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SMALL FARMER AGRIBUSINESS DEVELOPMENT PROJECT

USAID/Honduras Number 522-0383

REPORT

ORGANIZATIONAL SURVEY OF FINACOOP

Task Order Number 95/05

submitted to

United States Agency for International Development

Mission to Honduras

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submitted by:

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ORGANIZATIONAL SURVEY OF FINACOOP

I. BACKGROUND AND PURPOSE

As the first step at improving the organization and management of FINACOOP, Task Order No. 95/05 "Organizational Survey of FINACOOP" (hereinafter called the Survey) was approved under the USAID/Honduras "Small Farmer Agribusiness Development" Project on February 22, 1995. The purpose of the Survey was to conduct a rapid, comprehensive review of the institution (the agribusiness, finance, and administrative divisions, plus the most recent interim and annual audited financial statements) and identify specific areas of weaknesses that would require additional technical assistance to strengthen and improve.

ATMA's role under the Project is to provide technical assistance in finance and credit. The rationale in selecting the consultant was based on a knowledge of the country, knowledge of the current and former projects, commercial banking experience, and a familiarity with the organization. Any follow-up work under new task orders will be handled by the most qualified person available at the time who possesses significant expertise in the necessary field.

A revision of the Honduran Banking Law has been drafted and is in the process of being reviewed and approved by the appropriate ministries within the Honduran Government. The expectation is that it will be released sometime during the latter half of 1995. Preliminary reports indicate that some significant changes are forthcoming for the financial sector which, in all probability, will affect FINACOOP.

II. OBJECTIVE

The overall objective of the consultancy is to assess FINACOOP's organizational and operational structure and capabilities, as a means of moving it forward as a viable and self-sustaining financial institution in the Honduran market, qualified to offer professional and efficient financial services that meet the demands and needs of its membership. By identifying specific areas within the organization that would require strengthening, one or more subsequent specialized short term consultancies could be designed to address the weaknesses. Any minor deficiencies uncovered during the implementation of this task order that could be corrected now, rather than later, would be given attention.

Therefore, the technical assistance being provided to FINACOOP is targeted at making it a sound and strong *financial institution*, positioned to easily adapt to and comply with any changes that might be forthcoming.

III. METHODOLOGY

The methodology employed by the consultant in the conduct of this Survey encompassed the following:

- Submission of a written request for the most recent interim financial statements and annual audit of FINACCOOP, including a breakdown of the loan portfolios financed with its own resources and with FOPA/DAPA funds; its 1995 budget; all policies and procedures manuals; a current organization chart; and job descriptions for each type of employee.
- Review of all documents received under the previous item.
- Conduct personal interviews with the division managers, department heads and a selected number of employees in the three target divisions, to understand their level of professional experience, formal educational background, need for additional support in their daily work, and need for (or interest in) additional training to better perform their jobs.

Meetings were held with the Accountant and Manager of the Finance Division to discuss some of the findings in the review of the financial statements, and obtain information on the background/ rationale for the accounting treatment of their fund (provision) for loan losses. Another meeting was held with the USAID Project Manager and Project Officer, to gain an understanding of any specific financial reporting requirements they might require of FINACCOOP, both of its own account and of the FOPA/DAPA "fideicomiso" funds.

IV. MAJOR FINDINGS:

This section will address the major findings of the Survey, broken down by Division within FINACCOOP, where appropriate. An analysis of the financial statements is provided separately.

A. Structure -

Incorporated as ANNEX I. is the most recent Organization Chart of FINACCOOP ("ORGANIGRAMA FUNCIONAL"), which shows the General Assembly of members as the highest authority. Daily oversight and management is delegated to the Board of Directors and the Supervisory Committee.

The General Manager is hired by and reports to the Board, and is responsible for managing the three primary Divisions:

- Agribusiness - for "fideicomiso" projects, covering specifically technical services, supervision of agreements, and business development;
- Administration - for personnel administration, MIS, accounting and general services/operations;
- Finance - for cash management/treasury, credit analysis, and account management of loans funded with own resources.

Although not separate divisions, FINACCOOP has also formed and staffed the departments of New Markets and Training, which report directly to the General Manager. The New Markets department is responsible for identifying potential new cooperatives for assistance in the Strengthening Program and membership in FINACCOOP, as well as identifying potential business opportunities for existing members.

For purposes of the current legal structure and target market that FINACCOOP serves, this organizational design is acceptable. However, if compared to a commercial bank, some reformatting and modifications would have to be made, based on what purpose and objective it decides to pursue. Several options to be considered might include:

- Only providing "traditional" banking services, specializing initially in
 - a. extending short and medium term credit to its members and selected creditworthy domestic and international businesses/organizations;
 - b. capturing savings and time deposits; and
 - c. extending guarantees ("avales").

To do this, FINACCOOP would effectively eliminate the Agribusiness Division and operate Divisions for Credit, Administration/Operations, Treasury, and Accounting/MIS. Each division would have its own division head who reports to the General Manager.

- Only providing "fideicomiso" (trust) services -- managing project funds of the multilateral donor organizations such as: USAID, Inter-American

Development Bank, World Bank, etc.

This option would require Divisions in Administration/Operations, Treasury, and Accounting/MIS. If the trust agreements require lending and recovery of funds, a Credit Division would need to be added.

- Provide a combination of the previous two options.

Under this possibility, FINACOOOP might find it desirable to have two distinct components within the institution -- traditional banking and "fideicomiso." The "fideicomiso" division would be a quasi self-contained unit, having its own credit and business development staff. It would rely upon the "banking" component for its support services (treasury, administration/operations, and accounting/MIS), unless Honduran banking laws require a "Chinese Wall" between the two. If the latter case occurs, the fideicomiso division would have to maintain its own treasury, operations and accounting/MIS staff.

The Board of Directors has to decide which services the organization will offer, such as: credit, guarantees and savings deposits, and also international services such as: collections, foreign exchange, letters of credit and remittances. They may probably have to submit a recommendation to a special meeting of the General Assembly of Members for final ratification.

Reportedly, the Board prefers the third option -- have both a bank and offer "Fideicomiso" services. Nevertheless, they will also have several other decisions to make:

- define a target market from among the available potential clientele (individuals, cooperatives, private business, etc.);
- determine the size requirements (in Lempiras) for the target market (small, medium or large), based on total net worth or total assets; and
- decide whether the services could be offered from one office, or will they need to open satellite branches in outlying cities.

For the present, if there will be no immediate change in the services offered, FINACOOOP would want to consider a more defined separation of the Agribusiness Division from the rest of the institution, i.e., have the Agribusiness Unit handle all of the activities relating to cooperatives being strengthened. It

would be responsible for such functions as: initial client identification and contact; develop client profile (diagnóstico); gather all background information, financial statements and projections; prepare loan applications for approval; and provide follow-up technical assistance and support as necessary in the strengthening process. Those cooperatives which graduate would then be managed directly by the Finance Division.

The primary reason for a separation of responsibilities is that FINACOOP would find it difficult if not impossible, to find Project Officers who are both experienced field technicians, and also experienced credit officers.

Support services would continue to be provided by the departments responsible for that particular work. For example, the Finance Division would handle all credit and treasury/cash management functions; the Administrative Division would oversee all employment, operations, accounting and MIS matters.

B. Staffing -

A listing of the staff currently employed by FINACOOP is presented in ANNEX II. It is broken down by Department and shows their respective titles. Of the 48 positions, 43 are filled and 5 vacant. The Agribusiness Division has four of the vacancies -- two Senior Project Officers and two Junior Project Officers.

A short survey was conducted of a representative sample of employees in each Division and Department. A total of 14 employees were personally interviewed. For the lack of time and scheduling conflicts, interviews were not held with any Agribusiness Division Project Officers. A copy of the interview list is attached as ANNEX III.

ANNEX IV. contains the original Survey ("Encuesta") sheet used, followed by ANNEX V., which presents a summary of the Survey findings. Several of the important facts and pieces of information that surfaced from the interviews are highlighted below:

- All of the survey participants possessed written copies of their Job Descriptions.
- When asked what their principal daily tasks were, the responses mirrored fairly closely what their job descriptions stated.

- The formal education completed by the employees includes nine with university experience. All had completed high school.
- Four had prior banking experience. Of that number, one had worked in the personal loans department, as a loan officer, and as assistant manager of the credit card unit; one worked in accounting; one in the agricultural credit program of the Central Bank; one in credit analysis;
- Two-thirds (9) have been employed by FINACCOOP for more than one year, and one-third (5) have less than one year.
- Where policies and procedures manuals existed, the employees either had their own copies or access to ones relating to their divisions or departments.
- Most (11) did not feel the need for any additional outside help to perform their jobs. However, many did feel the need for additional training (computers/computer programs/networks, finance, and basic cooperativism) to do their jobs better
- There were many varied recommendations on improving their departments, divisions, and FINACCOOP as a whole. One comment which seemed to prevail over all others was a need for better communication (horizontally and vertically), and feedback from the senior management on the findings of the short term consultants' reports. Several people wanted to know whether the Edwards workshop at Zamorano last August/September, would be offered again for the rest of the organization.

One position that FINACCOOP will eventually have to consider adding is that of Internal Auditor, reporting directly to the Supervisory Committee (Junta de Vigilancia). However, the Supervisory Committee apparently prefers to have a quarterly audit by a qualified independent accounting firm in lieu of an internal auditor. Their reasoning was said to be that the local Honduran banks have internal auditors who perform functions beyond simply "policing" the organization (a posteriori). They sign checks, approve loan applications and disbursements, among other responsibilities (a priori), which delays these processes and makes the institution less agile.

C. Internal Controls / Policies & Procedures Manuals -

With regard to written policies and procedures manuals and other internal

controls, the documents itemized below were received and briefly reviewed. A more detailed analysis, with recommendations for improvement, will be conducted by the short term specialists contracted under Task Orders 95/06, 95/07 and 95/08, to provide technical assistance in Operations, Credit and Treasury, respectively. As mentioned earlier, the intent of this present task order is to perform an organizational survey of FINACOOOP as the lead-in and background to the succeeding consultancies.

- "Manual de Descripción de Puestos" (Job Descriptions Manual)
- "Manual Organizacional" (Organizational Manual)
- "Manual de Control Interno" (Internal Control Manual)
- "Manual de Crédito" (Credit Manual)
- "Reglamento - Compras de Vehículos, Materiales y Equipos"
(Regulations - Purchase of Vehicles, Materials and Equipment)
- "Reglamento de Administración del Fondo de Caja Chica para Liquidaciones de Viáticos Funcionarios y Empleados" (Regulation for Administration of the Petty Cash Fund for Liquidation of Officers and Travel Per Diem.)
- "Procedimiento para el Análisis de Solicitudes de Crédito"
(Procedure for the Analysis of Credit Applications)
- "Procedimiento para Desembolsos de Préstamo del Componente de Crédito"
(Procedure for Loan Disbursement from the Credit Component)
- "Procedimiento para el Control de los Préstamos"
(Procedure for Loan Control)
- "Procedimiento para Recepción de Ingresos por Pago de Préstamos"
(Procedure for Receipt of Income from Loan Payments)
- "Proceso de Liquidación de Recursos de Reestructuración Administrativa"
(Liquidation Process for Administrative Restructuring Funds)

An accounting manual (Manual Contable) is in draft form and should be completed by the end of March 1995. It was reported to focus specifically on

the new accounting software (Platinum) being implemented with the assistance of the local accounting firm of Price Waterhouse.

A "Guide for Financial Statement Analysis" is also in draft form and is being circulated for review. It should be finalized within the next four weeks. Comments from this consultant were passed on to the author, Mr. Jorge Wild, during the week of March 20.

The main focus of the three upcoming consultancies, when reviewing the manuals and "reglamentos," is to insure that FINACOOOP has functional and comprehensive documents that the employees will read and use to guide and control their daily activities. Based on the experience of each consultant, additional manuals or reglamentos may be recommended.

With regard to the Management Information Systems, the short term Operations Specialist will need to work with Gustavo Torres and the FINACOOOP Information Systems staff and make sure that what is being reported (and any subsequent changes because of the "Platinum" program) are consistent with standard commercial banking systems and the Central Bank of Honduras requirements.

As it stands, the present system is capable of responding to, and addressing current needs -- "Rendición de Cuentas" (Account Status Reports) -- as required by the Project Agreement ("Convenio") dated June 23, 1992 (A.I.D. Project No. 522-0383). Although the Agreement does not specify how the reports should be structured, page 33 requires that FINACOOOP has to present the following:

- Quarterly reporting to the Government of Honduras and USAID on the progress it has made in achieving the targets set in its annual plan, "covering management and financial restructuring actions with the FOBs" and other responsibilities.
- Monthly disbursement reports to the Government of Honduras and USAID "on the status of disbursements and collections under the financial restructuring program and on expenditures under the management restructuring agreements."

The downside of Platinum is that it is not a good system for a commercial bank, and FINACOOOP may have to convert to another system if it decides to become a bank.

1. Manual y Reglamentos Internos de FINACCOOP (1995)

This manual is a compendium of several manuals and reglamentos, such as:

- Reglamento de Compras y Suministros
- Reglamento de Vehículos
- Administración del Fondo de Caja Chica
- Manual de Control Interno
- Manual de Políticas y Procedimientos de Personal

FINACCOOP receives a copy of an annual Salary Survey of the Honduran financial market, conducted and prepared by the local firm of Price Waterhouse. This document is used by FINACCOOP as their guide in fixing salaries at competitive levels. Granted, this Survey does not cover all positions that FINACCOOP has, so some approximations are done. All salaries were reported to be adjusted annually.

Although not urgent at this time, possible improvements to these documents to be considered might be:

- Insert as part of the manual or reglamento (or in an appendix), any forms used and their corresponding instructions (where the form is not self explanatory).
- Include a Table of Contents or Index at the beginning of each document. One could be useful for the "Manual y Reglamentos Internos de FINACCOOP."
- Particularly in the case of the more voluminous manuals, as a minimum, control of the documents should be centralized in the Administrative Division, with lists maintained of the number of copies printed and who received them. Chronological control of all revisions should also be maintained by the Administrative Division.
- For the "Manual y Reglamentos Internos de FINACCOOP" section pertaining to Personnel Policy, consideration should be given to printing small pamphlets for distribution to all employees, which details what is expected of them (office hours, dress code, benefits, sanctions, etc.).

2. Manual de Descripción de Puestos

A copy of one of the Job Description pages from the "Manual de

Descripción de Puestos" demonstrates the format used by FINACOOOP. The only changes that could be proposed to improve them would be to:

- add another line between "Area Orgánica" and "Jefe Inmediato" at the top of the first page, called "*Departamento*";
- change the title "Area Orgánica" to "División"; and
- add a possible fifth line to gather information on who reports to this position (subordinates), such as -- "Quién Dirige" or "Quién Reporta a Este Puesto". See ANNEX VII. for the proposed revised form.

The most important factors to focus on with respect to the Job Descriptions are that they be:

- written and that each employee has a copy for their own position
- updated whenever there are any changes, to keep them current
- used as part of the performance appraisal of each employee, that is, compare and evaluate their actual work against the designated functions

3. Manual Organizacional

Pending a more detailed review by the Operations Specialist, two additions that could be made to the Manual Organizacional are:

- Indicate the minimum required frequency of meetings of the Board, Supervisory Committee, and any other committees such as ARCA and Inversiones. The Estatutos do mention that the Board of Directors is to meet twice monthly (every 15 days). However, the special committees have a variable meeting requirement and therefore could be mentioned in the Manual.
- Specify how voting is conducted in the meetings of the Board, Supervisory Committee, etc., for example -- who votes, and how a tie vote is broken.

It would also be helpful to indicate on the title page (or other convenient or visible location) the date the Manual was written or revised. Rather than re-write the whole document any time there is a change, a "*Revision*" mechanism

could be established whereby one only has to remove any amended page(s) and insert the revised one(s). Of course, each new replacement page should have noted at the top or bottom the revision number and date for easy reference.

[NOTE: This same procedure is also recommended for any manual or "reglamento" now in use, or to be implemented in the future.]

It has been found helpful to put all manuals in "RING BINDERS," so that any revision pages can be easily inserted and outdated pages removed.

D. Financial Statements -

A copy of the DRAFT audit report of FINACCOOP's financial statements for the year ended 12/31/94 was received and reviewed. A separate audit was performed on the "Small Farmer Organizations Strengthening" (SFOS/FOPA) and "Small Farmer Agribusiness Development" (SFAD/DAPA) projects funds.

Copies of the year end 12/31/93 and first quarter 3/31/94 audits for both segments (own funds "fondos propios" and project funds "FOPA/DAPA") were also received and reviewed. The most recent interim statements available at the time this consultancy began were dated 1/31/95. However, since this was only a one month period, and considering that inter-fund adjustments are not done until the end of the year, the interim statements were not very useful.

The interim statements for the period ended 2/28/95 were completed near the end of the consultancy. During the conversion to the Platinum accounting program, the accounting fell behind. This was due to the running of parallel systems (old and new), to check for accuracy. Now, they are about up-to-date and will be able to present financial reports within 5 days of the mid-month Board meetings, as required.

The next stage in the implementation process of Platinum is to print checks, promissory notes, and other documents directly from the system. FINACCOOP is awaiting the delivery of equipment which will allow them to perform these new functions.

ANNEX VI. presents the draft audited financial statements of FINACCOOP as of December 31, 1994, with five adjusting entries to make it conform to generally accepted accounting principles. Each adjusting entry is footnoted and explained in the "Notes" section at the end.

As presented, the financial condition of FINACOOPT (excluding an analysis of the FOPA/DAPA Project funds) is very good. Without the benefit of an investigation of the solvency of the financial institutions where FINACOOPT's funds are invested, the firm is highly liquid. Approximately 75% of its assets are liquid: cash (3%), bills of exchange (15%), and time deposits (57%). No one institution holds more than 30% of the time deposits, which is BANHCAFE at Lp. 3 million. The remainder is fairly well distributed among five other institutions:

• Banco de Exportación	Lp. 2,150,000
• Banco del País	1,200,000
• Banco Atlántida	1,400,000
• Banco FICOHSA	1,300,000
• Banco Corporativo	1,000,000

No other information is provided on the maturities of the time deposits in this draft audit report. Detail of the maturities is reported in FINACOOPT's internal statements.

Historically, time deposits in Honduras are frequently liquidated before maturity, without penalties, and with full interest paid up to the date of cancellation. Therefore, anything invested long term may be considered to have short term liquidity.

1. Investment Interest

The interest rates earned on the deposits varies from a low of 29% up to a high of 31%. Unless FINACOOPT has severe doubts about the financial solvency of these institutions, and their ability to pay both principal and accrued interest at maturity, there should be no reason not to recognize said interest accrued to 12/31/94 on the Income Statement (adjustment #3).

A case could be made for not recognizing interest accrued on its loan portfolio to the member cooperatives, as the expectation of full recovery may be somewhat doubtful. However, the corresponding expenses (salaries, other general and administrative expenses, and interest expense on share capital) appear to be charged to the Income Statement in the period incurred. To exclude the accrued interest income from that same period would violate the accounting principle of matching costs with revenues. A way to comply with the principle and still maintain a measure of conservatism would be to critically evaluate the loan portfolio at year end and make an adjusting entry

for any accrued interest on the books that may not be collectible. What remains in Interest Receivable (and recognized on the Income Statement) would be the amounts with a high probability of being received.

By also controlling the earnings distribution policy at year end, FINACOOP could still manage its cash flow and not necessarily distribute earnings that haven't been received in cash. In other words, allocate but don't pay out all of the undivided profits (retained earnings) until that portion has been converted from a receivable to cash.

The impact of recognizing the accrued interest income on the books for 12/31/94 is to increase total revenues and net income after taxes (but before distribution to required reserves and funds) by Lp. 341,196 (from Lp. 142,122 to Lp. 483,318). However, since the interest income is attributable to non-members, the Cooperative Law prefers that the net profit from these outside activities be used for cooperative development activities. Therefore, the retained earnings at the end of the period, as adjusted, is the same as before the adjustments.

2. Accounts Receivable from Coops

The financial statements show a receivable of Lp. 150,000 from the following cooperatives for share capital subscribed to, but not paid in:

- | | |
|-------------------------------------|-------------|
| • Cooperativa Maya Occidental | Lp. 120,000 |
| • Cooperativa Cafetalera Candelaria | 30,000 |

The effect of creating an accounting entry to increase the current assets and paid-in capital is to inflate working capital and the liquidity ratios, in addition to improving the leverage and other capital ratios. Financial statements generally show either in the equity section or in the Notes to the Financial Statements the total number of shares authorized, subscribed to, and issued. However, only the cash amount actually received for the shares is recorded as (Paid-in) Capital.

If FINACOOP applied the same conservative approach to the Share Capital receivable from the cooperatives as it does for recognizing accrued interest income, then these entries would not have been made. From what is understood of the financial condition of Candelaria in particular, what is the probability of collecting this money within one year of the commitment?

Although the financial statements showed all capital as if it were paid-in, FINACCOOP only paid interest on capital actually paid-in at the time. The interest paid covered both the current year and the prior year.

3. Share Capital from the Government

The entry to record the amount of share capital the Government of Honduras subscribed to is eliminated with the adjusting entry for the same reasons as noted in #2 above. Maya Occidental subsequently paid its balance owed of Lp. 120,000 after the field work for this consultancy was completed.

A potential problem will arise if FINACCOOP decides to become a bank. The Government of Honduras could no longer hold any shares in the new organization. By liquidating its equity investment, the Government would leave FINACCOOP substantially decapitalized. Therefore, FINACCOOP will have to investigate the possibilities open to the Government to transfer those monies to all member cooperatives.

4. Research and Training Fund

The Balance Sheet has an account in the Capital section called "Reserva para Investigación y Capacitación." It appears that this is the "Fondo de Educación" that must be funded from annual profits by a minimum of 2% of those profits, according to Artículo 13 of the "Ley de Cooperativas de Honduras Y Su Reglamento," Acuerdo Número 191-88, Título II, Capítulo I, Sección I. This article further states that such amounts are to be used for cooperative education. Any amount not expended in a period of two consecutive years must be paid to IHDECOOP and C.H.C. in equal parts.

Consequently, this account is not a true "reserve," and should be classified as a liability (Long Term Liability when initially funded), with any amounts unused after one year passing to Current Liabilities.

The effect of making the adjustment for this account is to increase the liabilities and reduce capital by Lp. 38,036, causing a slight deterioration in leverage. The liability is further adjusted to increase it by the transfer of the additional Lp. 341,196 profit.

5. Key Indicators (Ratios)

Where there were significant changes as a result of the five adjusting

entries, in addition to those mentioned above, occurred in the following areas:

- Working Capital fell by a net of Lp. 730,682, due to the elimination of the receivables for share capital from the Government and the two cooperatives, and the elimination of the liability "Income to Apply."
- Due principally to the elimination of the "Income to Apply" account, the Current Ratio improved from 39.03 to 871.45.
- The elimination of the receivable for share capital from the Government of Honduras and the cooperatives Maya Occidental and Candelaria, in addition to the repositioning of the Research and Training Fund to a Long Term Liability, Tangible Net Worth (Patrimonio Tangible) fell by Lp. 1,109,914.
- Financial leverage deteriorated slightly from 0.17 to 0.23 because of the previous adjustments to Capital and the transfer of the Investment Interest Income (Lp. 341,196) to the long term liability section.

The other changes caused by the adjustments were minor (Return on Gross Revenues, and Return on Tangible Net Worth).

In 1994, FINACCOOP paid Lp. 1,812,353 as interest on its paid-in share capital. This amount consisted of a 12% payment on 1993 shares, and 14% for 1994. No interest was paid in 1993 because the net income was only Lp.618,593. Since the Government is not a cooperative, it cannot receive any patronage dividends. Interest is the only way it can be compensated for its investment. For the year 1995, FINACCOOP expects to pay a 25% rate of interest on the share capital, which is more representative of the market rates of return on investments of that size.

E. FOPA/DAPA Project Funds -

Additional work will need to be dedicated to this area to polish FINACCOOP's system of determining the Allowance for Doubtful Accounts (Provision for Uncollectible Loans -- "Provisión para Préstamos Incobrables") and reporting to USAID and the Ministry of Hacienda.

An illustrative set of accounting entries, with "T" accounts was prepared and presented to the USAID Project Officer. Annexes were attached to show what

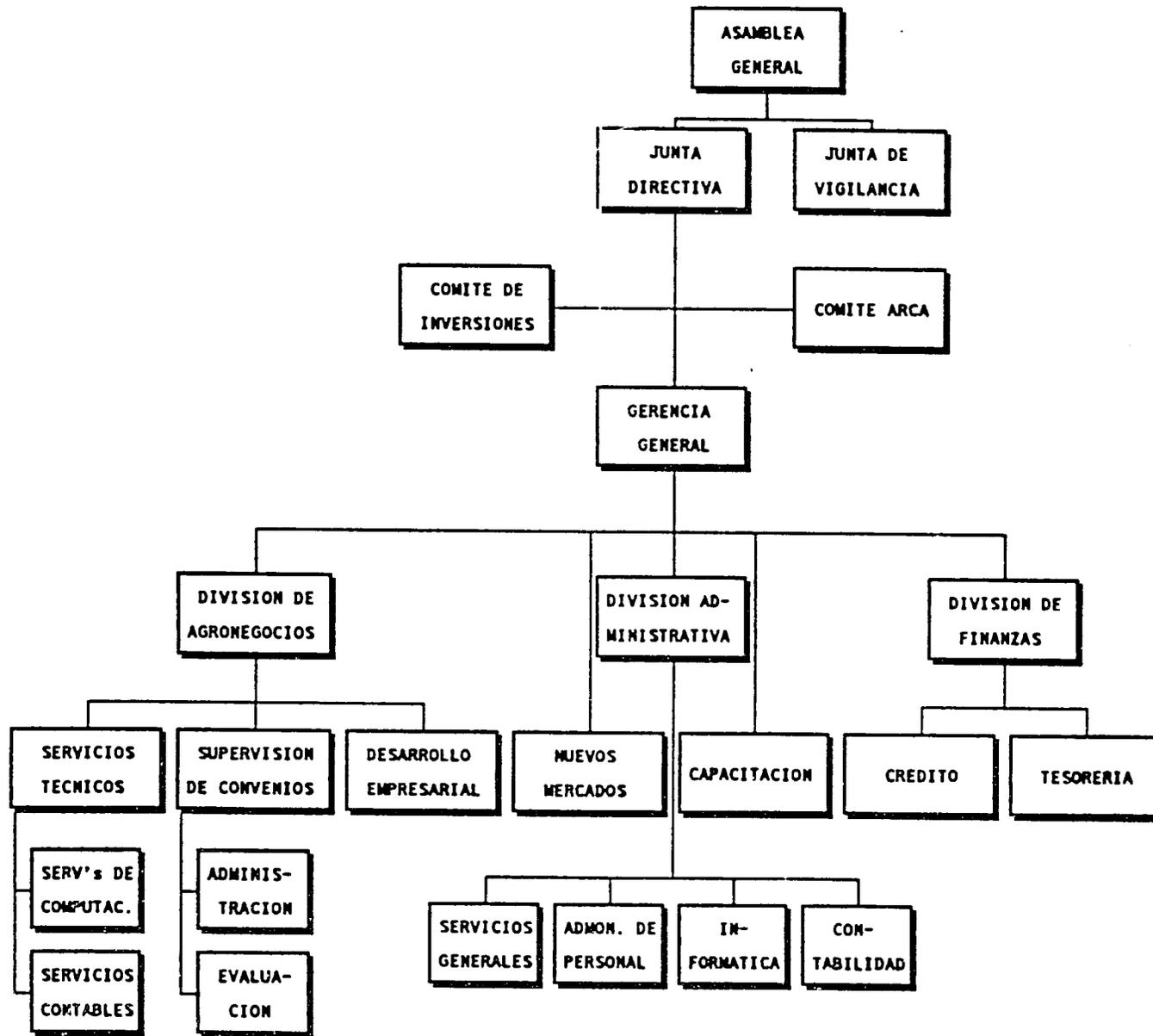
format the periodic reporting could take. Follow up work will need to be done on a subsequent trip to Honduras, to explain the system and procedures in more detail to the General Manager and possibly the Board. Any final design must be based on a prior agreement between USAID and FINACCOOP as to the type and content (level of detail) for the report(s).

As a starting point, any reporting on the Project funds should not be combined with FINACCOOP's own funds. The only effect the fideicomiso would have on the financial condition of FINACCOOP will be in the Income Statement -- receipt of income for providing the service, and the corresponding expenses.

A N N E X E S

FINACOOP
ORGANIZATION
CHART

FINACOOP
ORGANIGRAMA FUNCIONAL



19

EMPLEADOS FINACOOOP

GERENCIA GENERAL:

- | | |
|----------------------------|-----------------------------------|
| 1. José Antonio Carranza | Gerente General |
| 2. Sara Clementina Rosales | Secretaria de la Gerencia General |

DEPARTAMENTO DE NUEVOS MERCADOS:

- | | |
|-------------------------|--------------------------|
| 3. María Lourdes Flores | Oficial Nuevos Mercados |
| 4. Héctor Caballero | Auxiliar Nuevos Mercados |

DEPARTAMENTO DE CAPACITACION:

- | | |
|-------------------------------|---|
| 5. Belinda Portillo Matamoros | Oficial de Capacitación |
| 6. Vacante | Secretaria Nuevos Mercados/Capacitación |

DIVISION DE AGRONEGOCIOS:

- | | |
|--------------------------------|-------------------------------|
| 7. Herbert Manuel Hernandez U. | Gerente División Agronegocios |
| 8. José Leonel Avila Cerritos | Oficial de Proyectos Senior |
| 9. Valentín A. González | Oficial de Proyectos Senior |
| 10. Oscar Cosenza | Oficial de Proyectos Senior |
| 11. Vacante | Oficial de Proyectos Senior |
| 12. Vacante | Oficial de Proyectos Senior |

13. José Raul Bueso	Oficial de Proyectos Junior
14. Carlos Ubilio Meza	Oficial de Proyectos Junior
15. Luis Heriberto Rivas Muñoz	Oficial de Proyectos Junior
16. Vacante	Oficial de Proyectos Junior
17. Vacante	Oficial de Proyectos Junior
18. Ana Luisa Herrera	Secretaria Div. Agronegocios

DEPARTAMENTO DE SERVICIOS TECNICOS:

19. Rigoberto Rodríguez H.	Jefe Depto. Servicios Técnicos
20. Felix A. Domínguez	Oficial Servicios Contables
21. Efraín Aguilar	Oficial Servicios Contables
22. Gustavo A. Méndez	Oficial Servicios Contables
23. Gabriel Mauricio Irías	Oficial Servicios Contables
24. Juan Héctor Cruz	Oficial de Serv. de Computación
25. Sonia Maribel Flores	Oficial de Serv. de Computación

DEPARTAMENTO DE SUPERVISION DE CONVENIOS:

26. Haydee Altamirano	Jefe Departamento Supervisión de Convenios.
27. Edwin Silvestrucci	Oficial de Admón. de Convenios
28. Ciro Antonio Ortez	Oficial Evaluación de Convenios

DIVISION DE FINANZAS:

29. Ramón A. Narvaez O.	Gerente Div. de Finanzas
30. Antonio Esteban Velásquez	Oficial Admon. y Recup. Cartera
31. Lourdes Orbelina Valeriano	Analista de Créditos
32. José Alcides Pineda G.	Analista de Créditos
33. Geraldina Molina	Oficial de Invers. y Tesorería
34. Lourdes Gisela Matute	Cajera
35. Rosario Ayala Ortez	Secretaria División Finanzas

DIVISION DE ADMINISTRACION:

36. Oscar R. Vargas	Gerente División Administrativa
37. Claudia Aracely Ardón	Oficial Servicios Generales
38. René Narciso Carías Ponce	Oficial Administración de Personal
39. José Miguel Meza	Contador General
40. María Guadalupe López Cruz	Asistente Contador General
41. Bertha Luz Amador Lagos	Secretaria Div. Administración
42. Fanny I. Gómez	Recepcionista
43. Ramiro Valladares	Motorista/Conserje
44. Angel Rutilio Herrera	Motorista/Conserje
45. Carlos Macotto Osorio	Motorista/Conserje
46. Gustavo A. Raudales	Vigilante

DEPARTAMENTO DE SISTEMAS DE INFORMACION:

47. Luis Miguel Caminals	Oficial de Sistemas de Información
48. Pablo Haughton	Oficial de Sistemas de Información

L I S T A de E N T R E V I S T A S

AGRONEGOCIOS:

GERENTE:	Herbert Hernández
JEFE DE SERVICIOS TÉCNICOS:	Rigoberto Rodríguez
JEFE DPTO. SUPERVIS. DE CONVENIOS:	Haydee Altamirano
OFICIAL DE SERVICIOS DE COMPUTACIÓN:	Juán Cruz

ADMINISTRATIVA:

GERENTE:	Óscar Vargas
OFICIAL DE SERVICIOS GENERALES:	Claudia Ardón
OFICIAL DE ADMÓN. DE PERSONAL:	René Carías
OFICIAL DE SISTEMAS DE INFORMACIÓN:	Luis Caminals
CONTADOR GENERAL:	José M. Meza

FINANZAS:

GERENTE:	Ramón Narváez
OFICIAL DE ADMÓN. Y RECUP. DE CARTERA:	Esteban Velázquez
ANALISTA DE CRÉDITO:	Orbelina Valeriano
OFICIAL DE INVERSIONES Y TESORERÍA:	Geraldina Molina
CAJERO:	Lourdes Matute

E N C U E S T A

1. Tiene Ud. una copia de su Descripción de Puesto?
2. Cuáles son sus funciones principales actuales?
3. Cuál es su experiencia previa:
 - Educación
 - Trabajos
4. Cuánto tiempo lleva en su puesto actual?
5. Referente a Manuales de Políticas y Procedimientos:
 - Existe uno en su División?
 - Tiene Ud. una copia propia?
 - Tiene Ud. acceso a una copia?
 - Lo haya leído?
 - Existen otros controles internos no escritos?
6. Necesita Ud. algún apoyo adicional para un mejor desempeño de su función?
7. Necesita Ud. (o le gustaría tener) mas capacitación en su ramo de trabajo?
En qué?
8. Tiene Ud. alguna recomendación para mejorar:
 - Su trabajo?
 - El departamento?
 - La división?
 - FINACCOOP?

ENCUESTA

1. Tiene Ud. una copia de su Descripción de Puesto?

RESPONSES: All said that they had received copies of their Job Descriptions.

2. Cuáles son sus funciones principales actuales?

RESPONSES: Although they did not have copies of their Job Descriptions in front of them, each person described principal functions that were on their respective Job Descriptions.

3.Cuál es su experiencia previa:

- Educación:*

*RESPONSES: Licenciado - Contaduría Pública (3)
- Admón. de Empresas (1)
- Sicología (1)
Bachiller (2)
Economista (2)
Derechos Administrativos (1)
Técnico Tributario (1)
Masters - Economía Agrícola (1)
Técnico en Informática (1)
Certificado en Computación (1)*

* Of those people interviewed, four are currently taking classes at the Universidad Nacional Autónoma de Honduras.

- Trabajos:

RESPONSES: Four had prior work experience at local banks (Banco de los Trabajadores, Banco Atlántida, Banco de las Fuerzas Armadas, and the Banco Central de Honduras). FINACCOOP was the first full time job for two others.

4. Cuánto tiempo lleva en su puesto actual?

RESPONSES: Nine have worked for more than one year in their current positions, while the remaining have less than one year.

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5. Referente a Manuales de Políticas y Procedimientos:

- Existe uno en su División?
- Tiene Ud. una copia propia?
- Tiene Ud. acceso a una copia?

RESPONSES: Yes. [Each division has, or has access to, either the "Manual Organizacional" or the "Manual de Crédito", in addition to the various "Guías" and "Reglamentos".]

- Lo haya leído?

RESPONSES: All but one reported that they had read their manual. The exception was because it did not directly pertain to the work being performed.

- Existen otros controles internos no escritos?

RESPONSES: Four responded "NO". The types of internal controls followed, but not yet committed to writing included:

- Funds reconciliation
- Internal and external reports and memos
- Collateral inspection
- Coordination with member cooperatives

6. Necesita Ud. algún apoyo adicional para un mejor desempeño de su función?

RESPONSES: Three responded "YES". Several others indicated that they felt a need for additional training (See: Question #7 below.)

7. Necesita Ud. (o le gustaría tener) mas capacitación en su ramo de trabajo?

RESPONSES: Everyone responded that they would like further training in their field.

En qué?

RESPONSES: The types of additional training that were mentioned included:

- Computer programs (5)
- Computer program installation (1)

- Accounting (2)
- Cost accounting / audit (2)
- Finance (3)
- Financial Statement Analysis (2)
- Credit administration (2)
- Cooperatives (3)
- Legal terminology / documentation (2)
- Human relations (2)
- Treasury; Strategic Planning; Report writing; Project evaluation (1 each)

8. Tiene Ud. alguna recomendación para mejorar:

- Su trabajo?
- El departamento?
- La división?
- FINACCOOP?

RESPONSES: The following is a listing of the comments provided:

- Better communication (in division and between divisions).
- Have periodic meetings at the divisional level.
- Work more in teams (equipos de trabajo).
- Offer the Edwards workshop at all levels.
- Systematize FINACCOOP with written policies and procedures manuals.
- Set up procedures for investments.
- Revise travel / per diem rates (viáticos).
- Provide an enclosed, private conference room for employees.
- Train Board members (roles/responsibilities, what is a bank, etc.).
- Improve office supplies system (requisition/distribution).
- Set up orientation program for new employees.
- Provide training to all employees in other computer programs.

FINANCIAL STATEMENTS

as of

31 - December - 1994

**FINANCIERA DE COOPERATIVAS
AGROPECUARIAS, LIMITADA (FINACOO)
ESTADOS FINANCIEROS AL 31/12/94**

	<u>ACTUAL</u>	<u>AJUSTES</u>	<u>AJUSTADO</u>
ACTIVOS			
<u>Circulante:</u>			
Caja y Bancos	Lp. 370,282		Lp. 370,282
Inversiones Temporales	10,050,000		10,050,000
Prést. por Cobrar a Coops.	2,046,000		2,046,000
Cuentas por Cobrar	11,506		11,506
Cuentas por Cobrar a Coops.	150,000	(150,000) ¹	0
Intereses por Cobrar	341,196		341,196
Aportaciones del Gobierno	<u>921,878</u>	<u>(921,878)</u> ²	<u>0</u>
Total Activo Circulante	13,890,862	(1,071,878)	12,818,984
<u>Activo Fijo:</u>			
Activos Fijo	Lp. 15,446		Lp. 15,446
Depreciación Acumulada	<u>1,327</u>		<u>1,327</u>
Total Activo Fijo	14,119		14,119
Total Activos	Lp. 13,904,981	(1,071,878)	Lp. 12,833,103
PASIVOS			
<u>Circulante:</u>			
Cuentas por Pagar	Lp. 14,710		Lp. 14,710
Ingresos por Aplicar	<u>341,196</u>	<u>(341,196)</u> ³	<u>0</u>
Total Pasivo Circulante	355,906	(341,196)	14,710
<u>Largo Plazo:</u>			
Provis. para Pres. Social.	Lp. 278,188		Lp. 278,188
Fondos Esp. p' Pag. a Coop	1,700,172		1,700,172
Fondo para Investigación y Capacitación	0	/ 38,036 ⁴ \ <u>341,196</u> ⁵	379,232
Total Pasivo L. Plazo	1,987,360	379,232	2,357,592
PATRIMONIO			
Aportaciones	Lp. 10,810,000	/ (150,000) ¹ \ <u>(921,878)</u> ²	Lp. 9,738,122
Reserva Legal	76,072		76,072
Reserva para Investiga- ción y Capacitación	38,036	(38,036) ⁴	0
Excedentes Acumulados	<u>646,607</u>		<u>646,607</u>
Total Patrimonio	11,570,715	(1,109,914)	10,460,801
Total Pasivo y Patrimonio	Lp. 13,904,981	(1,071,878)	Lp. 12,833,103

**FINANCIERA DE COOPERATIVAS
AGROPECUARIAS, LIMITADA (FINACOOB)
ESTADOS FINANCIEROS AL 31/12/94**

		<u>ACTUAL</u>	<u>AJUSTES</u>	<u>AJUSTADO</u>
<u>INGRESOS:</u>				
Intereses sobre Inver- siones	Lp.	2,219,526	341,196 ³	Lp. 2,560,722
Otros Ingresos		<u>178,556</u>		<u>178,556</u>
Total Ingresos		2,398,082	341,196	2,739,278
<u>GASTOS:</u>				
Gastos de Administración	Lp.	181,929		Lp. 181,929
Depreciación		1,327		1,327
Apoyo Presupuestario FOPA/DAPA		260,351		260,351
Intereses Pagados sobre Aportaciones		1,812,353		1,812,353
Total Gastos		<u>2,255,960</u>		<u>2,255,960</u>
Excedentes (Brutos)	Lp.	142,122	341,196	Lp. 483,318
Excedentes Acumulados al Inicio del Período		618,593		618,593
Traslad.- Reserva Legal (10%) - Fondo para Invest. y Capacitac. (5%)		(76,072) (38,036) <u> </u>	(341,196) ⁵ <u> </u>	(76,072) (379,232) <u> </u>
Excedentes Acumulados Netos al Final del Período	Lp.	646,607 =====	0 =====	Lp. 646,607 =====
<u>INDICADORES CLAVES:</u>				
Capital de Trabajo	Lp.	13,534,956		Lp. 12,804,274
Indice Circulante		39.03		871.45
Patrimonio Tangible	Lp.	11,570,715		Lp. 10,460,801
Apalancamiento		0.17		0.23
Ingresos Netos Totales	Lp.	2,398,082		Lp. 2,739,278
Excedente Neto	Lp.	120,804		Lp. 120,804
Excedente Neto/Ingr. Netos		5.0%		4.4%
Excedente Neto/Tot. Activos		0.9%		0.9%
Exceden. Neto/Patrim. Tang.		1.0%		1.2%

NOTES TO THE ADJUSTING ENTRIES:

- 1/ To eliminate the "Cuentas por Cobrar" of the Coops Maya Occidental and Candelaria (Lp.120,000 and Lp.30,000) corresponding to their subscribed capital in FINACCOOP, since these amounts have not yet been paid, and avoid overstating capital. [Maya Occidental paid its remaining balance of Lp. 120,000 subsequent to the March 24 completion of this consultancy.]
- 2/ To eliminate the "Aportaciones" of the Government of Honduras for the same reason as 1/ above.
- 3/ To recognize the interest accrued but not yet received on FINACCOOP's investments in the local banks, and properly match this income with expenses already included in the books.
- 4/ To properly classify FINACCOOP's "Education Fund" (renamed "Fondo para Investigación y Capacitación") as a long term liability as per the Cooperative Law, since it must be used for member training during a period of two years from distribution of earnings, or be paid to IHDECOOP and CHC, equally. For next year, any unused amounts in this account should be classified as a current liability. Should there be a profit for 1995, the 5% distribution would again go to the long term liability section.
- 5/ To recognize the increase in "Undivided Profits" due to the inclusion of the accrued interest receivable in the Income Statement (Ref: adjustment 3/ above). Secondly, distribute the additional profits to the Research and Training Fund "Fondo para Investigación y Capacitación." The whole amount is applied to this Fund to comply with Article 45 of the Honduran Cooperative Law, which states that "Net profits generated by operations with non-affiliates, will be destined for the cooperative, preferably to cooperative development programs."

In reality, FINACCOOP should keep a separate record of its expenses related to the generation of investment (interest) income so that the net amount is distributed preferably to the Research and Training Fund, and not the gross. Otherwise, net income from its normal operations will be adversely affected and thereby reduce undivided profits available to the members.

Cruz de Chalpon sienta las bases para el crecimiento patrimonial de las Cajas Rurales en Peru

El objetivo de promover un nuevo sistema de credito rural por el gobierno del Peru, se ha visto obstaculizado por la limitacion que tienen las Cajas Rurales de incrementar sustancialmente su patrimonio. Para superar esta restriccion, ACIDI ha propuesto a la Superintendencia de Banca y Seguros, que la capitalizacion de la Caja Rural Cruz de Chalpon se haga efectiva mediante una operacion de underwriting,. La autorizacion de la Superintendencia tomo mucho tiempo, debido a que era la primera vez que se planteaba una operacion financiera de esta naturaleza en el Peru. El problema fundamental consiste en que la Ley de Cajas Rurales no permite que ningun accionista tenga mas del 15% del capital social , lo que imposibilitaba que la Corporacion Financiera de Desarrollo (COFIDE) adquiriera de manera temporal, acciones por un valor cuatro veces superior al capital pagado de la Caja Rural Cruz de Chalpon. Luego de 6 meses de negociaciones ante la Superintendencia de Banca, se obtuvo una autorizacion de manera excepcional, para operar el underwriting, lo permitio que las operaciones de esta Caja Rural se inicien con un patrimonio de 1.3 millones de dolares americanos, patrimonio que no tiene ninguna de las Cajas Rurales que operan en el Peru.

Este logro tiene un gran merito, ya que se han dado las bases para que, a traves de este mecanismo de underwriting, las Cajas Rurales tengan una alternativa viable para incrementar su capital social y estar en mejores condiciones de lograr su sostenibilidad. Es asi que el Gobierno del Peru ha solicitado al Banco Interamericano de Desarrollo (BID), un apoyo similar para otras 15 Cajas Rurales que operan en el pais.

El futuro del sistema de Cajas Rurales en el Peru puede ver hoy con optimismo una nueva ventana de crecimiento patrimonial y lograr de esta manera la vigencia de un sistema rentable y sostenible, para la atencion de pequeños productores del area rural..