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ASSESSMENT REPORT ON THE  
HAITI SMALL COFFEE FARMER PROJECT,  
AND THE BUREAU DE CREDIT  
AGRICOLE

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- a) L'Aurore
- b) Le Cadet
- c) L'Avenir

### Fond-des-Negres Regional Bureau

- a) La Patience
- b) Dieu de Scion
- c) Le Progres

### Hinche Regional Bureau

- a) Apicole de Hinche
- b) Tête Ensemble pour nous Monté
- c) Avenir de Pandiasou

### Jacmel Regional Bureau

- a) Fraternité de Jacqueline
- b) L'Union de la Hatte

### Thiotte Regional Bureau

- a) L'Eternel y Pourvoira
- b) Notre Illustre Francois Duvalier
- c) L'Action Unie des Planteurs

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Loan Policies and Procedures	
Planning and Evaluation	
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## INTRODUCTION

The purpose of the Haiti Small Coffee Farmer Project assessment carried out by the Credit Union National Association (CUNA) has been to assess the implementation status of this project, identify any changes that might be required in the original design of the project and determine what steps need to be taken to assure that the project is implemented in the most effective manner possible. To this end, the report assesses the progress made in implementing the project, analyzes the shortcomings of the original design of the project and recommends actions which should be taken to improve the project. It should be noted that these recommendations and the analysis supporting them are relevant not only to project-specific objectives but to the overall institutional development of the implementing institution of the credit component of this project.

The Haiti Small Coffee Farmer Project, also known as the Haiti Small Farmer Improvement Project, was initiated in the latter part of 1974\*. The project is supported by a \$6 million concessional loan from the Agency for International Development (AID) to the Government of Haiti (GOH) and consists of four basic components: (1) credit, (2) agricultural technology, (3) establishment of coffee centers and (4) road construction. Its basic goals are those of increasing the production and income of small coffee farmers in Haiti as well as increasing the revenues of GOH generated by coffee exports.

- ✓ This assessment focuses primarily upon the credit component of the project, which seeks to establish an agricultural credit delivery system capable of reaching some 12,000 small coffee farmers per year by the end of the fifth year of the project. This system is to be implemented by the Bureau de Credit

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\*The feasibility study and design of the project are contained in Capital Assistance Paper AID-DLC/P-2029. This document was reviewed and approved by a Development Loan Committee of AID in May of 1974.

Agricole (BCA), a semi-autonomous credit agency within the Haitian Ministry of Agriculture, through the issuance of cash and fertilizer group loans for coffee production. Under the terms of the project BCA is responsible for the development of the group structures or Societes Agricoles de Credit (SACs) through which project production credits are to be issued. It is also called upon to develop the improved loan, financial, and administrative procedures required by the BCA in order to implement the project. CUNA has contracted to provide the technical assistance required by BCA to achieve these objectives and has had two resident field technicians working in Haiti since early December, 1974.

For the purposes of this assessment it is important to note that this project is an experimental project which is seeking to test an innovative group lending concept. This concept is one which has been discussed previously in international development circles, but there are few, if any, cases where the concept has actually been tested in practice. Thus the experiences gained in Haiti may well prove to be most useful for the development of similar programs in other countries of the developing world. Those who participated in elaborating the project were aware of the tentative nature of the design of the project and that it would have to be adjusted on the basis of acquired experience. This assessment should contribute significantly to this crucial adaptation process.

This report gives a substantial amount of attention to the problems and weaknesses of the project and BCA. This fact should not be taken as an indication that the accomplishments of the project are outweighed by its shortcomings. This is not the case. If this report focuses largely on project problems, it is because of the obvious fact that project and institutional improvement can

best be attained through the identification, analysis, and resolution of those problems which quite naturally arise in the process of implementing an experimental project.

The material to be presented in the report is organized into three main sections and a set of appendices. The first two sections provide the equivalent of an executive summary of the assessment. The third section will be of interest primarily to those directly responsible for project implementation and for the institutional development of the BCA.

Section I briefly describes the steps that were taken in designing and carrying out the assessment. Section II contains a presentation of the findings and recommendations of the assessment team. It includes a sub-section which identifies the issues which relevant decision-makers of GOH, BCA, and USAID/Haiti must resolve before a new design for the project can be prepared. This sub-section is of the utmost importance, as one of the basic conclusions of the assessment team is that major adjustments must be made in the design of the project at the earliest date possible. Section III provides a more detailed presentation of the information that was used by the assessment team in reaching its basic conclusions and recommendations. It identifies the extent to which the assumptions underlying the project design have proven to be correct and whether all inputs called for have been forthcoming. It also assesses the progress which has been made in achieving the outputs and purposes identified in the project design. The appendices to the report contain a number of supporting materials which are relevant to the assessment but do not warrant inclusion in their entirety in the main body of the report.

The material presented in this report was collected during a three-week visit (September 6-24, 1976) to Haiti by a CUNA Assessment Team. The team wishes

to express its appreciation to all those persons and institutions in Haiti which contributed to the successful completion of this study. Special thanks must go to Minister of Agriculture Leveille , to the Board of Directors of the BCA, to BCA Director Conte and his staff, to the Institut Haitien de Promotion du Cafe et des Denrees d'Exportation (IHPCADE) staff and IHPCADE Director Dadaïlle, to USAID/Haiti personnel and particularly to Agricultural Development Officer Rasmussen, and to Genevieve Roux who provided most valuable translating support to the team.

## I. DESCRIPTION OF THE ASSESSMENT PROCESS

The steps which were taken in carrying out this assessment can be categorized as follows. (1) review of the project design and (2) field activities and methods. A brief description of the steps taken within each category will provide background information essential to an understanding of the findings and recommendations of this report.

### REVIEW OF THE PROJECT DESIGN

If one is going to assess a project, it is essential that the criteria of assessment be clearly established. In the absence of agreed upon standards of judgement it is evident that an objective assessment is impossible. Thus the initial point of departure for this assessment was a review of those documents that could provide the needed criteria. The documents reviewed were: (1) the Capital Assistance Paper (CAP) (2) the Project Paper (PROP) and (3) the AID/CUNA contract documents.

In this first phase of work the assessment team encountered two distinct problems. The first problem was that none of the documents reviewed were organized in a manner which would provide an adequate frame of reference for the assessment. The second problem was that it immediately became evident that it would be most difficult for a CUNA assessment team to look into all aspects of the project. Careful examination and re-organization of the contents of the documents in question led to the conclusion that the project consists of four components which, though interrelated, could be separated for analytical purposes. These components are: (1) credit, (2) agricultural technology, (3) coffee center establishment and (4) road construction. As USAID/Haiti

had plans to carry out an evaluation of the entire project in the immediate future, it was decided that the assessment carried out by CUNA should focus primarily upon the credit component of the project, i.e., the aspects of the project in which CUNA has been directly involved.

As it was found that the definition of the purposes, outputs, inputs and assumptions contained in the logical framework summary of the project were not specific enough to be of great utility, it was decided that the project analysis narrative contained in the CAP should be carefully examined in order to extract from it any inherent project design elements which could be used to prepare a more complete definition of the purposes, outputs, inputs and assumptions related to the credit component of the project. As a result of this review, the team produced a project design for this component which is more precise than what is contained in the logical framework but which at the same time adheres strictly to those materials contained in the project documents. The "reconstructed" design consists of 3 project purposes, 7 assumptions, 31 output statements and 6 input statements. It was this frame of reference that was used as the primary means of assessing the implementation status of the project. This design is presented and discussed in detail in Section III of this report.

#### FIELD ACTIVITIES AND METHODS

Data collection activities were carried out during the first two weeks in Haiti and fell into the following categories: (1) collection of statistical information; (2) collection of information on project implementation through interviews with key BCA and IHPCADE personnel and

CUNA field technicians, and through a review of the documentation held by BCA, USAID and the CUNA field technicians; and (3) completion of field trips and interviews at the Hinche, Thiotte, Jacmel, Fond-des-Negres and Cap Haitien BCA Regional Bureaus and 14 SACs within these areas. The Regional Bureaus were selected by the BCA and the assessment team seeking to guarantee an adequate sampling of cases which would illustrate the range of development present in the regional operations of the BCA. The Regional Bureau directors visited were asked to select the three SACs to be visited within their region by first classifying the SACs in the region into good, medium and poorly developed categories and then selecting one from each grouping. Though, by leaving the selection to the directors, the risk existed of only being shown the best SACs, the commitment to their good faith was rewarded by what the team believes to have been choices which allowed it to see the range of development to be found within the SAC system. Only 14 rather than 15 SACs were visited given the fact that time constraints made it impossible to meet with more than 2 SACs in one of the five regions visited.

In all cases BCA staff accompanied the team to the meetings held at the regional and SAC levels. No doubt, this may have had an effect on some of the responses which were received, but the team does not believe that biased responses have had a significant effect on the validity of its conclusions. In fact, it is fair to say that the assessment could not have been completed without the active collaboration of the BCA staff. Staff members at all levels proved eager to cooperate, understood and shared the objectives of the assessment and became familiar with the use of the assessment methodology. Although the assessment team had assumed that, due to time limitations, it would not be able to engage

in any extensive assessment "training" activities, a significant amount of informal on-the-job training did take place and led without any question to the promotion of a positive attitude toward this type of activity. Regional Bureau personnel did an excellent job in making all arrangements necessary for visits to their areas and provided the team with all the time required to examine Regional Bureau operations. And last but not least, BCA staff participation in the assessment activities provided the team with insights which it could not have attained alone.

Most of the information-gathering activities were completed by the end of the second week. The third week was used primarily to organize the information obtained. During this week initial efforts were made to analyze some of the most important data collected in order to prepare for further discussions with the BCA staff on the tentative findings of the assessment effort, to seek direction from them in respect to key issues which had arisen, and to prepare for the preliminary verbal reports which were to be delivered to the Board of Directors of the BCA and the USAID project officer. Discussions with the BCA staff centered around some of the main issues that had arisen from the initial analysis of the data collected. A concerted effort was made to discuss all of the team's initial conclusions with them in order to assure that BCA and the team were in basic agreement on these findings. This procedure proved useful not only in helping the team to modify some of its interpretations but also to attain full participation on the part of the BCA in the entire assessment process.

## II. CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations of the CUNA assessment team may be broken down into the following categories: (1) project accomplishments, (2) project design issues, (3) improvements in BCA project implementation and institutional development, (4) improvements in general project implementation and (5) improvements in CUNA assistance. At the outset it should be pointed out that there might appear to be an inherent contradiction in two of the basic conclusions drawn. On the one hand the team has concluded that the BCA has made substantial and commendable progress in implementing a credit delivery system for Haitian small coffee farmers. Yet, on the other hand, it also concludes that this project cannot be implemented as presently designed. The team believes that both conclusions are supported by its data and will show why these two conclusions need not be mutually exclusive.

### PROJECT ACCOMPLISHMENTS

Statistically, the accomplishments of the BCA under this project may be summarized as follows:

Accomplishments of the BCA through June, 1976

Indicator	1975	1976	Total *
1) SAC Groups Organized	56	120	176
2) Number of SACs Applying for Loans	56	152	176
3) Number of SACs Receiving Loans	47	146	163
4) Number of Farmers Receiving Loans	592	1589	1854
5) Number of Hectares Covered by Loans	699	1016	1384
6) Number of Tons of Fertilizer Issued	556	901	1457
7) Volume of Fertilizer Credit Issued	\$55,620	\$90,117	\$145,737
8) Volume of Cash Credit Issued	\$25,293	\$21,302	\$ 45,595
9) Total Volume of Credit Issued	\$80,913	\$111,419	\$192,332
10) % of Number of Loans Issued to Farmers Applying for less than 3 Hectares	94.3%	99.0%	97.6%
11) % of Loan Volume Issued to Farmers Applying for less than 3 Hectares	74.2%	91.8%	84.7%

\* Total column does not equal sum of two years in all cases due to the fact that in some cases the same SACs and farmers applied for loans in both years.

It can be seen from the preceding table that during the first eighteen months of activity under the project, BCA has organized a total of 176 SAC groups, all of which were sufficiently organized to submit loan applications in 1976. Of these, a total of 163 different SACs have received loans reaching a total of 1854 individual small coffee farmers with a hectarage coverage of 1384 hectares. These loans required the organizational capability to assist in the

preparation and analysis of 208 different loan applications (with 144 SACs applying once and 32 twice) and to deliver and supervise credit on 193 SAC applications (with 133 SACs receiving credits once and 30 twice). A total of 1457 tons of fertilizer have been issued through the project and have been issued in a manner which assures that the vast proportion of it goes to farmers with small land holdings. These accomplishments substantiate the view that BCA has been successful in taking the first important steps toward the creation of a credit delivery system capable of reaching and servicing small coffee farmers in Haiti. This conclusion is further supported by the establishment and improvement of the systems and procedures required for BCA to operate effectively.

In Section III of this report it is pointed out that BCA's accomplishments fall short of the targets established for the first two years of the project. Yet it is most important to point out that thus far BCA's failure to meet targeted goals has been due to a significant extent to conditions well beyond the control of BCA. Some of these factors are examined in subsequent parts of this section. It is, however, pertinent to point out at this stage that the performance of BCA in implementing the project thus far comes very close to what the team would have considered to be realistic expectations. No doubt, substantive improvements must still be made in the credit component of this project, but it would be unrealistic to expect achievement of all of these in the first eighteen months of the project.

The assessment team has good reason to believe that BCA will be successful in achieving these improvements if given adequate support over the remainder of the project. This claim cannot be substantiated with objective statistical data. But all too frequently, in attempts to predict future progress in a

development context, there is a tendency to lose sight of subjective factors which may be just as important as objective data. In the case of the BCA, one such subjective factor needs to be given specific attention.

Given the fact that two of the assessment team members had worked with the BCA in the early phases of this project, it was possible to note a remarkable change in the motivation, commitment and pride within the staff of BCA. Such factors as the refurbishing of the BCA headquarters office no doubt have contributed to this change. But it is the accomplishments of the institution and the commitment to efforts leading to significant improvements in the institution which have had the greatest impact. The staff takes personal pride in the fact that the BCA is the only organization in Haiti which is effectively providing credit to small farmers in Haiti and that it is doing so through the implementation of an apparently successful group lending concept which is relatively new to the entire international development community. Most important of all, they see the BCA as an institution which has a bright future - an institution which will very possibly set an example for other institutions in Haiti. If one looks to the future success of the project, it is factors such as these that give good reason to believe that BCA has the capability and commitment to implement a realistically designed project.

Throughout the assessment BCA demonstrated a desire and a willingness to identify its shortcomings and to determine how these could be overcome. It is essential that this commitment to improvement not be undermined by unrealistic projections and demands.

## PROJECT DESIGN ISSUES

The assessment team has identified serious flaws in the original design of the project which would indicate that several of the project purposes could never have been attained. In addition it has found that unexpected changes in some of the assumptions made for projection purposes have been experienced during the implementation of the project. Both findings lead to the undisputable conclusion that the project must be subjected to very substantial redesign. Under present conditions, the project will not reach the service targets projected, and most definitely, financial viability will not be attained as originally projected.

### Factors Contributing to the Need for Project Redesign

The major factors which have contributed to the need to subject the project to very substantial redesign are the following:

#### A. Fertilizer Price Fluctuations

The volume of loans to be issued by BCA under this project, and consequently its capitalization, was projected on the basis of assumed fertilizer prices. But the unexpected happened. Fertilizer prices have decreased substantially from the levels that prevailed at the time that the project was designed. As a result, the loan volume and capitalization of BCA over the first five years of the project, those years in which fertilizer is to be purchased with AID loan funding at no cost to BCA, will only amount to approximately \$2.2 million rather than \$4.5 if more recent price projections hold true.

B. Fertilizer Subsidy Variance

Under the terms of the project, farmers participating in the project were to receive price subsidies equivalent to 50% in their first two years of participation in the project and 25% in the third and fourth years.

In effect, the level of subsidy provided in the second year of the project has only been equivalent to 22.5%. The net effect on the farmers has of course been negative as they are paying a higher price for the fertilizer than they would have paid if the 50% subsidized price had prevailed.

But the effect on BCA of bringing the subsidy up to the originally projected level would have been most detrimental. This may be demonstrated by indicating that BCA's capitalization in Year 2 of the project of \$94,000 would have been decreased to \$61,000 if the 50% subsidy rate had been applied. Such a decrease would have put BCA even further away from the projected capitalization of \$220,000 envisioned by the project documents and made impossible by the decrease in fertilizer prices and fertilizer imports for the project.

C. Change in Fertilizer Formula and Application Rate

One of the most significant variations which has been introduced in the implementation of the project has been that implied by the decision taken by IHPCADE not to follow the recommendations of the project in respect to the fertilizer formula and application rate that should be used. Thus the project has been implemented through the utilization of a fertilizer which contains half of the nitrogen concentration called for and at application rates which exceed twice the recommended dosage. In effect, this variation has cut the number of farmers and

hectares that may be served under the project by approximately half. And given the fact that the price differences between the two formulas were not substantial, the cost to the farmer has been almost twice what it would have been had the recommended formula and dosage been used. This shift has also had a substantial impact upon BCA's ability to generate the number of SACs that were targeted in the project documents, and at the same time has contributed to delays in the identification of the inadequacy of other project assumptions - mainly that inadequate funding had been provided for the necessary expansion of BCA's staff and that projected levels of staffing would not be sufficient to allow the BCA to service the number of SACs called for in the project.

D. Fertilizer Import Variance

Imports of project fertilizer have fallen well below projected levels, with only 1290 of a projected total of 2020 tons being imported for the project in the first two years of the project. This has placed a constraint upon BCA's ability to reach established service targets. It has also, in combination with the fertilizer formula and application rate change, contributed to a drastic reduction in SAC development. As a result, the assessment team is of the opinion that it would be most difficult for BCA to gear itself up rapidly enough to establish and service the number of new SACs which would be required in order to place all of the fertilizer called for in Years 3, 4 and 5 of the project.

E. Cash Credit Fluctuations

Given the fact that cash credits are a function of the hectares covered under the project, the demand for cash credits under the project cannot help but be lower than that originally projected due to the factors discussed previously. Thus GOH contributions for cash credits are likely to exceed BCA's ability to place these funds within the context of the coffee project. Additional surplus funding for cash credits is inevitable given the fact that the project restricts the utilization of project reflows to this credit activity. The implications of these two factors are truly ironic. BCA will have surplus loan funds which it cannot place within the project while at the same time it is faced with an acute shortage of funds to issue production credits for crops other than coffee.

F. Miscalculation of Staffing Needs

One of the largest errors made in the initial design projections was related to the level of staffing that would be required to support and expand the SAC credit delivery system. Initial analysis carried out by the assessment team indicates that on the average, one field worker is required for each 17 SACs brought into the project. In order to distribute the fertilizer called for by the project, the team estimates that BCA would require 56 field workers if the fertilizer used is the weaker variety and 101 if of the stronger variety. The project documents, however, called for the addition of only 13 new field workers. The differences are glaring; their implications are worthy of note for two reasons. First, it is highly questionable that BCA could find sufficient qualified field staff candidates to expand at this rate even if it could train and assimilate them this rapidly. Second, the costs

of hiring anywhere from 4 to 8 times as many field workers as projected would imply a most substantial increase in the level of budget support required by BCA.

G. Failure to Allow for Bad Debts

The project design inadvertently failed to account for the funding that would be required to cover bad debts. Allowance for bad debts must be build into the design unless BCA is to cover such costs through decapitalization. At present, no project-related revenues could be used for this purpose, given the fact that the interest generated by project funds may not be used to cover operating expenses of any kind.

H. Faulty Projection of Operating Cost Subsidy Required

The need for subsidies to BCA to cover operating costs was greatly underestimated when the project was drawn up. It is easy to see how this would be the case given the underestimation of staff needs and the failure to allow for funding to cover bad debts. According to the cost research carried out by the assessment team, the minimum total operating subsidy required in Years 3, 4 and 5 of the project in order to cover a reasonable bad debt allowance of 5%, and administrative and operating costs in these three years would amount to \$946,860. According to project documents, the subsidy to be provided in these three years is to amount to \$213,000, or less than 25% of the amount required.

I. Inadequate Cash Flow

According to the project documents, the BCA would have to finance the purchase of 6,048 tons of fertilizer in Year 6, and 6,402 tons in each of Years 7 and 8, of which a total of 8,317 tons would involve some subsidy. Since most of the BCA's capital would be "frozen" in loans to SACs in Years 6, 7 and 8, it seems obvious that the BCA would have to seek short-term external financing of the purchase cost of this fertilizer. These would be multi-million dollar loans. The project documents do not recognize this implication, and hence, completely neglect the budgetary problems (payment of interest) and do not mention who the source of this financing might be.

J. Unfounded Assumption of Self-Sufficiency

Most project designs tend to be overly optimistic about the potential accomplishments or results of a properly implemented project. In the case of this project, optimism led to the proposition that this project could lead to a self-sustaining agricultural credit system by the end of Year 5 of the project. Despite the fact that the overhead costs of a credit system seeking to deal with small farmers are almost universally found to be far above those experienced in other credit systems, and that it is difficult to find any such credit system in the world which is self-sustaining, the project designers not only posited that this system could be self-sufficient, but that it could absorb the costs of a subsidized fertilizer program in Years 6, 7 and 8. Our projections indicate that this credit system could never have become self-sufficient, even if project implementation had been perfect and no variances in critical variables

had taken place. Clearly, this project will require substantial subsidy for many years to come.

K. Impossibility of Drawing Down Full AID Loan

Due to the drop in fertilizer prices, it now seems likely that, even if the full amount of fertilizer targeted in the project were to be imported, at most only \$2.1 to \$2.3 million out of the forecasted \$5 million loan could be drawn by Year 5 of the project (1979).

From the above it is readily apparent that the main factors contributing to the need for redesign have little, if anything, to do with performance factors which could have been controlled by the BCA. It is equally apparent that virtually all targets initially established in the project design need to be brought in line with the dictates of reality.

Project redesign, however, cannot be carried out by the assessment team on the basis of highly questionable subjective assumptions which would amount to major policy decisions. A number of critical issues must be resolved by GOH, BCA and USAID/Haiti before redesign activities can be initiated.

Issues to be Resolved

In the opinion of the assessment team, it is crucial that the following issues be addressed at the earliest possible date if the project is to be given the realistic direction which it lacks at present. CUNA will be most willing to provide any assistance that it can in support of this effort.

A. Project Purposes

Given the fact that the assessment team found that there is a lack of consensus on the part of the different institutions involved in this project in respect to what the end product of this project should

be, it is important that top level representatives of the Ministry of Agriculture, BCA, IHPCADE, and USAID/Haiti reach such a consensus before the project is redesigned. The following are some of the basic questions that need to be raised:

- 1) Is this project to be geared primarily to the increase of coffee production and GOH revenues or is it to be geared to the increased productivity and income of small coffee farmers?
- 2) Should loans be limited to individuals owning less than 6 hectares, instead of those applying for 6 hectares or less, but who may own additional lands as is the case at present?
- 3) Should SAC members be prevented from participating in the project if they have or apply for less than .25 hectares as is true at present?
- 4) If the project in fact is to be limited to small coffee farmers, what can be done to provide fertilizer to large farmers under another program so as to reduce the flagrant abuses of the project that have arisen in some areas because large farmers have been forced to operate within the context of the project given the absence of alternative sources of fertilizer supply?
- 5) Can income increases on the part of small farmers be maintained in the long run in the absence of a price stabilization program for coffee?

B. Level of Fertilizer Subsidy

- 1) Is the GOH firmly committed to the concept of providing the levels of fertilizer subsidy called for by the project regardless of the fact that fertilizer prices have decreased by more than 50% from the level originally projected? Is it so committed regardless of the fact that it would diminish the already tenuous capitalization of the BCA?
- 2) Is it possible to administer a fertilizer credit program in which prices are adjusted according to market prices on a year-to-year basis and in which one individual in a community or region might pay 50% of the value of the fertilizer and another 100% of this value depending upon when their SACs first entered the program.
- 3) How long does GOH intend to provide subsidized fertilizer to small coffee farmers? Is it likely that it will choose to do so with its own funds once SAC groups are no longer qualified to receive subsidized fertilizer, i.e., at the end of the fourth year of participation in the project.
- 4) What price(s) should be charged for fertilizer in the next five years of the project? How should this price be determined?

C. Fertilizer Formula and Application Rate

- 1) What is the proper formula and application rate for this project? Why?
- 2) If the fertilizer formula and application rate are changed, should

the volume of fertilizer be reduced?

D. Project Fertilizer Volume and Timing of Delivery

- 1) Given the level of staffing required, can the volume of fertilizer called for by the project be handled effectively by BCA? At the present rate of application? At the initially projected rate of application? What volumes of fertilizer would be realistic?
- 2) Should the distribution of project fertilizer be spread out over an additional period of several years beyond that called for in the project documents?
- 3) Is GOH or USAID willing to absorb the costs implied by an attempt to distribute all the project fertilizer? At the present rate of application? At the initially projected rate of application?

E. Budget Support Subsidies

- 1) Is GOH or USAID willing to provide the additional operational subsidies required by the project in Years 3, 4 and 5? If not, how are these costs going to be covered?
- 2) Is GOH or USAID willing to provide the additional operational and fertilizer subsidies required by the project in Years 6, 7 and 8, and estimated to amount to \$1,927,431? If not, how are these costs going to be covered?
- 3) Is GOH willing to provide operational subsidies to BCA at a much higher level than previously for an indefinite period of time? What is the maximum amount that it would consider?

If subsidies are not sufficient to cover operating expenses, what measures will be adopted to assure that BCA is not decapitalized?

F. Cash Flow/Fertilizer Purchase Problem

- 1) Where are the funds for the purchase of fertilizer going to come from after Year 5, given BCA's cash flow problem? Where are the funds for payment of loan interest going to be drawn from if this cash flow problem is to be overcome through short-term external financing?

G. Use of Project Reflows in Years 3, 4 and 5

- 1) Could project reflows be made available for traditional loans during Years 3, 4, and 5, i.e., until such time as they can be effectively utilized within the context of the project?

H. AID Loan Drawdown

- 1) Does GOH wish to assure that the full value of the AID loan is drawn down? If so, how could it be drawn in a manner which would be most beneficial to BCA?
- 2) Would GOH and USAID be willing to consider establishing a draw-down system which would guarantee that BCA's capitalization is not tied to highly unpredictable fertilizer prices?

I. Implications of Assessment Analysis for New Projects

- 1) Given the implications of the cost analysis projections carried out by the assessment team, does GOH seem it advisable to undertake

new BCA credit projects which require assuming additional GOH costs in the form of operating subsidies?

- 2) Given the extreme difficulty which BCA will have in finding competent staff for this project, and training and assimilating large numbers of new staff members, is it reasonable to believe that BCA can take on additional projects unless these fit into a carefully phased expansion plan?

### Alternative Strategies

The assessment team has done everything possible within its time constraints to identify various types of alternatives which might merit some study by those who will have to analyze the issues which have been raised in this report. It must be emphasized that the projections and analysis carried out and described below are at best illustrative. The team has had to make numerous assumptions related to a number of variables which may or may not be valid or shared by others. Once more definite guidelines are established, it will be possible for the team to produce far more reliable projections. Hopefully this illustrative work will help to produce some of these guidelines.

It seems probable that any eventual redesign will focus on at least two primary areas: (1) changes in the pattern by which the \$5 million loan will be drawn and (2) measures to increase the degree of self-sufficiency of the BCA. Some of the possibilities that should be explored in these two areas include the following:

A. Alteration of the \$5 Million Loan Drawdown Schedule

1) Linear Tonnage Growth

One of the problems experienced with the original fertilizer import schedule was that it accelerated too rapidly to allow BCA to staff-up in an orderly manner. Thus, it would seem desirable to consider the alternative of making annual increases in tonnage constant, i.e., linear. This alternative would require that the draw-down period of the project be extended over an additional period of two or more years. For purposes of illustration, the team has explored the possibility of projecting a linear increase in annual tonnage over the next five years which would account for full utilization of the original 14,015 tons of fertilizer imports called for by the project. This annual tonnage increase and a revised importation schedule is shown below in contrast to the original schedule. Though the team does not wish to suggest that this is necessarily the best scheduling possible, the data which has been developed does give an idea of one of the types of options that might be considered in seeking to make the loan drawdown schedule more realistic. Optimal scheduling will depend, among other things, upon the decisions reached in respect to the level of staffing which BCA can attain within a specific time frame and the availability of the funding required to support this level of staffing.

<u>Year</u>	<u>No. of Tons</u>	<u>Original Projection</u>
1975	350	584
1976	940	1,440
1977 940 + 535 =	1,475	2,638
1978 1,475 + 535 =	2,010	3,916
1979 2,010 + 535 =	2,525	5,437
1980 2,545 + 535 =	3,080	---
1981 3,080 + 535 =	<u>3,615</u>	<u>---</u>
TOTALS	<u>14,015</u> =====	<u>14,015</u> =====

2 ) Supplemental Methods to Draw Down the Full \$5 Million

Unless fertilizer prices jump back up to pre-project levels, which seems unlikely, total drawdown of the AID loan to purchase the 14,015 tons of fertilizer will probably not exceed \$2.0 to \$2.8 million. In fact, at presently projected fertilizer prices, it would take a total of approximately 32,424 tons to completely use up the \$5 million (see Appendix 4). Since the BCA apparently cannot handle that level of volume, a question arises as to how the \$2 - \$3 million in funds left to be drawn down could be best used to benefit the BCA. Some of the principal alternatives available are as follows:

a) Stretch out of the Life of the Project

As indicated above, one of the options available is to extend the life of the project. This could be handled in two manners: (1) write a new project paper for a 5-year project

(1977-1981) or (2) attach a proviso to the existing project to the effect that if satisfactory progress is being made by 1979, the last funding year of the project, then the project (and fertilizer importation) would be extended for 2 or more additional years. According to the team's projections, and assuming an annual inflation in fertilizer prices of from 8 to 16%, a two-year extension of the project (with the linear increase in tonnage indicated above) would result in a total drawdown of between \$2.4 and \$3.0 million (see Appendix 5). Thus, even if this alternative is chosen at least \$2 million is still unutilized.

b) Use a Portion to Defray Operating Costs

This alternative should be used as a last resort, since expenditure in this manner means the funds have no lasting benefit for the BCA. It would be preferable if drawdown of the AID loan were used in such a manner that the BCA could capitalize drawn-down funds. Given the apparent magnitude of operating costs, however, it may well become necessary to exercise this option.

c) Use a Portion for Non-Coffee Credit

Farmers are in great need of credit to finance foodstuff credit. Given the chronic food shortages, malnutrition and balance-of-payments problems in Haiti, this option would seem very appropriate.

d) Give BCA the Balance at End-of-Project with No Strings Attached

If it appears that all funds cannot be efficiently drawn down within the life of the project, AID could discharge its obligation by sending the BCA a check for any remaining undrawn funds at

the end of the project. Most of these funds would probably be channelled into foodstuff credits.

It must be emphasized that the alternatives mentioned above are not mutually exclusive. Any or all of them may be combined in order to assure complete drawdown of the \$5 million loan. The important thing is to choose those options which will maximize BCA's capital, and hence revenue-generating capability, by the end of the draw-down period.

B. Measures to Increase the BCA's Degree of Financial Self-sufficiency

The costs of maintaining an agricultural credit delivery system for small farmers are known to be high. But at the outset of this experimental project it was difficult to determine how high these costs would be. The cost analysis projections of the assessment team shown in Appendix 7 begin to provide an answer to this question. They are much higher than originally projected and must provide for coverage of bad debts if decapitalization is to be avoided. It is questionable that these costs could ever be fully covered by the interest revenues generated by the BCA. This does not mean that the project is a failure; it only indicates that an agricultural credit delivery system for small farmers probably must receive continued and substantial subsidies for extended periods of time. This is a reality that must be accepted by those who seek to promote such systems. Complete self-sufficiency (the ability to cover all costs from earned income) thus becomes somewhat of an academic question in the case of the BCA. A more relevant question

which requires an answer is what degree of self-sufficiency should be attained by BCA during and beyond the life of the project. GOH, BCA and USAID are faced with the necessity of deciding what proportion of the operating costs implied by this project are going to be absorbed through subsidies and what proportion can be attained through measures which will increase the earned income or decrease the operating costs of the BCA.

In reviewing this question, the assessment team would urge that all parties examine the question of self-sufficiency from a broad point of view. Institutional self-sufficiency may not be feasible in the case of this project. But it should be remembered that as a result of this project, GOH revenues from coffee exports are expected to increase considerably. As a result institutional subsidies to BCA can well be viewed as a form of support to an institution which helps to generate government revenues far in excess of the subsidies required to support it.

Notwithstanding the above, it is reasonable to seek to increase the ability of BCA to cover a larger portion of its economic costs from earned income. The following are some options toward this end that might merit consideration:

- 1) Possible Measures to Increase Revenues
  - a) Increase Capitalization Resulting from Project Fertilizer Loans

One obvious method of increasing the BCA's earned-interest revenue is to increase the value of loans outstanding, or in

effect, to increase BCA's capital. One way of accomplishing this would be to reduce the subsidy provided to farmers on fertilizer credits thus increasing fertilizer prices, loan volume and capitalization. This would raise the base on which revenues are earned and hence would increase total revenues over what they would otherwise be. The major issue in question here is whether this project should place a higher priority upon increasing the degree of financial self-sufficiency of BCA or upon providing subsidies to small farmers.

b) Increase the Effective Lending Rate by:

- 1) Raising the official lending rate
- 2) Collecting interest in advance
- 3) Levying a "service charge" or "administrative fee" in addition to interest on loans.

c) Obtaining "Soft" External Loans

While seemingly attractive, an attempt to raise net income by earning a margin on low-cost concessional borrowings may lead to undesirable results. If the BCA's lending rates are not raised to a level high enough to cover the marginal costs of additional lending to clients, including bad debts, then it may not be able to repay its external loans on time. This would result in financial embarrassment to GOH.

2) Possible Measures to Decrease Costs

As indicated in the team's cost research (Appendix 7) BCA could lower its operating costs through any of the following methods:

- a) Decreasing the Number of Tons of Fertilizer which it Seeks to Place
- b) Increasing the Total Membership of SAC's
- c) Increasing the Amount of Credit to each SAC - by getting those farmers who have additional hectarage to apply for credits covering up to the maximum of 6 hectares
- d) Increasing the Number of SAC's Assigned to each Field Staff Member

The estimate that one field staff person can only service 17 SACs, the basis of most of our cost projections, although seemingly reasonable, may in fact be substantially in error.

- e) Creation of an Intermediate Structure between the BCA and SACs

According to the team's estimates, the marginal cost of granting each additional SAC loan is around \$ 727 (see Appendix 7).

Since the average SAC loan does not yield anywhere near this amount of interest, the BCA's operating deficit increases with each additional loan granted. The creation of an intermediate structure might well provide a means of transferring some of the loan administration costs presently assumed by the BCA.

It has proven impossible for the assessment team to fully analyze the implications of the multitude of options which GOH, BCA and USAID might wish to explore in coming to grips with the issues that have been raised. The problem is that there are far too many variables at play in this project to be able to develop a reduced set of options. This is

specially true given the fact that many of the projections run thus far have been extremely sensitive to even small variations in the factors that have been isolated. To provide but one example, it has been found that a variation in the fertilizer formula and application rate used in the project has wide repercussions in terms of the number of farmers who could be reached through the program, the number of SACs that would be required to channel fertilizer credits, the number of BCA staff required, the operating costs to be incurred to support the activity required of the BCA staff and the level of subsidy required to sustain this activity. An answer to the fertilizer formula and application rate question alone would greatly simplify the analysis of the options which should be considered in determining how the project should be reformulated.

The purpose of this review has been that of acquainting relevant decision-makers with the types of issues which must be resolved and some of the approaches that they might wish to utilize in analyzing these issues. If some of the issues raised can be resolved on the basis of clear policy preferences or technical considerations, it will greatly facilitate the task of seeking analytically supported answers to the other issues. CUNA believes that it can be of substantial assistance in this second process and stands ready to have several members of its assessment team return to Haiti to provide this assistance once the most obvious policy and/or technical questions have been resolved or at any time deemed desirable by GOH, BCA and USAID.

## RECOMMENDATIONS FOR BCA

At the time that project redesign is completed, it will be necessary to reformulate the specific objectives which will have to be pursued under the project and to identify the activities that will be carried out toward this end. Nevertheless, there are a number of recommendations which can be made now that are likely to be relevant to project implementation improvement and to the effective development of the BCA regardless of the decisions taken on the issues raised in this report. These recommendations can be grouped in the following categories: (1) staffing and training, (2) SAC and cooperative development, (3) administrative procedures (4) financial management (5) loan management and (6) planning.

### Staffing and Training

- 1) Immediate attention should be given to a systematic analysis of the staffing needs of the BCA. The absence of this type of analysis has led to a situation where BCA will not be able to handle the field activities which it would have to carry out in Year 3 of the project if the project were to be implemented as originally designed. No doubt, final staffing projections will have to await completion of the redesign of the project, but in the meantime BCA should review the staffing analysis of the assessment team and modify it to the extent necessary. Once this review is completed, BCA should utilize its analysis to set realistic goals for the interim activities that it can hope to carry out in Year 3 prior to completion of project redesign.

- 2) Immediate action should be taken to recruit the projected additional staff that will be needed to pursue whatever interim goals BCA sets for itself for Year 3.
- 3) Immediate action should be taken to review the need for the following three new high-level positions within BCA headquarters. If reviewed positively, immediate action should be taken to obtain the necessary funding and to recruit for these positions.

- a) Financial Management Officer

This officer would be responsible for developing and implementing resource mobilization plans that would guarantee that BCA's capital base is expanded. He would also implement investment plans that will guarantee the highest returns possible within the guidelines established by the Board of Directors.

- b) Training Officer

This Officer would be responsible for identifying the training needs of BCA staff and SAC officials. He would also develop all training materials required by BCA, assist other BCA staff in the execution of training activities, and assess the effectiveness of BCA training activities.

- c) Regional Monitoring and Coordinating Officer.

This Officer would be responsible for monitoring all activities and procedures at the regional level on a continuing basis. He would also coordinate these activities and those of the headquarters staff in order to guarantee adequate support for regional and field staff members.

- 4) Action should be taken to improve staff job descriptions. Job descriptions should be made specific enough to provide adequate guidelines to staff in respect to their responsibilities and to provide a basis for staff performance appraisals.
- 5) The role of field staff in providing agricultural technical assistance should be carefully reviewed in order to determine whether the present recruiting preference for agronomes is justified. It is not at all clear what the role of field staff is supposed to be in the area of agricultural technical assistance. Indeed there would seem to be good reason to question whether the present tendency to hire agronomes is appropriate when seeking staff for a credit institution.
- 6) The level of staffing in each Regional Bureau should be examined and adjusted to more adequately reflect the volume of business transacted through each Bureau. It would appear that at present the level of field staffing in Regional Bureaus bears no direct relationship to the loan volume or number of SACs in the region. Regional Bureaus that have been in existence the longest also tend to have the largest number of staff. It would thus appear that a more concerted effort needs to be made to effectively match available personnel with field requirements.
- 7) Immediate attention and the highest of priorities should be given to the training of regional and field staff in the areas of loan documentation and regional and SAC-level accounting. The high level of errors found in the loan documentation being sent to headquarters and the slow progress made in implementing the regional

and SAC-level accounting systems are both factors that should be of great concern to the BCA. Further delays in providing adequate training in these areas could have a very negative impact on BCA.

- 8) Staff skill levels should be systematically analyzed in order to identify those skill areas which must be improved through training programs. Thus far, training activities seem to have been very broad in scope and would in their majority be better classified as general orientation rather than skill development activities.
- 9) Specific training materials, with an emphasis on how-to manuals, should be prepared in order to make training efforts more effective.
- 10) In the future, all training programs should be designed so that BCA can determine through evaluation techniques whether or not the staff trained has acquired the skills which the training programs should have provided. Follow-up evaluations should be included in the design of each program.

#### SAC and Cooperative Development

- 1) BCA should develop a SAC model which will provide the criteria needed to determine what activities need to be carried out to assist each SAC to attain the level of development required for effective operation. Once this model is developed, it will be essential that each SAC be assessed and that field staff activities be planned in order to assist each SAC to attain the level of development required. In the absence of this essential model, there is presently no clear understanding or definition of what development activities field

staff should be carrying out at the SAC level. Thus there has been a lack of direction in the area of SAC development and no consistency in the work being done by BCA's field staff.

- 2) BCA should disregard the SAC target projections contained in the project documents and project more realistic targets for Year 3. Once these targets have been set, all Regional Bureaus should prepare plans which will lead to the accomplishment of the established targets. This planning should include those activities which will have to be carried out with new as well as established SACs.
- 3) BCA should identify ways in which the average membership in SACs can be raised above the present average of 11 to 12 and carry out those activities required to accomplish this end. An increase in the membership of SACs to an average closer to the limit of 15 would contribute significantly to any effort to reduce BCAs operating costs.
- 4) BCA should strive to increase the amount of hectarage of each participating SAC member covered by the project. It has been reported that numerous farmers are not applying for coverage of all of their coffee fields even when these fields do not exceed 6 hectares. Inclusion of a larger proportion of these fields would contribute to a reduction in the operating costs of BCA.
- 5) BCA should identify ways in which the drop-out rate among project SACs and SAC members can be reduced and carry out those activities required to accomplish this end. A continuation of the present

trend will prove to be disastrous for BCA and will imply substantial increases in the operating costs of this institution.

- 6) BCA should design a simple system for recording individual farmer expenses and returns which will allow each participant in the project to determine whether his investments are justified in terms of returns. The implementation of such a system will be important not only in terms of seeking to guarantee the continued participation of farmers in the project in its initial phases; it will be most important in convincing farmers that they should continue to utilize fertilizer once the price of this commodity has risen given the reduction and eventual elimination of price subsidies.
- 7) Concerted efforts must be made to provide participating farmers with a better understanding of the project and of coffee technology. Among other things it is essential they understand that the full benefits of fertilization cannot be achieved without yearly applications of fertilizer. It is also important that they be aware of the fact that fertilizer prices under the project will increase over time.
- 8) The BCA Board of Directors and BCA staff should determine what priority the development of intermediate or "cooperative" structures should have in their development plans. If these structures are to be viewed as the means of reducing the operating costs of the BCA, it may be necessary to place a high priority on this activity.

#### Administrative Procedures

- 1) Immediate attention should be given to the preparation and distribution of a standard operations manual which identifies, describes and provides detailed instructions on all procedures and policies relevant to the operation of the BCA.
- 2) Steps should be taken to improve communication and coordination between headquarters and the Regional Bureau. The installation of a radio communication network, if technically feasible, would be highly desirable. The creation of the position of Regional Monitoring and Coordinating Officer at the headquarters level would also contribute to the solution of present coordination problems.
- 3) Orders for additional equipment needed by BCA should be issued as soon as possible.

#### Financial Management

- 1) Steps should be taken to assure that project accounting information is submitted to headquarters in a timely fashion and to assure that project accounting activities at the headquarters level lead to prompt up-dating of the project accounts.
- 2) Prompt attention should be given to the training of the project accountant.
- 3) Action should be taken to design and implement a more realistic budget system and assure production of timely P and L statements.
- 4) A system should be established for the monthly balancing of loan and deposit subsidiary ledgers with control accounts in the

general ledger.

- 5) BCA accounting procedures should be made more flexible so as to allow for the most efficient development of an auxiliary project accounting system.
- 6) Immediate action should be taken to guarantee that a substantial proportion of BCA funds not needed for loans are placed in interest-bearing savings accounts or invested productively in some other way. At the present time all project reflows are being held in checking accounts. Given the fact that it is questionable that these funds or a substantial proportion of them will be utilized prior to Year 6 of the project, a failure to take action on this matter will substantially decrease the rate of capitalization of BCA.
- 7) Careful attention should be given by BCA to the role that a voluntary savings promotion program might play in its capitalization.
- 8) A clear policy should be communicated to the SACs in respect to interest payments on and the conditions under which SACs can withdraw their 4% interest margin deposits.
- 9) A clear policy should be established in respect to the payment of interest on all SAC deposits.
- 10) Action should be taken to modify that provision of the BCA by-laws which limits the 5% capitalization on loans by SACs to a maximum of \$200 .

- 11) Action should be taken to require that BCA individual borrowers as well as SACs meet the 5% capitalization requirement.
- 12) Promotion of savings through allusion to a savings-to-credit ratio should be discontinued if BCA has no plans to honor this commitment.

#### Loan Management

- 1) The loan application forms presently in use should be redesigned in order to make them more useful. A large part of the information collected by these forms at present would seem to be of little use in the loan review process.
- 2) BCA, IHPCADE and USAID should determine what the purpose of a farm investment plan is, what information is needed to accomplish this end, how this information is going to be collected, and how it is to be analyzed and incorporated into the loan review process.
- 3) Steps should be taken to achieve better coordination of the delivery of both cash and fertilizer credits.
- 4) Immediate steps should be taken to investigate reports of flagrant abuses of the program in the Thiotte area. Remedial action should be taken, if required, at the earliest possible date. Among others, the following abuses were reported: (1) sale of fertilizer by SAC members participating in the project and (2) SAC members of the same family receiving loans on the same parcel of land.
- 5) Methods to monitor the use of loans by recipients should be developed and implemented.

- 6) The loan repayment monitoring system should be simplified through the introduction of a system for aging accounts .
- 7) Immediate steps should be taken in all Regional Bureaus to assure prompt and adequate action in respect to loan repayment follow-up activities. A failure to do so could contribute or lead to an unacceptable delinquency and/or default rate .
- 8) BCA should develop standardized collection procedures and train its Regional Bureau staff in the collection of bad debts .
- 9) BCA should complete an inventory of its loan portfolio and establish a write-off system for uncollectible loans .
- 10) BCA should establish the guidelines and prepare the materials necessary to initiate issuance of multi-year lines of credits in Year 3 to those SACs which have established their credit worthiness over the past two years .

#### Planning Activities

- 1) The following steps should be taken to improve BCA's work plans:
  - a) objective statements in the work plan should be stated more concisely and should be verifiable
  - b) data used to project work plan targets should be defined and collected more systematically
  - c) adequate amounts of time should be allocated to the execution of routine activities
  - d) specific action plans should be prepared for each work plan objective

- e) a work plan monitoring system should be implemented
  - f) staff should be held responsible for the completion of those objectives assigned to them in the work plan.
- 2) BCA should review all of the forms presently in use in order to determine why and how they are being used and to determine how they could be designed and used more effectively for purposes of planning and evaluation.
- 3) BCA should adapt its planning exercise for 1977 to account for the fact that the project will be redesigned and that numerous present targets are likely to be modified.

## GENERAL RECOMMENDATIONS

Implementation of the credit component of the Small Farmer Coffee Project could be substantially improved through adjustments of a general nature requiring action by GOH, IHPCADE, and USAID, as well as BCA. These modifications can be categorized under the headings of (1) project coordination, (2) fertilizer inventory, (3) project evaluation data and (4) other project-related procedures.

### Project Coordination

- 1) Immediate action should be taken to re-establish a Project Coordinating Committee consisting of the principals of each of the institutions involved in the project.
- 2) BCA and IHPCADE should establish a joint planning system at both the national and regional levels which will assure that the activities of each are adequately phased and mutually supporting. This system should also guarantee that communications between the two institutions are carried out in writing and in a timely manner.
- 3) The Ministry of Agriculture should consider the desirability of assuming overall coordination of the project activities of BCA and IHPCADE. To this end, it might be advisable to assign this responsibility to a representative of the Ministry who would report directly to the Minister of Agriculture.

### Fertilizer Inventory

- 1) USAID should provide consultant services to BCA and IHPCADE for the purpose of designing and implementing an effective inventory system

which will guarantee that adequate and up-dated inventory records are maintained.

- 2) Steps should be taken to determine why IHPCADE headquarters inventory records do not always coincide with those found in the field.
- 3) Steps should be taken to establish how much fertilizer has been made available to the project in Years 1 and 2 and what the source of the fertilizer has been.
- 4) Steps should be taken to guarantee that fertilizer deliveries to the various regions consist of the formula type(s) called for.

#### Project Evaluation

- 1) USAID should consider hiring a consulting firm to design a base-line data format, collect all data required and identify what data should be collected and how this data should be collected during the life of the project in order to facilitate comparative analysis.
- 2) Responsibilities of ongoing project implementation monitoring should be clearly established and a precise project monitoring system should be established. Periodic progress reports should be issued to the Project Coordinating Committee.

#### Project Procedures

- 1) In order to expedite the purchase of project equipment needed in Years 3, 4 and 5 of the project, BCA, IHPCADE and USAID should explore the possibility of establishing a special equipment fund which could be used for the local purchase of needed equipment without going

through normal AID procurement processes. Under such a plan BCA and IHPCADE might be authorized to draw down on a fund of \$10,000 or so at their discretion, and USAID would bring the fund back to the prescribed level following presentation of adequate justification and proof of the expenses incurred.

- 2) GOH should consider making a single payment to BCA each year rather than continuing the practice of issuing two payments per year.
- 3) BCA and the Ministry of Agriculture should up-date the BCA salary schedule and implement a system of annual or bi-annual merit increases which can be used to reward staff according to their performance.
- 4) IHPCADE should carry out soil testing for every SAC participating in the project and adapt fertilizer application to specific soil conditions. At the present time, some soil testing is being carried out regionally, but not even these tests are being used as guides to fertilizer application given the fact that one uniform application rate is being utilized throughout the project.

## RECOMMENDATIONS FOR CUNA

The findings and conclusions of the assessment team lead it to recommend CUNA action in the areas of (1) staffing, (2) planning and evaluation, (3) AID relations and (4) CUNA support of the CUNA/Haiti team.

### Staffing

- 1) The assessment team has tentatively concluded that two additional positions should be created within the CUNA/Haiti team. These are the positions of Regional Bureau Advisor and SAC and Intermediate Structure Advisor. Both positions are contingent upon parallel decisions which must be made by BCA. The position of Regional Bureau advisor should only be created if BCA chooses to establish the counterpart position of Regional Monitoring and Coordinating Officer as the CUNA advisor's role would be that of assisting this officer. The creation of the position of SAC and Intermediate Structure Advisor would depend upon a decision by BCA that it wishes to pursue the creation of intermediate structures. This advisor's responsibility would be that of assisting BCA to establish a SAC model in the first months of assignment but after that would focus primarily upon the design and implementation of intermediate structure pilot projects.

### Planning and Evaluation

- 1) CUNA should provide any assistance requested toward the end of accomplishing a major redesign of this project at the earliest date possible. Global Projects should be ready to commit anywhere from

6 to 12 person-weeks of technical assistance to the project in Haiti in order to assist in the attainment of project redesign.

- 2) The CUNA/Haiti team should prepare interim work plans covering a period of up to six months, i.e., through June, 1977, by December 1976. CUNA should plan to assist the team in this endeavor by sending one staff member to Haiti to review this work plan prior to final approval.
- 3) The CUNA/Haiti team should assist the BCA to design a planning exercise which will lead to an interim work plan for the first six months of 1977. Full-fledged planning for 1977 should be postponed until project redesign has been completed.
- 4) CUNA should plan to carry out assessment activities in Haiti at least once a year. The usefulness of this type of external review has been amply demonstrated by this assessment.

#### AID Relations

- 1) The CUNA/Haiti team should take immediate steps to determine what role the new USAID Project Officer wishes to play in the coordination and monitoring of this project. The relations of the team with USAID should be determined by his preferred style of operation.
- 2) The CUNA/Haiti team should design and implement a monthly reporting format which meets the specific requirements of the USAID Project Officer.

Cuna Support

- 1) CUNA should take immediate steps to assign project monitoring and coordinating responsibilities for the Haiti project to one or more of its staff members.
  
- 2) Once redesign is accomplished, CUNA should plan to hold a meeting with the CUNA/Haiti team in Washington or in Haiti in order to attain a clear mutual understanding of the objectives that the team will be expected to pursue and to clarify the responsibilities of each team member. To this end, CUNA should prepare new job descriptions for the team staff which reflect any changes in the responsibilities of each implied by the project redesign.

## SUMMATION

The recommendations for project implementation improvement contained in this report are useful for short-term purposes. But implementation of these recommendations in no way assures that the major flaws in the project will be overcome. Prompt and concerted attention must be given to these major problems, and realistic solutions must be devised to address them. The first eighteen months of implementation of the Haiti Small Coffee Farmer Project have been productive and have provided an opportunity to test the initial design of this experimental project. It should come as no surprise that a project of this nature should require major adjustments at this time. A failure to capitalize on the experiences gained would indeed give cause for grave concern. The problems which must be overcome are by no means minor, but they can be resolved. Placing this project on solid ground, however, will require a major collaborative effort.

### III PROJECT DESIGN IMPLEMENTATION

Through the assessment activities carried out in Haiti, data on all aspects of the credit component of the Small Coffee Project design were collected and analyzed in order to determine the extent to which the implementation of the project has followed the guidelines established in the project design. This section provides an analysis of the implementation status of the project according to the criteria of the project design. The adequacy of the assumptions made in respect to the project, the extent to which the inputs called for have been provided, the status of the project in terms of the outputs which have been attained, and the progress made toward the achievement of the project purposes and end-of-project indicators are all examined in detail.

#### A. SUB-PROJECT ASSUMPTIONS

In examining the project documents the assessment team was able to identify seven basic assumptions related to the credit component of the project. Five of these have been disproven and two have been substantiated by events thus far.

1. The IHPCADE and BCA possess the inherent technical and administrative strengths, i.e., growth potential required, to successfully implement this expanded program.

No systematic attempt was made to determine the adequacy of this assumption as it relates to IHPCADE. But what the team saw in Haiti would suggest that there is reason to question whether IHPCADE has the capability to increase its services at the rate called

for by the project. The same can be said of BCA. Certainly the growth potential of BCA has been demonstrated, as will be evidenced in our discussion of the project output which calls for the expansion of BCA staff. Its capability for expansion is not such as to allow for the rapid pace of expansion which would be required in order to be able to reach the number of SACs and farmers targeted by the project. Consequently, it is of the utmost importance that careful attention be given to the identification of a realistic and phased pattern of growth. This is of overriding importance to BCA not only in terms of the Small Coffee Farmer Project but also in terms of any additional projects which BCA might choose to undertake in the near future. It is important to note that the level of new staffing identified in the project design falls well short of the projected level of staffing which we have estimated would be necessary if the project were to be implemented as originally designed. There is reason to question whether the difference is so great that BCA could recruit and train the number of staff that would be needed for full implementation of the project. Under the circumstances, it would be desirable to establish new and more realistic service targets for the project.

2. The provision of US and FAO technical assistance enables the IHPCADE and the BCA to build a successful program based upon intensive coffee culture through cooperatives and pre-cooperatives, and to be capable of servicing approximately 12,000 farmers per year at the end of the project.

No attempt was made to assess the work that has been done by FAO technical assistance personnel. The technical assistance programmed for BCA through CUNA contract substantially underestimated actual resident advisor needs. Steps have already been taken to close this gap by providing for the addition of a third CUNA technician to the Haiti team; the assessment has identified the need for two more CUNA technicians in the near future. Further details on this increase in CUNA staffing have been provided in Section II of this report.

3. The scheduled amounts of cash for credit loans will have been made available from GOH resources.

GOH has thus far provided those funds for cash credits called for by the project.

4. It is assumed, for purposes of calculating how many farmers may be included in the fertilizer credit program, that the average landholding covered by each SAC sub-loan will be that of one hectare per farmer.

It was found that in the first year of the project the average number of hectares per farmer covered by project loans equalled 1.2 hectares. In the second year of the project, however, the average was only of .6 hectares. It would appear that the future trend will more closely approximate the second year figure, rather than the first year figure. If this proves to be a correct estimate, the projections on the number of farmers that can be served by the project, and the number of SACs that must be organized in order to reach them, will have to be modified substantially.

5. Fertilizer application on new plantings will be at the rate of 164 kgs/ha in the first year of establishment, 375 kgs/ha in the second, and 500 kgs/ha per year thereafter. On rehabilitated orchards the application rates will be 375 kgs/ha in Year 1, followed by 400 kgs/ha in Year 2 and 500 kgs/ha per year thereafter. The fertilizer to be used will be of 20-5-15-1 analysis.

This assumption has definitely not held true in the case of rehabilitated orchard application, the only kind undertaken thus far. The operational guidelines established and followed by IHPCADE and approved by BCA call for the application of 10-5-20-1 analysis fertilizer at a rate of one ton per hectare. The net effect of this change is an approximate reduction of 50% in the number of hectares and farmers that can be serviced with the amount of fertilizer called for by the project. Though there may be valid technical reasons for not following the project design recommendations, it is most important to realize that no one ever gave any thought to the crucial question of the impact which this change would have on the ability of BCA to implement the project as called for by the project documents. The implications of this change warrant a substantial adjustment in the project design.

6. The base price of fertilizer of \$285 per ton will increase at a rate of 8% per year.

This assumption has definitely not held true. Whereas the price of the fertilizer imported in the first year of the project was estimated to be \$285 per ton, in fact the weighted average price was only \$214 per ton in Year 1 and \$129 per ton in Year 2. Though this would seem to be a break for the project, in effect the drop in prices has had a most significant negative impact

upon the projected capitalization of BCA as its capitalization varies directly with the value of a fixed amount of fertilizer. As a result, the level of capitalization attained in the first two years of the project through the distribution of fertilizer has only been 47.8% of that projected in the Capital Assistance Paper. This variance has most serious implications for the project.

7. Yearly average export price of Haitian coffee will be equal to the January-April 1974 average export price of \$80 per 60 kilos.

Thus far this assumption has held true.

#### B. SUB-PROJECT INPUTS

The project documents identified six input categories related to the credit component of the project. The level of input required in each of these has been made available in all but one of these categories thus far.

##### 1. GOH CONTRIBUTIONS

Year	BCA Budget Support		Cash Credits	
	Projected	Provided	Projected	Provided
1	\$ 36,500	\$ 36,500	\$ 24,966	\$ 24,966
2	\$ 47,500	\$ 23,750 plus *	\$ 57,829	\$ 28,565**

\* GOH is disbursing budget support funds twice per year. At the time of the assessment slightly more than half of the yearly GOH contribution had been received and the remainder was to be made available in the immediate future.

\*\* GOH is disbursing cash credit funds twice per year. At the time of the assessment approximately half of the yearly GOH contribution had been received and the balance was to be made available in the immediate future.

The timing of the payment of GOH project contributions to the BCA has created some problems in the first two years given the fact that yearly contributions are made in two separate payments. This practice has limited the ability of BCA to disburse cash credits in an optimal manner as its cash flow is not such as to allow BCA to meet cash credit demands in the first half of the year when these are in excess of the first semi-annual GOH contribution. If at all possible, GOH should consider disbursing the full yearly contribution to BCA at the beginning of each year so as to eliminate this problem.

2. Fertilizer Imports under AID Loan

<u>Year</u>	<u>Projected Volume</u>	<u>Volume Imported</u>
1	580 tons	350 tons
2	1440 tons	940 tons

It is apparent that the level of fertilizer imports has not met the input levels prescribed by the project design. Though it is possible that additional fertilizer could be brought into the country in what remains of Year 2 of the project, no such plans exist at the present time. It was impossible to establish the exact reasons why IHPCADE has chosen not to import the full amount of fertilizer in each year. It was determined that

this decision was one in which AID played no part; in fact, in both years AID has done all that it could to facilitate purchase and importation of the full amounts of fertilizer.

In the first project year, this shortfall did not affect the project as fertilizer from some other source was made available to the project in that year. But, in the second year, BCA activities were hindered by the unavailability of sufficient fertilizer. It was reported to the assessment team that the additional 500 tons of fertilizer called for by the project were to have come from a NFAO shipment of fertilizer. The assessment team was not able to verify this report, but the important fact is that this additional fertilizer was not made available and that this affected BCA capitalization and project implementation negatively.

3. CUNA Cooperative and Agricultural Credit Specialists: 93 MM long-term resident advisors in (a) credit cooperatives and rural organization and (b) general credit administration and management

CUNA has provided the services of these two resident advisors as of December 1974.

4. 10 MM Short-Term Technical Assistance

<u>Areas of TDY Assistance Listed</u>	<u>TDY Assistance Provided</u>
a) accounting procedures	84 days
b) bonding and insurance	-----
c) specialized organizational training	44 days
d) credit procedures	-----
e) systems development	-----
f) loan delinquency control and collection	-----
TOTAL	128 days or 6.4 MM

5. Funds for Training Materials and \$10,000 per year for Local Training Costs

These funds have been made available.

6. Funding for 15MM Participant Training in US for Study of Cooperative Development and Operations

Funding for this purpose has been available. It has been interpreted that all out-of-country participant training costs may be drawn from this fund. Training has thus far taken place in Jamaica, Panama, Costa Rica, Dominican Republic, Canada and the United States.

C. SUB-PROJECT OUTPUTS AND INDICATORS

As indicated previously, the assessment team's reconstructed project design identified 31 different project outputs. These are grouped for purposes of presentation into the general categories of: (1) loan policies and procedures, (2) planning and evaluation, (3) SAC creation and support, (4) staff expansion and training, (5) project coordination, (6) financial mechanisms and controls, (7) cooperative development and (8) savings mobilization. In this section the general findings in respect to these are reported. Reference is made to specific output indicators wherever these have been provided in the project documentation.

## Loan Policies and Procedures

1. Credit policies and procedures for the project will be established and implemented in Year 1

The credit policies and procedures related to the project were established early in Year 1 of the project. These are covered in four separate documents issued between December 1974 and April 1975 and distributed to all relevant personnel at BCA headquarters and the Regional Bureaus. An additional document was issued in May 1976 clarifying questions which had arisen in respect to a uniform repayment schedule to be applied to all project loans. All Regional Bureaus visited had copies of these documents on file and were attempting to use them, though several Regional Directors indicated that they needed additional training in the use of the policies and procedures established. The specific output called for by the project documents has been satisfied, but there is a need to improve on this output in a number of ways. Several areas of improvement are discussed below in the examination of the output indicators identified by the project design. In addition to these observations, the team would indicate that there is a need to produce a credit policies and procedures manual which integrates the existing documents into a single illustrated document providing clear descriptions of the process that is to be followed and the forms that are to be completed in processing a loan.

### Output Indicators

- a. No maximum amount is established for project lending except that

credit initially may not be extended to a borrower for more than 6 hectares of coffee. This requirement will be reviewed periodically to determine whether a degree of flexibility should be introduced.

This criterion is included in the credit policies and has been implemented without exception if one interprets that the intent of the project is to limit the hectarage covered by any single SAC member sub-loan to 6 hectares. To our knowledge this requirement has not been formally reviewed, but if such a review is carried out it would be desirable to determine whether the intent of the project should be that stated above or that sub-loans be limited to small farmers who own no more than 6 hectares of land. As things stand now, large farmers may participate in the project as long as they do not seek loans for more than 6 hectares of coffee land.

- b. Coffee farmers may receive credit in-kind in the form of fertilizer for up to a maximum of 6 hectares at a 50% subsidized cost for the first two years of borrowing and at a 25% subsidy for the subsequent two years of participation in the project, as long as borrowing commences prior to the end of the fifth project year.

The level of subsidy provided has not met this criterion. In Year 1 it equalled 53.2% of the weighted average price of the fertilizer imported with project funding in that year. But in Year 2 the effective subsidy amounted to only 22.5% of the weighted average price of the fertilizer imported in that year. This variance was due to the fact that the price of the fertilizer to the farmer

was not adjusted to reflect the substantial decrease in the import price of fertilizer between Year 1 and Year 2. There is a lack of consensus on the part of the Ministry of Agriculture, BCA and AID on the significance of this finding. The Minister of Agriculture expressed a strong commitment to providing the effective subsidy called for by the project. BCA foresees significant problems in implementing a fertilizer program in which the price of fertilizer fluctuates from year to year. And AID is not entirely convinced that the high level of fertilizer subsidy called for by the project is necessary under present circumstances.

This issue should be resolved prior to initiation of credit activities in Year 3. In discussing this issue, the team would recommend that those responsible for reaching a decision give consideration to the effect that a 50% subsidy will have on BCA's capitalization. In Year 2 of the project the lower level of subsidy had a cushioning effect upon the reduction of BCA's capitalization due to the marked drop in fertilizer prices and in project fertilizer imports. In this year the capitalization of BCA through fertilizer credits was to have been approximately \$220,000 according to the project documents; effective capitalization in this year will only amount to approximately \$94,000 due to the decrease in prices and in fertilizer imported. However, if the 50% subsidy level had been implemented, effective capitalization would have been reduced to approximately \$61,000.

- c. Loans for the regeneration of stands of coffee will be for a period of no more than 3 years with equal annual payments for principal plus

interest over the period. Loans for complete new plantings may be made for periods longer than 3 years.

In order to simplify bookkeeping procedures, the repayment schedule has been spread out beyond three calendar years. Following the distribution of fertilizer and cash credits in May and June, farmers are being required to make interest payments in October. Three equal interest and principal payments are made each subsequent October, thus extending the effective repayment period to approximately 3 1/2 years.

- d. Repayments are credited to the account of the borrower and become available for relending but only in cash not in-kind.

This provision was not included in the credit policies and procedures documents. While in practice repayments are not being used in a way which would violate this conditions, it should be noted that repayments are not being recycled in the form of cash credits. Repayments are being held in non-interest-bearing bank accounts at both the regional and the national levels. Evidently this indicates that there is a need to improve cash management methods in order to maximize the interest income generated for BCA.

- e. Loans will be made at a uniform rate of 8% or higher to all borrowers depending upon GOH regulations in effect at the time.

All project loans are being issued to SACs at 8% and as sub-loans by SACs to members at 12%. Given the substantial administrative

costs which must be borne by BCA, there is good reason to urge consideration of increasing the interest rate that GOM will allow BCA to charge at the present time. Such a change would require amending BCA's chartering law. Interviews at the Regional Bureau and SAC levels indicated that an increase in interest rates would be acceptable to the client groups in question as alternative sources of credit, when they exist, require interest payments of between 4 and 30% per month, with a marked tendency toward interest rates in excess of 15% per month. At the SAC level it was found that, if faced with a choice between higher interest rates and the disappearance of BCA, SAC leaders and members would with few exceptions willingly accept the payment of higher interest rates.

- f. The minimum land holding for eligibility for borrowing by individuals under the program will be approximately .25 hectares.

This condition has been established and implemented. It would be useful, however, to know whether the intent of the project is to limit loans to SAC members to this minimum or whether the intent should be that of limiting BCA loans to non-SAC members in this manner. At the present time no SAC member applying for less than .25 hectares is considered to be eligible for a sub-loan from his SAC. During its field visits the team found several cases where potential SAC members were being denied the benefits of participation in the project because they did not have the requisite .25 hectares. Careful modification of the interpretation of this condition could lead to benefits to a larger number of the small farmer target group without significantly increasing

BCA administrative costs. For example, it might be desirable to allow for the incorporation of such individuals into the project as long as their SAC meets a pre-established combined hectareage total and consists of less than 15 members. The costs of servicing additional farmers under these conditions would be negligible.

- g. The loan application must receive approval of the local credit committee and the recipients must not have borrowed elsewhere for the same loan purpose.

All loan applications are being reviewed and approved by local BCA/IHPCADE credit committees. The team did find one case where an unusual set of circumstances led to the disbursement of fertilizer before all formal approval steps had been completed by the local credit committee. The circumstances leading to this anomaly were admittedly unusual, but it would be advisable for BCA to give some thought to ways in which flexibility can be built into the system to allow for unusual circumstances yet guaranteeing that the credit policies and procedures are not violated.

It is doubtful that any effective steps have or could be taken to assure that recipients have not borrowed elsewhere for the same loan purpose.

- h. Collateral in most cases will be the character and capacity to repay of the farmer , except where the recipient is granted a portion of group credit through a SAC, in which case there is joint and

several responsibility for repayment of the loan

This criterion has been established and implemented. Thus far all project loans have been issued under joint and several responsibility conditions as all loans have been issued through SACs

- i. Coffee farmers with up to 10 hectares may borrow cash from the project window.

It is not clear that this criterion was included in the final design of the project. It is included in the CAP, but it is not listed in the credit policy stipulations. In fact, no cash credits have been issued for more than 6 hectares.

- j. In no case will a farmer be allowed to borrow more than 5 tons of subsidized fertilizer in any one project year.

This guideline is established in the credit policy documents, but it has not been fully implemented due to the increase fertilizer application rate recommended by IHPCADE. If the increased application rate is to be used in the future, this guideline should be modified.

- k. Ratio of cash loans to fertilizer loans should not exceed 40:60

This criterion was not included in the credit policy. In practice

there has been only one region, Jacmel, where the ratio has been exceeded. This was true only in Year 1 and was due to a shortage of fertilizer in the region.

1. At the end of the first year, the borrower begins to repay the loan.

See observations under indicator "c"

2. Efficient loan processing system established and functioning

Output Indicator:

Average length of time for processing loan documents by BCA from application to disbursement will not exceed 15 days (beginning 1976).

Through a random sampling of the loans issued in 1976 it was determined that the average times for processing broke down as follows:

1-15 days	27.6%
16-30 days	24.1%
More than 30 days	48.3%

Part of the delays encountered were due to the fact that BCA headquarters staff found that many approved loan documents sent to them by the Regional Bureaus contained mistakes which had to be rectified before disbursements could be authorized. The fact that these errors have been detected through careful review at the headquarters level speaks well of the effective work being done by the loan officer reviewing these documents at the headquarters level. The existence of the errors provides further reason for urging that BCA prepare and distribute

a concise credit policy and procedures manual and provide further training to their regional staff. The urgency of resolving this problem is evidenced by the fact that 10 of the 14 SACs visited complained that their cash credits were arriving late - sometimes the delays were of up to 3 months long. BCA might wish to request the services of a CUNA consultant to assist them with this task. This assistance might also focus on reducing the number of forms which are required at present to apply for, process and issue a loan.

3. Lines of credit will be established for borrowers with BCA in accordance with farm investment plans

Lines of credit are not being issued at the present time due to the fact that BCA considers that the work to be done in the coffee fields and the amount of fertilizer required by each SAC cannot be effectively programmed in the early stages of the project. BCA also considers that it would be unwise to issue lines of credit before individual SACs have demonstrated that they are good credit risks. Since the absence of lines of credit implies an increased load on BCA in terms of processing yearly loan applications, BCA agrees that this objective should be pursued as soon as it is practical to do so. It is estimated that this may be possible in the third year of participation of a SAC in the project; if this is true, BCA should start issuing some lines of credits to selected SACs in 1977.

It proved difficult to determine whether BCA has accomplished what the project designers had in mind in the way of farm investment plans as the project documents do not indicate what should be included in such plans. Appendix 3 includes the three documents which contain the only information which might relate to farm investment plans. The team questions whether the information contained therein is sufficient to determine the profitability of the farm investments in question. Furthermore it was found that these forms frequently are not filled out properly, are usually not used in evaluating each loan application, and indeed are at times false. Given these findings, it is reasonable to question whether anything is being gained through the use of these forms. Given the fact that IHPCADE is responsible for the preparation of these forms and for issuing recommendations on the advisability of issuing each loan, this institution should examine this phase of the project and, in conjunction with BCA, determine how it could be carried out more effectively. The first step which must be taken is that of determining what the purpose of a farm investment plan is, what information is needed to accomplish this end, how this information is going to be collected and how it is to be analyzed and incorporated into the loan review process.

4. BCA Regional Directors should be provided with increased authority to approve SAC credits

Regional Directors have received authorization to approve project loans of up to \$ 10,500 as opposed to their authorized limit of \$ 500 under the traditional loan program. All project loans were approved at the regional level as a result of this increased

authority. However, this increase has led to a parallel increase in loan documentation errors which has detracted from the efficiency of the loan processing system. This shortcoming should be overcome once the regional staff has received more training and an explicit credit policies and procedures manual has been produced.

5. Fertilizer and cash credits provided to small farmers in Years 1-5 following prescribed project schedule for credit delivery

Output Indicators

a) Fertilizer credits

Year	Tons Scheduled	Tons Received	Tons Placed	% Tons Scheduled	% Tons Received
1	580	350	556	95.8	158.9*
2	1440	940	901**	62.6	95.8
3	2638	---	---	---	---

\* Exceeds 100% because non-project fertilizer was provided to BCA by IHPCADE

\*\* Reflects BCA activities through June 30, 1976

Year	Projected Value	Adjusted* Value	Placed Value	% Projected Value	% Adjusted Value
1	83,220	37,264	55,620	66.8	149.2**
2	221,616	60,648	90,117****	40.7	148.6***

\* Adjusted values for each year have been computed on the basis of effective import prices of fertilizer at 50% subsidy and actual project fertilizer imported.

\*\* Exceeds 100% because non-project fertilizer was provided to BCA by IHPCADE

\*\*\* Exceeds 100% because fertilizer subsidy amounted to 22.5% rather than 50%

\*\*\*\* Reflects BCA activities through June 30, 1976

The levels of fertilizer credits targeted for BCA in Years 1 and 2 of the project have clearly not been attained. But it is important to realize that one of the main reasons that BCA has fallen short of these targets is that the fertilizer volume called for has not been imported in either of these years and that the initial projections on the value of fertilizer were substantially higher than the import prices which have prevailed in the first two years of the project. Assuming that fertilizer prices will not rise to the level originally assumed by the project documents, adjustments in the credit targets for future years should be made as soon as

possible. Such adjustments should also include a realistic appraisal of BCA's ability to expand its activities at the rate that will be called for in the next several years if project credit targets are to be met. It should be noted that, if the amount of fertilizer called for in the project documents for Year 3 is in fact imported, BCA will have to place approximately three times more fertilizer in Year 3 than it has in Year 2. It might also be added that, if the fertilizer formula and application rate recommended in the project documents is adopted, BCA will have to double the number of SACs and hectares that it services through the project. Such an expansion would clearly be impossible to attain in the near future. The assessment team has also encountered one puzzling question. According to USAID/Haiti records, fertilizer purchases for the project in both Years 1 and 2 included two types of fertilizer. The majority of the fertilizer, 1,000 tons, was of a 10-5-20-1 formula. But, 290 tons of 20-5-15-1 formula fertilizer were also imported. The 10-5-20-1 formula fertilizer was that recommended for application by IHPCADE and should have been that issued through BCA fertilizer credits and applied at the standard rate of 1 ton per hectare. If this is true, how were the 290 tons of 20-5-15-1 fertilizer used? Were they also distributed under the project? Were they applied at the same rate?

b) Cash Credits

Year	Credit Scheduled	Credit Placed	% Scheduled Credit
1	\$ 24,966	\$25,293	101.3
2	\$ 66,484	\$21,302*	32.0

\* Reflects BCA activities through June 30, 1976

The cash credit target for Year 1 was met and surpassed. But the situation in Year 2 is not as assuring. BCA headquarters staff assured the team that they saw no problem in being able to place the remaining \$45,000 in cash credits scheduled for Year 2, but mathematically this assumption cannot be substantiated. BCA credit policies call for issuing up to \$40 in cash credit per hectare under the project; total hectarage covered by fertilizer loans in Year 2 amounts to 1016 hectares. Thus it is logical to expect that the maximum that could be issued in cash credits in this year will be approximately \$41,000 out of a projected total of \$66,500. This would suggest that cash credit projections have also been thrown off by the constraints introduced by an increased fertilizer application rate which has decreased the number of hectares that may be serviced and by a decrease in the amount of project fertilizer imported. Delivery of cash credits has also been affected by inadequate staff and cash flow scheduling. In the case of the cash flow scheduling, it should be pointed out that the policy followed by GOH of issuing cash credit project payments to BCA on a semi-annual basis has made it difficult for BCA to program its cash credits adequately so as to be able to make these available at the time that they are most needed.

The assessment activities also led the team to a most disturbing finding which BCA should address immediately. The project design assumes that once a SAC and its farmer members have drawn down a project loan they will return for loans each succeeding year. This, however, has not been the case. Only 32 out of 47 SACs, 68.1%, and 327 out of 592 farmers, 55.2%, who received loans in Year 1 also received loans in Year 2. Three basic reasons for this phenomnom were identified:

(1) loan recipients do not believe that they need to apply fertilizer every year; (2) loan recipients are conservative in their willingness to contract an increasing amount of debt; and (3) some SACs have failed to make required payments and consequently are not eligible to receive additional loan funding. BCA and IHPCADE must pursue an aggressive training effort at the SAC level if this problem is to be overcome. A failure to do so and to bring this situation under control will imply mounting operating costs as BCA will have to organize new SAC groups in order to pick up the slack created by a significant drop-out factor.

#### Planning and Evaluation

##### 6. BCA work plan developed and utilized

As a result of work initiated in October 1975, BCA completed a detailed 1976 work plan by objectives in March 1976. The work plan contains 75 objectives and an investment plan for 1976 credit activities. The plan also contains a functional definition of each unit within the headquarters structure. Elaboration of the work plan involved training of the Section Chiefs and Regional Directors in planning techniques which will facilitate continued systematic planning efforts in the future. This training effort is reported to have been one of the most effective carried out by BCA to date. Though the work plan and planning system need to be improved, the preparation of the 1976 work plan represents a most significant accomplishment for the institutional development of BCA.

Attention needs to be given to the following in order to improve and consolidate BCA's planning process:

- a) Objective statements in the work plan should be prepared more carefully, assuring that the objectives are verifiable and concisely stated.
- b) The data used to project targets needs to be defined and collected more systematically. For example, it was found that SAC and credit targets were produced without adequate supporting data and represent educated guess-work rather than well-structured planning.
- c) More careful consideration needs to be given to the staff time which must be allocated to routine activities. The 1976 plan did not come to grips with this question and as a consequence programmed far more objectives than could be accomplished.
- d) Attention must be given to the preparation of action plans which identify the steps to be taken in pursuing each objective. Those persons assigned specific objectives in 1976 were supposed to produce their action plans shortly after the work plan was issued, but almost no attention was given to this follow-up task.
- e) A work plan monitoring system needs to be established. As a result of the failure of BCA to follow up on its planning documents, many staff members filed the plan away and did not use it as an effective planning instrument to guide their allocation of time. In fact, the plan was all but ignored from March until August when the BCA Director requested that a report be prepared indicating what progress had been made in implementing the plan. Director Conte stated that he is aware of the need to establish a monitoring system in the immediate future. This will be essential if the idea is to be conveyed to the staff that they are going to be held

responsible for completing the objectives assigned in the work plan. The crucial question of who will be responsible for monitoring activities is yet to be resolved. In discussions that were held with Director Conte on this subject, the team urged that due consideration be given to the fact that monitoring should not be the responsibility of those responsible for the overall planning effort. It would appear that the monitoring function within the BCA structure would most logically be the responsibility of the Section of Inspection and Control.

- f) It is essential that continued efforts be made to reinforce the positive attitudes of BCA staff toward planning. Thus far the staff is committed to the idea in principle but this has not been carried through to implementing actions.

#### 7. Procedures developed to initiate first year program

The assessment team has found it impossible to address this output in a coherent fashion given the vague nature of the output statement and the fact that it overlaps with a number of other outputs. Strictly speaking, it can be argued that the output must have been accomplished since the first year program was initiated on schedule.

Since the specifics of different types of procedures are addressed in a number of other output sections, the team limits itself in this case to point out that there is a definite need for BCA to develop a standard operations manual which identifies and describes all policies and procedures relevant to the operation of the institution. At the present

time, Regional Bureau staff and even headquarters staff find it difficult to determine how they should proceed given the absence of a single and clear source of procedural information.

8. Base-line data compiled on a select group of farmers

During the assessment it was found that no attention has been given to the collection of project base-line data. This situation is partially explained by the fact that the project documents contain only two mentions of this output, once in the middle of the CAP narrative and once in an appendix to the CAP. No mention is made of it in the logical framework or in the implementation schedule. The fact remains, however, that at the present time there is no data which can be used to evaluate the impact of the project. Consequently it is of the essence that immediate steps be taken to determine: (a) what data should be collected; (b) how it is to be collected; (c) who is to collect it; and (4) how it is going to be used. Given the fact that significant questions have been raised in respect to the difficulty that a government agency would have in obtaining valid responses to certain questions from farmers, it might be desirable to contract the services of a consulting firm specialized in such matters to handle this aspect of the project,

9. Records established on borrowers for statistical and evaluation purposes

Strictly speaking this output has been produced. BCA is keeping records on borrowers. But these are not being used for any apparent statistical or evaluation purposes, and it is not at all clear how they could be used effectively for these purposes.

## 10. SAC Creation and Support

### Output Indicators

#### a) Loans to SACs

Year	No. SAC Loan Target	No. SAC Loans Issued	% of Target Accomplished
1	128	47	36.7
2	298	146*	49.0

\* Reflects BCA activities through June 1976

#### b) Sub-Loans to Farmers

Year	No. Farmer Sub-Loans Target	No. Farmer Sub-Loans Issued	% of Target Accomplished
1	1917	592	30.9
2	4474	1589*	35.5

\* Reflects BCA activities through June 30, 1976

As was to be expected given the reduced volume of fertilizer imported and the increase in the application dosage, BCA has not been able to service the number of SACs and SAC members anticipated in the project design. However, the shortcomings of the project in respect to these targets should not be attributed exclusively to the two factors cited above. The assessment would suggest that the basic changes forced upon the project by these factors tend to obscure a number of other problems which are present in the area of SAC development - problems which should be addressed in the immediate future if the project is to be implemented

more successfully. These problems relate to both the consolidation and development of the SAC structures which are already in operation as well as the ability of the BCA to service the number of SACs called for by the project. The following is a listing of some of the basic flaws which were identified by the assessment team:

- a) No attempt has been made to identify the attributes which a model SAC should have. In the absence of this essential model, it was found that there is no clear understanding or definition of what development activities field staff should be carrying out at the SAC level. Thus there is a lack of direction in the area of SAC development and no consistency in the work being done by BCA's field staff. In the absence of a model, the effective programming of field staff activities is virtually impossible and SAC level weaknesses are going by undetected.
  
- b) The training and orientation of field staff, SAC members and officers is deficient. The absence of adequate accounting practices detected in all of the 14 SACs visited, as well as at the Regional Bureau level, could easily lead to a subsequent erosion in confidence which could prove to be disastrous to the project. Few SACs were found to have accurate member records and Regional Bureau records frequently did not coincide with these. It was also found that many SAC members did not have an adequate understanding of the basic elements of the project. For example, in Jacmel, the one region where the question was raised, it was found that SAC members were unaware of the fact that the price of fertilizer under the

the project would increase in the third year of participation in the project. And in several regions the team found that SAC members, as well as one BCA local agent, were of the opinion that one application of fertilizer would last for periods of up to two or three years.

- c) In the region of Thiotte it was found that some SAC members are selling their fertilizer rather than applying it on their own fields.
- d) Little, if any, attention has been given to the apparent problem of illiteracy faced by most SACs or to the question of how BCA should structure its support activities in those cases where the level of education of SAC officers is not sufficiently high to allow them to carry out their responsibilities without a substantial amount of assistance from the outside.
- e) No apparent efforts have been made to establish a simple farm record-keeping system which would permit farmers to determine for themselves whether the additional investments called for by the project are being covered by increases in their production and income.
- f) BCA field staff expansion has not been coordinated to assure that new field staff members are in place at the most appropriate time in the coffee production cycle. Coordination of IHPCADE staff inputs has also been less than adequate. Both resulted in project implementation problems and delays in the new regions added to the project in 1976.
- g) No systematic effort has been made to determine how large a staff BCA will require in order to service the number of SACs called

for by the project.

- h) No systematic effort has been made to determine whether the project's SAC targets are realistic.
- i) Many Regional Directors are failing to take those steps which would help to assure that their offices contribute to the creation of the number of new SACs required in order to meet project targets. In the absence of adequate planning to this end, it is most unlikely that SAC development will proceed satisfactorily.

SAC structures, based upon friendship ties and in some cases previous working relationships in "counbite" groups, show great promise. The group lending concept and the joint and several responsibility concept both seem to be ideally suited to the Haitian socio-economic context. All of which suggests that the project is on firm footing as far as the potential of the credit groupings are concerned. The key word here is "potential". It is of the essence that BCA devote a substantial amount of time and effort to the consolidation of the existing SAC system and to the creation of additional SAC structures. Care, however, must be taken not to attempt to expand the SAC system beyond the capability of BCA to adequately service all of the SACs established. At the present time top priority must be given to the systematic development of those SACs already in existence and participating in the program. Under present circumstances it would be an error to launch a crash effort to create the number of SACs that the project calls for. This is true because there is good reason to question whether the SAC targets of the project are realistic; this question needs to be addressed in the very near future.

Staff Expansion

11. BCA staff expanded per manpower staffing plan

Output Indicators

	BCA Headquarters	Regional Bureaus	Total
Staffing Plan Projections	11	20	31
New Staff Hired	6	19	25*

\* Full staffing has not been completed due to budget constraints in some cases and due to the absence of qualified candidates in others

Though it would appear that BCA is close to full staffing for the project, it must be stated that the initial staffing projections were not realistic. The assessment team has made new projections on the staffing that would be required to implement the project, and, under the best of circumstances, these projections indicate that BCA's staffing needs at the field level are at least four times as great as had been anticipated. The absence of a systematic analysis of staffing needs has led to a situation where BCA cannot possibly gear up to handle the field activities that would be required for the effective implementation of the project in Year 3. According to the team's projections BCA would need to hire and train 21 field agents in the remainder of 1976 in order to move ahead on schedule. BCA plans at the present time are to hire no more than 4 such agents. Marked discrepancies also exist between BCA plans for the expansion of headquarters staff and the needs identified by the assessment. The assessment team is in agreement with BCA's plan to hire a secretary and two accountants, but it feels that there is also a need to add the following three top level staff positions:

(1) Financial Management Officer, (2) Training Officer and (3) Regional Monitoring and Coordinating Officer. Initial discussions with the BCA Director suggest that he would guardedly support such a recommendation, though he would not do so unless he could be assured that proper candidates could be found and that appropriate guidance could be provided to these individuals once hired.

The assessment has identified a number of other areas related to staffing which need to be improved:

- a) Job descriptions are not specific enough to provide needed guidelines to staff in respect to what they are expected to do. This lack of specificity makes it virtually impossible to evaluate the performance of BCA staff.
- b) It is not clear what the role of field staff is supposed to be in the area of agricultural technical assistance. Indeed there would seem to be good reason to question whether the present tendency to hire agronomes is appropriate when seeking staff for a credit institution.
- c) It would appear that at present the level of field staffing in the Regional Bureaus bears no direct relationship to the loan volume or the number of SACs in the region. It was found that the older Regional Bureaus tend to have the largest number of staff. A more concerted effort needs to be made to effectively match available personnel with field requirements. Though BCA's policy of trying to hire people who live in a locality for positions

in that locality has definite advantages, it should not be allowed to preclude the shifting of personnel from one region to another where this would appear to be a requisite for operational efficiency.

## Training

### 12. Trained Personnel

#### Output Indicators

- a) 25 participants from BCA and IHPCADE trained in cooperative development, project management, loan processing, audit procedures, and coffee technology through international training programs lasting an average of 2 months each by June 1978

BCA staff members have been involved in four training efforts outside of Haiti. The countries visited were Costa Rica, Dominican Republic, Jamaica and Panama. The training in question has varied in length from 6 to 10 days and has involved 10 different BCA staff members, 2 of which have participated in more than one training exercise. A total of 74 person-days or 3.7 person-months of training had been provided through August of 1976.

- b) 35 on-board BCA personnel "retrained" in accounting, cooperative development, audit procedures, loan disbursement and inventory control

A total of 12 on-board BCA staff had received in-country training in some of these areas by August, 1976.

- c) 18 new staff recruited and trained in accounting, cooperative development, audit procedures, loan disbursement and inventory control

A total of 20 new staff members had received training in some of these areas by August, 1976.

The training outputs accomplished thus far suggest that the training component of the project is well underway and more than satisfies the general output objectives identified in the project documents. The following areas of improvement should be pursued to make this component even more effective.

- a) No efforts have been made thus far to determine whether the training carried out has been effective or not. Training programs should be designed in such a way that BCA can determine through evaluation techniques whether or not the staff trained has acquired the skills with which the training programs are meant to provide them. The team's impression is that training effectiveness needs to be greatly improved.
- b) In order to prepare adequate training programs it would be highly desirable that staff skill levels be systematically analyzed in relation to the tasks that the staff is supposed to undertake. If this analysis is carried out, it will be possible to design and carry out training activities which concentrate upon those BCA staff skills requiring development. Thus far training activities seem to have been very broad in scope and would,

in their majority, be better classified as general orientation rather than skill development activities.

- c) There is a need to develop specific training materials, with an emphasis on "how-to" manuals, which will make training efforts more effective.
- d) Given the fact that Regional Bureau, field staff and SAC officials would all appear to need a substantial amount of additional training over the next few years, it is essential that BCA add a full-time training specialist to its headquarters staff. At the present time the Section Chief in charge of training is overloaded with other responsibilities and, despite his commitment and effort, is unable to devote the amount of time and effort that is required in the training area. If a full-time training officer is hired, it would also be highly desirable that CUNA provide additional assistance in this area by adding another person to the CUNA/Haiti team. At present the team member responsible for this area is called upon to provide assistance in a number of other areas and is unable to devote the time required to assist in the development of an effective BCA training program.
- e) The highest of priorities should be given to the development of basic accounting and record-keeping skills at both the regional and the SAC levels.

## Coordination

13. Formal protocol between IHPCADE and BCA established in Year 1 in respect to project responsibilities and application of funds

This protocol was issued in December, 1974. This six-page document broadly describes the responsibilities of the two parties in the implementation of the project.

14. Inventory controls established in coordination with IHPCADE

This output has been partially completed but requires very substantial improvement. BCA has no adequate inventory control information and frequently is unable to determine what the inventory situation is. The general weakness of this control system is well illustrated by the fact that the team was unable to find any records at BCA which would allow it to determine how much of the fertilizer made available to BCA by IHPCADE in 1975 and 1976 was not placed under the fertilizer credit program in those years. Though IHPCADE assured the team that it could compile this information if given some time, it is apparent that not even IHPCADE has appropriately up-dated information on the fertilizer inventory. The whole situation is made most confusing by the fact that non-project fertilizer was made available to BCA in 1975 and was supposed to have been made available in 1976 to compensate for the 500 tons of project fertilizer that was not imported for Year 2 activities. The team was unable to determine from any source where this fertilizer was coming from and also found it impossible to find out what amounts were made available in 1975. In

the case of the 1976 data, the team was unable to determine whether any extra fertilizer had been made available or not. Effective coordination of the project will require immediate attention to this problem, and the assessment team would recommend that consultant services be provided to IHPCADE and BCA to help resolve this problem at the earliest possible date.

15. Operations centers located in Year 1 in coordination with IHPCADE

The choice of sites for the operations centers has tentatively been completed. At present, the choices are as follows:

Sites	Projected as a Site	Tentatively Chosen	Still in Question	Likely to be Dropped
LeBorgne	X		X	
Dondon	X	X		
Jacmel	X	X		
Fond-des-Negres	X	X		
Beaumont	X		X	
Plaisance/ Pilate	X		X (Plais.)	X (Pilate)
Baptiste		X		
Thiotte		X		
Changieux (as sub-center)		X		

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It would appear that there is a possibility that GOH will wish to establish more operations centers than originally envisioned and that it may also wish to establish one or two sub-centers as well.

16. Orders for commodities (equipment) completed in Year 1

These orders were completed by BCA on schedule. Due to various problems which arose in the USAID procurement process, only approximately half of the equipment ordered had arrived by September, 1976. However, it was reported that a substantial amount of the remaining equipment was being cleared through customs in early September. Delays in procurement and delivery of equipment impaired the implementation of the project in Year 1. This was especially due to the delays in the delivery of vehicles and motorcycles, which made it difficult to travel and provide support to some SAC sites.

It is likely that additional orders will have to be placed in Year 3 of the project due to the fact that it was not possible to foresee all needs in Year 1. Most of the Regional Bureaus visited were found to be missing equipment required for their effective operation. Once the recently received shipment is cleared through customs and distributed, headquarters staff should identify the additional needs that exist and initiate new orders. Prompt attention to this matter will add to the morale and efficiency of regional and field staff. In order to simplify the procurement process, BCA and the CUNA/Haiti team have recommended that a

\$10,000 equipment fund be established for the local purchase of equipment. Under this plan BCA and IHPCADE would be authorized to use these funds at their discretion, and USAID would bring the fund back to the \$10,000 level following presentation of adequate justification and proof of the expenses incurred. The team does not know whether USAID has the flexibility to institute such a process and recommends that BCA and IHPCADE discuss this matter formally with USAID.

17. Annual agreements established between AID and the participating institutions on specific financial needs related to planned project activities

This output has been accomplished in each year of the project to the satisfaction of BCA and USAID.

18. System of coordination between BCA, IHPCADE and other agencies established and functioning

A degree of coordination between BCA and the other agencies involved in the project, particularly IHPCADE, has been accomplished but must be substantially improved at both the national and regional levels. Coordination at the national level was initially to have been accomplished through a coordinating committee with representation from the Ministry of Agriculture, BCA, IHPCADE and USAID, but this committee has held no meetings recently. Its effectiveness, furthermore, can be questioned from several points of view. The fact that BCA, IHPCADE and USAID all seem to have different

conceptions of the basic objectives of the project would indicate a need for more effective communication and coordination. This need is all the more critical given that the team found that IHPCADE does not seem to view reaching a specific target group of small farmers as a top priority of the project. USAID has recommended to the Minister of Agriculture that the coordinating committee be revived and that it be established as a committee with the direct participation of the principals of each institution. Hopefully, if this recommendation is adopted, this new coordinating committee will be able to resolve the problems of national coordination which have arisen.

Communications between BCA and IHPCADE are cordial but not particularly effective. Much communication is informal and unrecorded, and neither organization has taken the necessary steps to remedy this problem. The BCA Director indicated that IHPCADE is willing to provide them with whatever information is required, but it must be specifically requested. A good example of the type of problem that arises is that related to the overall fertilizer plan. This plan was initially put together with BCA participation, but IHPCADE modified it and failed to submit the specific information related to the modifications to BCA in writing. Director Conte was informed of the changes verbally, but he did not record them, and neither IHPCADE nor BCA provided or requested this information in writing. As a result, BCA found that it did not have up-dated information when it needed it. Obviously the resolution of common problems and clarification of procedures need to be given careful attention in the immediate future.

Less than adequate coordination is also reflected in the finding that in at least one region four different types of fertilizer were distributed under the auspices of the project. Neither the farmers, the BCA agents nor the IHPCADE agents knew how to apply these or why they had been sent.

Coordination between BCA and IHPCADE at the regional and field levels was found to vary significantly from region to region. However, the assessment team has concluded that much closer coordination is required in all cases if the project is to be implemented in the most satisfactory manner possible. BCA and IHPCADE must work in a carefully phased manner in the field in order to provide required services to the SACs and farmers effectively. Joint planning of activities is urgently required in the field.

Coordination between the BCA Regional Bureaus and headquarters is also subject to serious weaknesses. The two most serious problems detected were those of an absence of a rapid system of communication and inadequate follow-up on requests from the Regional Bureaus. Both problems would be substantially alleviated with the installation of radio communication equipment and the creation of a headquarters position of Regional Monitoring and Coordinating Officer.

Overall project coordination by USAID could also be improved.

The fact that the USAID officer in charge of the project was overloaded led to sporadic monitoring of the project. Hopefully this problem will soon be overcome due to the fact that USAID has added a new staff position within the Mission which will place this project in the hands of an officer who will have no significant overload problems to contend with.

19. Personnel assigned to operations centers in Year 1

BCA has assigned personnel to the operations center sites at Baptiste, Dondon, Plaisance/Pilate, Jacmel, Fond-des-Negres/Changieux and Thiotte, thus accomplishing this output target. The last staff members assigned to these centers were posted in February, 1976.

Financial Mechanisms and Controls

20. BCA revolving fund established

A project revolving fund has been established. A special account has been opened in the Port-au-Prince office of the BNRH and the GOH contributions for cash credits are deposited in it. Funds are disbursed to the Regional Bureaus by check according to their anticipated loan demands. These funds are deposited in what are called "BUCREDA-PRETS-PPC" regional accounts. Funds are then withdrawn from this account by check in order to disburse cash credits to SAC members. Reimbursements from clients are deposited to a second type of account at the regional

level, the "BUCREDA-CLIENTS-PPC" accounts. They are held in these until in demand as loan capital, at which time they are transferred to the "BUCREDA-PRETS-PPC" accounts. The total amount of funds revolving is shown in the accounts as a capital item in the consolidated balance sheet under the heading of "CAPITAL FONDS DE PRETS-PPC ". All cash credits received, as well as the loan value of fertilizer disbursed, are credited to this account.

21. Separate accounting and administrative system established for project lending

Initial attempts have been made to comply with this requisite of the project, but achievements have fallen below complete fulfillment of this output. Thus far the following has been accomplished:

- a) Project loans are processed and executed separately from traditional loans and posted to a separate system of portfolio management.
- b) A separate accounting system is maintained at the BCA headquarters. Data related to loans-receivable and the capitalization of the project are maintained at this level.

The following problems have been experienced:

- a) Unfavorable attitude of all within BCA to the idea that "project" matters should be viewed as separate and distinct from BCA "traditional" activities.

- b) Project accounting is not up-to-date given delays in getting essential information from the field and the departure of the full-time headquarters accountant who was responsible for these records.
- c) The accounting system designed has been implemented in only one Regional Bureau .
- d) Technical assistance from CUNA in the field of accounting has not been sufficient to provide day-to-day follow-up on the implementation of the accounting system. This problem will be resolved with the posting in November of a third CUNA/Haiti team technician who will serve as BCA's Accounting/Financial Advisor.
- e) The rigidity of existing BCA accounting procedures has made it impossible to adjust BCA master records so as to allow for the most efficient development of an auxiliary project accounting system. The record integration problem will be further accentuated if additional funding is made available to BCA for other projects requiring separate accounting systems.

The following activities are yet to be undertaken:

- a) Integration of project accounting into main accounts
- b) Adequate training of project bookkeeper
- c) Design and implementation of a more realistic budget system and P and L statements

- d) Establishment of monthly balancing of loan and deposit subsidiary ledgers with control accounts in the general ledger
- e) Daily cash summaries to the BCA Accounting Department.

22. Effective loan monitoring and collection procedures established

Output Indicators

- a) Loan delinquency rate not exceeding 20% of amount of outstanding loan capital under project
- b) Loan default rate not exceeding 5% of amount of outstanding loan capital under project

Initial steps have been taken to establish procedures that would lead to achievement of the output indicators. At this time it is not possible to determine how effective the procedures will be as first repayments on project loan principal were not due until October, 1976.

The assessment team has defined loan monitoring as a process consisting of two main components: (1) monitoring of the manner in which SACs and SAC members utilize their loans and (2) monitoring of loan repayments. Collection procedures have been defined as those extraordinary measures taken to accomplish collection of seriously delinquent loans.

No significant steps have been taken to accomplish effective loan utilization monitoring. The necessity for establishing such a monitoring system is well illustrated by our findings in respect to the region of Thiotte where the project is subject to the

following flagrant abuses:

- a) In some SACs fertilizer is not apportioned to members in keeping with the loan documentation, with some members in effect buying fertilizer from others.
- b) Members of some SACs are receiving fertilizer at  25 per bag and selling all of it to larger farmers at a loss of  8 per bag!
- c) In some SACs fertilizer is being issued to various SAC members of the same family for plots of land owned by one member of the family.

Monitoring of loan repayments is to be accomplished through the use of four types of records:

- a) loan registers of disbursements and reimbursements
- b) client ledger cards
- c) loan expiration date files
- d) client loan files

These are the same monitoring instruments which BCA has utilized in the past, and thus their use does not represent any change or improvement over past procedures. The monitoring system instruments continue to be cumbersome and contain significant duplication of information. In addition, due to a degree of carelessness on the part of regional staff these records are frequently not up-to-date and contain numerous errors. It is evident that the system needs to be improved. But before dealing with this matter on a high priority basis, it is important that steps be taken in all Regional Bureaus to gear up for a

crucial period of follow-up on loan repayments. If appropriate follow-up activities are not carried out as soon as the first group of loans comes due in October, a pattern of loan delinquency could be established which would be difficult to overcome. On the other hand, appropriate follow-up combined with the group mutuality effect might well lead to very low delinquency rates and a very good precedent for the coffee project loans.

Though it is still somewhat early to be overly concerned about the effectiveness of collection procedures, it is not too early to point out that no standardized collection procedures have been developed by BCA and no training in bad debt collection has been provided to Regional Bureau staff. This coupled with the fact that few, if any, seriously delinquent traditional loans have been processed through legal channels in the past would suggest that BCA may well find itself at a loss if serious repayment problems arise.

In order to resolve some of the problems that BCA faces both in the area of repayment monitoring and collection procedures, it is essential that BCA complete the traditional loan portfolio inventory that it has initiated and establish a write-off system for uncollectible loans. This will simplify the monitoring process, the introduction of an efficient system for the aging of accounts, and allow BCA to focus its attention on the establishment of effective standardized collection procedures for active accounts. The establishment of these precise procedures will contribute to the creation of an institutional attitude which will be less susceptible to subjective considerations.

A good example of this type of susceptibility was found in the Cap Haitien Regional Bureau. Here it was found that BCA may consider not demanding payment of a \$ 70,000 loan to a coffee cooperative because the Regional Director urged the cooperative to sell their coffee to a specific Canadian importer who has not made and perhaps will not make payment on the coffee shipped to him. The case is an important one and could set a very bad precedent unless tighter guidelines are established. The lack of such guidelines has allowed a situation to arise where both the BCA and the cooperative feel that BCA should be responsible for the marketing judgment of a BCA employee.

23. System for internal and external audits established

At present no real system of internal or external audits can be said to have been established by BCA. Some initial efforts to carry out internal audits at the Regional Bureau level have been made by the Inspection and Control Section, but these have not been carried out in a systematic way. This shortcoming is not due to a failure on the part of BCA staff to put their best foot forward but rather to the absence of external assistance which would lead to the design of an adequate internal auditing procedure. CUNA will be providing such assistance in the near future through its Accounting/Financial Advisor.

BCA has attempted to have external audits carried out by GOH auditors but has found that these auditors are overloaded. Given the absence of any independent auditors in Haiti, it would be

desirable to make project funding available to hire an out-of-country auditing firm to carry out the external audits called for by the project. USAID has indicated a willingness to consider this alternative, and discussions to this effect between it and BCA would be most appropriate.

24. Reserve account for bad debts established based on a reasonable percentage of operating profits

No action has been taken to date to establish a reserve account for bad debts. No action by BCA on this matter is likely unless adjustments in the project design and/or the organic law of BCA lead to a higher level of continued operating subsidies and/or an increase in the interest rate on project loans. In the absence of such changes no operating profits will exist and thus no revenue will be available for funding this reserve account.

25. Financial transaction records at the SAC level meet BCA criteria

SAC level bookkeeping falls far short of satisfying BCA criteria. A basic double-entry bookkeeping system has been developed with the assistance of CUNA office in Washington and forms for the utilization of the system have been prepared. But little, if any, progress has been made thus far in the implementation of the system. None of the 14 SACs visited had implemented the system. This shortcoming can be attributed to insufficient training of the BCA field staff and SAC treasurers. The absence of sufficient staff at the headquarters level and of an adequate reporting system

which would allow for adequate follow-up and supervision of the field staff has also contributed to this situation. In addition, it is reported that numerous SAC treasurers may well lack the basic education required to understand and use the system.

A good bookkeeping system is a fundamental element of any credit system. Thus it is essential that the implementation of the SAC accounting system be given very high priority. The team would highly recommend that all SAC books be brought up-to-date in the following manner. First, all field staff responsible for providing bookkeeping assistance to SACs should receive intensive training in the use of the accounting system. Second, once these staff members are trained, workshops for all SAC treasurers should be held at regional or sub-regional levels. The case material used in these workshops should be the individual records of each SAC so that at the end of the workshops the treasurers will have implemented the bookkeeping system by bringing their own records up-to-date under the careful supervision of trained BCA staff. Follow-up assistance would then be provided to each SAC treasurer on a periodic basis, with special attention being given to those treasurers who had marked problems in using the system during the workshop.

26. Action program established to secure bonding for all personnel handling funds and assets and to secure other types of member protection insurance

As no bonding insurance is offered by companies presently represented in Haiti, initial attempts were made to have a CUNA Mutual representative visit Haiti in late 1975 to assist BCA to establish this action program. Scheduling conflicts led to the postponement of the visit. The CUNA/Haiti team will be making arrangements for the visit at the earliest possible date.

#### Cooperative Development

##### 27. Membership in SACs expanded beyond former legal limit of 15

BCA has decided that expansion of SAC membership beyond the present limit of 15 might undermine the effectiveness of the joint and several responsibility element of group lending. Consequently it has been decided that this expansion is not advisable, and no plans exist to implement this output.

##### 28. Successful SAC's operating in same area merged

##### 29. SACs grouped into cooperative units

The assessment team has found it most difficult to determine what the initial substantive differences between these two outputs were meant to be. It was found that BCA had interpreted the second output, that related to the creation of cooperative units, to mean that SACs should be grouped for the purpose of organizing coffee processing and marketing cooperatives. If this was the intent of the project, it must be noted that BCA has concluded that this is not an appropriate means of pursuing further SAC

development and does not plan to pursue this objective. As it is the team's interpretation that the intent of the project was that of first merging some SACs on an experimental basis and then proceeding to the grouping of SACs into cooperative savings and credit units similar to credit unions, it believes that it is appropriate to deal with both outputs as one. However, GOH, AID, and BCA should determine whether in fact a consensus exists that this project is not to be viewed as a vehicle for the establishment of coffee processing and marketing cooperatives.

To date no SACs have been merged and none have been grouped into cooperative units. Initial discussions on the possibility of merging SACs into some kind of regional grouping have taken place within BCA and visits have been made to Jamaica and the Dominican Republic to explore the regional credit union models to be found in these countries. But no clear consensus exists in the BCA as to what the purpose of regional groupings would be. Several conflicting views exist. Some view regional groupings primarily as a means of providing SACs with bookkeeping services which would be paid for by the SACs and thus would decrease the operating expenses of BCA. Others view regional groupings as a means of establishing local banks that could provide basic banking services and consumer credit to SAC members. And yet others view the regional configuration of SACs as a means of assuring that BCA loans will be repaid, even if an entire SAC were to default, by extending the mutuality concept to the regional level. It is apparent that BCA would be ill-advised to move toward the creation of any form

of intermediate structure between itself and the SACs until a consensus is reached on these and other questions. At this point it is not at all clear whether such a structure is being viewed as an instrument of the SACs or as an instrument designed to benefit BCA.

BCA had planned to establish several pilot intermediate structures as part of its 1976 work plan. And it was found that within the SACs visited there was no apparent hesitation to accept the concept of some kind of grouping that would go beyond the immediate confines of their limited community. Nevertheless, the assessment team strongly recommends that any effort in this direction should be temporarily postponed given the urgent tasks which BCA must undertake to consolidate its headquarters, regional and SAC operations.

BCA will not be able to attain the stated objective of establishing 10 "cooperatives" per year starting in Year 3 of the project. It is our estimate that no significant activities in this direction could be made before Year 4 without damaging other elements of the project. The team agrees that the concept of some form of intermediate structure should be explored. But development of a model for such a structure should go hand-in-hand with an effort to define the long-term development goals of the BCA as a credit institution. Given the need to carefully examine many alternatives and to provide the BCA Board and staff with full-time assistance in this process, the assessment team is recommending that an additional member be added to the

CUNA/Haiti team. This person would be responsible for assisting BCA with the job of strengthening the SAC structures in existence and would turn his attention to the design of an intermediate structure model once the basic procedures for SAC development were established. Subsequently he would be responsible for assisting BCA to establish several pilot structures and adjusting the model for eventual expansion should experience indicate that this is warranted. If justified, creation of additional intermediate structures would be initiated in a second phase some time after the fifth year of the project and would require additional external funding.

#### Savings Mobilization

30. Program developed to mobilize local savings and incorporate savings as an integral part of the BCA capitalization and credit program

The mobilization of savings through a 5% capitalization requirement on all project loans and a 4% SAC interest margin has been accomplished. These savings amounted to \$7,262, as of June 30, 1976, or \$4.61 per farmer participating in the coffee credit program. Mobilization of voluntary savings has been initiated but has been given a low priority, well demonstrated by the fact that only \$60 of voluntary savings had been accumulated by project SACs by June 30. The BCA Director believes that it will be possible to mobilize a more significant amount of voluntary savings in the future - a view well substantiated by the fact that 12 out of 13 SACs responding indicated that there was either a desire or a possibility to increase the level

of voluntary savings within their groups. But Director Conte contends that it will first be necessary to create confidence in the institution.

To date neither forced nor voluntary savings have been integrated into the credit program. In most cases cumulative savings are being held in Regional Bureau non-interest-bearing bank accounts and are viewed as "guarantee funds "against outstanding loans.

31. Incentives developed to encourage regular savings by borrower members

Output Indicator: By the end of 1976 dividends or interest will be paid regularly by BCA on savings deposited by individuals and groups.

No interest or dividends are being paid on savings deposits, and it is not clear if or when interest or dividend payment will be instituted. At the present time the only incentives developed to encourage savings are the 5% capitalization requirement and the requirement that the 4% SAC interest margin be retained by BCA until loan repayment is completed.

Discussions have been held within the BCA on the subject of interest payments on SAC deposits, but no decision on this matter has been reached. Delays in reaching a decision on this point are due in part to a question of whether BCA can afford to pay interest at the present time - a good question given the fact that savings funds are not earning any income for BCA. The CUNA Accounting/Financial Advisor will assist the BCA in studying this situation and propose alternatives for earning and paying interest on these funds. An

additional factor which has contributed to delays in reaching a decision is the fact that some within BCA question whether interest payments would have any impact upon the amount of savings that could be mobilized.

A number of facts related to savings mobilization incentives meriting careful consideration were identified during our assessment:

- a) Individual borrowers under the traditional BCA lending program receive loans at 8% and are not subject to the 5% capitalization requirement.
- b) The by-laws of BCA state that no SAC need meet the 5% capitalization requirement on loans once they have accumulated a \$200 capitalization deposit.
- c) The absence of a clearly defined policy in respect to the availability to SACs of the 4% interest margin has generated confusion and concern among some SAC members. A failure to issue a clear policy statement on this question and to communicate it to participating SACs could lead to erosion of the level of confidence that was found to exist in BCA at present . (Out of 11 SACs responding , 9 indicated that they felt that their funds are safe in the BCA.)
- d) Despite the fact that the BCA Director feels that it is not desirable to promote savings by offering to issue loans according to a savings-to-credit ratio, this promotion strategy is being used with some frequency in the field. A ratio of 1:10 is that

which seems to be mentioned in most cases. This practice could lead to substantial problems in the future if it is continued and BCA has no intention of operating in this manner.

The promotion of savings and provision of adequate incentives may not be given high priority by BCA at this time when compared with the multitude of other matters that it must deal with in the near future. However, at least three matters related to these subjects merit action as soon as possible:

- a) BCA should find a way to invest the funds that are being mobilized and should hire a Financial Management Officer to assure that BCA portfolio management is improved to the point where effective investment strategies are followed by the institution.
- b) BCA should clarify its position in respect to SAC withdrawals of their interest margin of 4% and make it known to all SACs.
- c) Promotion of savings through allusion to a savings-to-credit ratio should be discontinued if BCA has no plans to honor this commitment.

D. SUB-PROJECT PURPOSES AND END-OF-PROJECT INDICATORS

The logical framework methodology utilized by AID for project designs is meant to lead to the identification of interrelated sets of project elements; these should lead to the accomplishment of specific project purposes which can be measured by utilizing predetermined end-of-project indicators. The adequacy of project design is established if the hypothesized linkages between assumptions, inputs, outputs and project purposes are in fact found to be present in the implementation of the project. It would also be logically consistent to state that the likelihood of attaining the project purposes may be predicted at various times during the life of the project, by determining the extent to which the conditions prescribed for purpose accomplishment have in fact been met. If these conditions have not been met, are not likely to be met or are impossible to meet, there is good reason to conclude that project design adjustments are warranted.

This section draws upon the previous section of our project implementation assessment in order to determine whether it is reasonable to assume that the purposes of the project will be met. The team's conclusion is that such an assumption is not substantiated by the evidence at hand and that substantial redesign of this project is essential. Below the various purposes of the credit component of the project and all relevant end-of-project indicators found in the project documents are listed. Each is analyzed in view of available data, and in doing so the assessment team provides the justification for the conclusion which it has drawn.

1. To develop the institutional capability required to disburse, collect and manage the Small Coffee Farmer Project production credit component as prescribed by project documentation.

#### End-of-Project Indicators

- a) All project-related transactions meet the criteria established

A review of the output data provided previously would seem to indicate that, though all project transactions do not meet the established criteria yet, it will be possible to meet this purpose indicator prior to the end of the project. Numerous shortcomings were found to exist in this area, but these should not be allowed to overshadow the fact that substantial progress has been made. The fact that the shortcomings have been identified makes it much more likely that they will be addressed effectively and resolved.

- b) Existence of a sufficient number of SACs capable of channelling credit to a total of 12,000 coffee farmers per year

Under present conditions it will be impossible for the BCA to promote and properly service sufficient SACs in what remains of the first five years of the project to be able to channel credit to a total of 12,000 farmers per year by the fifth year of the project. This statement is based upon the following facts:

- 1) SAC development in the first two years of the project has run

substantially below schedule given, among other things, lower levels of fertilizer imports, higher fertilizer application rates, delays in the delivery of vehicles and motorcycles, delays in the recruitment and training of new staff, and inadequate coordination of BCA and IHPCADE activities.

- 2) If 12,000 farmers were to be reached, SAC development in Years 3, 4 and 5 would have to be increased at a rate that would require staffing increments that would go well beyond existing manpower, training and funding constraints.
- 3) BCA is faced with a substantial SAC dropout rate from the project which at least temporarily will limit the number of farmers that will request loans on a continuing yearly basis once they enter the project.
- 4) BCA needs to concentrate upon the identification of a SAC model which can be used as a guide for the work that needs to be done to strengthen the existing SAC system and to guarantee well-planned development of new SAC groupings. Consequently, BCA would be ill-advised to initiate the type of crash effort in Year 3 which would be required in order to meet the original SAC creation schedule.

Given these conditions it is highly advisable that the project design be adjusted by incorporating a revised and more realistic SAC creation schedule.

2. To disburse the coffee project production credits to 12,000 coffee farmers, the majority of which will be small coffee farmers.

#### End-of-Project Indicators

- a) Disbursement of \$644,673 in cash credits

Given the fact that cash credits are a function of the hectareage covered by fertilizer loans and that the hectareage covered by project fertilizer credits is running well below schedule, it is unlikely that the scheduled amount of cash credits will be disbursed during the first five years of the project.

- b) Disbursement of \$3,214,780 in fertilizer credits

Given the reduction in fertilizer prices and the virtual impossibility of creating and servicing the number of SACs called for under the project, it is unlikely that more than half of this amount could be issued as fertilizer credits in the first five years of the project.

- c) 12,000 farmers receiving loans per year

Given the virtual impossibility of creating and properly servicing the number of SACs required to reach this number of farmers, this end-of-project indicator will also be impossible to reach.

- d) 100% of the fertilizer loans under the program limited to farmers with 6 hectares or less

It is most likely that this condition will be met throughout the life of the project. A sampling of loan applications indicated that this was met in both Years 1 and 2 of the project.

- e) 75% of the total number of loans under this program limited to farmers with 3 hectares or less

It is most likely that this condition will be met and surpassed throughout the life of the project. A sampling of loan applications indicated that 97.6% of the number of loans issued in Years 1 and 2 of the project were issued to farmers applying for loans covering 3 hectares or less.

- f) 50% of the total amount of loans under this program limited to farmers with 3 hectares or less

It is most likely that this condition will be met and surpassed throughout the life of the project. A sampling of loan applications indicated that 84.7% of the loan volume went to farmers applying for loans covering 3 hectares or less.

To summarize, it can be stated that it is most unlikely that the project will lead to the level of cash and fertilizer credits or reach the number of farmers originally envisioned by the project. It is apparent, however, that the credits that are issued will reach farmers that on the average meet the definition of "small farmers" implied by the end-of-the-project indicators. Given the fact that borrowers are not limited to farmers owning but rather applying for loans covering a maximum hectarage, the assessment team was concerned at the outset that there might be a loophole in the credit policies that would undermine the intent of the project of primarily benefitting small farmers. This concern has been dispelled by the fact that more than 80% of all loans, whether by number or volume, are going to farmers applying for 3

hectares or less. If a substantial number of large farmers owning more than 6 hectares were participating in the project, it would be reasonable to assume that they would be applying for loans covering 6 hectares and that this would show up in our percentage figures. Furthermore, it was found that the average hectarage per farmer loan was 1.2 in Year 1 and .6 in Year 2. Thus the team would conclude that the project design needs to be readjusted by rescheduling cash and fertilizer credits and farmer targets at more realistic levels but does not need readjustment to guarantee that the right target group is reached through the project.

### 3. To develop a self-sufficient agricultural credit system

#### End-of-Project Indicators

- a) By the end of Year 5 of the project BCA will have approximately \$2.7 million available in cash for new loans and all AID loan funds will have been disbursed

Given the reduction in the prices of fertilizer and in the fertilizer imported as well as the impossibility of issuing the number of loans initially projected, BCA will not have \$2.7 million available in cash for new loans by the end of Year 5.

AID fertilizer loan funds will not have been disbursed by the end of Year 5 given the fact that these loan funds are being used for the purchase of fertilizer which is selling at

prices well below those used to calculate the loan value that would be required to purchase a specific amount of fertilizer over the life of the project. Using present price levels and assuming that fertilizer prices increase at a rate of 8% per year in Year 3, 4 and 5 of the project and that the full amount of fertilizer scheduled for the first five years is imported, the drawdown on the original fertilizer loan of \$5 million will only amount to approximately \$2.1 million.

- b) The project loan portfolio as of Year 6 of the project will allow BCA to cover the following costs:
- 1) purchase of project fertilizer
  - 2) complementary cash credit
  - 3) fertilizer subsidy costs
  - 4) BCA operating expenses.

Under ideal conditions BCA could conceivably cover the costs of project fertilizer and cash credits in Year 6 but would probably encounter cash flow problems as of the 7th year which would require that BCA borrow to cover these costs given the fact that coffee loans are being issued on 3-year terms. It will be impossible for BCA to cover fertilizer subsidy and operating costs in Year 6 or any following year, unless it receives substantial additional GOH or externally-funded subsidies, without drawing directly from its capital. In fact, if the original tonnage scheduled for Years 3, 4 and 5 of the project were to be imported, our calculations indicate that project subsidies would have to be increased well

above those levels projected in the CAP.

- c) Average savings of ₦ 1 per month by each member participating in the program will have been attained over the life of the project

This level of savings will probably be attained if the 5% capitalization deposit on each loan is classified as a form of savings.

At present the average "saving" of \$4.61 per participating member as of June 30, 1976 exceeds the target figure by approximately \$1.00. However, if the objective is to generate this level of voluntary savings, BCA has made negligible progress in this direction and will probably not reach the target figure within the first five years of the project.

- d) 30 cooperative structures capable of serving as components of a self-sufficient agricultural credit system will have been created

BCA will not be able to seek achievement of substantial progress toward this end. At best BCA may have several pilot intermediate structures in operation by the end of the 5th Year of the project. Proper definition of the purposes to be fulfilled by such structures still needs to be carried out.

In summary it can be stated that the project purpose of self-sufficiency is without any question impossible to attain in the immediate future.

In the opinion of the assessment team, the SAC system is not a cost-effective credit system though it may well be the best rural credit delivery system alternative available at the present time. No doubt BCA over time should be able to increase the contribution that its credit operations can make toward covering operating expenses; in fact,

this should be one of its objectives. But clearly this project is not one leading to a self-sufficient agricultural credit system. In order to implement this project it will be necessary to provide BCA with a guaranteed continued subsidy far in excess of the amounts ever envisioned by those who designed the project. What must be determined during the redesign process is how much additional funding will be required and who, if anybody, is going to provide it.

APPENDICES

1. Haitian Small Coffee Farmer Project Statistics through June 30, 1976
2. Assessment Questionnaires
  - Summary of SAC Assessment Questionnaire Response
  - Summary of Regional Bureau Assessment Questionnaire Responses
3. SAC Loan Application Forms
  - Fiche d'Information
  - Demande de Pret
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4. Estimation of Fertilizer Imports Required to Drawdown the Full \$5 million AID Loan by Year 5 (1979) of Project
5. Fertilizer Import Schedule, AID Loan Drawdown and BCA Capitalization Assuming Original Tonnage, Extension of Drawdown Period through Year 9 (1981) of the Project and Linear Annual Increments in Fertilizer Imports
6. BCA Operating Subsidies
7. Projection of Administrative and Operating Costs
8. Estimation of Field Staff Required Assuming Various Fertilizer Application Rates and Original Fertilizer Delivery Schedule
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10. Projection of Subsidies Required for Financing Fertilizer in Years 6, 7 and 8 (According to CAP)

APPENDIX 1

HAITIAN SMALL COFFEE FARMER PROJECT STATISTICS THROUGH JUNE 30, 1976

	REGION						TOTAL	TARGET OR PROJECTED	PERCENT- ACTUAL TO PROJECTED
	THIOTTE	JACMEL	FOND-DES- NEGRES	BAPTISTE	CAP HAITIEN				
1. Number of Project SAC's Existing in:									
a. 1975	17	27	12	-	-	56			
b. 1976									
1. New SAC's	21	25	11	36	27	120			
2. SAC's organized in 1975	17	27	12	-	-	56			
Total on 30/6/76	38	52	23	36	27	176			
2. Number of Project SAC Loan Applications Received in									
a. 1975	17	27	12	-	-	56			
b. 1976	30	48	11	36	27	152			
1. From New SAC's	21	25	11	36	27	120			
2. From SAC's organized in 1975	9	23	0	-	-	32			
c. Cumulative number of loan applications received	47	75	23	36	27	208			
3. Number of Project SAC Loan Applications Approved in									
a. 1975	17	21	9	-	-	47	128	36	
b. 1976	30	47	11	36	22	146	298	49	
1. For new SAC's	21	24	11	36	22	114	170	67.1	
2. For SAC's organized in 1975	9	23	0	-	-	32	128	25.0	
c. Cumulative number of loan applications	47	68	20	36	22	193	426	45	
d. Number of SAC's financed (unduplicated count)	38	47	20	36	22	163	298	54	

	REGION						TOTAL	TARGET OR PROJECTED	PERCENT- ACTUAL TO PROJECTED
	THIOTTE	JACMEL	FOND-DES- NEGRES	BAP:ISTE	CAP HAITIEN				
4. Number of Participating Farmers in									
a. 1975	218	279	95	-	-	592	1917	30.9	
b. 1976	334	552	93	393	217	1589	4474	35.5	
1. New participants	238	321	93	393	217	1262	2557	49.4	
2. Repeat participants	96	231	0	-	-	327	1917	17.1	
c. Cumulative number of participants	552	831	188	393	217	2181	6391	34.1	
d. Number of participants (unduplicated count)	456	600	188	393	217	1854	4474	41.4	
5. Number of Hectares Covered in									
a. 1975	460	207	33	-	-	699	1917	36.5	
b. 1976	387	305	27	197	101	1016	4474	22.7	
1. New hectares covered	217	142	27	197	101	683	2557	26.7	
2. Repeat hectares covered	171	163	0	-	-	333	1917	17.4	
c. Cumulative number of hectares covered	847	511	60	197	101	1715	6391	26.8	
d. Number of hectares covered (unduplicated count)	677	349	60	197	101	1384	4474	30.9	
6. Average number of Hectares Covered per Farmer									
a. 1975	2.1	.7	.3	-	-	1.2	1.0	120	
b. 1976	1.2	.6	.3	.5	.5	.6	1.0	60	
1. New hectares/New participants	.9	.4	.3	.5	.5	.5	1.0	50	
2. Repeat hectares/Repeat participants	1.8	.7	0	-	-	1.0	1.0	100	
c. Two year average	1.5	.6	.3	.5	.5	.8	1.0	80	
7. Number of Tons of Fertilizer Delivered in									
a. 1975	455	68	33	-	-	556	584	95.2	
b. 1976 (1/2/76 to 30/6/76)	387	196	27	186	105	901	1440	62.6	
c. Cumulative	842	264	60	186	105	1457	2024	72.0	

	REGION					TOTAL	TARGET OR PROJECTED	PERCENT- ACTUAL TO PROJECTED
	THIOTE	JACMEL	FOND-DES- NEGRES	B.PEISTE	CAP HAITIEN			
8. Average number of Tons of Fertilizer per Farmer in								
a. 1975	2.09	.24	.35			.94		
b. 1976	1.16	.36	.29	.47	.48	.57		
c. Two Year Average	1.53	.32	.32	.47	.48	.67		
9. Average number of Tons of Fertilizer per Ha. in								
a. 1975	.99	.33	1.0			.80		
b. 1976	1.00	.64	1.0	.94	1.04	.89		
c. Two year average	.99	.52	1.0	1.04	1.04	.85		
10. Amount of Fertilizer Credit Delivered in								
a. 1975	45,495	6,850	3,275			55,620	83,220	68.0
b. 1976 (1/2/76 to 30/6/76)	38,725	19,642	2,725	18,575	10,450	90,117	221,616	40.7
c. Cumulative	84,220	26,492	6,000	18,575	10,450	145,737	304,836	47.8
11. Amount of Cash Credits Delivered in								
a. 1975	16,457	7,722	1,114			25,293	24,293	101.3
b. 1976 (1/2/76 to 30/6/76)	8,133	6,484	1,080	2,690	2,915	21,302	66,484	32.0
c. Cumulative	24,590	14,206	2,194	2,690	2,915	45,595	91,450	49.9
12. Amount of Total Credits Delivered in								
a. 1975	61,952	14,572	4,389			80,913	108,186	74.8
b. 1976	46,858	26,126	3,805	21,265	13,365	111,419	288,100	38.7
c. Cumulative	108,810	40,698	8,194	21,265	13,365	192,332	396,296	48.5

	REGION					TOTAL	TARGET OR PROJECTED	PERCENT ACTUAL TO PROJECT
	THIOTTE	JACMEL	FOND-DES- NEGRES	BAPTISTE	CAP HAITIEN			
13. Percent of Cash Credit to Total Credit								
a. 1975	26.6	53.0	25.3			31.3	less than 40	
b. 1976	17.4	24.8	28.4	12.6	21.8	19.1		
Two year average	22.6	34.9	26.8	12.6	21.8	24.2		
14. Average amount of Fertilizer Credit per Farmer in								
a. 1975	209	25	34			94		
b. 1976	116	36	29	47	48	57		
c. Two year average	153	32	32	47	48	67		
15. Amount of Fertilizer Credit per Hectare in								
a. 1975	99	33	99			80		
b. 1976	100	64	101	94	103	89		
c. Two year average	99	52	100	94	103	85		
16. Amount of Total Credit per Farmer in								
a. 1975	284	52	46			137		
b. 1976	140	47	41	54	62	70		
c. Two year average	197	49	44	54	62	88		
17. Amount of Total Credit per Hectare in								
a. 1975	135	70	133			116		
b. 1976	121	86	141	108	132	110		
c. Two year average	128	80	137	108	132	112		

	REGION						TARGET OR PROJECTED	PERCENT ACTUAL TO PROJECTED
	THIOTTE	JACMEL	FOND-DES- NEGRES	BAPTISTE	CAP HAITIEN	TOTAL		
18. Effective Fertilizer Study								
a. 1975 (average import price \$213.51)								
b. 1976 (average import price \$129.04)							53.2%	50%
c. Cumulative (average import price \$151.96)							22.5%	
							34.2%	
19. * Percent and number of sample loans to farmers for Use on Following Areas of Land in								
a. 1975								
1. .25-3 hectares	83.8 (31)	98.4 (61)	100.0 (24)				94.3 (116)	75 percent to farmers with 3 ha. or less
2. More than 3 hectares	16.2 (6)	1.6 (1)					5.7 (7)	
b. 1976								
1. .25-3 hectares	100.0 (55)	98.7 (77)	100.0 (18)	97.9 (93)	100.0 (48)		99.0 (291)	
2. More than 3 hectares		1.3 (1)		2.1 (2)			1.0 (3)	
c; Two years average								
1. .25-3 hectares	93.5 (86)	98.6 (138)	100.0 (42)	97.9 (93)	100.0 (48)		97.6 (407)	
2. More than 3 hectares	6.5 (6)	1.4 (2)		2.1 (2)			2.4 (10)	
No loans for less than .25 hectares								

\* Based on sample data

	REGION						TARGET OR PROJECTED	PERCENT- ACTUAL TO PROJECTED
	THIOTTE	JACMEL	FOND-DES- NEGRES	BAPTISTE	CAP HAITIEN	TOTAL		
20. * Percent and volume of Sample Loans to Farmers for Use on Following Areas of Land in								
a. 1975								
1. .25-3 hectares	67.8 (35,305)	86.0 (11,516)	100.0 (6,945)			74.2 (53,766)	50 percent to farmers with 3 ha. or less	
2. More than 3 hectares	32.2 (16,800)	14.0 ( 1,875)				25.8 (18,675)		
b. 1976								
1. .25-3 hectares	100.0 (28,200)	93.2 (21,447)	100.0 (4,625)	79.6 (28,125)	100.0 (15,575)	91.8 (97,972)		
2. More than 3 hectares		6.8 ( 1,575)		20.4 ( 7,200)		8.2 ( 8,775)		
c. Two year average								
1. .25-3 hectares	79.1 (63,505)	90.5 (32,963)	100.0 (11,570)	79.6 (28,125)	100.0 (15,575)	84.7 (151,738)		
2. More than 3 hectares	20.9 (16,800)	9.5 ( 3,450)		20.4 ( 7,200)		15.3 ( 27,450)		

\* Based on sample data

	REGION						TARGET OR PROJECTED	PERCENT- ACTUAL TO PROJECTED
	THIOTTE	JACMEL	FOND-DES- NEGRES	R.P.PISTE	CAP. HAITIEN	TOTAL		
21. * Percent and number of sample Farmers Receiving Following Amounts of Fertilizer in								
a. 1975								
1. 0.--.25 tons		96.8 (60)	50.0 (12)			58.5 (72)	None more than 5 tons	
2. .25-.5 tons	21.6 (8)	1.6 (1)	33.3 (8)			13.8 (17)		
3. .5-1 tons	16.2 (6)		16.7 (4)			8.1 (10)		
4. 1-3 tons	45.9 (17)	1.6 (1)				14.6 (18)		
5. 3-5 tons	16.2 (6)					4.9 (6)		
6. More than 5 tons								
b. 1976								
1. 0.--.25 tons	14.5 (8)	45.4** (35)	83.3 (15)	48.4 (46)	35.4 (17)	41.3 (121)		
2. .25-.5 tons	40.0 (22)	33.8 (26)	11.1 (2)	31.6 (30)	50.5 (24)	35.5 (104)		
3. .5-1 tons	32.7 (18)	15.6 (12)	5.5 (1)	14.7 (14)	14.6 (7)	17.7 (52)		
4. 1-3 tons	12.7 (7)	3.9 (3)		3.2 (3)		4.4 (13)		
5. 3-5 tons		1.3 (1)				.3 (1)		
6. More than 5 tons				2.1 (2)		.7 (2)		

\* Based on sample data

\*\* The difference in the Jacmel figures for 1975 and 1976 reflect the fact that the fertilizer allocated to each farmer in 1975 was drastically reduced due to a shortage of fertilizer

	THIOTTE	JACMEL	REGION FOND-DES- NEGRES	R.P.ISTE	CAP HAITIEN	TOTAL	TARGET OR PROJECTED	PERCENT- ACTUAL TO PROJECTE
21. (continuation)								
c. Two year average								
1. 0-.25 tons	8.7 (8)	68.3 (95)	64.3 (27)	48.4 (46)	35.4 (17)	46.4 (193)		
2. .25-.5 tons	32.6 (30)	19.4 (27)	23.8 (10)	31.6 (30)	50.0 (24)	29.1 (121)		
3. .5-1 tons	26.1 (24)	8.6 (12)	11.9 (5)	14.7 (14)	14.6 (7)	14.9 (62)		
4. 1-3 tons	26.1 (24)	2.9 (4)		3.2 (3)		7.5 (31)		
5. 3-5 tons	6.5 (6)	.7 (1)				1.7 (7)		
6. More than 5 tons				2.1 (2)		.5 (2)		

	REGION						TARGET OR PROJECTED	PERCENT ACTUAL TO PROJECT
	THIOTTE	JACMEL	FOND-DES- NEGRES	LEPANTE	CAP HAITIEN	TOTAL		
22. * Percent and number of sample SAC Loan Applications Processed to Approval in Following Time Periods								
a. 1975								
1. 0-15 days		20.0 (1)	50.0 (1)			20.0 (2)	All less than 15 days	
2. 16-30 days	66.6 (2)	80.0 (4)	50.0 (1)			70.0 (7)		
3. More than 30 days	33.3 (1)					10.0 (1)		
b. 1976								
1. 0-15 days	66.6 (4)		50.0 (1)	12.5 (1)		20.7 (6)		
2. 16-30 days	33.3 (2)		50.0 (1)	62.5 (5)	20.0 (1)	31.0 (9)		
3. More than 30 days		100.0 (8)		25.0 (2)	80.0 (4)	48.3 (14)		
c. Cumulative								
1. 0-15 days	44.4 (4)	7.1 (1)	50.0 (2)	12.5 (1)		20.5 (8)		
2. 16-30 days	44.4 (4)	30.8 (4)	50.0 (2)	62.5 (5)	20.0 (1)	41.0 (16)		
3. More than 30 days	11.1 (1)	61.5 (8)		25.0 (2)	80.0 (4)	38.5 (15)		

\* Based on sample data

	REGION						TARGET OR PROJECTED	PERCENT ACTUAL TO PROJECT
	THIOTTE	JACMEL	FOND-DES- NEGRES	BAPTISTE	CAP HAITIEN	TOTAL		
23. * Percent and number of Sample SAC Loan Applications Processed to Disbursement in Following Time Periods								
a. 1975								
1. 0-15 days		20.0 (1)				10.0 (1)	All less than 15 days	
2. 16-30 days		20.0 (1)				10.0 (1)		
3. More than 30 days	100.0 (3)	60.0 (3)	100.0 (2)			80.0 (8)		
b. 1976								
1. 0-15 days	66.6 (4)			50.0 (4)		27.6 (8)		
2. 16-30 days	33.3 (2)		100.0 (2)	37.5 (3)		24.1 (7)		
3. More than 30 days		100.0 (8)		12.5 (1)	100.0 (5)	48.3 (14)		
c. Cumulative								
1. 0-15 days	44.4 (4)	7.7 (1)		50.0 (4)		23.1 (9)		
2. 16-30 days	22.2 (2)	7.7 (1)	50.0 (2)	37.5 (3)		20.5 (8)		
3. More than 30 days	33.3 (3)	84.6 (11)	50.0 (2)	12.5 (1)	100.0 (5)	56.4 (22)		

\* Based on sample data

	REGION						TARGET OR PROJECTED	PERCENT- ACTUAL TO PROJECTED
	THIOTTE	JACMEL	FOND-DES- NEGRES	B.P.PISTE	CAP HAITIEN	TOTAL		
24. Number of SAC's Initiating Repayment	17	4	1			22		
25. Amounts Repaid								
a. Principal	24,832	201	37			25,070		
b. Interest	1,573	161	15			1,749		
c. Total	26,405	362	52			26,819		
26. Savings mobilized								
a. Voluntary	0	60	0	0	0	60		
b. 5% Capitalization and 4% loan margin	4,810	911	427	573	541	7,262		
c. Average savings per farmer	14.40	1.76	4.60	1.46	2.49	4.61		
27. * All loans in 1975 and 1976 were for rehabilitation, none for replanting								
28. * All loans granted at 8 per cent interest								
29. * No fertilizer or cash loans were made that covered more than 6 hectares								
30. * All SAC loan applications to cover 15 hectares or less were approved or denied at regional bureau level, applications covering more than 15 hectares were forwarded to BCA headquarters								

\* Based on sample data

APPENDIX No. 2 (a)

SUMMARY OF SACs' ASSESSMENT QUESTIONNAIRE

I. Origin of the SACs

1. Dates SACs interviewed were organized:

1970	1
1971	2
1973	1
Jan/June 1975	4
July/December 1975	4
January/June 1976	<u>2</u>
T O T A L	<u><u>14</u></u>

2. Members first considered forming SAC after:

a) The SACs' members explained the system to those who weren't members.	1
b) A local agent or an agent from IHPCADE promoted the idea to several individual clients.	9
c) A village leader introduced the idea of having a SAC to the inhabitants of the village.	1
d) The office adopted the policy of no longer giving loans to individuals.	2
e) When potential clients heard of the possibility of receiving fertilizer.	1
Total	<u><u>14</u></u>

II. Membership Profile

	<u>Total</u>	<u>Average per SAC</u>
1. Total number of members at the beginning of the SACs	171	12
Number of new members enrolled since the start of the organization	13	1
Number of members who dropped out	<u>16</u>	<u>1</u>
Total current number of members	<u><u>168</u></u>	<u><u>12</u></u>
2. Activities of the members aside from credit:		

The SACs had meetings during the year, ranging from 1 to 52 a year. The average is about once a month. Most of the SACs use the traditional "coumbites" as their principal activity aside from credit. Others mentioned include the following: education, organization, and preparation of forms. The answers indicate that nearly all, if not all, attend the meetings if they are able to.

### III. Officials of the SACs

1. What seem to be the most critical training needs, and what are the best likely ways of going about it?

A third of the SACs interviewed indicated that they had no need of training or preparation. The others indicated the following needs:

- a) Literacy.
- b) Instruction in the preparation of forms.
- c) Technical agricultural assistance.

2. Have there been any changes in leadership since the beginning of the organization?

Out of 14 SACs interviewed, 12 had no change of leadership. In one society, however, the president and the secretary quit the SAC. In another SAC, one of the officers left to join another SAC.

3. List the titles of all the SACs' officials:

All the SACs have a president, a secretary, and an adviser.

### IV. Upkeep of Written Records

1. Accounting in the SACs:

In general, bookkeeping forms aren't used at all. The Fond-des-Negres office has been the exception, however: half of the societies easily use receipts, individual ledgers, and the "Livre Brouillard."

2. Who has done the bookkeeping up to now?

<u>Person in Charge</u>	<u>Number of Answers</u>
Secretary/Treasurer	10
No entries at all	2
Accounting Monitor	2
TOTAL	<u>14</u>

3. What are the stated or obvious difficulties which prevented the bookkeeper from doing a good job?

Lack of Training	5
Secretary has no problems	5
Lack of forms and registers	2
Have own system	1
No answer	1
Total	<u>14</u>

4. Internal agreement of records:

Since 12 of the societies didn't have good accounting, it was impossible to determine this. The records of two societies affiliated with the Fond-des-Negres office, however, were found in order.

5. Agreement of the account "Deposit in the BCA" with the amount stated in individual ledgers of the regional offices:

5 societies weren't able to answer this question. 2 societies didn't know the amount, and 7 societies had the correct amount. These last 7 SACs were those belonging to the Cap Haitien and the Fond-des-Negres regional offices.

6. Latest financial statements:

None of the societies were able to give us a financial statement.

7. Are loan applications, notes, and correspondances completed properly?

Correctly completed	5 societies
Badly completed	4
No records available	2
No answer	<u>3</u>
Total	<u><u>14</u></u>

8. Are records kept in a secure and orderly fashion?

	<u>In a secure fashion</u>	<u>In an orderly fashion</u>
Yes	9	11
No	4	2
No answer	<u>1</u>	<u>1</u>
Totals	<u><u>14</u></u>	<u><u>14</u></u>

9. How are forms financed and obtained?

Contributions/subscriptions of the members	11
Free from the BCA	2
Don't have any forms	<u>1</u>
Total	<u><u>14</u></u>

10. What forms are not in supply?

7 SACs didn't have any forms. The others lacked a variety of forms.

11. Does the bookkeeper like his work? If not, why?

Likes his work	6
Doesn't like his work	0
Medium	2
Feels a responsibility to do it	2
New on the job	1
No answer	3
Total	<u>14</u>

V. Loan Statistics

	<u>1975</u>	<u>1976</u>	<u>Total</u>
1. Number of members applying for loans:	104	133	237
2. Number of members receiving loans:	104	88	192
Percent of members receiving loans:	100%	66%	81%

Reasons stated for not granting loans were as follows:

non-availability of fertilizer or funds

non-repayment of old loans due

3. Loans Granted:	No. of	Amts. Rec'd			Propor. Amt.		
	Members	Fert.	Cash	Total	of Farm	Repaid	Balances Due
Rehabilitation	88	¢55,575					
			¢17,810				
				¢73,385	?	¢22,276	¢43,604
Replanting	nil	nil	nil	nil	nil	nil	nil

These statistics only include the PPC loans of the 8 SACs who answered the question. ¢37,780 of the balance due represents the 3 SACs interviewed at Thiotte.

Average loan per member: ¢834

Average loan per member if the Thiotte SACs are excluded: ¢280

Average loan per member in the Thiotte SACs:

1975 ¢1,217.50

1976 ¢ 759.50

Average for 2 yrs. ¢1,045.75

Average balance due in the Thiotte SACs: ¢1,079.50

The statistics for "proportion of farm" weren't available for most of the SACs.

None of the SACs began with replanting loans.

4. Farm investment plans:

Investment plans are prepared in the SACs visited with the help of IHPCADE agents. In some cases, the forms aren't completed very well, and at Hinché there are no plans at all.

5. Describe repayment and collection procedures and related problems:

These procedures are pretty standardized in all the SACs interviewed, including the following steps:

- a) At about 15 or 30 days before the due date, the officers visit the regional office to learn the balance of the principal due, as well as the interest due by each member.
  - b) A week before the payment date, the members attend a meeting to determine the amount to be paid by each, and to arrange the exact date of payment.
  - c) On this date, the members pay their respective amounts to the president, and afterwards, he takes it to the regional office, often accompanied by several of the members.
6. How do the SACs handle delinquencies and bad debts? What is the extent of delinquency?

In most cases, the balance due by delinquent members is paid by the other members, and afterwards, other steps are taken to recover the amount from the delinquent members, and this includes:

- a) Consideration of the current financial situation of the member.
- b) Sending reminders to the member if he is capable of repaying.
- c) Halt granting of additional credit to the member until he repays what he owes.
- d) Finally, if necessary, go to the Commissaire.

In one of the SACs, the president himself was late and the regional office stopped additional credit to this SAC.

VI. Loan Problem Areas

1. Do the members prefer a) paying directly to BCA, or b) going through SAC officials? Why?

Usually, the payments are made directly to the SAC president, and he then takes the money to the regional office or to the BCA. In some cases, it seems that the members, or some of the members go to the regional office with the president for security purposes.

2. If applicable, note reasons why 1975 borrowers didn't borrow in 1976:

- a) The loans were for a two-year period.
- b) Credit stopped by the BCA in the case of clients who were late with their repayments.

3. Is the three-year term reasonable for loan repayment?

In general, the clients consider a 2 or 3 year term adequate. Several SACs think that October would be a better month for repayments. These same SACs have suggested that it would be better to pay the interest in advance. Thus, the clients will only pay the principal of the loans (if they pay on time!).

VII. Perceived Adequacy of BCA/IHPCADE Inputs

1. SAC members' opinion of BCA/IHPCADE inputs in general:

Good	8
Good but not good enough	1
Useful	7
Not useful enough	3
No answer	1

2. Regarding the PPC project, do the farmers feel the amounts of cash credit and the amount of fertilizer per hectare are adequate? If not, indicate what they think would be adequate?

Generally, the farmers have said that the amount of fertilizer per hectare is adequate. However, many farmers would like to have more fertilizer so that they can cultivate other land. Two SACs at Cap Haitien felt that one pound per plant is too much, and that two applications of ½ pound would be adequate for 5 years.

The cash credits have been considered too low, but most of the farmers were satisfied, since they didn't much want to increase their debts. The amount desired per hectare ranged from Ø200 to Ø800.

3. Do members feel that they are benefiting from their loans?

Nearly all the SACs believed that they benefitted from the loan program. Many members would like to have a little bigger loans. 2 SACs have indicated that the coffee trees which have been fertilized have produced more coffee than those trees which were not fertilized during the drought.

4. Do the farmers receive their credit on time and without difficulties?

There has been a great variation among the responses to this question. Some have received their credit on time, and others have received their credit too late to use effectively during this season. Most of the problems stated resulted because the cash credits were 3 months late. Of the 14 SACs interviewed, 10 reported that their credits were late.

5. Do farmers feel that coffee centers are close enough to them?

Yes, they are close enough in proximity.	9
No, they are not close enough in proximity.	1
Question not relevant	2
No answer	2
Total	<u>14</u>

6. Do farmers desire credit for other types of production?

Of 14 SACs interviewed, only 2 said that they weren't interested in coffee credit. The other SACs would like also to have credits for livestock, fruit farms, corn, beans, cabbage, onions, manioc, and plantains.

7. Tasks performed by agents and amount of service received during the last 12 months:

In asking this question, the goal was to determine how many times the BCA staff at the regional office visited the SACs during the last year, and the purpose of these visits. However, the responses have shown that most of the visits, for specific or general purposes, covered several subjects at the same time. The total number of visits per SAC ranged from 0 to 24 per year, but only 8 SACs answered this question.

8. Have any periodic meetings been held with BCA staff? How many and for what purposes?

The number of these periodic meetings ranged from 2 to 52 per year, without a visible mode. The goals of these meetings were the following:

- a) To request that the SACs deposit 10% of the amount of their loans in advance.
- b) General credit procedures.
- c) Education.
- d) Technical accounting assistance.
- e) Completion of loan forms.
- f) Encouragement of voluntary savings.

9. Has BCA staff visited SAC to provide needed technical assistance?

	<u>Yes</u>	<u>No</u>	<u>No Answer</u>
The BCA staff visited the SAC to give technical assistance	8	4	2
The SACs believe that the BCA has the desire and the ability to furnish this assistance	6	1	7

To request a visit for technical assistance, the SACs sent reports and letters, or a member made a direct request to the regional office.

10. Has BCA provided any training to the SAC? What kind of training?

The BCA furnished the following training for the SACs:

- a. None - 5 answers
- b. 2 - 0 answers
- c. Accounting
- d. Technical Assistance
- e. Completion of Forms
- f. Study Circles

11. What additional services would the SAC like to receive from BCA and/or IHPCADE?

The SACs have stated that they would like to receive the following services from BCA and/or IHPCADE:

1. Loans for building houses
2. Coffee warehouses
3. Better technical assistance
4. Roads and improvement of roads
5. Drying aprons for coffee
6. Irrigation
7. Consumer loans
8. Insurance
9. Tools
10. Marketing
11. Tractors
12. Creation of jobs
13. Sale of insecticides
14. Access to sprayers

VIII. Mobilization of Local Savings

1. Required purchase of 5% of share capital:

<u>Region</u>	<u>No. of SACS</u>	<u>No. of Members</u>	<u>Amount Mobilized</u>
Hinche	1	7	600.00
Thiotte	3	35	2,043.65
Jacmel	1	?	145.00
Fond-des-Negres	3	29	393.75
Cap Haitien	2	24	201.40
TOTALS	10	95	3,383.30*

\*A small amount of "4%" deposit is included.

2. Voluntary savings: Only one SAC had some voluntary savings, \$35.50.

3. Did the SAC do anything to promote voluntary savings?

Nothing	6
Discussion, but no results	4
Some funds mobilized and deposited in the BCA	1
The members save, and the funds are used to finance a store for the members	1
TOTAL	12

4. Is there a desire or a possibility of having more voluntary savings?

Yes	12
No	1
No answer	1

5. Is SAC paying dividends or interest to its members?

All the SACs indicated that they don't pay dividends or interest regarding share capital and savings. Several societies, however, gave rebates to members according to the level of their business.

6. Profits of SAC:

Most of the SACs couldn't produce financial statements, so it was impossible to determine profit and loss in the few available minutes. 3 societies, however, were able to give us a statement of P & L:

<u># SACs answering</u>	<u>Income</u>	<u>Expenses</u>	<u>Profits</u>
Hinche - 1	Ø135.40	-0-	Ø135.40
Thiotte - 1	89.50	-0-	89.50
Thiotte - 1	242.40	-0-	242.40

7. Were there donations of materials and labor?

Yes -0-  
No -14-

IX. Attitudes of the Members Regarding the Expansion of the Role of the SACs

1. What would be the reaction of SAC members and leaders to the possibility of merging or federating with other SACs in order to seek economic viability?

Don't like the idea	-0-
Yes, interested	9
Yes, would like to have more information	1
Yes, but would like to see one in advance	1
Yes, but think there will be a lot of problems	1
Yes, interested, but don't think it will work	1
No answer	1

2. Which additional functions would members like to see their SAC undertake?

Marketing of products	8
Common purchase of supplies	2
Consumer credit	2
Common utilization of tractors	3
Services for transfer of funds	1
Insurance	1
Common gardens	1

X. Cost of Capital

1. What is the approximate range of other local credit?

Hinche	10-30% per month
Thiotte	"There are no other sources of loans"
Jacmel	50% per year
Fond-des-Negres	100% payable after several months
Cap Haitien	10-20% per month

2. Do members express a desire for dividends and interest on their savings and shares?

Yes	7
No	0
No opinion	6

If yes, what would be an acceptable rate?

No opinion	2
No answer	6
3-4%	1
4%	2
7-8%	2

3. Do SAC officials and members express a desire to either raise or lower the 12% SAC-level lending rate? Explain reasons.

Satisfied members	8
Satisfied members, but prefer a lower rate	3
Members not satisfied	0
No answer	3

What would be the reaction of SAC members or leaders to an increase in the interest rate over 12%, if necessary to avoid "the disappearance of the BCA?"

Members would accept a higher rate	9
Members would accept it, if the harvests are good	1
Members weren't able to decide	1
Members didn't like the idea	1
No answer	2

4. Do members feel that their funds are safe in the BCA?

Yes	9
No	0
Have some doubts	2
No answer	2

XI. Other Needs and Problems Perceived by SAC Officials and Members

1. The SACs don't like the "4%" deposit.
2. The loans are too small, and the funds arrive too late.
3. In only one SAC, the delinquency in repayment of the president made the SAC ineligible for a loan in 1976.
4. Question: If the amount of fertilizer allotted isn't sufficient is it possible for the BCA to increase the amount of cash credit to meet the additional demand?
5. Question: The normal fertilizer program of IHPCADE was discontinued since the beginning of the PPC project. Why?
6. Need for irrigation.
7. Several SACs suggested that the cash credits be made in one instalment, instead of the 2 or 3 currently being made.
8. The members would like to have regular radio reports on the price of coffee.
9. There is a need for new roads in the coffee regions.

XII. Further Comments

1. The members who have transferred from one society to another have received neither their share capital nor their savings.
2. The SACs would like to have more information on the funds which they deposited in the BCA, and also on the role(s) of the SACs and their officers.
3. Some SACs have expressed their doubts concerning the safety of their funds deposited in the BCA, since they don't have ledgers, and since the BCA, at least in some of the offices, don't keep their individual records of deposits up-to-date. This can lead to a lack of confidence.
4. The SACs liked the questionnaires because they had the opportunity to share their experiences with other SACs, and with the BCA.
5. At Thiotte, there is a strong interest in having a bank.
6. Many of the SACs' members prefer to borrow individually instead of borrowing through the SACs.
7. Several SACs would like better coordination between cash credits and credits in kind.
8. There is a problem of difference in social class in some of the SACs.

APPENDIX 2 (b)

SUMMARY OF REGIONAL OFFICE QUESTIONNAIRE RESULTS

Credit Delivery Statistics

1. Credit delivery statistics:

<u>REGIONAL BUREAU</u>	<u>SAC'S OF PROJECT PPC</u>					
	<u>SAC's in 1975</u>		<u>SAC's in 1976</u>		<u>SAC's in 1977EST</u>	
	<u>No. SAC's</u>	<u>No. Members</u>	<u>No. SAC's</u>	<u>No. Members</u>	<u>No. SAC's</u>	<u>No. Members</u>
Hinche	--	--	--	--	--	--
Thiotte	17	218	29	299	26	312
Jacmel			77	863		
Fond-des-Nègres	20	188	44	539	73	840
Cap Haitien	--	--	24	293	34	393
TOTALS			174	1,994		

<u>REGIONAL BUREAU</u>	<u>SAC's WHO RECEIVED TRADITIONAL CREDIT</u>					
	<u>SAC's in 1975</u>		<u>SAC's in 1976</u>		<u>SAC's in 1977EST</u>	
	<u>No. SAC's</u>	<u>No. Members</u>	<u>No. SAC's</u>	<u>No. Members</u>	<u>No. SAC's</u>	<u>No. Members</u>
Hinche	22	272	25	308	30	376
Thiotte	--	--	--	--	--	--
Jacmel			74	740		
Fond-des-Nègres	11	101	11	101	11	101
Cap Haitien	--	--	15	150	30	300
TOTALS			125	1,299		

<u>REGIONAL BUREAU</u>	<u>SAC's WHO RECEIVED BOTH TYPES OF CREDIT</u>					
	<u>SAC's in 1975</u>		<u>SAC's in 1976</u>		<u>SAC's in 1977EST</u>	
	<u>No. SAC's</u>	<u>No. Members</u>	<u>No. SAC's</u>	<u>No. Members</u>	<u>No. SAC's</u>	<u>No. Members</u>
Hinche	--	--	--	--	--	--
Thiotte	--	--	--	--	--	--
Jacmel	--	--	3	30	3	30
Fond-des-Nègres	--	--	11	101	11	101
Cap Haitien	--	--	--	--	--	--
TOTALS	--	--	14	131	14	131

2. PPC Resources Input:

	<u>Hectares Covered</u>	<u>Fertilizer</u>	<u>Cash</u>	<u>Sale of Fertilizer</u>	<u>Total Input PPC</u>	<u>Total Traditional Loans</u>
First Year	_____	_____	_____	_____	_____	_____
Second Year	_____	_____	_____	_____	_____	_____
Third Year	_____	_____	_____	_____	_____	_____
TOTALS	=====	=====	=====	=====	=====	=====

3. Stock of fertilizer currently on hand:

<u>Category</u>	<u>Number of Regions</u>
No information	1
0 - 6 SACS	2
500 - 600 SACS	<u>2</u>
TOTAL	<u>5</u>

Credit in cash:

Of the two responses received, only 198 gourdes weren't used of the total available of 34,294 gourdes in these two regions.

Repayment:

One office had no information, in two regions the date of payment had not yet been reached, and in the other two offices, the delinquent amount was 20,233 gourdes, out of a total of 241,385 gourdes due.

4. Was the regional office under pressure from other farmers to help them form SACs and to receive credit?

no demand	2 offices
small demand	1 office
much demand	2 offices

About how many farmers are interested in obtaining credit?

550 additional farmers could be served by the offices, if the funds were available (minimum of 30 additional farmers per region, and a maximum of 360).

About how many SACs are requested by the groups?

An estimated total of 49 (minimum 9, maximum 30)

What activities have been undertaken by the personnel of the regional office in regard to the organization and chartering of new SACs?

1. Promotion of local requests for credit
2. Encouragement of farmers to combine in SACs instead of lending on an individual basis.
3. Efforts of IHPCADE.
4. Radio advertisements.
5. Educational meetings.

Is there a demand for traditional loans which has not been satisfied?

Three regional offices have indicated a total demand of 470,000 gourdes - 92,000, 200,000, and 109,000 respectively. To meet this demand for traditional loans, 44 new SACs with 835 members are needed, according to the regional directors.

## II. Organization of Regional Offices

### 1. Current Staff

<u>P O S I T I O N</u>	<u>TOTAL</u>	<u>Hinche</u>	<u>Thiotte</u>	<u>Jacmel</u>	<u>Fond- des- Nègres</u>	<u>Cap Haitien</u>
Directors	5	1	1	1	1	1
Accountants	2/5			2/5		
Cashiers	4½	1	1	1	½	1
Local Agents	3½				1	2½
Accounting Monitors	5 1/10		1	2 3/5	½	1
Portfolio Clerks/Typists	2			1		1
Chauffeur	1			1		
Messengers	2	1				1
Collection Agent	½					½
<b>T O T A L S</b>	<u>24</u>	<u>3</u>	<u>3</u>	<u>7</u>	<u>3</u>	<u>8</u>
Agents of IHPCADE		0	15	7	9	N/A
# SAC's		25	-	151	44	24
Year Regional Office Commenced Operations		1969	1976	1963	1975	1959

2. According to the regional director, what number of SACs can be efficiently served (if given adequate preparation) by:

<u>P O S I T I O N:</u>	<u>No Response</u>	<u>Maximum No. of SACs each</u>
Regional Director	1	15 - 150
Accountant	3	-- - 200
Local Agent	2	5 - 25
Itinerant Cashier	1	25 - 100
Accounting Monitor	3	25 - 40
IHPCADE Agent	4	-- - 10
Bookkeeper	3	160 - 200
Typist	3	160 - 200

3. According to the regional director, how many local agencies can be served by the regional office with its present organization and staff?

<u>Regional Office</u>	<u>No. of local agencies</u>
Hinche	2 - 3
Thiotte	1
Jacmel	2
Fond-des-Nègres	2
Cap Haitien	6

4. Regional directors' estimation of additional staff needed, by type, in the three years to come:

<u>P O S I T I O N S:</u>	<u>TOTALS</u>	<u>Hinche</u>	<u>Thiotte</u>	<u>Jacmel</u>	<u>Fond-des-Nègres</u>	<u>Cap Haitien</u>
Local agents	9	1	2	2	3	1
Typists	1	1				
Accountants	3		1		1	1
Messengers	2		1	1		
Deputy Director	1			1		
Itinerant Cashier	2			1	1	
Accounting Monitor	6				3	3
Portfolio Clerks/ Typists	<u>1</u>				<u>1</u>	

T O T A L S	<u>25</u>	<u>2</u>	<u>4</u>	<u>5</u>	<u>9</u>	<u>5</u>
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5. Information on the coffee centers:

- a. Center not yet built -- 2 regions
- b. Location convenient to SACs -- 3 regions
- c. Activities at the center:
  - (1) Educational Meetings
  - (2) Meetings of the SACs
  - (3) Technical Assistance
  - (4) SACs' accounting training
  - (5) Demonstrations of agricultural coffee techniques

III.

1. What training is received by the staff of the regional office?

- 2 seminars in Port-au-Prince for the directors and local agents
- 1 "stage" of instruction - local agent of Thiotte
- 1 "stage" of instruction of two days -- cashier of Thiotte
- 1 trip to the Dominican Republic -- regional director of Jacmel
- 1 trip to Jamaica -- regional director of Fond-des-Nègres

Was the goal of the training accomplished? If not, why?

- Seminars -- yes
- Period of instruction for local agent - yes
- Period of instruction for itinerant cashier - no
- Trips - yes, very useful

2. What would seem to be, by type, the most important training needs, and what are the most efficient means to fulfill them?

- Directors: -- Administration courses  
 -- Principles of good management  
 -- Principles of credit procedures  
 -- Technical agricultural advice to farmers  
 -- Financial management

- Accountants/  
 Cashiers -- Accounting for the regional offices and for the SACs  
 -- Revision of principles and procedures of accounting and transfer of funds

Local Agents-- Review of the Program and procedures

- Typists/  
 Portfolio Clerks -- Typing courses, courses on office procedure, filing systems

All the needs mentioned above were determined by noting which of the necessary tasks weren't being done, and also according to the expressed views of the employees and their desire to advance within the organization. The most pressing needs, obviously, are in the domain of better accounting and management.

3. Are there meetings of the staff to coordinate and exchange ideas? How often?

Hinche	--The staff sees each other daily so there is no need to have periodic meetings
Thiotte	--"informally, almost daily"; also, two formal meetings per year
Jacmel	--Two meetings per month
Fond-des-Nègres	--One meeting per month
Cap Haitien	--One meeting per month

4. Are there manuals on policy and procedures available?

Yes -- Jacmel, Fond-des-Nègres, and Cap Haitien

No -- Hinche and Thiotte

If not, what do they use?

Hinche	-- Parts of the 1963 general manual
Thiotte	-- Various policy statements and reports from the central office
Jacmel	-- Manual and other rules
Fond-des-Nègres	-- No answer
Cap Haitien	-- Manual and other policy statements

How are these other rules and policy statements kept?

Hinche	-- In the manual, but not attached
Thiotte	-- In a manila folder
Jacmel	-- No answer
Fond-des-Nègres	-- In a folder
Cap Haitien	-- In a folder in the director's desk

5. Does the regional director use the BCA planning documents?

Two of five regional directors of the central office seem to make use of the planning documents. Answers indicate that the planning seminar was useful, serving as a guide to accomplish certain tasks before deadline dates, but the plan does not serve at all as a guide for the future, or even as a guide for designing the plan for 1977.

6. What has been done at the regional office in preparing for past and future central office planning exercises?

All the regional offices filled out detailed questionnaires and the directors participated in the planning seminars. The Thiotte office used the planning documents to prepare investment plans and also, used them at the meetings of the SACs. Fond-des-Nègres is in the process of preparing an end-of-the-year review to plan for 1977.

7. What are the methods used to estimate the number of requests for loans in the future?

- 1 regional office - total funds required = no. of SACs x means of 3,000 gourdes each
- 2 regional offices - the projections of IHPCADE
- 2 regional offices - meetings with the SACs to determine amounts required

IV. Activities of the field staff:

1. What are the current activities undertaken by the field staff?

- 1. Educational meetings for the officers and members of SACs
- 2. Reviews of activities and progress of the SACs
- 3. Follow closely the application of fertilizer
- 4. Pay out and receive funds
- 5. Technical assistance -- accounting for the SACs
- 6 . Determination of the SACs' needs

Note: All of the above functions are undertaken by the regional directors, the accounting monitors, and the local agents.

2. Have there been meetings with members of the SACs to determine how the regional offices could better serve these groups?

- Yes -- according to the 5 offices
- Hinche -- 23 general meetings - 4 per year for the officers
- Thiotte -- no information
- Jacmel -- 1 meeting for the PPC societies
- Fond-des-Nègres -- 4 meetings per year
- Cap Haitien -- 2 meetings per month

3. Attendance at the meetings:

- Hinche -- All the SACs

Thiotte -- no information  
Jacmel -- no information  
Fond-des-Nègres -- all the "leaders"  
Cap Haitien -- all the SACs

4. Have they promoted and carried out technical assistance visits to SACs?

According to the directors, all of the offices give technical assistance.

Visits to the SACs:	<u>1975</u>	<u>1976</u>
Hinche	4 - 5	?
Thiotte	17	29
Jacmel	--	--
Fond-des-Nègres	3	3
Cap Haitien	--	--

Goal of these visits:

Accounting for the SACs, advances/repayment/recovery of debts, management of SACs, preparation of forms, control of harvests, application of fertilizer.

5. What training activities have been carried out by the staff of the regional office in order to provide SAC s with the skills required to make the SAC function well?

Hinche -- on the spot training in accounting  
Thiotte -- responsibilities of SAC members  
Jacmel -- on the spot training in accounting and in agricultural practices  
Fond-des-Nègres -- roles of the SAC members and officers, every two months for members, every four months for officers  
Cap Haitien -- No adequate answer

6. What are the regional director's criteria for:

Good SAC:	Good repayment	<u>No.</u>
	Frequency of meetings	5
	Quality of meetings	4
	Well-kept records	4
	Regular visits to the office	3
	Use of loan funds	2
	Good interest and motivation of members	1
	Good relations among officers & members	2
	A voluntary savings program	2
	Literacy Program	3
		1

	Good management	2
	Good soil	1
	Good training of officers	1
	Members/officers follow advice of regional director	1
Medium SAC:	Well-run but irregular meetings	1
	Repayment more or less on time	2
	Lack of several of the qualities of a good SAC	3
	Devoted officers but passive members and vice versa	2
	Fear of credit	2
Bad SAC:	Opposite characteristics from a good SAC	2
	Non-application of BCA principles	1
	Disagreement among the members	1
	Tendency to dissolution	1
	Repeated irregularity of meetings	1

7. Breakdown of SACs by region according to the criteria of the regional directors:

<u>R E G I O N</u>	<u>Good</u>	<u>Medium</u>	<u>Bad</u>	<u>TOTALS</u>
Hinche	18	--	5	23
Thiotte	13	12	11	36
Jacmel	40	17	17	74
Fond-des-Nègres	3	6	2	11
Cap Haitien	<u>15</u>	<u>5</u>	<u>4</u>	<u>24</u>
TOTALS	<u>89</u>	<u>40</u>	<u>39</u>	<u>168</u>
Percent of Total	53%	24%	23%	100%

Sufficient information was lacking to evaluate all the SACs in all the regions.

What assistance is required to bring a "bad" SAC to a "good" level?

1. Initiate study circles to educate members.
2. More and better technical assistance.
3. Better motivation and moral leadership on the part of the officers and members of the SACs.
4. Obtain and train more efficient and likeable employees.
5. Changes of officers or members.
6. More efficient pursuit of bad clients by the central office.
7. Forbid additional credit to bad SACs until they change for the better.

8. What work with coffee cooperatives has been carried out by the staff of the regional offices?

The regional offices of Thiotte and Hinche are not currently working with the coffee cooperatives. The regions of Jacmel, Fond-des-Negres, and Cap Haitien, however, furnish credit, technical assistance, and assistance in marketing to these cooperatives.

9. Loans issued to cooperatives:

Hinche	--	None
Thiotte	--	None
Jacmel	--	¢ 25,000 @ 1 cooperative
Fond-des-Nègres	--	¢ 10,000 @ 1 cooperative
Cap Haitien	--	¢ 70,000 @ 1 cooperative (loss)

V. Credit Policies, Procedures, and Problems

1. Does the office have a written loan policy?

Each of the offices have credit policy statements and/or rules, but there are great differences among the various offices.

Are they followed?

Yes, these policies are generally followed by the offices.

Give exceptions.

Apparently, three offices have no exceptions. Another director stated that his tasks are determined by seasonal needs, and the last said that the director needed more technical and training assistance before he would be able to carry out credit policies.

2. Are all loans supported by farm investment plans?

The staff of the central office as well as the CUNA team misunderstood the expression "investment plan." Except for the Hinche office, however, all the offices prepare certain forms of this type before they can have their credit.

What role does a farm investment plan play in the review of loan applications?

One of the offices indicated that these plans are often false and don't show the true needs of the clients. In another office, the forms were badly made, unsigned, and usually not even used. Two offices, however, seem to use them correctly.

What do the plans consist of?

-- Sollicitation du crédit  
-- Demande de prêt  
-- Others non-determined

3. To what extent is collection a problem?

-- on the level of the regional office:

2 regional offices: not many problems

1 regional office : Most of the loans are not yet due. The Cap Haitien office reported that most of these loans granted before 1975 were bad debts, mainly because of the lack of credit and loan collection policies.

The other regional office didn't have enough information, but indicated that the delinquent clients represent a big problem, resulting principally from the following: dishonest clients, loss of plantations, death, and emmigration.

-- on the level of the SACs:

2 regional offices: the loans aren't yet due.

The other offices state that many of the loans are past due but not the PPC loans.

How do they solve this problem?

Generally, the officers of the regional office discuss the delinquent client with the officers and members of the delinquent SACs, and sometimes the case is taken to the Commissaire. No one suggested the possibility of action by the central office of the BCA.

4. Does the regional office send out payment reminders?

Yes, but only at the Hinche, Thiotte, and Jacmel offices.

5. According to the BCA staff, what is the extent of SAC members selling their fertilizer rather than using it on their farms?

3 offices believe that this practice is not a problem. Obviously, it isn't possible at Hinche, and at Thiotte it is a big problem.

6. Describe the loan repayment process:

Jacmel	-- weren't capable of describing it
Fond-des-Nègres	-- not-applicable
Cap Haitien	-- not-applicable
Thiotte	-- payments received by the officers of the SACs, sent to the regional offices by the officers, sometimes accompanied by the members.
Hinche	-- same as Thiotte

What sometimes happens too, especially at Hinche, is that the members of the SACs come to the market in town and, with the money in hand, want to repay their loans directly to the regional office before spending it. At Thiotte, the officers of the SACs are negligent in their duties, and also at Jacmel, but no one knows why.

7. If applicable, note reasons why 1975 borrowers didn't borrow in 1976.

Hinche: There weren't many, but in some cases it was due to the fact that the office made medium-term loans in 1975.

Thiotte: Some SACs haven't paid their installment due in 1976 and so they weren't eligible for new loans. Also, some members of the SACs sell their fertilizer and thus eliminate the need to borrow on the part of others. Others are afraid of accumulating big debts.

Jacmel: The members of some of the SACs don't like the terms.

Fond-des-Nègres: Not-applicable

Cap Haitien: Not-applicable

8. Why is the recovery rate higher on SAC loans than on loans to individuals, according to staff?

The greatest factor is joint responsibility.

9. Calculation of interest on loans.

Because of a lack of time, it was not possible to check the interest calculations. Some tests at Thiotte and at Cap Haitien indicated that the calculations were correct.

10. According to staff, are PPC credit terms (amounts, maturity dates, etc.) adequate?

Hinche	-- Adequate, with the exception of the delays noted in the granting of the loans
Thiotte	-- Everyone was satisfied
Jacmel	-- The maturity date of loans granted in 1975 was wrong
Fond-des-Nègres	-- Everyone was satisfied
Cap Haitien	-- The terms are adequate

11. Have credits been delivered conveniently and on time to SAC members?

Hinche	-- excessive delays due to the tardiness of the BCA in transferring the funds to the clients
Thiotte	-- some delays due to late delivery of fertilizer; the semi-annual advances slow down the process of granting the loans
Jacmel	-- No big problem with the exception of some of the agents of IHPCADE who were late.
Fond-des-Nègres	-- No problem
Cap Haitien	-- The biggest problem is the lack of funds for loans in cash

When do they want the loans?

Hinche	-- No response
Thiotte	-- It depends on application practices: 3 applications - March, August, December 2 applications - March, December 1 application - March
Jacmel	-- No response
Fond-des-Nègres	-- No response
Cap Haitien	-- After the harvest

12. What additional services would the SACs like to receive from:

BCA: Other types of loans (consumer, beans, "depulping,"  
equipment, tractors, seeds, cement, etc. )  
Training of the officers of the SACs  
Marketing of products  
Technical assistance to traditional borrowers & PPP borrowers

IHPCADE : Information on how to improve plantations  
Preparation of coffee/marketing

13. Evaluate the existing cooperation between the local BCA and the staff of IHPCADE. Note specific problems.

Hinche	-- Not-applicable
Thiotte	-- close cooperation between two directors but not good among the lower echelons
Jacmel	-- acceptable
Fond-des-Nègres	-- close

14. Is IHPCADE assistance to SAC members adequate?

Hinche	-- Not-applicable
Thiotte	-- No; several agents lack the ability to do their work
Jacmel	-- Adequate, but improvement desirable
Fond-des-Nègres	-- The effectiveness should be improved
Cap Haitien	-- No; the agents should visit the farms more often

## VI. Record Keeping

1. Is the office using a double-entry bookkeeping system, as described in Aeschliman's 2nd volume?

Jacmel: Yes, but there are still some problems.

All the other offices: Not at all.

2. Which of the following forms/documents are currently being properly used by the bookkeeper?

<u>Forms/Documents</u>	<u>Hinche</u>	<u>Thiotte</u>	<u>Jacmel</u>	<u>Fond-des-Nègres</u>	<u>Cap Haitien</u>
Receipts	x	x	x	x	x
Vouchers			x		x
Promissory Note	x	x			
Passbooks	x	x	x	x	x
Individual Ledgers	x	x	x	x	x
Combined Journal			x		
General Ledger			x		
Balance Sheet					

3. Does the office have a full-time bookkeeper?

Part-time -- 3 regional offices  
 Full-time -- 2 regional offices

4. Internal agreement of records:

The books of the Fond-des-Nègres office were up-to-date, and the two parts agreed. The other offices didn't keep their books up-to-date, or they don't have the habit of periodically reconciling their accounts.

5. What are the apparent difficulties responsible for preventing the bookkeeper from adequately performing his tasks, and his suggestions for improving the system as conceived?

a) Lack of training and education 3 times  
 b) Lack of time 1 time  
 c) Bad attitude 0 times  
 d) Lack of an accounting manual 3 times  
 e) Question not-applicable according to the bookkeeper(s) 2 times

6. Are loan applications, notes, correspondence, monthly reports, and financial records filled out properly and filed in a secure, confidential and orderly fashion? Check sample and note exceptions.

The filing system seems to work well at each office. Most of the documents currently required are correctly filled out and completed. However, several offices don't prepare their monthly financial reports, and the clients' files lack information, especially loan requests, principally at Cap Haitien.

7. What forms are not being used? Why?

Currently, all the offices use all the necessary forms, with the exception of Hinche, where they have substituted the members' passbooks for the individual deposit ledgers, the latter being out of stock.

8. Status of portfolio records:

- a) completed loan inventory: 4 are complete, but the individual ledgers from Hinche are not up-to-date -- no postings since January.
- b) individual ledger cards: All are up-to-date.
- c) delinquent loan schedules: 2 offices have schedules but the status of the other offices isn't clear.

9. How many SACs have up-to-date general ledgers?

None!

VII. Liquidities                      Hinche Thiotte Jacmel Fond-des-Nègres Cap Haitien

1. Cash on hand: Maximum allowable amount	no policy	none	dep. daily	deposited when necessary	Ⓕ
Where are the funds kept?	safe	safe	safe	safe	safe
2. How frequently are deposits made in the bank?	N/A	2/month	daily	1/week	as necessary
3. How often is cash verified with records?	1/mo.	daily	not done	1/week	2/month

4. Possibility of getting interest on "dépôts coopératives" bank accounts?

Little thought has been given to this. Only the Thiotte office was positive: "that will show the good attitude of the BCA and encourage voluntary savings."

5. Is a petty cash fund needed? If yes, why?

- Yes -- 4
- No -- 1 (already established)

Reasons for having a petty cash fund:

-The directors pay out of their own pockets and often have to wait a long time for reimbursement of these small expenses.

- 5.(cont.) - Upkeep and repair of vehicles
- Rental of houses
- Travel Expenses

6. Is the gasoline supply adequate? If not, how much would be sufficient?

Sufficient: 0  
 Insufficient: 4  
 Administrative Matter 1

Monthly amounts desired for the office:

Hinche 100 gal.  
 Thiotte 80 gal.  
 Jacmel 120 gal.  
 Fond-des-Nègres Administrative matter to determine  
 Cap Haitien 25 gal. more

VIII. Mobilization of Local Resources

1. Savings mobilized during project (G):

	<u>Total</u>	<u>%</u>
Hinche	7,068	12.4
Thiotte	26,566	46.6
Jacmel	5,492	9.6
Fond-des-Nègres	4,233	7.4
Cap Haitien	<u>13,709</u>	<u>24.0</u>
Totals	57,068	100.0

2. Has anything been done to promote voluntary savings?

At Hinche, nothing is being done to promote voluntary savings. At the other offices, however, the local agents encourage savings at the educational and motivational meetings.

3. Have some SACs made deposits in anticipation of a loan?

Only at Cap have the societies made deposits without ever having received a loan. According to the regional office, 9 SACs of Grande Riviere and of Bahor have made significant deposits this year, and haven't yet received loans because of a lack of funds at the Cap Haitien office.

4. What is being done with local funds mobilized?

Two offices keep their deposits in the bank. One office keeps the money in a safe. In another office, the funds are "immobilized." The other office said that "this should be discussed."

5. In the staff's opinion, what is the likelihood that significant amounts of voluntary savings can be mobilized?

5. (cont.) Hinche Thiotte Jacmel Fond-des-Nègres Cap Haitien

Opinions:

Likely					x
Possible	x				
Unlikely			x		
No Response		x		x	
Average Amt. Per Month of Savings Possible	--	--	Ø4/mo.	--	--

6. What is the average cost of other local credit?
- |  |                  |                |                  |           |                  |
|--|------------------|----------------|------------------|-----------|------------------|
|  | 10-15%/<br>month | non-<br>exist. | 25-30%/<br>month | 20%/month | 10-20%/<br>month |
|--|------------------|----------------|------------------|-----------|------------------|
7. Are any SACs paying dividends or interest to their members?

It doesn't seem that many of the SACs pay interest on their members' savings, or dividends on their share capital. However, a great number pay interest rebates, which is paid from the "4%" (approximate) profit of the SAC, often by withdrawal of their deposits from the BCA.

8. Have the SACs expressed the desire for dividends and interest on their deposits in the BCA?

Hinche Thiotte Jacmel Fond-des-Nègres Cap Haitien

Yes		x	x	x	x
No	x		x		
Rate of Interest Desired	?	4%	5%	"reasonable" rate	3%

9. What would be the reaction of the SAC members to an increase in the interest rate above the present rate of 12%? Would they fail to take the credit at this rate?

Hinche : New SACs would accept it, old ones wouldn't.  
 Thiotte : Yes, to avoid the disappearance of the BCA.  
 Jacmel : The director believes that the clients would go to the IDAI or to other institutions in this case.

Fond-des-Nègres: Some clients would accept it, others wouldn't  
 Cap Haitien : Yes, but the BCA would lose some clients.

IX. Attitudes of the Members on the Expansion of the Role of the SACs (SLECs, mergers, coops, etc.)

- 1. Would there be any opposition on the part of the SACs to the idea of merging SACs in order to make them more viable units? If so, why?

Hinche: Very favorable to the idea, would like to have a pilot project in their region.  
 Thiotte: No, the SACs are really interested.  
 Jacmel: There is some sectionalism, or some individuals who do not wish to cooperate with those they don't know. The director wants to see a mixed institution - government and private.  
 Fon-des-Nègres: The leaders of the SACs think the idea has some merit, but much education would be necessary before the members would be willing to accept it.  
 Cap Haitien: They are going to consider the idea.

- 2. Are there any additional functions that SACs might take on?

Hinche: Marketing  
 Thiotte: Marketing  
 Jacmel: None  
 Fond-des-Nègres: Not at this moment  
 Cap Haitien: The irrigation and stocking of grain; the SACs can carry out these functions with some training, and they are agreeable to the idea.

X. Potential Additional Project Inputs

- 1. Are the salaries adequate to retain a good staff? If not, what salary would be adequate for each position?

The offices of Cap Haitien and Fond-des-Nègres have suggested the following scales:

<u>Position</u>	<u>Cap Haitien</u>	<u>Fond-des-Nègres</u>
Director	\$400	\$400
Bookkeeper	250	200
Cashier	200	150
Local agent (agronomist)	250	200
Agricultural Technician	160	100
Typist	150	120
Accounting Monitor	--	100

With the exception of Hinche, all the offices have the opinion that the level of salaries is too low, and have suggested increases ranging from 25% to 100%.

2. Are there any other weaknesses in the BCA personnel system?
  - a) The salary checks arrive only after a 8 - 15 day delay. At the other offices the checks arrive on time or after a small delay.
  - b) Two offices have stated that salary reviews are not regular.
3. What communication problems exist between the regional office and headquarters?
  - a) The mail arrives only after 8 days to 2 months.
  - b) It takes several days for telegrams to arrive.
  - c) Trucks can deliver mail the same or the next day.
  - d) Haiti Air can be used at the offices where there is an airport.
  - e) The trucks between the regional office and Port-au-Prince are not trustworthy.
  - f) Ordinarily, someone from the regional office visits the central office at least once a month, and thus, for the distant offices, the mail can be kept until this time.
4. Does the office need any additional office equipment (files, calculators, ledger drawers, radio, etc.)? Specify.

All the offices have expressed a desire for several things, such as accounting ledgers, erasers, Jeeps, refrigerators, fans, etc. The most often mentioned items are typewriters and filing cabinets.

5. Space required by the office?

Hinche:	12m <sup>2</sup>
Thiotte:	The office will soon be located at the center.
Jacmel:	4 rooms
Fond-des-Nègres:	Office for 4 local agents
Cap Haitien:	Space for local agents/agencies

6. Does the BCA regularly provide the regional office with the supplies it needs?

Hinche:	Yes, supplies are sent without delay.
Thiotte:	Same as Hinche, but some problem with equipment.
Jacmel:	No problem.
Fond-des-Nègres:	Yes, regularly, no problem.
Cap Haitien:	Some problems exist, but not serious.

7. What are the current training needs in SACs and how can they best be filled?

a) Accounting	4
b) Management of SACs	2
c) Roles of officers	3
d) Education of members	1

to be solved by:

- |                         |   |
|-------------------------|---|
| a) Seminars             | 2 |
| b) On-the-spot training | 1 |
| c) Semi-annual meetings | 1 |
| d) Lionel Lubin         | 1 |

XI. Other Needs and Problems of the Regional Office

1. The director would like to visit agricultural credit institutions in other countries, partly to improve his English.
2. No water has yet been found at the Coffee Center of Thiottle.
3. Several offices would like to have petty cash funds.
4. The Fond-des-Nègres office would like to have several horses or donkeys.
5. Long delays with loan requests sent by the Cap Haitien office to Port-au-Prince.

Le BCA doesn't have enough information on the quantities of fertilizer in stock kept by IHPCADE.

XII. Other Needs and Problems of SACs

1. Accounting in the SACs of the Hinche region is practically non-existent.
2. Many of the SACs are worried about the "4%" deposit.
3. The SACs would like to have farm tools.
4. Lack of insecticides.
5. Need for greater literacy so that members of SACs can read documents before signing them.
6. At Thiottle, several members of the SACs don't like group credit. They prefer individual credit, partially to avoid responsibility.
7. Those who belong to a bad society can quit it and get credit at a good society.
8. Advances in cash must be made after advances in kind; if not, the clients will buy a radio or something else.
9. Since the PPC fertilizer didn't arrive on time, the clients had to borrow fertilizer elsewhere and repay after a single year.
10. Four different types of fertilizer arrived at the Thiottle office and no one knows the amount of each to apply.

XIII. Further Comments

1. THIOTTE

- a) It seems that the PPC borrowers at Thiottle follow a cycle: "small farmers" the first year, "big farmers" the second year, "small" the third year, "big" the fourth year, etc.
- b) One SAC is composed of several members of the same family.
- c) Requests and other documents are prepared in the regional offices of the BCA and of IHPCADE, not on-the-spot at the farmers' homes. IHPCADE is usually the first to contact the SACs.

- d) The big farmers buy fertilizer lent to the small farmers, and at a price less than  $\text{€}25$ , the price of the BCA.
- e) It seems that the big farmers, who don't qualify according to the contract, lie regarding the question "less than 6 ha.," and they receive fertilizer.
- f) The 8 societies who have correctly used their 1975 loans have requested and received their 1976 loans.



-162- APPENDIX 3 (b)  
DEMANDE DE PRET

SAC-3-4-70

- \_\_\_\_\_ le \_\_\_\_\_
1. — A la Société Agricole de Crédit :
  2. — Enregistré DARNDR No. \_\_\_\_\_ ; au BCA, No. \_\_\_\_\_
  3. — Par la présente, je sollicite un prêt pour \_\_\_\_\_
  4. — Localisation de l'entreprise : Habitation \_\_\_\_\_
  5. — Section Rurale : \_\_\_\_\_ Commune : \_\_\_\_\_
  6. — Superficie totale occupée à titre de propriétaire :
  7. — Superficie totale occupée à titre de fermier :
  8. — Nombre de parcelles déjà plantées en café : \_\_\_\_\_ Superficie : \_\_\_\_\_
  9. — Devis des travaux à exécuter :
  - A. — POUR PRET EN ESPECES :

Nature des Travaux	Date	Montant sollicité	Participation du planteur	Total du coût des opérations

**B. — POUR PRET EN NATURE**

Désignation des articles ou bien	Date désirée	Quantité	Valeur Gdes.

**Totaux**

10. — Nom du membre :

11. — Nom de l'Agent qui a préparé le devis :

Signature :

Signature :

12. -- Garanties Offertes :

13. -- Tableau des remboursements :  
Date

Montant Gourdes

14. -- Décision de la Société :  
Montant prêt espèces : C.

Montant prêt en nature : G.

15. -- Approbation finale :  
Montant prêt en espèces : G.

Montant prêt en nature : G.

16. -- Signature et  
Nom du Membre :

Signature et  
Nom des dignitaires  
de la Société

17. -- Observations :

Signature :

Nom de l'Agent de l'IHPCADE

SOLLICITATION DE PRET

La Société Agricole de Crédit

enregistré au DARNDR au No.....et au BCA au No.....sollicite du BCA

un prêt total de G.....à répartir comme suit :

Noms des Sociétaires (Membres)	Sup. Has.	Prêt en Nature					Prêt Espèces Gdes.	TOTAL Dette Gdes.
		Engrais		Cuillage		Total Gdes.		
		lbs, :	Gdes.	Qt.	Gdes.			
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								

Nous soussignés, en vertu des pouvoirs qui nous sont conférés par l'art. 11 des statuts de notre Société, déclarons que les demandes de prêt présentées par les membres ci-dessus ont été examinées par la Société qui, les ayant trouvées raisonnables et conformes à leurs besoins, les a approuvées à l'unanimité des voix au cours de la Séance du.....19.....appert procès-verbal annexé à la présente.

Signatures : Président :

Secrétaire Trésorier :

Recommandations de l'agent du BCA et/ou de l'IHPCADE :

Pour B. C. A:

Signature.....  
Nom

Pour IHPCADE

Signature.....  
Nom



APPENDIX 4

ESTIMATION OF FERTILIZER IMPORTS REQUIRED TO DRAWDOWN THE FULL \$5 MILLION AID LOAN BY YEAR 5 OF PROJECT (1979)

Given the decrease in fertilizer prices experienced between the time that the project was designed and the present, full drawdown on the AID loan would require that the amount of fertilizer imported be substantially increased if loan funding is restricted to the purchase of fertilizer. The increases that would be required over the remaining three years of the loan drawdown period are shown below. These projections are based upon the following assumptions: (1) the new fertilizer schedule should be based upon equal yearly increases in fertilizer imports, i.e., linear increases; and (2) fertilizer prices will increase at an annual rate of 8% over the average 1976 price of \$129.01 per ton. The annual increase in the number of tons to be imported to attain full drawdown by 1979 can be calculated using the following formula:

$$\sum_{n=1}^3 (940 + nX)(129.01)(1.08)^n = 5,001,048 - 195,998$$

(AID Loan) (1975+1976 loan drawdown)

The value of "X", or the yearly increment in fertilizer imports, turns out to be 4,719 tons. The revised schedule for fertilizer imports thus becomes the following:

<u>Year</u>	<u>Actual Estimated Price</u>	<u>No. Tons</u>	<u>Amount</u>
1975	\$ 213.51	350	\$ 74,729
1976	129.01	940	121,269
1977	139.33	5,659	788,468
1978	150.47	10,378	1,561,578
1979	162.52	15,097	2,453,564
	TOTAL	32,424	4,999,608
		=====	=====

These projections clearly suggest that the increase in imports that would be required to assure full loan drawdown by Year 5 of the project is so great as to make this option most unrealistic. The BCA would find it impossible to place 31,134 tons in the next three years of the project. In fact, even if the drawdown period were to be extended by another two or three years, the BCA would not be in a position to handle this much fertilizer within the coffee project.

APPENDIX 5FERTILIZER IMPORT SCHEDULE, AID LOAN DRAWDOWN, AND BCA CAPITALIZATION ASSUMING ORIGINAL TONNAGE, EXTENSION OF DRAWDOWN PERIOD THROUGH YEAR 7 (1981) OF THE PROJECT, AND LINEAR ANNUAL INCREMENTS IN FERTILIZER IMPORTS

Given the fact that the assessment team has concluded that it would be almost impossible for BCA to place the 14,015 tons of fertilizer which were to be imported with AID loan funding within the first five years of the project, it has been concluded that it would be highly desirable to extend the five year drawdown period of the loan by at least two years. It has also concluded that it would be preferable if yearly increases in fertilizer imports increased by equal annual increments in order to place less of a strain on BCA's ability to staff up for the distribution of increased quantities of fertilizer credits. In exploring the implications of these two assumptions, the team has prepared the following projections: (1) new fertilizer schedule for the 14,015 tons called for by the project design; (2) AID loan drawdown according to this revised schedule; (3) projected capitalization of the BCA; and (4) subsidies required by BCA in order to implement the project according to this revised fertilizer schedule. It should be emphasized that these projections are illustrative; the team's choice to base its projections on an assumed two year extension of the loan drawdown period is arbitrary and does not reflect a recommendation that the extension be for two rather than three, four or five years. The ideal scheduling can only be identified once it is known what the priorities of the project are to be.

Revised Fertilizer Schedule

The annual increase in fertilizer imports over the next five years (1977-1981) required to attain full use of the 14,015 tons scheduled for the project can be calculated by use of the following formula:

$$\text{Tons imported in first two years} + \text{tons imported in last five years} = 14,015$$

Algebraically this formula may be stated as follows:

$$1,290 + \sum_{n=1}^5 (940 + nb) + 14,015$$

When one performs the necessary calculations, the value of "b", or the annual tonnage increase, turns out to be 535 tons. The revised fertilizer schedule, as compared to initial projections, would then be the following:

<u>Year</u>	<u>Revised Tonnage Schedule</u>	<u>Original Tonnage Schedule</u>
1975 (already imported)	350	584
1976 (already imported)	940	1,440
1977 940 + 535 =	1,475	2,638
1978 1,475 + 535 =	2,010	3,916
1979 2,010 + 535 =	2,525	5,437
1980 2,545 + 535 =	3,080	---
1981 3,080 + 535 =	3,615	---
TOTALS	<u>14,015</u> =====	<u>14,015</u> =====

AID Loan Drawdown

The drawdown on the AID loan according to the revised fertilizer schedule has been projected using two pricing assumptions. Total drawdown by 1981 assuming importation of all 14,015 tons of fertilizer and an 8% annual price increase would amount to \$2,343,945. If annual prices were to increase by 16%, total drawdown would amount to \$2,977,826. In both cases a substantial portion of the \$5 million AID loan would be left untouched; full drawdown would require disbursing loan funds for purposes other than purchasing the amount of fertilizer originally projected.

Projected Capitalization of the BCA

The capitalization of the BCA under the revised fertilizer schedule will fluctuate depending upon the following factors: (1) disbursement of all cash and fertilizer credits called for by the project; (2) use made of the reflows from interest and principal payments on project credits, (3) magnitude of annual price increases; and (4) level of fertilizer price subsidies to project participants. For purposes of projection, it has been assumed that all credits will be disbursed and that reflows will be disbursed as additional project credits without any substantial delays. The following projections show the impact that the other two variables would have upon the capitalization of the BCA. In the case of the fertilizer price variable, rates of 8% and 16% have been utilized in the projections in order to give some idea of the range of possible outcomes. In the case of the price subsidy variable, three alternatives have been studied: (a) price subsidy of 50% to the farmer in his first two years of participation and 25% in the last two years, i.e., the subsidy pattern recommended in the original project design;

- (b) uniform price subsidy of 25% over the next five years of the project; and
- (c) a 25% subsidy over the next three years and no subsidy thereafter.

BCA Capitalization by 1981

	Price Subsidy Type A	Price Subsidy Type B	Price Subsidy Type C
8% Annual Increase	\$ 2,861,007	\$2,943,787	\$3,286,530
16% Annual Increase	\$ 3,382,008	\$3,502,717	\$3,927,219

It is important to note that none of these alternatives would produce the level of capitalization of \$5,041,210 for 1981 implied in the original design of the project. This level of capitalization could only be achieved if:

- (1) fertilizer prices were to rise to the levels originally assumed;
- (2) fertilizer imports were increased to the levels shown in Appendix 4; or
- (3) the balance of the AID loan not drawn down for fertilizer imports were issued as a direct cash capital contribution to the BCA.

APPENDIX 6

BCA OPERATING SUBSIDIES

The design of the Small Farmer Coffee Project substantially underestimated the costs that BCA would have to incur to implement this project. As a result, it failed to produce an accurate estimate of the operating subsidies that BCA would have to receive during the first five years of the project as well as in years to follow. Even assuming that the project could have been implemented according to the fertilizer formula, price and import schedule projections originally established, the original operating cost subsidy levels called for would have been insufficient to cover project costs. According to the cost projections of the assessment team, which include normal operating costs (Appendix 7) as well as a 5% yearly allowance for bad debts, if the BCA were properly staffed, the following deficits would have been incurred in Years 3, 4 and 5 even if the project assumptions listed above had held true.

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>Total</u>
Revised Operating Subsidy Schedule	\$215,367	\$303,725	\$427,768	\$946,680
Original operating Subsidy Schedule	55,000	68,000	90,000	213,000
Deficit	160,367	235,725	337,768	733,860

Projections through 1981 show that these deficits would have risen to \$1,104,000 in 1980 and \$881,729 in 1981 given the fact that BCA was expected to assume all operating costs plus the costs of the fertilizer subsidies in these years.

The need for increased levels of operating subsidies would continue to exist even if the fertilizer import schedule were to be extended by two or more years. In the case of a two year extension and linear annual increases in the import of fertilizer, the projected deficits would vary depending upon the price of fertilizer, the price subsidy provided, and the fertilizer formula and application rate utilized. The assessment team ran projections allowing for two price growth rates (8% and 16%), the three alternative price subsidy plans discussed in Appendix 5, and the two fertilizer formula and application rates previously mentioned in this study and found the following. The deficit levels were not affected significantly by the different price increases used for projection purposes. The price subsidy alternative producing the lowest deficit, although not the highest level of capitalization, was that calling for a uniform 25% subsidy over the five years in question. The deficits that would be produced using this alternative, assuming an 8% annual increase over the 1976 average price of \$129.01 per ton, are shown below controlling for fertilizer formula type and application rate.

	<u>1977*</u>	<u>1978*</u>	<u>1979*</u>	<u>1980</u>	<u>1981</u>	<u>Total</u>
20-5-15-1 Fertilizer Formula and Applica- tion Rate of 1/2 Ton per Hectare	\$150,261	\$194,348	\$238,238	\$396,286	\$465,291	\$1,444,424
10-5-20-1 Fertilizer Formula and Applica- tion Rate of 1 Ton per Hectare	117,752	150,047	182,146	328,403	385,617	1,163,965

\* The deficits shown for 1977, 1978 and 1979 are lower than those projected given the fact that the operating budget subsidies provided by the project for these three years cancel out parts of each deficit.

Clearly, if additional subsidy funding were not made available to cover these large deficits, under present conditions the BCA would be forced to draw upon its capital to absorb these deficits. The result would be a rapid decapitalization of BCA easily illustrated by indicating that the capitalization of BCA, assuming this subsidy alternative and an 8% increase in fertilizer prices, would amount to approximately \$2.94 million by 1981. This would be reduced to between \$1.50 and 1.78 million by these deficits, and by 1986, or the twelfth year of the project, BCA would have entirely used up whatever capital it had built up to cover these deficits.

E C H E L L E   D E S   S A L A I R E S

<u>TITRE</u>	<u>: GRADE :</u>	<u>CLASSE :</u>	<u>ECHELON :</u>	<u>FONCTION</u>							
			<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>		
Garçon de bureau	:	1	\$ 125	\$ 150	\$ 175	\$ 200	\$ 225	\$ 250	\$ 275		: Personnel auxiliaire
Chauffeur	:	2	200	225	250	275	300	375	400		
Dactylo & employés aux écritures & classement	1	:	:	:	:	:	:	:	:	:	: GRADE DE DACTYLO
Moniteur de culture	:	2	400	450	500	550	600	650	700		: Tâche requérant une certaine application
	:	:	:	:	:	:	:	:	:	:	: (classe de 5ème)
Secrétaire, sect. bilingue, sténographe.	:	1	500	550	600	650	700	750	800		: GRADE DE SPECIALISTE
Assistant-chef de section, chef de section, agent local, comptable.	2	:	:	:	:	:	:	:	:	:	: EMPLOYES AUX ECRITURES
Caissier, cais. itinérant	:	3	800	850	900	1.000	1.100	1.200	1.300		: Fonction d'exécution dans le cadre de directives précises.
Comptable principal.	:	:	:	:	:	:	:	:	:	:	: Formation professionnelle spécialisée ou acquise par un apprentissage plus ou moins long. (classe: brevet)
	:	:	:	:	:	:	:	:	:	:	: GRADE DE CHEF DE SERVICE
Directeur de Bureau	:	1	750	800	850	900	1.000	1.100	1.250		: Responsable d'une section de l'organisation avec pouvoir de supervision limitée à cette section; fonction de décision et commandement ainsi que les responsabilités d'un ordre limité.
régional	3	2	900	1.000	1.100	1.200	1.300	1.400	1.500		: Titre ou diplôme universitaire.
Chef de service	:	3	1.000	1.100	1.200	1.300	1.400	1.500	1.600		: GRADE DE DIRECTEUR
	:	:	:	:	:	:	:	:	:	:	: Travaux de conception d'études, de contrôle d'organisation et de coordination. Cette fonction implique décision et commandement.
	:	:	:	:	:	:	:	:	:	:	: Diplôme universitaire.
	:	:	:	:	:	:	:	:	:	:	: HORS CADRE
Personnel hors cadre	:	:	:	:	:	:	:	:	:	:	: Employés à titre consultatif ou qui fournissent une tâche précise sans être astreints à toutes les disciplines du B.C.A. tel que les heures de bureau ne bénéficient pas de congé - Salaire forfaitaire, déterminé de gré à gré.

APPENDIX 7

PROJECTION OF ADMINISTRATIVE AND OPERATING COSTS

Given the lack of accurate cost data, and especially a lack of realistic staffing projections, it is difficult to perform realistic cost projections over the remaining life of the project. However, in order to assure some measure of self-sufficiency by end-of-project, some (hopefully) reasonable assumptions had to be made:

Staffing Assumptions

- (1) First of all, and importantly, it is assumed that existing and new staff will receive approximately 5% annual increases in wages, but increments would generally follow the BCA's existing pattern of the "Echelle de Salaires."
- (2) Secondly, six new central office positions are assumed beginning in 1977, according to discussions held during the assessment trip, at salary levels approximately equivalent to existing, similar positions.
- (3) Third, each of the regional offices would increase their administrative staff over the remainder of the project to include 5 basic positions: 1 Regional Director, 1 Accountant, 1 Cashier, 1 Secretary/portfolio clerk, and 1 Messenger. These employees would come on board at salary levels approximately the same as what similar positions are paying.
- (4) Fourth, a "contract" was developed, whereby accounting monitors and local agents are combined and both are entitled "field staff" for projection purposes. After lengthly deliberations it was finally

ssumed that 1 field person could service approximately 17 SACs.

(5) Fifth, the number of "Traditional" (non-PPC) SACs would remain at about 225, thus implying a constant level of field staff costs to serve them.

(6) Lastly, no additional regional management (deputy directors, loan officers, etc.) staff will be required to service the number of SACs projected over the project's life.

Given these assumptions, total staff costs (other than "field staff") over the next few years can be summarized as follows:

	1976	1977	1978	1979	1980	1981
Central Office Staff	₤ 228120	₤ 306450	₤ 315300	₤ 328800	₤ 352200	₤ 367200
Regional Directors	110400	123600	146400	151800	₤ 158100	₤ 163500
Regional Office Accountants	16800	46500	74400	77100	80100	83100
Regional Office Cashiers	25800	43800	55200	56400	59100	60300
Regional Office Secretaries	21600	42000	68400	78000	81000	82800
Regional Office Messengers	7200	12300	15600	18900	20100	21600
Sub-Total (Adm. Staff)	₤ 409920	₤ 574650	₤ 675300	₤ 711000	₤ 750600	₤ 778500
Plus Bonus (1/12)	34160	47888	56275	59250	62550	64875
<b>TOTAL SALARY COSTS</b>	<b>444080</b>	<b>622538</b>	<b>731575</b>	<b>770250</b>	<b>813150</b>	<b>843375</b>



Overhead Costs Assumptions

All operating and administrative costs other than administrative staff salaries and transportation costs and direct field staff costs for projection purposes, fall into the "overhead" category, itself a construct. Most of the individual line items are projected on the basis of discussions with the Finance Chief and analysis of past financial statements. Specific assumptions made with respect to this heading are:

(1) Office rental and amortization will remain the same as in the past, with these exceptions based on discussions with the Finance Chief:

Additional rents starting in 1977:

Port-de-Paix	\$ 240
Jacmel	\$1,200
Fond-des-Negres	\$ 120
Jeremie	\$ 480

Additional rents starting in 1978:

Baptiste	\$ 400
----------	--------

(2) The sum of office supplies costs and paper and printing costs (entitled "Communications" for brevity), according to regression analysis, is highly correlated with the number of SACs receiving loans in a given year. There seems to be only a negligible "fixed" element to this cost, and variable cost of about ₺ 100 per SAC served.

(3) "Miscellaneous" Office costs are assumed to follow past trends.

(4) "Discretionary" cost items are assumed at constant levels, based on discussions with the Finance Chief, at least in the case of seminar costs (€ 50,000/yr.) and collection costs (€ 5,000/year) Publications and "miscellaneous" discretionary costs are projected solely on the basis of past trends.

Overhead items, except "Communications" which is projected elsewhere, are summarized in the following chart:

	1976	1977	1978	1979	1980	1981
<u>Office Operating Costs</u>						
Rent	Ø 9850	Ø 20050	Ø 22050	Ø 22050	Ø 22050	Ø 22050
Miscellaneous	4850	4975	5100	5225	5350	5475
Sub-Total	14700	25025	27150	27275	27400	27525
<u>Discretionary Costs</u>						
Publications	250	275	300	325	350	375
Collection Costs	5000	5000	5000	5000	5000	5000
Seminars	50000	50000	50000	50000	50000	50000
Miscellaneous	1250	1650	2050	2450	2850	3250
Sub-Total	56500	56925	57350	57775	58200	58625
GRAND TOTAL	71200	81950	84500	85050	85600	86150

Direct Field Staff Costs

The average annual salary per field staff person over the next 5 years is assumed to be ø8,000. This is somewhat higher than the current average, yet lower than the probable average salary at project end. A single, constant average figure was used to facilitate calculations and projections. This assumption, plus motorcycle operating cost data obtained from the Finance Chief, yield the following annual cost per field staff person:

Average Annual Salary		ø 8,000
Bonus (1/12 of salary)		667
Motorcycle Operating Costs:		
- Gas and Oil	ø 300	
- Maint. and Repairs	500	
- Depreciation	<u>1,200</u>	<u>2,000</u>
Average annual direct cost per person		ø 10,667 =====

If, as mentioned above, one assumes that one field staff person can serve an average of 17 SACs, then the average direct cost of serving one SAC is  $\text{ø}10,667 \div 17 = \text{ø}627$ . By implication, the direct cost of serving the 225 "traditional" SACs is  $225 \times \text{ø}627 = \text{ø} 141,176$ .

These same 225 SACs imply "Communications" costs of ø 22,500.

Summary of Administrative and Operating Costs

(Excluding PPC-Induced Direct Field Staff Costs)

Total administrative and operating costs other than direct field staff (PPC - induced) costs and "Communications", then, can be summarized as follows:

	1976	1977	1978	1979	1980	1981
Admin. Staff Salaries	₤ 444080	₤ 622538	₤ 731575	₤ 770250	₤ 813150	₤ 843375
Direct Field Staff Costs (Trad. SACs)	141176	141176	141176	141176	141176	141176
Car Operation	180000	204000	204000	204000	204000	204000
Other Admin. Travel and Transportation	25000	28000	31000	34000	37000	40000
Office Rental	9850	20050	22050	22050	22050	22050
Communications (Trad. SACs)	22500	22500	22500	22500	22500	22500
Other Misc. Office Costs	4850	4975	5100	5225	5350	5475
Discretionary Costs	56500	56925	57350	57775	58200	58625
<b>TOTALS</b>	<b>883956</b>	<b>1100164</b>	<b>1214751</b>	<b>1256976</b>	<b>1303426</b>	<b>1337201</b>

For later analytical purposes, a regression line was computed for the above total costs:

$$Y = ₤ 931,616 + ₤ 75,339 X \quad (r^2 = 0.94)$$

where Y = total costs and

X = the year, with X = 0 in 1976

Direct Field Staff (PPC) Costs

Relationship of Field Staff Costs to Nos. of Farmers, No. SACs, and Type of Fertilizer

As already derived, the direct field staff cost of servicing one SAC is about ₦ 627. If to this figure one adds the ₦100/SAC "Communications" costs, the marginal cost of serving additional SACs is seen to be ₦727. Since there are, on the average, 11 farmers per SAC, the approximate marginal costs of serving additional farmers is  $₦ 727 \div 11 = ₦ 66.13$ . Furthermore, since each farmer, on the average, only has about 6/10 hectare in production, the marginal cost to BCA of giving credit for additional hectares is  $₦66.13 \div 0.60 = ₦110.22$ . Finally, if, as at present, fertilizer is being applied at the rate of 1 ton per hectare, the direct cost of supplying additional tons is also ₦110.22. On the other hand, if as seems possible, a different type of fertilizer is imported, having an application rate of 1/2 ton per hectare, direct credit delivery cost per hectare would double, to ₦220.44.

Of course, any one of the above variables may, in fact, vary over the remaining life of the project. Regardless, the direct credit delivery cost per ton can be expressed by the following formula:

$$\begin{array}{l} \text{Marginal Cost} \\ \text{per ton delivered} \end{array} = \frac{₦ 727}{\left( \begin{array}{l} \text{Av. Mbrship} \\ \text{per SAC} \end{array} \right) \times \left( \begin{array}{l} \text{Avs. No. Has} \\ \text{per farmer} \end{array} \right) \times \left( \begin{array}{l} \text{Application} \\ \text{rate per Ha} \end{array} \right)}$$

For the purposes of analysis in this report, however, average SAC membership and hectareage per farmer are assumed constant. It is obvious from the formula, though, that to the extent either average SAC

membership or average hectarage (i.e., more "large" farmers) can be increased, costs would also go down substantially, though at a lesser rate. For example, if both SAC membership and hectarage per farmer increased by 25% each, the marginal cost per ton would go down exactly 36% from ¢110.22 to ¢70.54. The difference in cost for 1,000 tons would be substantial:  $(\text{¢}110.22 - \text{¢}70.54) \times 1,000 = \text{¢}39,679.$

For projection purposes in this report, as indicated above, average SAC membership will be considered to be 11 and average hectarage 0.60 ha. Given those assumptions, the total direct field staff costs in a given year will be given by the following formula:

$$\begin{aligned} \text{Total Direct (PPC)} \\ \text{Credit Delivery Costs} &= \left( \begin{array}{c} \text{Marginal Cost} \\ \text{per ton} \end{array} \right) \times \left( \begin{array}{c} \text{No. of} \\ \text{tons} \end{array} \right) \\ &= \text{¢}110.22 \times \left( \frac{\text{No. of tons}}{\text{Applic. Rate}} \right) \end{aligned}$$

Finally, total BCA operating and administrative costs over the next few years can be estimated by means of the following formula:

$$\begin{aligned} &= \text{Non-direct A and O Costs} + \text{Direct Credit Deliv. Costs} \\ \text{Total A and O Costs} &= \text{¢}931,616 + \text{¢}75,339X + \text{¢}110.22 \left( \frac{\text{No. of tons}}{\text{Applic. Rate}} \right) \\ &= \$186,323 + \$15,068X + \$22.04 \left( \frac{\text{No. of tons}}{\text{Applic. Rate}} \right) \end{aligned}$$

where X represents the year, X = 0 in 1975, X - 1 in 1976, etc.

The BCA administrative and operating cost, using this approximating formula\* would be as follows over the next 5 years, assuming the same tonnage indicated and/or implied in the CAP Paper:

\*This gives slightly different figures than would have been the case if the actual cost data used in the regression of non-field staff costs were used. These figures are for illustration only. Actual Budget Projections are presented elsewhere.

BCA Admin. and Operating Costs Under Varying Fertilizer Applic. Rates

	1977	1978	1979	1980	1981
1. No. Tons Delivered	2638	3916	5437	6048	6402
2. Total A and O Costs at 1 Ton Applic. Rate	1373054	1589255	1832238	1974922	2089278
3. Total A and O Costs at 1/2 Ton Applic. Rate	1663815	2020876	2431504	2641532	2794906
4. Difference	290761	431621	599266	666610	705628
5. "4" as percentage of "2"	21%	27%	33%	34%	34%

The difference in cost between the two types of fertilizer and respective application rates, of course, represents the cost of supporting increased numbers of field staff plus additional "Communications" costs. According to calculations shown in Appendices 7 and 8, the total numbers of field staff required to deliver this amount of credit under the two cases is approximately as follows:

	1977	1978	1979	1980	1981
No. Field Staff w. 1-Ton Applic. Rate	34	44	56	52	52
No. Field Staff w. 1/2 Ton Applica. Rate	57	77	101	93	93

Thus, changes in the types of fertilizer and application rates, as can be seen, have an enormous impact on numbers of field staff required and their related costs. Since there are only 13 field staff at present, fully 21 new field staff would be needed to move the projected 2,638 tons of fertilizer in 1977. If the stronger type of fertilizer were used, the BCA, by implication, should immediately recruit 44 new field staff. Obviously such rapid staff expansion is likely not possibly or even desirable. Accordingly, it may be necessary to "stretch out" the period over which fertilizer is imported. More discussion of this is presented elsewhere.

Appendix 8

Estimation of Numbers of Field Staff Required Assuming  
Various Fertilizer Application Rates and Original Fertilizer

Delivery Schedule

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
I. <u>No. Tons of PPC Fertilizer to be Imported</u>	1440	2638	3916	5437	5437	5437
I. <u>Fertilizer Application Rate of 1 Ton Per Hectare</u>						
A. No. Hectares Covered (PPC)- By Implication*	1440	2638	3916	5437	5437	5437
B. Implied No. of Participating PPC Farmers**	2400	4397	6527	9062	9062	9062
C. Implied No. of PPC SACs Required (Total Rec'g Credit)***	218	400	593	824	824	824
D. Annual Growth in Nos. of PPC SACs	130	182	193	231	-0-	-0-
E. Projection of Field Staff Requirements**** As a Result of 225 "Traditional SACs"	11	11	11	11	11	11
From SACs Starting:						
in 1975	4½	4½	4½	4½	4½	4½
in 1976	8½	6½	6½	6½	6½	6½
in 1977	---	12	9	9	9	9
in 1978	---	---	13	9½	9½	9½
in 1979	---	---	---	15½	15½	15½
F. Total No. of Field Staff Req'd (Rounded)	24	34	44	56	52	52
I. <u>Fertilizer Application Rate of ½ Ton Per Hectare</u>						
A. No. Hectares Covered (PPC)- By Implication*	2880	5276	7832	10874	10874	10874
B. Implied No. of Participating PPC Farmers**	4800	8793	13053	18123	18123	18123
C. Implied No. of PPC SACs Required (Total Rec'g Credit)***	436	799	1187	1648	1648	1648
D. Annual Growth in Nos. of PPC SACs	259	363	388	461	-0-	-0-
E. Projection of Field Staff Requirements**** As a Result of 225 "Traditional SACs"	11	11	11	11	11	11

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
From SACs Starting:						
in 1975	9	9	9	9	9	9
in 1976	17	13	13	13	13	13
in 1977	24	18	18	18	18	18
in 1978	--	--	26	19	19	19
in 1979	--	--	--	31	23	23
F. Total No. of Field Staff Required (Rounded)	37	57	77	101	93	93

ASSUMPTIONS:

- \*Multiple of "I" - 1 or  $\frac{1}{2}$
- \*\*Assumes 0.6 Ha. per participating farmer
- \*\*\*Assumes past average of 11 members per SAC
- \*\*\*\*Assumes a field agent can handle 15 new societies and 20 societies already in existence

Appendix 9

Estimation of Numbers of Field Staff Required  
With Modified Fertilizer Delivery Schedule

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
I. <u>No. Tons Fertilizer Delivered</u>	940	1475	2010	2545	3080	3615
II. <u>At 1 Ton Per Hectare Application Rate</u>						
A. No. Hectares Covered*	940	1475	2010	2545	3080	3615
B. Implied No. of Farmers**	1567	2458	3350	4242	5133	6025
C. Implied No. of PPC SACs***	142	223	305	386	467	548
D. Annual Growth in Nos. of PPC SACs	--	81	82	81	81	81
E. Projection of Field Staff Requirements**** As a Result of 225 "Traditional SACs"	11½	11½	11½	11½	11½	11½
SACs Starting:						
in 1975/76	9½	7	7	7	7	7
in 1977	---	5½	4	4	4	4
in 1978	---	---	5½	4	4	4
in 1979	---	---	---	5½	4	4
in 1980	---	---	---	---	5½	4
in 1981	---	---	---	---	---	5½
F. Total No. of Field Staff Req'd	21	24	28	32	36	40
II. <u>At ½ Ton Per Hectare Application Rate</u>						
A. No. Hectares Covered*	1880	2950	4020	5090	6160	7230
B. Implied No. of Farmers**	3133	4917	6700	8483	10267	12050
C. Implied No. of PPC SACs***	285	447	609	771	933	1095
D. Annual Growth in Nos. of PPC SACs	---	162	162	162	162	162
E. Projection of Field Staff Requirements**** As a Result of 225 "Traditional SACs"	11½	11½	11½	11½	11½	11½
SACs Starting:						
in 1975/76	19	14½	14½	14½	14½	14½
in 1977	---	10-3/4	8½	8½	8½	8½
in 1978	---	---	10-3/4	8½	8½	8½
in 1979	---	---	---	10-3/4	8½	8½
in 1980	---	---	---	---	10-3/4	8½
in 1981	---	---	---	---	---	10-3/4
F. Total No. of Field Staff Required	30	36	44	54	61	69