

<sup>1/</sup> 1 quintal (qq.) = 100 pounds = 45.4 kilograms

<sup>2/</sup> 2 lempiras (Lp.) = 1 U.S. dollar

Table A.2. IHCAFE. Coffee Farmers Attended During 1982

Regional Office	DIRECTLY		INDIRECTLY		COOPERATIVES		NO. MEMBERS OF COOPS.	
	Total	Avg. per Extension Agent	Total	Avg. per Extension Agent	Total	Avg. per Extension Agent	Total	Avg. per Extension Agent
Santa Bárbara	904	90.40	2,169	216.90	6	0.60	1,428	142.80
Santa Rosa de Copán	493	61.63	902	112.75	2	0.25	37	46.25
Yoro	426	85.20	740	148.00	1	0.20	22	4.40
El Paraíso	469	78.17	2,330	388.33	2	0.33	65	10.83
Comayagua	1,108	138.50	1,183	147.86	3	0.38	700	87.50
Juticalpa	879	109.87	1,472	184.00	4	0.50	435	54.37
San Pedro Sula	804	134.00	866	144.33	4	0.67	570	95.00
Tegucigalpa (Zona Central)	541	90.17	1,037	172.83	3	0.50	362	60.33
Overall Sample	5,624	98.67 <sup>1/</sup>	10,699	187.70 <sup>1/</sup>	25	0.44 <sup>1/</sup>	3,952	69.33 <sup>1/</sup>

Source: OSU-IHCAFE Survey, August 1983

<sup>1/</sup> Weighted average

Table A.3. IHCAFE. Number of Loans Attended During 1982,  
by Loan Size and Source of Funds

Regional Office	LOAN SIZE								SOURCE OF FUNDS			
	Total		Under L.5,000.00		Between L5,000.00 and L20,000.00		Above L20,000.00		AID Program		Other Sources	
	Total	Average	Total	Average	Total	Average	Total	Average	Total	Average	Total	Average
Santa Barbara	171	17.10	104	10.40	57	4.17	17	1.70	63	6.30	108	9.00
Santa Rosa de Copan	147	18.38	97	12.12	43	7.17	7	0.83	72	9.00	75	12.50
Yoro	86	17.20	67	13.40	19	3.17	0	0	61	12.20	25	4.17
El Paraíso	126	21.00	81	13.50	42	7.00	3	0.50	93	15.50	33	5.50
Comayagua	246	30.75	217	27.12	25	3.13	4	0.50	146	18.25	100	12.50
Juticalpa	137	23.38	146	18.25	37	4.63	4	0.50	94	11.75	93	11.63
San Pedro Sula	211	35.17	158	26.33	13	2.60	40	6.67	55	9.17	156	31.20
Tegucigalpa (Zona Central)	59	9.83	35	5.83	7	1.17	17	2.83	15	2.50	44	7.33
Overall Sample	1,233	21.63	905	15.88	236	4.13	92	1.61	599	10.51	634	11.73

Source: OSU-IHCAFE Survey, August 1983

Table A.4. Number of Loans to Coffee Farmers in the  
AID-IHCAFE Program by Participating  
Banks - 1982

Regional Office	BANADESA		BANHCAFE	
	Total No. of Loans	Avg. No. per Extension Agent	Total No. of Loans	Avg. No. per Extension Agent
Santa Barbara	54	4.50	9	0.90
Santa Rosa de Copán	72	12.00	0	0
Yoro	43	7.17	18	3.60
El Paraíso	70	11.67	23	3.83
Comayagua	144	18.00	2	0.25
Juticalpa	25	3.13	69	8.63
San Pedro Sula	40	8.00	15	2.50
Tegucigalpa (Zona Central)	6	1.00	9	1.50
Total Loans AID- IHCAFE Program in the Sample	454	8.18 <sup>1/</sup>	145	2.65 <sup>1/</sup>

Source: OSU-IHCAFE Survey, August 1983

<sup>1/</sup> Weighted average

Table A.5. IHCAFE. Summary of Personnel Costs (Lps./Month) in Credit and Non-Credit Activities by Regional Office, 1982

Regional Office	No. of Employees	Total Personnel Expenses	CREDIT RELATED EXPENSES							Non-Credit Related Expenses
			Total	Doc., Eval. Analysis	Monitoring	Recovery	Technical Assistance	Reporting and Records	Other	
Santa Bárbara	19	L.16,228.00	L.13,702.83	L.3,278.77	L.994.34	L.412.65	L.7,146.52	L.754.77	L.1,205.78	L.2,525.17
Santa Rosa de Copán	11	9,977.00	7,742.24	1,847.31	439.74	229.29	4,109.09	386.38	640.43	2,234.76
Yoro	11	9,949.00	7,901.01	2,244.87	627.31	316.24	3,576.96	364.12	771.41	2,047.99
El Paraíso	11	10,029.00	8,411.17	2,810.86	365.01	588.86	3,551.71	343.95	750.78	1,617.83
Comayagua	13	11,001.00	9,463.01	2,555.14	548.34	1,414.68	3,846.68	464.53	633.64	1,537.99
Juticalpa	13	11,363.00	10,143.50	2,474.93	1,249.83	635.72	4,362.48	833.41	587.13	1,219.50
San Pedro Sula	9	8,958.00	6,932.35	1,776.00	786.21	72.25	3,820.33	205.42	272.14	2,025.65
Tegucigalpa (Zona Central)	10	8,770.00	5,913.70	1,175.00	303.64	497.13	2,899.39	446.66	591.88	2,856.30
Total		86,275.00	70,209.91	18,162.98	5,224.42	4,166.82	33,403.15	3,799.24	5,455.19	16,065.19
Percent of Total Expenses		100%	81.38	21.05	6.06	4.83	38.72	4.40	6.32	18.62
Percent of Credit-related Expenses	--	--	100%	25.87	7.44	5.93	47.58	5.41	7.77	--

Source: OSU-IHCAFE Survey, August 1983, and IHCAFE Accounting Records.

Table A.6. IHCAFE. Time Allocation by Extension Agents to Different Activities, 1982 - Percent

Regional office	Doc., Eval. and Analysis	Monitoring	Loan Recovery	Technical Assistance	Reporting and Records	Other	Total
Santa Bárbara	24.6%	6.7%	2.7%	54.5%	2.8%	7.7%	100%
Santa Rosa de Copán	22.6	6.6	3.4	57.8	5.0	4.6	100
Yoro	30.6	7.4	4.9	49.8	3.2	4.1	100
El Paraíso	36.6	3.9	7.9	43.1	3.7	4.8	100
Comayagua	25.3	4.3	15.6	49.1	2.0	3.7	100
Juticalpa	23.0	12.8	5.3	51.4	5.2	2.3	100
San Pedro Sula	30.5	4.1	1.2	56.5	3.0	4.7	100
Tegucigalpa (Zona Central)	14.7	6.0	6.6	57.2	3.8	11.7	100
Weighted Average	25.5	6.7	6.0	52.6	3.8	5.4	100

Source: OSU-IHCAFE Survey, August 1983

Table A.7. Percent of Time Allocation of IHOAFE Extension Agents to Different Activities by Field and Office Time In 1983, by Regional Office

Regional Office	FIELD TIME %						OFFICE TIME %					
	Doc., Eval. and Analysis	Monitoring	Loan Recovery	Technical Assistance	Other	Total	Doc., Eval. and Analysis	Monitoring	Technical Assistance	Reporting and Records	Other	Total
Santa Barbara	16.8	5.6	2.7	46.2	4.2	75.5	7.8	1.1	6.3	3.8	3.5	24.5
Santa Rosa de Copan	17.1	4.5	3.2	46.3	3.7	75.0	5.5	2.1	11.5	5.0	0.9	25.0
Yoro	21.4	4.6	4.9	49.1	2.9	82.9	9.2	2.8	0.7	3.2	1.2	17.1
Ei Paraiso	28.1	2.8	7.5	35.5	4.0	78.3	8.5	1.0	7.6	3.7	0.9	21.7
Comayagua	19.6	3.1	15.6	41.5	3.3	83.1	5.7	1.2	7.6	2.0	0.4	16.9
Juticalpa	16.1	11.7	5.3	43.7	2.1	78.9	6.9	1.1	7.7	5.2	0.2	21.1
San Pedro Sula	20.7	2.6	1.2	50.0	3.8	78.3	9.8	1.5	6.5	3.0	0.9	21.7
Tegucigalpa (Zona Central)	8.2	3.5	6.6	50.9	6.1	75.3	6.5	2.5	6.3	3.8	5.6	24.7
Weighted Average	18.2	5.1	6.0	45.2	3.7	78.2	7.3	1.6	7.4	3.8	1.7	21.8

Source: OSU-IHOAFE Survey, August 1983

Table A.8. IHCAFE. Percent of Loans Approved at Different Stages

Regional Office	(1) Percent Submitted by Coffee Farmers	Percent of (1) Recommended for Approval by Extension Agent	Percent of (1) Approved by IHCAFE	Percent of (1) Approved by Banks
Santa Bárbara	100	95.00	95.00	89.49
Santa Rosa de Copán	100	87.87	87.87	71.39
Yoro	100	94.00	94.00	91.18
El Paraíso	100	89.67	74.72	35.87
Comayagua	100	73.50	73.50	60.27
Juticalpa	100	81.25	71.00	54.85
San Pedro Sula	100	89.00	89.00	36.48
Tegucigalpa (Zona Central)	100	81.67	54.45	29.50
Overall Sample <sup>1/</sup>	100%	86.50	79.94	64.93

Source: OSU-IHCAFE Survey, August 1983

<sup>1/</sup> Weighted average

Table A.9. IHCAFE. Loan Delinquency Among Coffee Farmers,  
Average Percent of Delinquent Loans

Regional Office	Individual Coffee Farmers	Cooperatives
Santa Barbara	41.50%	19.00%
Santa Rosa de Copán	12.38	25.00
Yoro	35.00	0
El Paraíso	58.33	0
Comayagua	26.88	25.00
Juticalpa	10.63	25.00
San Pedro Sula	28.67	33.33
Tegucigalpa (Zona Central)	16.33	33.33
Overall Sample <sup>1/</sup>	28.33	20.88

Source: OSU-IHCAFE Survey, August 1983

<sup>1/</sup> Weighted average

Table A.10. IHCAFE. Differences in Farm Size and Loan Size Between Farmers Serviced by BANHCAFE AND BANADESA. Percent of Respondents<sup>1/</sup>

Criteria	Larger in BANHCAFE Clients	Larger in BANADESA Clients	No Difference
Farm Size	0%	4.6%	95.4%
Loan Size	18.2	22.7	59.1

Source: OSU-IHCAFE Survey, August 1983

<sup>1/</sup> Based on 22 respondents that worked with the two banks.

Table A.11. IHCAFE. Differences Between Farmers Serviced by BANHCAFE and BANADESA. Percent of Respondents<sup>1/</sup>

Criteria	Better in BANHCAFE Clients	Better in BANADESA Clients	No Difference
Land Quality	4.5%	9.1%	86.4%
Means of Transportation and Marketing Channels	13.6	4.6	81.8
Farmer's Experiences and Skills	31.8	9.1	59.1
Farmers Reputation	45.4	18.2	36.4

Source: OSU-IHCAFE Survey, August 1983

<sup>1/</sup> Based on 22 respondents that worked with the two banks.

Table A.12. IHCAFE. Differences Between BANHCAFE and BANADESA in Dealing With Coffee Farmers and IHCAFE. Percent of Respondents<sup>1/</sup>

Criteria	Greater in BANHCAFE	Greater in BANADESA	No Difference
Level of Requirements in Loan Approval	27.3%	63.6%	9.1%
Delays in Approval and Disbursement of Loans	36.4	54.5	9.1
IHCAFE's Role in Loan Monitoring	31.8	27.3	40.9
IHCAFE's Role in Loan Recovery	4.6	50.0	45.4
Requirements of IHCAFE Procedures	31.8	36.4	31.8
Degree of Cooperation Between IHCAFE and the two banks	59.1	18.2	22.7

Source: OSU-IHCAFE Survey, August 1983

<sup>1/</sup> Based on 22 respondents that worked with the two banks.