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EVALUATION OF USAID-BANCOOP PILOT PROJECT ON THE DEVELOPMENT OF RURAL FINANCIAL INSTITUTIONS IN PERU

By

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INTRODUCTION

The purpose of this report is to evaluate the results of the Agency for International Development's (AID) project with the Banco Nacional de las Cooperativas (BANCOOP) to promote the development of rural financial institutions in Peru. The report is based on consulting work performed in Peru April 27 to May 8, 1981. The purposes of the project evaluated were: (1) to strengthen the ability of BANCOOP to provide financial and technical assistance to rural cooperatives in low-income central sierra and ceja de selva areas, and (2) to demonstrate the ability of rural cooperatives to generate additional savings and increase their own sources of lending capital through a pilot savings mobilization program in the selected areas.

To accomplish these objectives, the project paper defined four principal work activities as follows: (1) establish a branch office of BANCOOP in Huancayo, Huanuco and an agency office in Tingo Maria, and in Junin; (2) upgrade BANCOOP's managerial and financial capabilities through technical assistance and staff training activities and improve BANCOOP's ability to provide technical assistance and staff training to rural cooperatives through establishment of a new project appraisal and technical assistance division; (3) increase the capability of BANCOOP to lend to participating cooperatives and individual cooperative members through the establishment of a pilot rural production credit fund in BANCOOP; and (4) increase the self-financing capabilities of rural cooperatives through a pilot savings mobilization managed by BANCOOP.

In addition to these stated objectives, at least two implicit objectives later became important part of the project. The Ohio State Syracuse University rural financial market contract which provided foreign technical assistance to BANCOOP had the objective of demonstrating that low income households in rural areas possessed substantial savings capacity. Another implicit objective was to achieve a flexible interest rate policy among financial institutions interested in savings mobilization. The remainder of this report will evaluate the success of the project in achieving the stated as well as the implicit objectives.

As general background, during the period of the AID-BANCOOP project (Jan.1979 to June, 1981) the Peruvian economy was weak but recovering. The growth rate of gross domestic product declined from six percent annually in the early 1970s to negative rates in 1977 and 1978. It then increased to a positive 2.8 percent annually in 1980 - a growth rate about equal to population growth. Inflation steadily increased from 17 percent annually in 1974 to 60 percent in 1980. In addition, the agricultural sector was stagnant; the gross domestic agricultural product in 1980 (based on soles of 1970) was only slightly above that of 1970. Thus, general economic conditions in Peru did not generally support accomplishment of the project objectives.

BANCOOP

Although BANCOOP is not a commercial bank under Peruvian law, it offers the basic services of a bank such as demand deposits, time and savings deposits and lending activities. BANCOOP has a paid capital of only S/.384 million from its 600 members (who consist mainly of cooperatives and associations) which is far below the S/.two billion of paid capital required for a commercial bank. Furthermore, even if BANCOOP could attract the required amount of paid in capital to become a commercial bank it may not be in its best interest to make this move since it would then become subject to the reserve requirements, currently equal to 76 percent of demand deposits.

Given the adverse economic conditions in the late 1970s, BANCOOP's performance as indicated by selected financial measures has been very strong. As can be seen in Table 1, BANCOOP achieved steady growth in the deflated value of selected financial variables from 1976 to 1979. Deposits received in 1980 were over eight times the amount in 1976, and equal to about US$4.5 million. New loans and oustanding loans at end of year also increased rapidly during this period. On the other hand, net worth declined from 1976 to 1979 and then increased slightly in 1980. Since paid in capital represents over 70 percent of net worth, most of this decline was caused by the corrosive effects of rapid inflation on the real value of the net worth. The BANCOOP growth was extremely rapid during the period of the AID-BANCOOP project from 1979 to 1980. The deflated value in 1979 soles for all new loans, deposits received and loans outstanding at the end of the year have roughly doubled from 1979 to 1980.

The two factors which contributed most to this rapid growth of BANCOOP were the successful savings mobilization campaigns of the project and the opening of new BANCOOP branches in rural areas. BANCOOP has expanded from a main office and three branch offices to 12 branches plus three agency offices (an agency office is administratively responsible to a branch) during the project period. Two of these branches were opened in the project target areas and the other branches and agencies were opened in other rural areas.

SAVINGS MOBILIZATION

In order to mobilize large amounts of savings in rural areas, BANCOOP has adopted a flexible and agressive interest rate policy. As can be seen in Table 2, the maximum annual interest rates which can be paid in deposits and other liabilities by Peruvian financial institutions has increased rapidly since 1976 to the current 50.5% on savings deposits and 54.0% on time deposits of one year. BANCOOP quickly raised the rates paid on time and savings deposits to the new legal maximum effective January 5, 1981.

The flexible interest rate policy in combination with savings mobilization campaigns has enabled BANCOOP to far exceed the project objective of $150,000 of savings. In the two project areas, over $800,000 of savings and time deposits were mobilized from November 1979 to November 1980, using an average exchange rate of S/.300.00 per US$ (See Table 3). If all BANCOOP offices are included, over $1.8 million in savings and time deposits was mobilized during this same period.

A total of four savings mobilization campaigns were realized by BANCOOP from Dec.1979 through April 1981 and a fifth campaign is planned for July-August 1981 (See Table 4). The campaigns consist of advertising through a variety of media as well as prizes such as school supplies, bicycles and televisions for different amounts of savings and time deposits. These campaigns have had important multiplier effects outside the project areas since the number of participating BANCOOP branches has increased from two to six. In addition, two credit unions (Perlacoop and Protectora) have also participated in the savings mobilization campaigns.

Analysis of the month end balances of savings deposits in the Huancayo and Tingo Maria offices shown in Table 5, indicate that deposits grew most rapidly during the periods of the savings mobilization campaigns such as in December 1979, February and July-August 1981.

TECHNICAL ASSISTANCE

A substantial amount of long-and short-term foreign technical assistance has been provided to strengthen the ability of BANCOOP to provide financial and technical assistance to rural cooperatives. The long term assistance was provided by George Wohanka and the short term assistance by Prof. Robert C. Vogel of Syracuse University with the assistance of John Gadway and Jeffrey Poyo.

BANCOOP created the office of Programación y Desarrollo (PRODE) to provide the technical assistance support on the project. However, this office was never fully staffed. According to the project paper three professionals were to be assigned to that office on a full time basis, but the office never reached that level. Augusto Chanamé, communications specialist, in charge of savings mobilization has worked in that office throughout the project. Roberto Paredes, an agronomist, worked on agricultural lending until his departure from BANCOOP in December 1980. The third position in that office was never filled. A second problem of this office was that it failed to provide much technical assistance to rural cooperatives. Most of the time and effort appears to have been directed toward the BANCOOP savings mobilization campaigns in the branch offices, with only a very limited mount of technical assistance to other cooperatives. Two of the six credit unions in the target areas received some BANCOOP assistance on savings mobilization campaigns after the credit unions had decided to pay realistic interest rates on deposits, as a result of

BANCOOP technical assistance. More assistance on savings mobilization could have been provided to credit unions if their directors had been willing to pay realistic interest rates on deposits and charge such rates on loans. Very little technical assistance was provided to BANCOOP branches on the lending from the rural production credit fund or to other cooperatives.

RURAL PRODUCTION CREDIT

BANCOOP met the project goal of lending $400,000 to production agriculture, however, the accomplishment of this goal is over-shadowed by the success of the savings mobilization campaigns. From 10-15 percent of the total deposits of BANCOOP of US$4,000,000 were lent to the agricultural sector. By far the greatest amount (85 to 90 percent) was lent to the commercial sector for short term financing of 30 to 90 days. Six loans for a total amount of slightly over S/.51 million was lent to agricultural cooperatives in Huancayo for production and marketing activities. In addition, about six more loans were made directly to farmers for production activities in that areas since the beginning of the project. In Tingo Maria, 33 loans for a total amount of slightly more than S/.89 million was lent to individuals and firms for agricultural activities during 1980. Repayment records on the BANCOOP loans in the project areas have been excellent. Although repayment on a couple of loans in each area has fallen behind schedule, prospects for collection are good so that no loans have been written off as bad debt in the project areas.

Several factors have contributed to the small proportion of BANCOOP funds lent to agriculture in the project areas. Most importantly, BANCOOP was able to lend at attractive interest rates to well qualified commercial clients most of the resources which it mobilized. Since these commercial clients were well known to BANCOOP, they were also easy and low cost borrowers to serve. On the other hand, BANCOOP had little experience and knowledge about lending to production agriculture which is higher risk, more costly and longer term than commercial lending. BANCOOP also lacked the specialized personnel and transportation to effectively serve agricultural borrowers who may believe must be visited on their farms, if no other information base exist for the borrowers economic activities.

The higher interest rates which BANCOOP had to charge also affected the loan portfolio. Since Banco Agrario lends to the agricultural sector at subsidized rates of interest, farmers would first attempt to borrow as much as possible from the Banco Agrario before seeking the higher cost funds available from other sources such as BANCOOP.

OVERALL EVALUATION AND CONCLUDING COMMENTS

Overall, we feel that the project has been highly successful in mobilizing savings and in providing vastly improved savings services to a substantial number of low income people in Peru. The project has also

had a very positive effect on the quantity and quality of BANCOOP's financial services. BANCOOP is a much stronger institution now than when the AID project began. The project has also demonstrated that mobilizing savings outside of large urban areas is possible, that these efforts require relatively little foreign resources, and that financial institutions can be strengthened through more rational interest rate policies. In retrospect, it is probably fortunate that AID did not provide BANCOOP with a large amount of money that could have been used to provide cheap loans to other cooperatives in the country. This would have seriously undermined the whole savings mobilization effort. Innovative forms of rewarding success however must be employed if A.I.D. is to escape the syndrome of providing continuing soft loans for projects that fail to become self-sufficient or meet their other objectives.

BANCOOP and USAID ought to take pride in the accomplishments of this project. We feel that the results of the project and the lessons learned from it should be shared with policy makers in Peru, whose in other developing countries, and with decision makers in other USAID missions.

TABLE: 1 Changes in Selected Financial Variables of BANCOOP from 1976 to 1980

Financial Variable	YEAR 1976	1977	1978	1979	1980
	(Thousands of Soles)				
New loans					
Current Soles	97,331	132,257	492,985	1,278,203	3,369,893
Soles of 1979	355,222	349,886	827,156	1,278,203	2,116,766
Deposits Received:					
Current Soles	28,512	67,746	145,719	409,951	1,397,056
Soles of 1979	104,058	179,222	244,494	409,951	877,547
Net Worth:					
Current Soles	97,586	105,234	139,301	310,212	577,237
Soles of 1979	356,153	278,396	233,726	310,212	362,586
Net Profit:					
Current Soles	-	-	-	2	32
Soles of 1979	-	-	-	2	20
Outstanding Loans at End of Year:					
Current Soles	102,533	126,558	203,203	520,732	1,472,796
Soles of 1979	374,208	334,809	340,944	520,732	925,123

Source: BANCOOP

TABLE 2: ANNUAL INTEREST RATES ON DEPOSIT AND OTHER LIABILITIES OF PERUVIAN FINANCIAL INTERMEDIARIES, 1976-1981 a/

Instrument and Institution	Prior to 6-30-76	6-30-76 to 3-1-77	3-1-77 to 8-1-78	8-1-78 to 11-1-78	11-1-78 to 2-1-79	2-1-79 to 1-5-81	1-5-81
Saving Deposits in Commercial Banks, State Development Banks and Credit Unions b/	5.0 b/	9.0	11.5	23.5	29.0	30.5	50.5
Savings Deposits in Saving and Loan Associations (Mutuales)	6.0	9.0	12.5	25.0	30.5	32.0	50.5
Time Deposits in Commercial Banks (and State Development Banks) c/ By Term:							
90 to 179 days	7.0	10.0	13.0	25.0	30.5	34.0	51.5
180 to 269 days	7.0	11.0	14.0	26.0	31.5	34.5	52.0
270 to 359 days	7.0	12.0	15.0	27.0	32.5	34.5	52.0
360 and over	7.0	13.0	16.0	28.0	33.5	35.5	53.0
Time Deposits in Investment Companies (Financieras) By Term:							
360 to 539 days	9.5	13.0	16.0	28.5	33.5	35.5	54.0
540 to 719 days	10.0	14.0	17.0	29.0	34.0	35.5	54.0
720 to 899 days	10.5	15.0	18.0	30.0	35.0	37.0	56.0
900 to 1,079 days	11.0	16.0	18.5	30.5	36.0	37.0	56.0
1,080 days and over	11.5	17.0	19.0	31.0	37.0	38.5	56.0
COFIDE Type "C" Bonds	9.0	13.0	16.0	29.0	35.0	35.0	53.0

SOURCE: IMF, Banco Central de Reserva del Peru, USAID/Peru, and Andean Report (February 1981)

NOTES: a/ Interest rates are legal maximums and are paid by most of the listed institutions. Exceptionally, most credit unions do not pay maximums on deposits in the form of share capital. Effective yields to owners of saving instruments usually exceed rates shown due to tax treatment and form of payment. Interest payments on saving accounts, time deposits and COFIDE bonds are not taxed. Effective yields depend, therefore, on the tax situation of the holder of the particular savings instrument. In addition, COFIDE

bonds confer a tax credit equivalent to 35 % of face value. The Andean Report (February 1981) calculates effective annual yields as 90.5 % for holders of COFIDE bonds, 66.9 % for holders of bank savings accounts, and 77.6 % for holders of time deposits in financieras.

b/ Maximum for deposits in credit unions was 6.0 % prior to 6-30-76.

c/ State development banks are Banco Agrario del Perú, Banco Industrial del Perú, Banco Minero del Perú, Banco Central Hipotecario, and Banco de la Vivienda. Deposit operations are minor sources of funds for these banks (see State Airgram A-127, 8-31-77) and role of private sector as source of total funding is small. The exception is Banco Central Hipotecario (which makes loans for middle and upper-income housing) financed principally from the sale of fixed-yield bonds, called cédulas.

TABLE: 3 TOTAL BALANCES AND SHARES OF HUANCAYO AND TINGO MARIA OFFICES IN TOTAL BANCOOP DEPOSITS

		Huancayo		Tingo Maria	
Month and Deposit Type	Total Balances (all offices, thousands of soles)	Total Balances	Percent of BANCOOP Total	Total Balances	Percent of BANCOOP Total
November 1979					
Demand Deposits	153,594	14,736	9.59	14,295	9.31
Time Deposits	67,407	2,328	3.45	6,786	10.07
Savings Deposits	63,536	1,873	2.95	6,538	10.29
November 1980					
Demand Deposits	559,216	62,440	11.17	41,910	7.49
Time Deposits	349,180	98,022	28.07	32,550	9.32
Savings Deposits	340,320	48,179	14.16	78,823	23.16

SOURCE: Burckett

TABLE:4 Savings Mobilization Campaigns
Realized by BANCOOP During 1980-81

Campaign Dates	Participating Branches
Early Dec to mid Jan , 1980	Tingo Maria, Huancayo
Early Feb to late March, 1980	Tingo Maria, Huancayo
Early July to mid Sept, 1980	Tingo Maria, Huancayo, Trujillo, Chiclayo
Early March to late April, 1981	Tingo Maria, Arequipa, Piura Sullana, Juliaca, Talara
Early July to late Aug, 1981	Tingo Maria, Huancayo, Cerro de Pasco, La Merced

SOURCE: BANCOOP

TABLE:5 TOTAL MONTH-END BALANCES IN SAVINGS DEPOSITS OF TINGO MARIA AND HUANCAYO OFFICES
(thousands of soles)

	Huancayo		Tingo Maria	
Month	Balances	Percent Change from previous month	Balances	Percent Change from previous month
August (1979)	986	27.55	513	---
September	1,177	19.37	1,840	258.67
October	1,537	30.59	4,210	128.80
November	1,873	21.86	6,538	55.30
December	4,605	145.86	23,871	263.74
January (1980)	5,414	17.57	27,429	15.34
February	13,482	149.02	34,520	25.85
March	19,266	42.90	37,708	9.24
April	21,602	12.12	34,089	-9.60
May	22,553	4.40	37,571	10.21
June	25,648	13.72	54,373	44.72
July	31,835	24.12	62,798	15.49
August	42,482	33.44	72,804	15.93
September	44,891	5.67	76,643	5.27
October	48,023	6.98	75,385	-1.05
November	48,179	0.32	78,823	4.56

SOURCE: Berkett

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May 7, 1981

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Possible Follow-up activities to AID's BANCOOP
Savings Mobilization Project.

We discuss in this memo, as part of our evaluation of AID's BANCOOP project, possible follow-up activities for the Mission. The memo is divided into two parts: a brief summary of the results to date of the BANCOOP project, a discussion of AID's follow-on alternatives and our recommendations on what the Mission might do in savings mobilization in the future.

Results of the BANCOOP Project

Over the past decade rural financial markets in Peru have deteriorated a good deal and their operations have become more shallow. The purchasing power of all agricultural loans made by commercial banks and the Banco Agrario, for example, has dropped by 25 to 50 percent. Loan repayment problems in the Banco Agrario and negative real rates of interest on agricultural loans are the major reasons for this capital crowich.. As a result, the ratio of formal agricultural loans to the gross domestic product from agriculture has also declined from about .25 to about .15. Only a couple of countries in Latin America currently have credit-to-output ratios this low: Bolivia, Haiti, and possibly Honduras. The purchasing power of loans provided in rural areas by credit unions has contracted even more sharply. During our stay in Peru we visited 6 credit unions that provide services in rural areas. The best of these credit unions only maintained the real value of its loan portfolio this past year. The other credit unions have suffered losses in purchasing power in their loan portfolios that ranged from 20-50 percent this past year. It is clear that the ability and willingness of the financial sector to support agricultural development has seriously deteriorated the past 10 years in Peru.

The recent performance of BANCOOP stands out in marked contrast to that of other Peruvian financial institutions. It is expanding the number of offices and also increasing the real value of its loan portfolio. This expansion is largely due to the sharp increase in amount of voluntary savings mobilized by BANCOOP. [illegible] grant to BANCOOP for agricultural loans was [illegible] increase in amount of additional savings mobilized by BANCOOP [illegible] alone! BANCOOP's performance is particularly impressive when one recognizes it is swimming against a strong, adverse [illegible].

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very little will be learned from [illegible] about savings. The Peru project, thus, is the only case at hand that demonstrates savings mobilization potential and also illustrates how the poor can be assisted through savings. Increasingly, it is being recognized that financial intermediation involves both savers and borrowers. While some poor people benefit from improved financial intermediation, many more low income people will benefit from positive real rates of return on their savings. Typically cheap credit benefits only a small number of the poor and most of the benefits end up in the hand of the rich who receive the bulk of the cheap money. Poor people have very few alternatives to saving in financial form, and positive real rates of return on savings deposits can be a major way of assisting them.

Our recommendation is that the Mission consider follow-on projects that stress increasing the amount of voluntary financial savings mobilized in Peru, encouraging interest rate policies that stimulate more voluntary savings (and ration loans more efficiently and equitably), and helping the credit unions to do a better job of mobilizing voluntary financial savings.

The reasons for stressing savings mobilization and rational interest rate policies are probably clear to the Mission. Our reasons for stressing the credit unions may be less clear and need further justification. Credit unions in Peru are widespread and have traditionally served a large number of poor people. They are only financial institution in the country that can provide reasonably large amounts of financial services to the poor in the near future. The current troubles of the credit unions should not obscure the fact that they have a long history in the country and that until recently they were generally strong and provided services to a very large number of people. Recently, however, inflexible interest rate policies combined with inflation have seriously undermined the vitality of these institutions. Membership is falling, deposits in real terms are declining along with the real value of loans made, and the real value of their share capital is declining. Many of the unions are currently loosing money, experiencing a high turn over in management, and have too few funds to meet credit demands. Unless a large number of these credit unions rapidly change their policies, many of them will become hollow financial shells in the next several years. Because strength of these credit unions seems essential if low income people in Peru are to continue to have some access to financial services especially in rural areas.

Follow-on Projects

The Mission might form short [illegible] savings mobilization projects. The short run project [illegible] continuation of [illegible] current efforts with [illegible] with heavy emphasis on working with credit unions in a limited number of areas. The long run project might start [illegible] a national savings mobilization program [illegible] financial institutions that service the poor [illegible].

A Follow-on Project with Bancoop

An additional, moderate size grant to Bancoop might be used to expand Bancoop's help to credit unions in a small number of areas and sharply increase the amount of voluntary savings mobilized by the unions. The areas selected should be those where AID and Bancoop both have interests. Most of the grant funds would be used to increase Bancoop's capacity to service the needs of credit unions, to cover some of the costs of savings mobilization programs, and to provide a few critical incentives that may be necessary to induce Bancoop and the credit unions to work together in mobilizing voluntary savings. If funds are included in the grant to extend loans to credit unions, the access to these funds should be closely tied to savings mobilization performance by the credit unions.

There has been only a modest amount of contact between Bancoop and the credit unions in the current project. There are several reasons for this lack of intercourse between these agencies. One major reason is that many of the credit unions have been slow to adjust the rates of interest they charge on member loans. They have not been anxious to borrow money from Bancoop at rates of interest substantially above those they charge their own borrowers. Also, to date, only a couple of credit unions have been willing to substantially raise the interest rates they pay on members' deposits. Without interest incentives, there has been little scope for savings mobilization projects desired by Bancoop. A key issue in a follow on project with Bancoop will be to strengthen the incentives it has to provide additional financial services to credit unions, especially in regard to savings mobilization projects. At the same time, it will also be necessary to provide more and improved services through Bancoop so that credit unions will be willing to work more closely with Bancoop. At this point most of the credit unions feel they get few services in return for their share capital in Bancoop.

Neither side of this incentive problem can be easily solved. The traditional way of managing this problem is for an agency like Bancoop to provide loans on soft terms to other cooperatives. Doing this, undercuts savings mobilization and perpetuates a feudal, rather than a self help, mentality. Cooperatives and their members stand around like a batch of baby robins with their mouths open waiting for someone to drop a cheap loan in their mouth. Doing so allows the cooperative to postpone policy changes that would put the organization on self sustaining basis, and is very damaging to the interest of savers. Furthermore, all too many of the cheap loans end up concentrated in the hands of influential people in the credit union. This, in turn, causes many of the members who do not get cheap loans to lose interest in remaining an active member in the cooperative. A significant decline in the vitality of the cooperative soon follows.

A more appropriate strategy would be to focus on the incentives Bancoop has to become actively involved with credit unions. Said another way, how can Bancoop gain from helping credit unions? The main thing that Bancoop currently wants from credit unions is a substantially increase in the share capital these cooperatives hold in Bancoop. This is important to Bancoop because of its attempt to assemble enough share capital to qualify for official recognition as a bank. Helping a "brother cooperative" and the gains made from providing more financial services to the credit unions are distant secondary incentives for Bancoop. In all too many cases local Bancoop branch managers will view savings mobilization efforts by other cooperatives in the community as mere competition. A follow-on project with Bancoop ought to focus attention on helping Bancoop recognize that its formal recognition as a bank depends on strong support from other cooperatives.

The project and Bancoop must be creative in developing a package of activities and services that will attract more credit union business, as well as share capital. It must be kept in mind that many of these credit unions currently use the services of one or more commercial or developmental banks. Bancoop must compete with these banks in terms of quantity and quality of services. The services that might be considered are check clearing, various kinds of deposits and fixed term savings instruments, loans to meet short term liquidity needs of the credit unions, longer term loans to help credit unions acquire permanent office facilities, auditing services, management training, meetings to discuss policies like interest rates, and helping in the design and carrying out of savings mobilization projects by the credit unions.

Bancoop must be very careful in providing the credit unions with concessionary credit. Lines of credit that carry interest rates significantly below the rates necessary to mobilize substantial amounts of voluntary savings will undermine the incentives that credit unions have to mobilize funds from members. We suggest that any concessionary loans from Bancoop carry interest rates that are no lower than the rates that Bancoop pays for common savings accounts. If lower rates are set, we suggest that access to this credit be based on some minimum amount of savings mobilization performance.

For both Bancoop and the credit unions, it may be necessary to offer some special rewards to employees as well as to the agencies involved in the savings mobilization program. These might be cash awards, merchandise, or something as large as a vehicle.

Nationwide Savings Mobilization Program

Poor people and agriculture in general would benefit from a nationwide program aimed at providing more incentives and opportunities for those who save in financial form. With additional spade work, the Mission may be able, in several years, to interest the government of Peru in a nationwide program to mobilize voluntary savings. The government has shown a good deal of flexibility on interest rate policies, and it would take very little effort and resources for the government to mount a nationwide campaign. The Central Bank would likely be the focus of these efforts. AID might finance part of the technical assistance cost of this effort and thus be able to assure that the financial institutions serving the poor and agriculture were actively involved. The Banco Agrario and the credit unions might be the focus of AID's interests. The lessons learned from the follow-on project with Bancoop and associated credit unions ought to be very useful in designing a nationwide program.

Concluding Comments and Suggestions

The Bancoop project has been highly successful and the Mission ought to brag about it. People in other Missions and countries ought to be interested in studying what you have done. It's an idea whose time has come. Don't be afraid to encourage Peruvians to become more informed about the results. In this vein, the Ohio State University, AID/W, and the World Bank are holding a colloquium on rural financial markets in Washington, D.C. on September 1-3, 1981. About 60 people will attend. A dozen or so AID staff will be invited to participate. The Mission ought to make sure that one of its staff attends that meeting. Mobilizing voluntary savings and interest rate policies will be extensively discussed.

DWA/lce.