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Mid-Term Evaluation Report
PRIVATE SECTOR AGRICULTURAL
INVESTMENT PROJECT
(PRIDA)
Project No. 527-0265

Prepared for
Private Sector Division
USAID/Peru

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EXECUTIVE SUMMARY

The Government of Peru/USAID PRIDA (Private Sector Agricultural Investment) Project was initiated to encourage local private commercial banks to provide medium-term agricultural credit to farm operators. The Banking Law of 1933 limits commercial banks to short-term lending. Historically, private commercial banks have made only short-term operating loans. The exceptions are special lines of credit, such as PRIDA, which are derived from outside sources. Medium-term agricultural lending by commercial banks has been limited also because of the near monopoly and global lien on farm assets by the Banco Agrario, stipulated by the Organic Law of Banco Agrario as amended in 1982.

The PRIDA Project, in its first year of actual operation, succeeded in its major objective. Eleven commercial banks made medium-term agricultural loans and, in all, 22 banks signed agreements to participate in the program. Nearly US\$ 5 million was disbursed in the project's first two years, a level far surpassing the Project's objective of US\$ 2.4 million over a two and one-half year period.

The loans granted were for good, well planned operations that are being implemented in an efficient manner which will achieve the objectives of the sub-borrower farm operators. Many of these loans were made to new entrants into farming -- entrepreneurs who have a strong interest in agriculture and have the initiative to develop profitable enterprises. Without the PRIDA facility, these entrepreneurs would not have launched their operations.

In all, 92 loans have been approved with an average loan size of US\$ 54,907. Although the average loan size is larger than anticipated and the number of loans to be made will be below the targeted 1,000 loans, it is likely that the overall impact of the program will be greater than projected. The loans that have been granted are considered to be of a commercial scale and the average size of loan, if the program continues,

will probably increase slightly. Approximately 600 loans will be granted if the Project achieves its targeted value of US\$ 35 million.

In general, the commercial banks are interested in making medium-term agricultural loans. There are exceptions within regions, of certain banks that have no interest in agriculture. The PRIDA Project is considered to be a success in that it has generated interest among banks well above the targeted level.

The program has fallen short in its training, promotion, and technical assistance programs. The training and promotion programs require better planning and utilization of funds and resources. The technical assistance program is non-existent and requires the "projectization" of the component.

During the first two years of operation of the PRIDA program, interest rates were not in line with the Project's objective of placing loans at "market rates." This has now been resolved and new loans, if the Project continues, will be closer to market rates since they will be based on an "Indexed System" or as a recommended alternative, in line with B.A.P. rates under their new directive to approach commercial rates.

The problem of the GOP inability to meet its commitment to provide counterpart funds to maintain the dollar value of the PRIDA Fund persists. There is no provision in the current Government budget to cover these commitments and, with elections in progress, it is unlikely that this issue can be resolved until early in fiscal 1986. It is not likely that these commitments can be met from other sources. The question of co-financing also is unresolved. It is highly unlikely that the GOP will secure such funds from any U.S. financial institution.

The PRIDA Project was temporarily suspended at the end of December 1984 because of the failure of the GOP to provide the counterpart funds and the co-financing required. In light of the improbability of the GOP securing co-financing and the probability that counterpart funds will not

be forthcoming until the first part of fiscal 1986, USAID's major decision is whether to continue the Project by disbursing its remaining US\$ 5 million contribution plus the contributions of the ICI's and subborrowers, or to terminate the Project.

The PRIDA loan facility has gained recognition and a large number of applications have been filed. The termination of the program will negate the interest generated in the program in commercial banks as well as destroying the trust and enthusiasm of potential subborrowers. The Project, at its modified level, has succeeded in its basic objective and has been instrumental in funding many worthwhile farming operations. Continuing the program at a new modified level would result in a substantial impact at the micro level with the probability that the Project will receive additional funding at a later date.

Postponing the renewal of the Project will result in the negation of the progress made through the promotion and training programs and will substantially reduce the enthusiasm of commercial banks. Postponement should not be considered. The team recommends a decision to either restart the program immediately, at its reduced level, or to terminate it, if the counterpart funds issued cannot be resolved.

Of these two actions the team would recommend a decision to continue the Project at a modified level through the disbursement of USAID's US\$ 5 million. It is also recommended that the required co-financing be eliminated as a condition precedent and that the counterpart funds requirement be postponed until early 1986. The latter could be negotiated to be provided on a phased basis over a two-year period. This would permit the program to continue with minimum delay.

To improve the availability of agricultural credit overall, USAID, COFIDE (Development Finance Corporation), and other agencies must aggressively seek the repeal or amendment of legislation affecting agricultural credit. They must also press for realistic government policies that would have a positive effect on agricultural development and agricultural credit in particular.

The technical assistance component of the Project must be further developed. This will require a special activity to "projectize" and identify technical assistance. The type and emphasis of the technical assistance will depend upon the direction the Project is to take, but suggestions are provided in Chapter VII.

It is recommended that the Project be slightly modified to obtain a greater impact and to support a policy objective of GOP/USAID. The Project can be targeted on the non-traditional agricultural export subsector and linked with the FRAI loan facility to support the full development of the potential of the non-traditional agriculture subsector. Technical assistance can be utilized and targeted in this direction and the funds from the two loan facilities coordinated for greater impact.

Although the PRIDA Project was not originally targeted on the non-traditional agricultural export subsector, many of the loans granted were for the production of non-traditional exports and require assistance to further develop their capabilities. The entrepreneurial entrants into the agricultural sector are capable of developing their capacity to produce and export non-traditional crops and products and, with credit assistance coupled with technical assistance, the subsector can expand.

Chapter I

CONCLUSIONS AND RECOMMENDATIONS

A. Observations and Conclusions

The Project, in relation to the needs of the sector and to the magnitude of the funds made available by the IDB and the World Bank, is relatively small. It has had very little impact on the Agricultural Sector from a macro standpoint. However, at a micro level, individual farm operators have benefited greatly by the facility and the local banks have benefited through their experience in making loans to agriculture. In general, the Project has been a success. The major conclusions of the Assessment Team follow.

1. Achievement of Projected Outputs

The PRIDA (Programa de Inversiones para el Desarrollo Agropecuario) Project, although limited in its effective size or volume of loan funds, did accomplish several sub-objectives or outputs.

- a. It influenced private commercial banks to begin providing medium term loans, for agricultural purposes. From discussions, most senior and middle bank officials wish to continue making medium-term agricultural loans.
- b. In the first year of lending, the Project goal, signing up 9-12 banks to make loans was achieved. In all, 22 banks have signed lending agreements with COFIDE (Corporacion Financiera de Desarrollo).
- c. The loans made were generally for good, well planned projects that are being implemented in an efficient and professional manner.
- d. Numerically, the number of loans projected will not be achieved. It is projected at the PACD (Project Anticipated

Completion Date), that only 300 loans will have been made at an average of approximately US\$ 55,000 per subloan. Although the number of loans to be made is smaller than anticipated, the loan size is almost twice what was anticipated. Loans of this magnitude will have an overall greater benefit and impact.

- e. A credit manual was prepared and utilized, to some extent. However, it is more a promotional pamphlet from COFIDE to the Intermediate Credit Institutions (ICI's). A more complete manual containing instructions, more a "cook book approach", is needed. Also promotional material better geared to the farm operator is required.
- f. The target of providing 1,000 farm operators with some type of technical assistance will not be achieved. To date there has been no technical assistance program established. Without a specific definition and concept of technical assistance for farm operations and a specific targeted program based on rational utilization there will be no technical assistance during the life of the project.
- g. Although some training of ICI (Instituciones Intermediarias de Credito) personnel was undertaken, in the form of seminars and conferences, it was insufficient to create the required understanding of medium and long term credit analysis and to train ICI personnel in PRIDA requirements and procedures. To achieve the desired level of training more intensive courses of longer duration will be necessary.
- h. Two or more COFIDE personnel were trained, in-house, and are well prepared to undertake responsibilities in the PRIDA Program. No external training was utilized and it does not appear necessary.

2. Interest Rates

One of the stated Project objectives was to support changes in the GOP interest rate policy so that market rates are used in agricultural lending. Neither the GOP nor the Project has been able to achieve this objective during the past two years of PRIDA implementation. PRIDA loans, as well as BAP (Banco Agrario del Peru) loans, have been placed at negative rates and well below commercial rates. During the period of active Project implementation, January 1984 to January 1985, PRIDA's loans to farmers were at an effective interest rate of 63% (plus 8% tax). BAP's loans for similar types of investments and beneficiaries, were also at 63% between January and July. They were increased to 80% in August and to 85.6% as of November 1984. During the same twelve month period, the inflation rate (CPI) averaged 111% and commercial short-term credit ranged from about 90% at the beginning of the year to over 130% by year end.

To a great extent, PRIDA's negative rates were established in accordance with the BAP rates. It is most doubtful that ICI's would have been able to place any PRIDA funds at commercial rates, if farmers had had access to BAP loans at much cheaper rates. At the commencement of the Project, BAP's credit line was the only one available for medium-term loans as no commercial banks were providing medium-term investment loans to agriculture. Therefore, it is reasonable for COFIDE to have established PRIDA rates for a similar purpose, in line with BAP's rates.

As of February 1985, COFIDE has established that PRIDA loans, over the equivalent of US\$ 30,000, will be indexed with the CPI, or in US Dollars. Therefore, except for loans under US\$ 30,000, that will remain at the fixed rate of 90%, the bulk of the loans will be at positive rates in real terms. It is important to note that, as of February 1985, BAP's interest rates for investment loans in the coastal area have been increased to an effective rate of 138%, which is some 12 points below the expected inflation rate for 1985. Moreover, BAP has announced, as a new policy to maintain its rates for most coastal region activities, rates no lower than ten points below the inflation rate of the past three months and at less than six points below the average commercial rates.

An important finding of the evaluation team is that the type of borrowers financed under the PRIDA project assign significant value to the promptness and opportunity of ICI's lending and, therefore, at equal evaluated cost or reasonable higher cost they would apply to private banks for agricultural loans rather than to BAP. Therefore, if BAP follows its announced policy of keeping its ordinary rates at no more than ten points below the CPI, the indexed loans under the PRIDA project should be competitive. The problems PRIDA faces are that the indexation system is not well understood, has an element of uncertainty about the rate to be paid, and does not enjoy the support of borrowers or ICI's. Indexed loans require a strong promotion campaign.

3. Conditions Under Which Private Banks are Willing to Lend for Agricultural Investments

As in any other country, Peru's private banks are willing to participate substantially in lending operations that provide relatively high profit and low recovery risk. The basis for this willingness is directly related to interest rates and viable guarantees of collateral. In analyzing the situation in Peru, it is important to distinguish between the willingness and capability of private banks to lend their own resources, and their willingness to act as intermediaries for lines of credit provided to them from other sources.

Private bank lending of their own resources, which are mainly short-term deposits, will require: (a) that loans be made of a short-term, (b) that interest rates be sufficient to cover the financial and administrative costs, or in other words be at competitive commercial interest rates, and (c) that the guarantees taken as collateral be of a nature that would facilitate their execution without major complications, i.e., urban real estate, certificates of deposits in dollars or other types of commercial guarantees. This type of short-term lending to the agricultural sector was done by private banks, at a reasonable level, before the agrarian reform started in 1969 and to a limited extent is now taking place since the advent of the new administration in mid-1980. In most cases, this lending is

for short-term marketing loans, or bridge financing to farmers applying for subsidized credit from BAP.

Substantial participation of private banks as intermediaries of lines of agricultural credit provided by COFIDE, the Central Bank, or any other GOP financial entity, requires the banks being allowed an adequate interest rate spread to cover costs and profit, and an effective interest rate competitive with the rates charged commercial farmers by BAP. Competitive rates of interest can be established by forcing BAP to lend at commercial rates of interest, or by setting the interest rates of the credit lines to be intermediated, at a similar level with those of BAP. PRIDA lending up to January 1985 has followed the latter course.

Modifications to existing legislation which provides chattel mortgage privileges to BAP and precludes the use of farm land as guarantee for agricultural credit are required. Such changes would enhance the willingness and capability of private banks to participate in lending for agricultural investments.

4. Impact on Non-Traditional Agricultural Export Subsector

The PRIDA loan facility was not oriented to achieving an impact on the non-traditional agricultural export subsector. In effect, a "shotgun-approach" to loan availability was taken. A large percentage of the loans were utilized for non-traditional types of crops, however, and indications are that the recipients, who were mostly entrepreneurs with good capability, would favor assistance to participate in the production and export of non-traditional crops and products.

The other loan facility in the agricultural sector, FRAI (Fondo de Redescuento para Inversiones Agroindustriales) (Rural Agribusiness Rediscount Fund) is similar in approach. However, loans are available to "agri-business" or "agro-industry" and are not targeted specifically by sector. In addition, there is virtually no complementarity between the two loan facilities to achieve a common objective.

5. Maintenance of Value Covenant

The GOP is committed to maintain the dollar equivalent value of the PRIDA Fund. There has been no provision in the Government's budget for funds for this purpose. The deficit in the fund was exacerbated by: (a) the USAID requirement that disbursed funds be deposited in a non-interest bearing Project account, and (b) the devaluation of the Sol with respect to the dollar which was greater than the effective interest rate.

6. Counterpart Funds

There is currently, a major problem with the GOP providing the Counterpart Funds. This problem will continue as there is no provision in the GOP Budget for funds to fulfill the commitment. Given the deteriorating conditions of the central Government budget and availability of funds, it is probable that counterpart funds will not be forthcoming until early 1986.

7. Co-Financing

In light of COFIDE's request to eliminate the condition precedent requiring the securing of US\$ 10 million co-financing from a U.S. commercial institution, and the present economic conditions, it is not anticipated that co-financing will be obtained. In fact, economic conditions prior to the signing of the Project Loan Agreement were such that there was little likelihood that such financing could have been obtained. It should have been deleted from the Loan Agreement at that time.

8. Legislation Affecting Agricultural Credit

The Organic Law of Banco Agrario directly limits the type of collateral that a private commercial bank can utilize as a "guarantee" for agricultural loans. It "forces" these commercial banks to consider and require only non-farm collateral. This directly limits the access of

farmers to credit from them. Broad changes in the laws affecting agricultural lending are required before commercial banks can begin to provide the volume and type of credit required by agriculture.

9. Government Policy

Contrary to the optimistic view of the Presidential Task Force, a positive climate was not created for private commercial bank lending in the agricultural sector. The policies of the former government were expressed in terms of legislation related to land tenure, price controls, marketing, collective farms, and the Banco Agrario. There has been no definition of new policy or changes made to the legislation. New elections are to be held on April 14, and there is little evidence that sweeping changes will be made.

10. Loan Approvals

Currently, loan applications over US\$ 100,000 require prior approval of both COFIDE and USAID. This is a cumbersome requirement resulting in unnecessary delays in loan approval. One or two loans, over the US\$ 100,000 level took more than five months from loan applications to dispersal of funds (See Appendix C, No. 11). USAID involvement merely creates a delay and it is necessary that the process be streamlined.

COFIDE has demonstrated, during the two years of the PRIDA Project its responsibility and capability to determine the credit worthiness of its projects. COFIDE currently has full approval authority of loans up to US\$ 700,000 under the FRAI loan facility.

11. Technical Assistance

The least successful component or activity under the Project, is technical assistance. It is non-existent. Technical assistance was not defined in the Project nor was a technical assistance plan or strategy developed. There is a failure to distinguish between training, promotion, project assessment and technical assistance. In addition, the concept of

the ICI's providing technical assistance to farmers is unworkable. The farmers will not pay for such Technical Assistance from ICI's. Farm operators have demonstrated some willingness to seek out and pay for highly specialized assistance that they believe they require, but would be unlikely to pay for general support. They will have no confidence in it. The two funds in the Project -- the US\$ 300,000 and the US\$ 500,000 -- require a new concept and definition. Budgeting of funds for the separate and distinct components and activities of (a) Training, (b) Promotion, (c) Project Review or Assessment, and (d) Technical Assistance should be undertaken.

The US\$ 300,000 Fund is a Training and Promotion Fund and should be considered as such. It should be utilized by COFIDE to service the needs of the ICI's and to promote the loan facility. The US\$ 500,000 Fund is a Technical Assistance Fund and should be considered as such. The Fund should be "projectized" with the Technical Assistance specified and time phased. This will require a special and separate activity to be undertaken after a determination is made as to the "targeting" of the Project.

12. Training

Training of ICI personnel, especially in the northern departments, has been insufficient. An in-depth training program, available on a periodic, but continuous basis is required. It should be in the nature of a course and not a seminar. At present, the banks in the northern districts are, generally, taking excessive time to approve and disburse loans.

13. Promotion

The promotion program, undertaken by COFIDE, did reach some borrowers and potential borrowers. However, it did not appear to be as effective as is required. The program requires continuity and the use of types of promotional techniques other than radio and television.

14. Bankers Attitude Towards Agricultural Credit

Bankers interviewed by the evaluation team had different reactions. Those in Arequipa, Piura and Chiclayo were more interested and enthusiastic about the possibilities of their major involvement in agriculture lending. The ones in Trujillo and Tarapoto were indifferent and rather pessimistic about the possibilities of agricultural lending by their banks, and the ones in Lima indicated either, that they didn't have sufficient knowledge and information about agriculture or that existing conditions made agricultural lending too complicated and risky for them. The main reason for the positive attitude of bankers in Arequipa and Piura would seem to be the great importance of agriculture in these departments, the high potential for on-farm investments related to new irrigation and land rehabilitation projects as well as the abundance of young entrepreneurs wanting to participate in agricultural development.

Existing conditions in the agricultural sector make it unattractive for banks to invest in equipping their institutions with the human and physical resources needed to do a proper job in lending to the farming sector. As in the case of the PRIDA credit line, they would be willing to participate in agricultural lending if interest rates, among other factors, would permit them to compete with BAP. Their participation would be enhanced if the existing legal constraints related to the use of farm land and chattel mortgage as collateral for agricultural loans were to be resolved.

B. Recommendations

1. USAID should attempt to eliminate its requirement that loan disbursements be deposited in a non-interest bearing account or otherwise develop a method to avoid the substantial loss in purchasing value of the PRIDA fund. At the same time, COFIDE should improve its management of the account through careful planning of requests for advances and placing PRIDA Program reflows in an interest bearing Project account to avoid loss of value.

2. It is recommended that the Counterpart Funds requirement be postponed until early 1986 to permit the Project to continue.

3. The condition Precedent requiring Co-Financing should be eliminated from the Project.

4. The issue of interest rates is difficult to assess in light of varying objectives and competition of BAP. Under the circumstances it is recommended that PRIDA subborrowers be provided with an option of, (a) a rate of interest equal to the BAP rates or medium-term ordinary credit, or (b) a rate based on the indexed system of FRIDA. Education and promotion should be provided to ICI personnel and potential borrowers on the pros and cons of the Indexed System.

5. USAID and COFIDE should aggressively promote broad changes in the legislation that adversely affects the participation of private commercial banks in the agricultural sector, especially The Organic Law of Banco Agrario.

6. It is recommended that USAID raise the level for its prior approval of loans from US\$ 100,000 to US\$ 200,000 to streamline loan approvals and loan fund disbursements, as requested by COFIDE.

7. The two funds for Technical Assistance should be re-defined and targeted more precisely.

a. The US\$ 300,000 fund should be labeled "The Training and Promotion Fund". COFIDE should utilize the Fund as follows:

Training Courses	75,000
Promotion	125,000
Vehicles (5 Regions)	50,000
Project Assessment	50,000

COFIDE should provide courses on a regular basis rather than seminars or conferences. As part of the assessment, regional COFIDE personnel should visit subprojects on a regular

basis. To do this, appropriate vehicles are required at each branch office (4-wheel drive vehicles). External or overseas training is not required.

- b. Delete the Special Covenant that ICI's are to establish and maintain a Technical Assistance Fund.
- c. The US\$ 500,000 Fund should be taken out of the loan and provided by USAID as a Grant or assumed by the GOP. The Fund should be labeled the "Technical Assistance Fund", and utilized by COFIDE to provide specialized technical assistance to ICI's and to farm operators. The technical assistance should consist of the following:

- From COFIDE to ICI's Objectives: (a) To assist ICI's in developing agricultural loan department, (b) to train local ICI personnel in agricultural credit fund and (c) to provide COFIDE with in-house agricultural credit expertise. Specialists: Agricultural Credit Specialist -- 1

- From COFIDE to ICI's and Farm Operators Objectives: (a) to assist ICI's in preparing farm loan plans, (b) to train and assist farmers and ICI personnel in the preparation of loan applications, (c) to assist ICI's and COFIDE in the review and assessment of loan recipient operations, (d) to assist farm operators in developing adequate farm plans and proper enterprise and farm accounting, (e) assist farm operators in implementation of farm plans and utilization of loan proceeds, and (f) provide farm operators with technical expertise in production and marketing areas as required. Specialists: Farm Management Specialist -- 2

Other Areas of Technical Assistance Required

- Irrigation
- Horticulture

- Livestock
- Marketing
- Postharvest Technology

Options

1. Technical Assistance Unit Established Within COFIDE: A Technical Assistance Unit, established within COFIDE, would employ Agricultural Credit Specialist and Farm Management Specialists and provide their services on a rotational or as-needed basis. Technical Assistance would be limited to two specialists because of the difficulty in maintaining a larger, competent technical staff.

2. Contracting with Private Consulting Firms: Technical Assistance would be provided, under a contract with COFIDE, by a private consulting firm. Ten or more man-years of technical assistance would be necessary to cover the fields listed above. A recommended project, targeting the non-traditional export subsector has been described in Section VIII.

8. In addition to promotion through radio and television, COFIDE should develop a small pamphlet, oriented to farm operators, promoting the loan program. This pamphlet would be distributed by the banks with monthly bank statements. It was observed by bank personnel that the potential users of this line of credit will be those farm operators who already have accounts. Use of a pamphlet for promotion would be more direct and have a greater impact. The sample survey found that most loan recipients had learned of PRIDA through contact with personnel of their bank.

9. It is recommended that the two loan facilities within the agricultural sector, PRIDA and FRAI, * be closely "linked" so that they

* Although the PACD for the FRAI Credit Facility was December, 1982, there are substantial funds derived from loan recovery, standing idle.

are complementary and then both targeted on the non-traditional agricultural export subsector. In this way, their impact can be maximized. Through more precisely targeting their clientele, they can better achieve their objectives and in addition serve as a policy tool to achieve the development of the subsector. Technical assistance can be targeted more precisely and utilized more effectively.

The Technical Assistance Fund of PRIDA should be made a Grant or assumed by the GOP and be utilized to provide Technical Assistance in such areas as postharvest technology, marketing development, production technology and other specialized fields. Funds can be utilized directly by COFIDE to hire and provide technical assistance or be used by COFIDE to contract for technical assistance through a consulting firm. If the funds are to be utilized by COFIDE to provide technical assistance, a special division or unit should be established. The technical assistance should be provided to loan recipients and to the subsector, in general, based upon a total systems approach (See Chapter VII, Recommended Project No. 1).

The two Projects should be re-directed through amendments, and the implementation of both be undertaken in the same COFIDE Section. They should be promoted and implemented as one Project to achieve the desired complementarity.

10. COFIDE should as part of the technical assistance program employ, or secure the assistance under contract of, trained and experienced Farm Management Specialists, to provide assistance, (a) to ICI's in preparing loan applications and interpreting and assessing proposed projects, and (b) to subborrowers (farm operators) in record keeping and accounting, farm management and farm planning. They should also be utilized in the supervision and periodic assessment of farm operations.

11. The Covenants requiring that funds may not be used for production of citrus for export, and the covenant concerning "source-of-origin" (U.S.) should be altered. The loan facility, when disbursed through local private commercial banks, is not a "USAID Project" and cannot succeed if these

restrictions are placed upon its usage at this level. Farm operators do not understand the reasons for refusal to grant a loan for a truck, for example, and blame the bank, PRIDA and COFIDE. U.S. sourced equipment is not generally available. Also, citrus produced for export in Peru is not necessarily for export to the U.S. and if exported to the U.S. would not be in competition with U.S. production as it is available in a period when the U.S. is not producing.

Chapter II

METHODOLOGY OF THE EVALUATION

In conducting its assessment of the PRIDA Project, the Evaluation Team utilized both objective and subjective evaluation of pertinent information and observations. To obtain the information required, the study team utilized secondary sources available in COFIDE's central and branch offices and in the central and branch offices of participating commercial banks. Interviews were held with key personnel of COFIDE and of commercial banks at both their central and branch offices. Visits were made to selected subborrowers (farming) operations in most of the regions having loans and in some regions with no loans. Farm operators were interviewed in-depth utilizing a question guideline to determine the actual use of the funds and their impact, the level of expertise of the farm operators and the general condition and efficiency of the farm operations.

Interviews were also held with individuals in relevant service areas having an impact on agricultural operations: e.g., exporters, suppliers of inputs, box manufacturers, development organizations, experiment stations, Departments of Agriculture and Producers Organizations.

The following analysis is based upon the responses, data collected, and observations made (See Appendix A for methodology utilized in assessing subborrower performance).

Chapter III

BACKGROUND

A. The Agricultural Sector in Peru

The performance of the agricultural sector in Peru from the beginning of 1970 to 1983 was extremely poor. It is estimated that the value of total agricultural production rose at only 0.7 percent per annum compared to 2.5 percent per annum between 1950 and 1970. In real terms, total agricultural production actually declined by 0.5% per annum in the decade of the 1970s. Adverse climatic conditions, such as drought, affecting a large part of the country during the 1970s, and floods on the northern coast in 1982, caused great damage to agriculture. However, there were additional reasons for the poor performance of the sector. These include: (1) the agrarian reform introduced by the military government in 1969 and the manner of its implementation during the 1970s; (2) the socialization of much of the economy; (3) the dismantling of the agricultural extension service; and (4) the official marketing and pricing policies during the 1970s; all of which acted as disincentives to producers during a period of runaway inflation.

With the return of a constitutional government in July 1980, an economic development model was established in which the private sector and market forces played predominant roles in promoting economic development. High priority was assigned to increasing agricultural productivity and production and some of the policies designed to achieve these goals have been put into effect, including: liberalized international trade, reduction or abolition of subsidies, producer price supports for all but a few commodities, an increase in interest rates for agricultural loans closer to open market rates, and restoration of the research and extension services.

As outlined by the Presidential Task Force Report, and other reports, the principal constraints to increased agricultural production in Peru include: lack of an efficient marketing system based on competition, a

lack of government policies related to the efficient use of natural, financial and human resources; an inadequate input availability and supply system; and the lack of appropriate policies designed to increase savings, thereby permitting private banks and other financial institutions to compete in providing credit to the agricultural sector

Peru's agricultural resource base is extremely limited in quantity and quality of cultivable land compared to some other Latin American Countries. While the total area of the country is 128.5 million hectares, only about 7% is suitable for agriculture and 14% suitable for pasture. The balance is either suitable only for forestry or unsuitable for cultivation altogether because it is too dry, too wet, too poorly drained, too steep or too isolated from markets for economic production of food or fiber. The country is divided into three well-defined geo-ecological zones: the Coast, the Sierra and the Selva.

The Coast is a desert-type strip of land of about 3,000 km. long lying between the Pacific Ocean and the foothills of the Andes. Coastal agriculture is limited to some 58 river valleys where there are about 800,000 ha. under irrigation. Rainfall in the coastal zone is almost nil. This zone accounts for 46% of the population and over 40% of the country's gross value of crop production. Major agricultural products are sugar, cotton, rice, maize, potatoes, citrus, olives, grapes, pulses, vegetables and fodder crops. The zone enjoys relatively close proximity to the urban markets, a good transportation network, other infrastructure, and is relatively prosperous. As a consequence of the agrarian reform, much of the area farmed is under the management of collective-ownership entities.

The Sierra, which constitutes the Andean highland zone with over 44% of Peru's population, is characterized by generally poor and eroding soils, recurrent drought and frost. Nevertheless, this area has some valleys with deep fertile soils. About 2.3 million ha. in the Sierra are cropped and about 17.3 million ha. are used for grazing, mostly under marginal conditions because of the steep slopes and high altitudes. The Sierra accounts for almost all of the wheat, most of the potatoes and a third of the maize grown in Peru. These crops are produced by very small farmholders. The

Sierra also accounts for about 80 percent of the production of beef, all of its sheep, over 60 percent of the hogs and all of the 3.2 million alpacas and 1.5 million llamas. Virtually all Sierra land suitable for agriculture is presently utilized. About 250,000 ha. are irrigated, of which 150,000 need rehabilitation. There is some potential for improving productivity through extension, research and use of production inputs.

The Selva, made up of tropical forest zones east of the Andes, covers about 64% of the total land area of Peru and accounts for ten percent of the total population. It comprises two sub-zones: the Eastern slopes of the Andes at medium altitude, called the "Ceja de Selva" (medium altitude jungle); and the Amazon jungle, known as the "Selva Baja" (lower jungle). The zone, in general, is characterized by fragile acid soils, pest problems, sporadic torrential rainfall and isolation by the Andes from the coastal markets. Beef and other livestock are raised on a minor scale as well as a variety of crops including, upland and paddy rice, coffee, cacao, citrus, pineapple, corn, bananas, yucca and other food crops. Most of the products grown in the Selva are at a competitive disadvantage because of the high freight rates resulting from difficult ground transportation and the rudimentary market structure. However, with the construction of highways and oil exploration, the Selva Alta (high jungle) has been gaining in economic importance over the last decade, and the migration of commercially motivated farmers from the Sierra to the Ceja de Selva, in particular, has provided considerable impetus to agricultural development. Thus, the Ceja de Selva is now regarded as an important new agricultural frontier with potential to help meet the rising food needs of the large urban population along the Coast.

B. The Financial System and Agricultural Credit in Peru

1. The Financial System

The Central Bank (CB) is an autonomous entity of the GOP responsible for monetary policy and for setting interest rates for institutional credit operations of banks, savings and loan associations (known as financieras) and other specialized agencies dealing with credit operations.

Currently, CB is operating three lines of agricultural credit under which it channels funds to beneficiaries via commercial banks and non-banking institutions. The three CB lines of credit are: (a) the Regional Selective Credit Line, which is applicable to most development investments outside the provinces of Lima, (b) the Selective Agricultural Credit Line, which is applicable to short-term agricultural production loans, and (c) the Agricultural Development Line of Credit, which is most relevant to the PRIDA project because of its similarity with respect to terms and conditions. The CB's Agricultural Development Line of Credit (known in Spanish as Credito de Fomento Agropecuario) has the following characteristics:

- a. The credit line finances medium and long-term investments of the agricultural sector, including forestry investments (the only difference with PRIDA), and
- b. As in the case of PRIDA loans (for amounts over US\$ 30,000), the principal amount outstanding is adjusted periodically to the inflation rate measured by the CPI, and the interest rate over the adjusted principal is also at the rate of 4.5% per annum.

This line of credit started operations in July 1981 and until late in 1984 the adjustment of principal was made under an arbitrary index elaborated by CB, which was below the inflation rate. Since September 1984 adjustments are made in accordance with the total variation of the CPI over the previous twelve months. During the nearly four years of operation, some 200 loans amounting to 9,000 million Soles have been made through some 20 ICI's. The line reimburses ICI's for 100% of the amounts disbursed as compared to a maximum of 87.5% under the PRIDA project. The total amount allocated to the lending fund was 15,000 million Soles of which about 6,000 million (about US\$ 700,000) are still available for further lending.

2. The Bank System

The Banking System is guided by the Central Bank (CB) with respect to monetary and credit policies and by the Superintendence of Banks with respect to the control, administration and managerial aspects. Currently, there is a total of 40 financial institutions under the system, divided into the following categories:

State Development Banks.....	4
Peruvian Commercial and Savings Banks.....	8
Peruvian Private Development Banks.....	3
Foreign Banks (Branches).....	6
Regional Banks.....	6
Savings and Loans Associations (Financieras).....	10
Specialized Government Banks.....	3

Commercial banks are permitted to carry out only short-term credit operations (one year maximum) except as intermediaries for specific lines of credit under which their participation is authorized. The regional banks operate as commercial banks with a particular focus on promoting economic development of the important sectors of their respective regions. Regional banks are permitted to make medium- and long-term loans. Financieras are only permitted medium- and long-term credit operations. State development banks operate as specialized financial intermediaries through which the Government channels foreign and local resources to priority sectors (i.e., Agricultural, Industrial, Mining, Housing). Commercial bank's lending is highly dependent on domestic deposits. Those banks with headquarters in Lima account for about 64% of total deposits under the system and about 40% of the loans, while State development banks account for only about 10% of the total deposits and 42% of loans.

3. Current Status of Agricultural Credit in Peru

Banco Agrario del Peru (BAP), the Government-owned agricultural development bank established in 1931, has been, since its inception, the major source of credit to farmers in Peru. Prior to the 1970s, commercial

banks had, at most, about 30% of the total lending to the agricultural sector. However, during the decade of the 1970s to 1983, the share of the private banks drastically declined to the point that of total institutional credit, BAP was providing 93% at the end of the 1970s and nearly 98% during 1983. Moreover, private bank's lending has historically been short-term production and marketing credit. Other non-institutional sources, such as suppliers of equipment and farming inputs and processing enterprises, also provide credit. Although the amount of the latter is unknown it is not believed to account for a significant portion of the total credit to farmers.

The reasons for the drastic decline in the share of commercial banks agricultural credit can be attributed largely to: (a) the overall institutional changes that occurred as a consequence of the agrarian reform, which adversely affected traditional clients and created an atmosphere of uncertainty and oriented marketing and lending primarily to the public entities; (b) the impossibility of competing with BAP's highly negative interest rates on loans, subsidized by GOP, and (c) the lack of acceptable guarantees for commercial bank lending, because the agrarian reform law established that land could no longer be mortgaged. Only farm production and machinery could be used as security against loans, and BAP has, by law, a priority lien in securing its loans with the crop.

The BAP reports that its lending program currently (1983) covers about 20% (480,000 Ha.) of the area of land under cultivation and an estimated 12% (103,000 loans) of total agricultural producers. About 40% of the loans are to cooperatives (down from over 60% during the 1970s) and 60% to private, small-and-medium size farmholders. During 1983, some 80% of BAP's lending was for short-term production loans (compared to 90% during the 1970s and up to 1983). Crop production credit has been traditionally concentrated on about five commodities: cotton, sugarcane, rice, potatoes and coffee. Medium and long-term loans, mainly for land improvements, livestock and fruit trees, has been financed almost exclusively from external funds (World Bank, IDB, USAID) and, to a small extent, from specially designated Government funds.

Until recently, it was the policy of the Government to charge low interest rates for agricultural loans. The need for continuous injections of funds to supplement BAP resources for lending reflects the erosion of BAP's equity resulting from strongly negative rates over the past years. Up to 1981, the resources of BAP came mainly from rediscounts from the Central Bank, its own equity and foreign borrowings. Since early 1981, BAP introduced a vigorous and successful campaign to attract savings at competitive market rates. This has accounted for about 20% of BAP's sources of funds up to 1983. However, because the lending rates were substantially below the interest paid to the savers, the ensuing results contributed to the decapitalization of BAP.

Given the burden that the highly negative rates of interest has represented to the GOP budget and Central Bank's monetary program constraints, and as a result of extensive discussions with the international and bilateral credit institutions dealing with BAP, the Government has started moving BAP's interest rates closer to market rates. Subsidized lending rates are maintained only for special cases, such as subsistence farming in the Sierra and the expansion of the agricultural frontier in the Selva Region. The new policy, which became effective in April 1983, introduced higher nominal rates and a system of charging interest in advance, in line with commercial bank practices. The latest interest rate structure approved by BAP, in line with this policy and with Central Bank regulations, was enacted as of February 1, 1985. Current nominal and effective rates charged by BAP are shown in the following table (Table 1).

The standard rate charged by BAP for the bulk of its loans, that is for most production and investment loans in the Coastal Region, represents a rate of 137% per annum. This compares to a rate ranging from 160% to 170% for short-term loans from commercial banks. Marketing loans from BAP at a 150% effective rate are estimated to be at the expected inflation rate during 1985.

Table 1
BAP'S INTEREST RATE STRUCTURE, 1), 2)

	Nominal Rate Int. + Commissions	Charge System	Effective Rate
I. Standard Rates			
A. <u>Short-Term Production Loans</u> (For most crops in the Coastal region and for Poultry, cotton, sugar cane, cacao and coffee Country-wide)	68 + 2%	Six months in advance (S.A.)	136.7%
B. <u>Marketing Loans</u>	72 + 2%	S.A.	152%
C. <u>Medium Long-Term Loans</u> (For investment loans in the coastal area, except for irrigation equipment and perennial crops)	67 + 3.5%	S.A.	138.5%
II. Promotional Rates			
A. <u>Short-Term-Second Priority</u> (includes rice, yellow corn, and sorghum in the Sierra and Jungle regions and other food crops and livestock in the Coastal region)	68 + 2%	Quarterly in advance (Q.A.)	115.8%
B. <u>Short-Term-First Priority</u>	64 + 2%	Q.A.	105.7%
B.1 (For loans of over 20 million for livestock in the Sierra and Selva)			
B.2 For loans under 20 million (Same as B.1.)	64 + 2%	End of Quarter (E.Q.)	84.2%
C. <u>Medium/Long-Term Promotional</u>	67 + 3.5%	(E.O.)	117.2%
For all investment loans in the Sierra and Selva, except for vehicles. Also irrigation equipment and permanent crops in the Coastal Region.			

1) Applicable as of February 1, 1985 to outstanding balances for active loans under its portfolio and to loans to be approved from that date.

2) In addition, there are special rates for loans related to specific Government or international contracts. Short-term and marketing loans in US Dollars are at a rate of 18% + 2% commission or an effective rate of 21.5%, when paid by the end of the quarter.

Source: Banco Agrario del Peru.

Chapter IV

PRIDA PROJECT DESCRIPTION

A. Objectives, Goal and Purpose of the Project

The GOP/USAID PRIDA Project was established to undertake two basic policy objectives: (1) "the revitalization of medium-term agricultural lending by the Peruvian private financial sector to small and medium-sized agricultural borrowers", and (2) "the support of changes in the GOP's interest rate policy so that market interest rates are used in agricultural lending".

The actual target of the Project is the local commercial banks, with the incidence of the project benefits accruing to farm operators and the rural community.

The goal of the Project, as stated in the Project Loan Agreement, is "to increase rural incomes in Peru by increasing agricultural productivity". The purpose of the Project, as stated, is "to increase the availability of medium-term agricultural credit in Peru by strengthening the capacity of private sector financial institutions to finance medium-term agricultural loans".

B. General Description - USAID Project No. 527-0265, A.I.D. Loan No. 527-T-081

The USAID-financed Project was designed to facilitate the creation of a facility (PRIDA) within the State Department Finance Corporation (COFIDE) for rediscounting eligible loans made to sub-borrowers (farm operators). The loans were to be for medium-term agricultural credit of up to ten years for on-farm improvements. The Project would also provide training for COFIDE and participating commercial bank personnel and undertake promotional activities. Technical assistance was to be provided by COFIDE to participating banks to assist them in the analysis and preparation of loans. ICI's would, in turn, provide technical assistance to subborrowers

in developing farm plans, preparing loan applications and in carrying out the proper utilization of the loans.

The Project was designed to mobilize US\$ 35.2 million for agricultural credit activities over a five (5) year period. The Agricultural Investment Fund to be established in COFIDE was to be capitalized at US\$ 24.7 million - US\$ 9.7 million from AID loan funds, US\$ 10 million from U.S. commercial banks, and US\$ 5.0 million from COFIDE. The balance to be mobilized was to be contributed by ICI's and Subborrowers. ICI's would disburse the amount of the loan and COFIDE/PRIDA would rediscount 70% of the loan. The ICI's and the Subborrowers were to provide 30% of the value of the Project. The Subborrower was required to provide at least 10% of the amount of capital required and the ICI's the remainder.

A loan of US\$ 10 million was provided as the base of the Project. Of the total, US\$ 9.7 million was for the Agricultural Investment Fund with US\$ 500,000 targeted for ICI's to provide technical assistance to Subborrowers. The remaining US\$ 300,000 was targeted for:

1. Technical Assistance by COFIDE
to the ICI's (US\$ 125,000)
2. Training (US\$ 125,000)
3. Project Evaluation (US\$ 50,000)

The Project Loan Agreement in the amount of 10 million was signed and dated March 29, 1983 with a Project Assistance Completion Date (PACD) of March 31, 1988. The loan is for 25 years with interest of 2% per annum for the first ten years after the first disbursement. Thereafter, the rate of interest will be 3% on the outstanding balance. The loan is payable in 31 equal installments of principal and interest with the first installment of principal commencing 9.5 years after the date the first interest payment is due.

The first Project funds were committed by USAID for sub-lending activities and Subborrower Technical Assistance on November 14, 1983, eight months after the loan agreement was signed. The first loan was approved

and loan funds disbursed to the Subborrower on April 5, 1984, more than one year after the signing of the Loan Agreement.

C. Conditions Precedent and Covenants

1. Conditions Precedent

- a. Prior to the first disbursement of funds to PRIDA, the following conditions had to be met:
 - i. An opinion of the Director General of the General Department of Legal Counsel of the Ministry of Economy, Finance and Commerce that the agreement was legal and binding had to be provided;
 - ii. The names and signature specimens of the representatives of the borrowers had to be provided;
 - iii. A signed loan agreement between the Borrower and a United State commercial bank for US\$ 10 million had to be executed;
 - iv. An opinion of Counsel for the U.S. commercial banks, that the loan agreement between borrower and U.S. commercial banks is duly authorized and is binding had to be provided.
- b. Prior to any disbursement of funds to Subborrowers, the following conditions precedent had to be met:
 - i. A technical assistance plan for training of ICI's and COFIDE personnel was to be developed;
 - ii. A plan for distributing and utilizing technical assistance funds among ICI's for technical assistance to Subborrowers was to be made;

111. A COFIDE credit operations manual for the Project was to be developed.

2. Covenants

Numerous covenants were made by the Borrower to USAID, including:

- a. - To deposit all reflows of principal and interest received (less commissions and fees) from all subloans to the Agricultural Investment Fund for relending.
- b. To maintain the original dollar value of the Agricultural Investment Fund through annual capital contributions to the Fund to compensate for any loss in value.
- c. To insure that participating ICI's establish a technical assistance fund for Subborrowers and that the fund is maintained.
- d. To insure that rediscounted subloans conform to the eligibility criteria specified in the Credit Manual.
- e. To maintain commercial interest rates.
- f. Obtain AID approval of loans over US\$ 100,000.
- g. To insure that subloans are not approved for AID restricted commodities; e.g., citrus for export.
- h. To draw down funds from AID Loan not to exceed US\$ one million over the amount of funds drawn down from the commercial bank's loan.
- i. To provide AID with quarterly reports.

D. Project Components

Although not stated as such in the Project Document, the Project consists of three (3) components:

- o Technical Assistance;
- o Training; and
- o Funding for PRIDA discounting activities (credit for on-farm improvements).

As the Project is written, there is a great deal of confusion as to the amount of the fund that is committed for training and the amount committed for technical assistance. It is not clear as to the exact purpose of the funds designated Technical Assistance.

- o Technical Assistance

A fund of US\$ 500,000 is to be established to provide technical assistance to the Subborrowers. The extent, depth, source and type of the technical assistance is not clear.

- o Training

From the interpretation of the Evaluation Team US\$ 300,000 of the AID loan is oriented to the provision of training, promotion and evaluation. Of this amount, US\$ 50,000 is to be used for periodic evaluation of the Project, US\$ 125,000, is to be utilized for in-country and foreign training of ICI and COFIDE personnel and the remainder of US\$ 125,000 for promotion.

- o Funding

A sum of US\$ 9.7 million is provided by AID for a lending program for financing of on-farm improvements. This sum is

to be complemented by a US\$ 10 million loan by a U.S. commercial bank to COFIDE and US\$ 5 million Agricultural Investment Fund in COFIDE.

E. Project Inputs and Project Outputs

1. Project Inputs

Project Inputs consist of the following:

a. USAID Loan Funds	US\$ 10 million
b. Commercial Bank Loan	US\$ 10 million
c. Counterpart Contribution (GOP/COFIDE)	US\$ 5 million
d. ICI's and Sub-Borrowers	<u>US\$ 10.5 million</u>
	US\$ 35.5 million

2. Project Outputs

Project outputs at the PACD (March 31, 1988) are as follows:

- a. US\$ 35.0 million invested in farm improvement.
- b. 1,000 subloans made.
- c. 9-12 private sector ICI's participating.
- d. One credit manual developed.
- e. 36 members of ICI's staff trained.
- f. Two (2) members of COFIDE staff trained.
- g. 1,000 farmers receive technical assistance.

F. Relationship to Other Agricultural Credit

The Project, designed to encourage commercial banks to participate in lending for agricultural investments, complements the GOP and international institutions efforts to increase the supply of agricultural investment credit in the Country. As previously indicated, BAP has been nearly the only source of agricultural investment credit. However, in spite of the

strong financial and technical assistance received by BAP from the World Bank and the IDB over the past five years, its financial and administrative capacity is not sufficient to meet the potential demand for capitalizing the farms, or to provide production credit on a timely basis as is required for short-term credit. The increased participation of commercial banks in lending to agriculture, in addition to increasing total financial resources, should also have an indirect effect in improving BAP procedures for the processing of loan applications and reducing the time lag in loan delivery. The Project could also complement the Rural Agribusiness Rediscount Fund (FRAI) financed by the USAID through the Central Bank and COFIDE.

Chapter V

PROJECT IMPLEMENTATION STATUS

A. Modifications to Conditions Precedent and to Covenants and Their Impact

1. Modifications and Non-Compliance

Several modifications and waivers have been made with respect to the conditions precedent for disbursement of loan funds and to the covenants by the GOP/COFIDE to USAID. These modifications and waivers have had a pronounced impact on the Project and its accomplishments, both of a positive and a negative nature. The most significant amendments and modifications are the following:

- a. Due to the difficulty of the GOP in obtaining a loan of \$10 million from a U.S. commercial bank, amendment No. 1, dated September 13, 1983 sought to alleviate the problem by deleting all references to a "commercial bank" and substituting the term "financial institution or institutions."
- b. Amendment No. 1, also extended the deadline for securing a \$10 million loan from a U.S. financial institution until December 31, 1984 and permitted the disbursement of up to \$5.0 million during the period ending December 31, 1984.
- c. Through mutual agreement, the parties to the loan postponed the terminal dates for completion of the conditions precedent at the 90-day and 180-day termination periods and permitted the Project to proceed at a modified \$5 million level without all conditions precedent being met.

Apparently, no modifications were made to the special covenants (Refer to section IV C.2 of this report). Most of the covenants were honored. It is too early to determine the status of compliance with the covenant to

maintain the value of the Agricultural Investment Fund in Soles equivalent to the U.S. dollar value at the initiation of the Fund. It is anticipated that this will be undertaken.

Two of the special covenants were not honored: (a) the Covenant to maintain interest rates charged in line with commercial bank terms available in Peru for this purpose, was not fulfilled during 1984. However, since February 1, 1985, the interest rates have been adjusted and loans above US\$ 30,000 will be positive, in real terms; (b) the second Covenant not honored was the establishment of a technical assistance fund by participating ICI's and the maintenance of that fund by means of fees charged to subborrowers receiving technical assistance.

Although not a condition precedent, nor a special covenant, the provision of counterpart funds of US\$ 5 million to the Project was a major component of the Project Investment Fund. The provision of this sum at the beginning of the Project was waived by USAID and has not been made available by the GOP to the Project as of the date of this assessment.

2. Impact

USAID's waivers and amendments of inputs into the Project have had a serious impact upon the magnitude, scope and implementation of the Project. The "effective" Project during 1984 was only US\$ 5 million rather than US\$ 24.7 million. However, the Project disbursed US\$ 5 million during the first year of operation. This is in contrast to the Project Paper projected disbursement of only US\$ 2,470,000 over a two and one-half year period.

As of December 31, 1984, the USAID Project loan disbursement has been temporarily suspended. As of March 1, 1985, Project subloan approvals have been suspended and commercial banks have been advised accordingly by COFIDE. Of greatest significance to the project and its objectives is the long-run effects of the lack of continuity of PRIDA. A great deal of interest has been generated in the PRIDA facility by local banks (ICI's) through their desire to utilize the Agricultural Investment Fund for

lending to the Agricultural Sector. Subborrowers (farm operators) gradually have become aware of the Program and more farm operators desire loans. The suspension of the Program for an extended period will negate the accomplishments to date and will create an impression, to ICI's and subborrowers, that PRIDA is only a temporary loan facility and cannot be depended upon as a future source of credit. On establishing a program one of the major considerations is the maintenance of continuity--in this case the continuity of the availability of credit through the PRIDA facility.

Of special significance to the Project, and to agriculture in general in Peru, is the influx of new entrants into agriculture. Although not farmers in the traditional sense of the word, new entrants are entrepreneurs capable of planning and utilizing credit. They seek advice and assistance and their farm operations are excellent. Without the PRIDA loan facility, most of these new farm operations would not have been undertaken. In addition to their entrepreneurial abilities, these farmers have off-farm property or other types of collateral that can be used by private commercial banks as quarantees.

Another significant aspect of the Project relates to its technical assistance component and to the special covenant to establish a technical assistance fund with the ICI's. That the covenant was not honored is a moot question in light of the major problem that the Project's lacks conception and specification of technical assistance.

The concept of ICI's providing farm operators with agricultural technical assistance is not valid, in the opinion of the Evaluation Team. ICI's do not have the capacity to undertake an activity that is, in reality, a responsibility of the agricultural extension service. Individual ICI's will not have sufficient clientele to justify the hiring of agricultural experts. In addition, the diversified types of farming throughout Peru require agricultural technicians with expertise in different fields of agriculture. ICI's could hire agricultural loan officers to better service the loan requests of farmers, but not agricultural experts to advise and assist farmers in their farming operations.

Of further importance is the fact that the farmers would not be willing, in all probability, to use technical assistance from ICI's if they were obligated to pay for the services. They are accustomed to receiving such assistance at no direct cost. Those farm operators that do use consultants or advisors, seek out consultants with special in-depth expertise of a kind for which they believe a special need exists.

COFIDE and the ICI's do need special training programs for servicing agricultural loans. They require agricultural loan officers with some degree of understanding of agriculture and there is a requirement for a sustained promotion program for the PRIDA Project. These requirements fall within the project component of training and promotion. These activities can be accomplished through the utilization of the US \$300,000 earmarked for training.

A totally new concept of technical assistance, utilizing the US\$ 500,000 fund provided for the Project, should be developed. The technical assistance program to be developed should be implemented and provided through COFIDE and/or a specialized institution.

It is absolutely essential that agricultural credit be provided in conjunction with a complementary development program and complementary technical assistance. Credit is a tool and a credit program such as PRIDA should be utilized in conjunction with a well defined agricultural development strategy.

B. Actual Project Progress and Achievements vs. Project Plan

As stated in the PRIDA Project document, the Project goal is to "increase rural incomes in Peru by increasing agricultural productivity." The purpose is to "increase the availability of medium-term agricultural credit in Peru by strengthening the capacity of private sector financial institutions to finance medium-term agricultural loans."

The mid-term evaluation was performed two years after the agreement was signed, but only one year after actual disbursements of funds began,

therefore, conclusions with regard to the achievement of the Project goal and purpose should be considered as preliminary.

To derive an opinion of the actual impact of PRIDA on rural income is unrealistic at this time. However, from a micro view point, considering the impressive application of the funds disbursed on the 27 farms visited that had PRIDA loans, the apparent and potential increase in agricultural productivity is substantial. Thus, it is evident that the Project is achieving its goal at the farming operations receiving loans.

It is evident, from the subborrower survey (Appendix C), that a large percentage of the subborrowers opted for PRIDA funds because of their prompt availability especially when Banco Agrario did not have enough funds. Even if funds were available from Banco Agrario, BAP's slow moving bureaucracy discourages potential borrowers from continuing with their projects. On almost all of the farms visited, the operations were properly managed and PRIDA funds were being put to good use leading to increased productivity.

The purpose of the Project "to increase the availability of medium-term agricultural credit through private sector financial institutions," is also being accomplished.

Approximately nine to twelve banks were expected to place PRIDA loans. To date, 22 banks have signed contracts to intermediate the fund and eleven of them have already granted PRIDA loans. Banco Agrario, the Government development bank which concentrates 98% of the credit to the agricultural sector, has placed approximately US\$ 56 million for medium and long-term investment credit. PRIDA loans, through the ICI's, were US\$ 4.9 million or 9% of the total amount of investment credit available to the agricultural sector. Considering that PRIDA has been in operation only one year, it has made a significant contribution to the availability and amount of the funds actually used for this type of credit.

Therefore, at this time, we can conclude that, through an active participation of the commercial banking system, PRIDA has provided medium- and long-term resources to the agriculture sector.

The level of achievement in meeting the targeted Project inputs and projected outputs, as stated in the Project document, were examined during the course of the evaluation. Project input levels have been only partially met (Chapter V, section G of this report contains a detailed analysis of how each participant contributed to the Project).

Projected outputs were also examined and the results are as follows:

1. On-farm investments financed by the medium-term investment fund, PRIDA, were projected at US\$ 35 million with about 1,000 sub-loans to be made by the PACD. The US\$ 35 million level will not be achieved since the co-financing for US\$ 10 million will not be available. Considering the average loan size of US\$ 54,907 in the first year of disbursement, the funds from the program will finance only 300 sub-borrowers. Although the average size of loans made was nearly twice the Project Paper estimate, the level is considered to be more realistic for a commercial loan. At this rate, about 620 loans would be made if all funds were available. It is probable that the average size of the loan will increase slightly, limiting the number of loans to 600. Although the number of loans to be made is smaller, they could have a greater benefit and impact as they are of a commercial scale.

2. Nine to twelve ICI's were to participate in the program by the PACD. Currently, 11 ICI's are already participating.

3. A credit manual was developed, as projected, and is being used by ICI's and sub-borrowers.

4. Two COFIDE staff were trained in project promotion and monitoring of interest rates.

5. • Thirty-six ICI staff members were trained to some degree through seminars and conferences. Training in investment credit, however, has been almost nonexistent. Only four percent of the budget resources for training were used. In discussions with credit officers from the different areas visited and from different institutions, it was determined that an understanding of, and capacity to evaluate medium- and long-term investment credit is very poor.

6. Approximately 1,000 PRIDA sub-borrowers were to be provided with technical assistance by the PACD. This will not be achieved because of the undefined nature of the technical assistance program. (The problems with regard to Technical assistance are commented on in Chapters V.E., VI.A.3, VI.B.5., and VI.C.5 of this Report.)

C. Credit Demand and Delivery

Demand for loans through private commercial banks utilizing the PRIDA loan facility has steadily grown since COFIDE promotion programs began in April, 1984. To date, local commercial banks have in hand a large number of requests for medium-term loans.

The current influx of young entrepreneurs, with non-farm collateral, into agriculture, will expand the effective demand for medium and long-term loans from private commercial banks. The timeliness or speed with which the loans should be made through the commercial banks is important to agricultural operations and, as the banks demonstrate their ability to service loan requests on a more timely basis, demand will increase even if indexed rates or higher commercial rates are introduced.

(Refer to Chapter VI.C.1 for a more detailed discussion of loan and subborrower characteristics as derived from the sample of subborrower farm operations and to Chapter VI.A.7 for a detailed discussion on the potential for the utilization of loans offered at indexed or commercial rates).

D. Portfolio Composition

COFIDE/PRIDA's loan portfolio, as of January 31, 1985, consisted of 90 subloans placed through eleven ICI's. Two additional loans were made after January 31, and the current portfolio consists of 92 sub-loans or projects. (Tables derived from PRIDA loan applications may be found in Appendix D).

1. Distribution of Loans by ICI's

The most active ICI in promoting and utilizing the PRIDA facility for making agricultural loans was Banco Continental with 34% of the value of loans and 30% of the number of sub-borrowers (Table 2). Banco del Sur was second with Banco Nor Peru (CONTINORTE) third and Financiera de Credito fourth. These four ICI's accounted for 67% of the total loans.

2. Distribution by Geographic Location

As of January 31, 1985, PRIDA loans were made in nine Departments along the coast and highlands of the Country (Table 3). After January 31, two more loans were made in Lambayeque (Trujillo) and San Martin (Tarapoto) in the Selva (Jungle) bringing the total of Departments receiving loans to eleven.

Over 58% of the value of loan disbursements and 74% of the loans are concentrated in Arequipa. Almost every active ICI in Arequipa has made PRIDA loans. Another 31% of the value of disbursements and 13% of loans made were in the coastal departments, Lima, Trujillo and Tumbes.

3. Distribution by Type of Farm

PRIDA loans were utilized to finance a wide range of farm operations ranging from fruit and vegetables, to dairy and beef cattle, to highly integrated hog and poultry operations, to very complex feed mill operations. Many farm operations have more than one enterprise and it is difficult to categorize them by type from secondary sources. Chapter VI.-C.1 contains a classification and distribution by farm type obtained from

Table 2
Distribution of PRIDA Loans by ICI
(As of January 31, 1985)

ICI	Operations		Amount	
	Number	%	US\$	%
1. BANCO CONTINENTAL	17	30	1,456,049	34
2. BANCO DEL SUR	18	20	531,237	13
3. BANCO NOR PERU	4	5	479,085	11
4. FINANCIERA DE CREDITO	3	3	366,641	9
5. BANCO POPULAR	8	9	295,210	7
6. FINANCIERA DEL SUR	9	10	290,992	7
7. INTERBANC	8	9	250,762	6
8. FINANCIERA SUDAME RICANA	2	1	172,323	5
9. BANCO REGIONAL DEL NORTE	5	6	187,840	4
10. BANCO DE CREDITO	5	6	163,360	4
11. FINANCIERA PERUANA	1	1	17,462	0
	<u>90</u>	<u>100</u>	<u>4,230,961</u>	<u>100</u>

Source: Derived from information from COFIDE files.

Table 3
Distribution of PRIDA by Department
(As of January 31, 1985)

State	Operations		Amount		Valley	No.
	No.	%	US\$	%		
1. Arequipa	66	74	2,451,938	58	Pamacolca	1
					Ocona	1
					Siguas	4
					Vitor	10
					La Joya	2
					Tambo	8
					Majes	10
					San Isidro	6
					Mejia	1
					Camana	2
					Sta. Rita	2
					Acori	1
2. Lima	7	8	595,953	14	S/E	18
					Huayra	1
					Lurin	3
3. La Libertad (Trujillo)	4	4	479,085	11	S/E	3
					Sta. Clarita	1
					Viru	1
4. Tumbes	2	2	236,406	6	Sta. Catalina	2
					Tumbes	1
5. Tacna	4	4	166,401	4	S/E	1
					Locumba	1
					Sama	1
					Pago Silpay	1
6. Piura	4	4	124,434	3	La Yarado	1
					Chira	1
					Cieneguilla	1
7. Ica	1	1	99,142	2	Alto Piura	2
8. Puno	1	1	54,415	1	Chincha	1
9. Moquegua	1	1	23,727	1	S/E	1
					Tumilaca	1
	<u>90</u>	<u>100</u>	<u>4,230,961</u>	<u>100</u>		

Source: Derived from information from COFIDE files.

the sample of operations visited and interviewed. Chapter VI.C. also contains a detailed synopsis of farm operations based in the sample of 27 farm operations securing PRIDA loans that were visited and interviewed.

E. Technical Assistance

The term "Technical Assistance" is not well defined nor delineated in the Project paper. There is considerable confusion as to what constitutes training, promotion and technical assistance. In the Project paper and the loan agreement, two levels of "Technical Assistance" are stated; (1) COFIDE assistance to the participating ICI's to promote and carry out the program, and (2) ICI "assistance" to the subborrower to: a) help him submit a loan application and, b) help him use his subloan more effectively.

A sum of US\$ 300,000 is provided for technical assistance to COFIDE. In reality, this sum represents a training component, a promotion program for PRIDA, and a project assessment program. A program of seminars and training of COFIDE and ICI personnel has been undertaken, although it is far short of the required level of training. Expenditures on training were approximately US\$ 4,420. Promotional programs were also conducted in various regions of the country with varying results. The program conducted in the Arequipa region was far more concentrated and effective than in other regions. Approximately US\$ 52,432 was expended on the promotion program. The current PRIDA assessment program, of which this report will constitute the mid-term evaluation, is the extent of the assessment program.

A technical assistance plan for the utilization of the US\$ 300,000 fund was a Condition Precedent. Although a plan was submitted, it fell far short of a detailed program that could be followed on a practical and continuous basis. A more precise plan, especially for promotion, would add a degree of continuity and effectiveness to the program.

A sum of US\$ 500,000 is provided to develop a fund for ICI's to provide "Technical Assistance" to sub-borrowers (farm operators). Again, a

Condition Precedent was the provision of a plan for distributing and utilizing the fund by ICI's. Although a sketchy plan was developed and submitted, it did not distinguish between training programs and actual technical assistance to be provided to subborrowers. In effect, there is no detailed plan for the utilization of those funds and, therefore, an ICI Technical Assistance fund was not initiated by the ICI's nor the funds utilized. Without a clear and definitive concept of the technical assistance required and a realistic method and source for the provision of such assistance, it is highly unlikely that the sum provided will be utilized.

In the opinion of the Assessment Team, it is essential that a clear distinction be made between technical assistance, training and promotion, and that plans for the utilization of the two budgeted items be developed accordingly.

F. Financial Evaluation and Status

1. Financial Resources

The total value of the PRIDA Project was estimated at US\$ 35.5 million. AID was to provide US\$ 10 million in loan funds and a U.S. Commercial Bank was to co-finance US\$ 10 million. At the request of COFIDE, Amendment No. 1 changed the USAID/GOP Loan Agreement, replacing the term U.S. Commercial Bank by the term U.S. financial institution. The Government of Peru was to provide US\$ 5 million and the participating ICI's and subborrowers, the remaining US\$ 10 million.

As shown in Table 1, only AID, the participating ICI's and the subborrowers have contributed to the project. The US\$ 10 million from the U.S. financial institution was not obtained and will not be available, in all likelihood, as a result of the Peruvian foreign debt situation.

The GOP has not contributed to the program as yet, because of monetary, program and budget restrictions. COFIDE and the GOP are in the process of negotiation to assure the availability of funds for the three remaining years of the PRIDA project.

As of January 31 of this year, AID has contributed US\$ 4.9 million of which only US\$ 4.3 million was utilized; therefore, USAID has contributed 49% of its total commitment and 65% of the total amount invested in the Project to date.

The participating ICI's have disbursed US\$ 680,000 of their own funds which represents 13% of their total portion or commitment and 10% of the amount invested. The subborrowers invested US\$ 1.6 million or 30% of their committed amount and 24% of the total invested in projects.

The agricultural investment fund includes US\$ 500,000 to finance local technical assistance for subborrowers and US\$ 300,000 to finance short-term training, local technical assistance for the ICI's and project evaluation (Table 4). Only US\$ 56,854 of the US\$ 800,000 for technical assistance was used. *

2. PRIDA's Fund Disbursements

During the first year of the Project there were no disbursements (Table 5). The Loan Agreement was signed on March 29, 1983, but failure to meet the conditions precedent for disbursement of funds held up actual Project implementation.

In April, 1985, year two of the Project, a total of US\$ 4.3 million was disbursed. Total Project value (PRIDA+ICI+Subborrower contributions) totaled US\$ 6.5 million. During year two of the Project, disbursements per

* The difference between the amount of expenditures stated here and that shown in the table is due to COFIDE's payment and request for reimbursement procedures.

Table 4
Comparative Summary Cost Estimates and Financial Plan

(As of January 31, 1985)
(US\$ 000)

Application	AID		Financial Inst.		GOP (COFIDE)		ICI's		Sub-Borrower		TOTAL	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
Ag. Investment Fund	9,700	4,230	10,000	-	5,000	-	5,250	680	5,250	1,598	35,200	6,508
.Credit for on farm improvements	(9,700)	(4,230)	(10,000)	-	(5,000)	-	(5,250)	(680)	(5,250)	(1,598)	(34,700)	(6,508)
.Local TA for Sub-Borrowers	(500)	-	-	-	-	-	-	-	-	-	(500)	-
.Technical Assistance	500	33	-	-	-	-	-	-	-	-	300	33
.Short Term Training	(125)	(20)	-	-	-	-	-	-	-	-	(125)	(20)
.Local TA for ICI's	(125)	(13)	-	-	-	-	-	-	-	-	(125)	(13)
.Evaluation	(50)	-	-	-	-	-	-	-	-	-	(50)	-
TOTAL	10,000	4,263	10,000	-	5,000	-	5,250	680	5,250	1,598	35,200	6,541
Participation	28%	65%	28%	0%	14%	0%	15%	10%	15%	24%	100%	100%

Note: Actual technical assistance expenditures on training and promotion are not reflected in the project year when incurred, due to COFIDE's practice of payment and requesting reimbursement from PRIOA funds.

Source: Derived from information from COFIDE files.

Table 5
 Expected vs. Actual Disbursements Per Calendar Year
 (As of January 31, 1985)
 (US\$ 000)

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	PROJECT YEAR										
	I		II		III		IV		TOTAL Year (I+II)		
	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	%
AID	1,040	-	3,030	4,263	3,000		2,930		4,070	4,263	105
BOP (COFIDE)	500	-	1,500	-	1,500		1,500		2,000	-	0
Financial Institution	1,000	-	3,000	-	3,000		3,000		4,000	-	0
ICI's	525	-	1,575	680	1,575		1,575		2,100	680	32
Sub-Borrowers	525	-	1,575	1,597	1,575		1,575		2,100	1,597	76
TOTAL	3,590	-	10,680	6,540	10,650		10,580		14,270	6,540	46%
Annual Disbursements	10%	0%	30%	18%	30%		30%				
Cumulative Disbursements	10%	0%	40%	18%	70%		100%				

Year I = March 29, 1983 - March 28, 1984
 Year II = March 29, 1983 - January 21, 1985

Source: Derived from GOP/USAID Project Document and COFIDE's Client Folders.

month averaged US\$ 654,000. Disbursal of funds was temporarily terminated as of March 1, 1985 due to lack of funds as a result of the failure of the GOP to obtain co-financing and to provide counterpart funds.

G. Forecast of Project Status at PACD

1. Financial Sources

Under current economic conditions, and considering COFIDE/GOP's petition to waive the co-financing condition, it is assumed that the US\$ 10 million co-financing component of the Project will not be obtained and, therefore, will not be considered in the forecast. The US\$ 5 million GOP counterpart funds should be available for years three through five and the ICI's and subborrowers should continue to participate with their 30%.

The PRIDA Project will, therefore, sustain a significant reduction in its total effective monetary value from US\$ 35.5 million to US\$ 21.8 million (without considering reflows) as a result of the lack of co-financing and a resulting reduction in ICI's and subborrowers contributions (Table 6).

Over 65% of the funds disbursed to date have been USAID loan funds. At the PACD, USAID loan funds will constitute 46% of the total Project cost with OFIDE/GOP contributions constituting 23%. COFIDE/GOP participation was originally planned at 14%. The ICI's and sub-borrowers participation, as a percentage of the new level of the project, will be as expected.

2. Financial Viability

Regardless of the changes in the financial structure of the PRIDA fund, it is still viable. The maintenance of value covenant, the obligation of the ICI's to assume responsibility for loans in default and AID's promotional rates assure the financial viability of the Project.

Table 6
PRIDA Financial Resources
(US\$ 000)

	<u>Actual</u>		<u>Forecast Years</u>		<u>TOTAL</u>	
	<u>Years 1 and 2</u>		<u>3 and 4</u>		<u>Project</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
. USAID						
Ag. Invest. Fund	4,230		5,470		9,700	
Technical Assistance	<u>33</u>		<u>267</u>		<u>300</u>	
TOTAL	4,263	65	5,737	37	10,000	46
. GOP (COFIDE)	-		5,000	33	5,000	23
. ICI's	680	10	1,534	10	2,214	10
. Sub-Borrowers	1,597	25	3,068	20	4,665	21

Source: Derived from COFIDE/PRIDA Records.

3. Expected Disbursements of the Fund

Given the new financial level of the Project, based on experience during its first year, and considering the changes that were recently introduced, the Project Fund may be expected to have been completely disbursed in years three and four of the Project. It is expected that during year three a total of US\$ 5.3 million will be disbursed, 19% less than year two (Table 7). However, the expected disbursement for year four is US\$ 10 million, 53% over year two and 46% of the total Fund. Fund reflows and the contributions the GOP will make to comply with the maintenance of value covenant, will be available for disbursement the last year of the Project, continuing for several years thereafter.

H. Important Factors Overlooked in Project Design

In the development of the Project, several factors having a direct bearing on its success were either overlooked or assumed to be of minor importance. Several miscalculations were made concerning the capabilities and desires of the participants in the Project.

The most important factors overlooked or "misread" are as follows:

1. In the Project Checklist, General Criteria for Project (Annex 1, Exhibit B), it is stated that no further legislative action is required. For this Project to achieve its total objective of encouraging commercial banks to become a principal source of credit to agriculture, it is imperative that changes be made in the agricultural sector legislation affecting the banking system. At present, "The Organic Law of Banco Agrario" - Legislative Decree No. 201 - gives Banco Agrario a "global lien" over the chattel property of the farm, including its present and future chattel. (See Chapter VI.B.8 for a more detailed review of the legislation).

This is an indirect but effective deterrent to commercial banks providing loans to farms with a Banco Agrario loan. Of more importance is the overall effect of the law. It forces commercial banks to consider only non-farm collateral. If a bank were to give a loan to a farm operation and

Table 7

PRIDA Actual and Expected Disbursements^{2/}
(US\$ 000)

	YEARS				TOTAL
	1 ^{1/} - 2	3	4	5	
AID Investment Fund	4,230	1,641	3,829	0	9,700
Technical Assistance	33	80	187	0	300
AID	4,263	1,721	4,016	0	10,000
GOP (COFIDE)	-	2,000	3,000	0	5,000
ICI's	680	532	1,002	0	2,214
Sub-Borrowers	1,597	1,064	2,004	0	4,665
	6,540	5,317	10,022	0	21,879
Annual Disbursement	30%	24%	46%	0	100%
Cummulative Disbursements	30%	54%	100%	0	

1/ There were no disbursements in Year 1.

2/ Reflows are not included.

Source: Derived from COFIDE/PRIDA Records.

take only on-farm collateral, the bank would have no protection or real guarantee. If the same farm were to take out a Banco Agrario loan at a later date, Banco Agrario would have precedence over the commercial bank in all chattel and assets of the farm even though the commercial bank "was there first."

2. In the Project paper, a strong case was developed that tractors would be the major item for which loans would be made to farmers. It also stated that "tractors are attractive as self-collateral." First, loans for tractors make up only a very small portion of the amount of loans. Second, if the farm has a Banco Agrario loan, the tractor becomes automatically part of the chattel lien of Banco Agrario. The commercial bank lender could file a "special claim" with Banco Agrario to recover tractor collateral, but the red tape for the commercial bank is cumbersome. Banco Agrario would still have the first rights to all chattel.

3. Another important factor is the matter of technical assistance and the capability of a commercial bank to fulfill an agricultural extension function. First, a commercial bank is not likely to take on a role completely foreign to its commercial role. Second, it is not conceivable that each bank would be able to employ the technical expertise required to carry out agricultural extension. Technical assistance funds are misguidedly as to the type and effective location or source of technical assistance to the farm borrower. Commercial banks should have an agricultural loan department and agricultural loan officers with a knowledge of agriculture. Beyond this, commercial banks should not be asked to undertake a meaningful agricultural extension role.

4. It is also improbable that farmers would seek out or heed agricultural advice from commercial banks. It is even more improbable that farmers would "pay" for technical advice. To the agricultural community, agricultural extension is a free commodity. They have not paid for it in the past and, in all probability, will not pay for it now. Some farm operators do seek out expertise in certain areas in which they feel expert assistance is necessary by hiring consultants. In these cases, the farmer

seeks out the best that is available. Individual banks will not be able to obtain the highly qualified personnel required to provide meaningful services to farmers. These factors, overlooked or "misread" in the design of the Project must be considered and steps taken to correct and/or to redirect them.

Chapter VI
PROJECT PERFORMANCE

A. Legal Preferences/Restrictions Related to Guarantees for Agricultural Loans

A detailed legal study of the system of guarantees used as collateral for agricultural loans and the implications for agricultural lending by private banks was made by a local firm. It is attached as Annex B. The most significant points of the report, relevant to the PRIDA Project, are summarized in this subsection.

The freedom to contract privileges provided for under the Peruvian Code of Civil Rights, are restricted by specific legislation for the agricultural sector, i.e., the Agrarian Reform Law approved in 1969, the Agricultural Development Promotion Law of 1982, and the Organic Law of the Agricultural Bank of Peru, as modified in 1982.

A distinction must be made between "natural persons" (individuals) and "legal persons" (entities). The banking system may lend to agricultural producers, who may be either natural persons or legal persons (entities) that are dedicated to agricultural activities. Ownership and possession of agricultural land, however, are restricted to natural persons. In the case of legal persons, ownership and possession of agricultural land are restricted to entities organized in associative forms, in which decisions and profit distribution are unrelated to capital structure, but rather carried out in proportion to the number of members (i.e., only collective farms, such as agricultural production cooperatives or the so-called Agricultural Societies of Social Interest and the traditional native communities). Typical corporations may not own agricultural land.

1. Guarantee Preferences and Restrictions

- a. In accordance with the Agricultural Development Promotion Law, BAP may demand as collateral to guarantee its loans

only (1) an overall lien on present and future crops, in the case of short-term production loans, and (2) a chattel mortgage over the goods financed, in the case of medium and long-term investment credit. The law states that BAP may in no case require additional personal guarantees or goods not included in the production unit. Implicitly, commercial banks are permitted to require additional guarantees and, therefore, they do.

- b. Small- and medium-scale agricultural producers are considered, by law, to be persons dedicated to agricultural activity whose gross annual income does not exceed the equivalent of 500 times the minimum annual wage (currently about US\$ 50,000). A medium-scale producer is described as a producer that exceeds that limit. As a result of the Agrarian Reform Law, there are no large-scale farms, other than the collective farms. Small- and medium-scale producers are not permitted to mortgage their land, fixed installations on the land or existing construction as collateral for agricultural loans. However, they are permitted to use farm mortgages to guarantee credit obligations other than those originating from agricultural production and investment loans. Farm mortgages have been used primarily as guarantees for the acquisition of farms from the Bureau of Agrarian Reform.
- c. The agricultural production cooperatives and other types of collective farms are permitted to mortgage their agricultural land and other fixed assets only to Government development banks and only in relation to loans or guarantees provided by such state banks.
- d. BAP is authorized to provide guarantees for agricultural producers for loans from other banks and financial companies. The National Financial System may guarantee foreign loans to finance agricultural activities.

A major restriction to agricultural lending by entities of the Financial System, other than BAP, is the agricultural legislation which practically gives BAP a monopoly in securing loans with chattel mortgage or lien on actual and future production. Contrary to the principle that any lien must indicate volume, kind and value, the BAP law establishes that the agricultural lien in favor of the BAP may, without specification, be placed on present and future goods. Another article of the law states that the lien may be constituted in a global form over all the production of the farm, during a given period and up to a given amount, for the purpose of guaranteeing all the loans that the borrower may contract with BAP during a specified period. Moreover, contrary to articles of commercial law establishing that the priority on the right over third parties with respect to chattel mortgage is determined by the order of inscription on the Public Register of liens and mortgages, an article of BAP's law establishes that liens in favor of BAP have first priority. Another article states that liens in favor of BAP do not need to be registered in the Public Register. Other banks or commercial houses may obtain relief from BAP's preferential rights over goods by requesting BAP to postpone its preferential right by participating in the respective contracts, or by obtaining certification from BAP that the goods offered as collateral are not liens in their favor. Either option, for other banks or commercial houses, is extremely difficult to carry-out.

B. Maintenance of the Value Covenant

A covenant, in the Project Loan Agreement, between the GOP and USAID requires the GOP to "maintain the value of the agricultural investment fund at an amount of Peruvian soles equivalent to the US Dollar value of the fund upon initiation of lending activities, and make annual capital contributions to the Fund to compensate for any losses in value during the previous year."

The first year following the signing of the Loan Agreement, it was not necessary to evaluate the Fund since there were no disbursements. Following the second Project year, however, an analysis of the value of the PRIDA

Fund shows that, during year two, there was a major reduction in the dollar value of the Fund. There was a loss of approximately US\$ 2.1 million, or 44% of the amount disbursed by USAID (Table 8). The loss can be attributed to the negative rates of interest charged for loans and to the deposits of PRIDA funds in local currency non-interest bearing accounts as required by USAID. COFIDE has complied with the USAID requirement (Implementation Letter No. 6, October 17, 1983) that advances from USAID to COFIDE "must be deposited into a separate non-interest bearing project bank account and may be used only for eligible Project disbursements." COFIDE follows the same policy for Fund reflows.

The balances of the local currency non-interest bearing accounts from November, 1983 to March, 1985 sustained a loss of US\$ 816,000 or 38% of the total loss (Appendix F). COFIDE has received funds in advance from USAID and will probably continue to do so. Therefore, if advances are not disbursed immediately, it is necessary that the account be either an interest bearing account or a hard currency denominated account to protect funds from devaluation. The same policy should be followed for the management of the Fund reflows. The possibility of the Central Bank paying interest on the deposits of the Fund should be explored. The amount obtained will be beneficial for the negotiations COFIDE will undertake with the Central Government to comply with the maintenance of the value covenant.

The largest portion of the loss in value of the Fund, 62%, is attributed to the difference between the effective rate of interest charged for PRIDA loans and the devaluation of the local currency against the U.S. Dollar. The replenishment of the US\$ 2.1 million should be undertaken by the GOP during year three of the Project. However, there is no amount specifically budgeted by the GOP for fiscal 1985.

Regardless of the changes introduced in PRIDA lending rates, the GOP will be obligated in the following years to contribute to the Fund since the new interest rates are still negative with respect to the rate of Soles devaluation. Yearly estimates of probable annual losses should be calculated in advance of the preparation of the GOP budget and communicated to the Ministerio de Economia y Finanzas to assure that the replenishment of

Table 8

Analysis of the Value of the PRIDA Fund
(As of March 31, 1985)

	<u>US\$ 000</u>
Total AID Disbursements	4,880
Less:	
Total PRIDA Loans (COFIDE S/. 17,984 million (8,277 S/. /1US\$)	(2,173)
Total reflows (principal + interest) kept in Soles non-bearing interest accounts PCVS interest receivable S/. 2,725 million (8,277 S/. /1 US\$)	(329)
Balance of funds received from AID not yet disbursed S/. 1,879 million (8,277 S/. /1 US\$)	(227)
Net loss of value of the fund	<u>2,151</u>

Source: COFIDE/PRIDA cash flow and accounting records.

the losses is included in the budget; the same procedure should be followed to assure that capital contributions are also included in the yearly GO budget.

The GOP contributions derived from the maintenance of value covenant would increase the yearly level of disbursements significantly during years three, four and five of the Project if the maintenance of value covenant is honored.

C. COFIDE/PRIDA/ICI's

1. COFIDE/PRIDA Organization and Management

COFIDE, as the executing agency of the USAID/GOP Project, provides PRIDA with its basic organization, management and support services. During its twelve years of existence, COFIDE has continually developed institutionally, through a substantial investment in its human resources and efforts to project its services and good image, both within the country and internationally. Currently, there are 700 people employed by COFIDE, nearly 350 of whom are professionally trained, and a third of whom have followed post-graduate studies. High and medium-level staff are highly qualified. Personnel is provided with on-the-job training and training through participation in periodic external courses, seminars, and university level scholarships.. Responsibility for institutional development rests with a Training Committee that, in coordination with the Department of Personnel and Labor Relations, establishes a training policy.

A Committee, consisting of the General Manager and the four Central Division Managers, has been constituted to undertake corporate planning. This Committee is the principal decision making body of the corporation. COFIDE's operations are decentralized through a network of Regional Branches and Credit Committees and have a substantial level of autonomy for the approval of loans up to US\$ 250,000. There are now credit committees at the Trujillo, Arequipa, Piura, Chiclayo and Iquitos branches.

Other recent improvements in COFIDE's operating efficiency include the introduction, in 1983, of a computerized information system and word processing equipment. A new office of Credit Supervision, reporting to the General Manager, was also established to provide periodic and permanent portfolio management and control, among other duties.

The PRIDA project is administered by the Fiduciary Funds Division in coordination with the Branch Offices Division, both of which are under the Central Division for the Intermediation of Funds. PRIDA's satisfactory performance reflects the organization and management capability of COFIDE and the assistance and supervision of the USAID Mission in Peru.

There are weak points in the management and administration of PRIDA that can be identified and corrected. These include: (a) a lack of staff with agricultural training or experience at the headquarters and Branch levels to assist the loan officers, the ICI and the beneficiaries with respect to preparation of applications, evaluation of the farm plans and supervision of operations financed with PRIDA loans; (b) the lack of appropriate vehicles at branches to permit loan officers to visit farms and undertake evaluation and supervision of loans; and (c) in some branch offices, such as Trujillo, Chiclayo and Tarapoto, a lack of sufficient information available to ICI's concerning procedures for the preparation of loan applications and information required. In general, additional training for loan officers of ICI's and COFIDE personnel is required to achieve a more consistent and efficient system of servicing loan applicants.

2. Impact of Project on Institutionalization of PRIDA Within COFIDE

PRIDA is COFIDE's first line of credit for agricultural production. Agricultural lending is a new area of lending that every financial institution in Peru will have to examine, given that the agricultural sector has been politically defined as the principal sector to be developed by the Government and the private sector.

To date, COFIDE's experience has been mainly in the industrial, mining, and construction sectors, both private and public. Most of the intermediation lines and funds they manage are oriented to these types of activities. Another line of credit in the agricultural sector, although not for farming operations, is the Rural Development Agribusiness Fund (FRAI).

During the first two years of the PRIDA Project, COFIDE has become somewhat familiar with the agricultural sector and with the attitude of commercial banks towards the sector. COFIDE now has a better perspective that will enable it to continue developing its capacity to manage this type of credit in the future.

One of the major problems that must be corrected through training is the lack of understanding of medium- and long-term investment credit by the commercial banks, as it relates to the agricultural sector. The short experience of the PRIDA project has exposed COFIDE's personnel to this type of credit, but training for ICI credit officers and COFIDE personnel must be intensive and continuous if they are to be effective lenders.

3. Adequacy and Availability of Technical Assistance Developed and Utilized

a. PRIDA/COFIDE

The weakest part of the entire PRIDA project is the technical assistance component. The two major reasons for its weakness are; (a) a failure to properly distinguish between technical assistance, training, promotion and project assessment, and (b) within a workable definition of technical assistance, to realize the improbability of ICI's providing technical assistance (extension) to farmers.

Two of PRIDA/COFIDE's major roles are the promotion of the PRIDA loan facility and the training of PRIDA/COFIDE personnel and ICI personnel in servicing loan requests. In actuality, there was no technical assistance developed or

utilized in the project. There were, however, training programs conducted and promotion programs undertaken.

Training

- i. A training program consisting of five seminars and four conferences was held in the months of February, April and May of 1984. One seminar and one conference were held in each region, except Trujillo. Approximately US\$ 4,420 was expended on the training programs.

The training program undertaken by PRIDA/COFIDE was effective, especially in the southern region, in introducing the program to ICI's and in training of local bank personnel. The program, however, did not have continuity. In the northern regions, it fell far short of providing sufficient training to local bank personnel. PRIDA/COFIDE did not employ personnel with a knowledge of agriculture as loan officers or resource personnel to supplement or assist local banks in working with agricultural projects.

PRIDA/COFIDE personnel were also greatly limited in their ability to follow-through on loans and to make periodic assessments of loans granted because they did not have access to appropriate vehicles to visit the subprojects.

It is imperative that PRIDA/COFIDE employ personnel in fairly senior positions that have an understanding and working knowledge of agriculture. Such personnel should be utilized in training programs, in reviewing loan applications, and in making periodic assessments of subprojects. Appropriate vehicles should be made available at branch offices, and regular visits made to all subprojects. It is also imperative that training

programs for ICI personnel and PRIDA/COFIDE personnel be planned and conducted on a regular and continuous basis - perhaps monthly. Personnel continually changes and new problems arise requiring continuous training and re-training.

ii. Promotion

An advertising program, utilizing radio and television, was undertaken during the period April through June 1984. An equivalent of approximately US\$ 62,400 of a US\$ 125,000 budget was invested. A total of 3,600 radio spot ads and 15 television spot ads were broadcast in Arequipa, Lima, Trujillo, Chiclayo and Piura.

The promotion programs undertaken by PRIDA/COFIDE were apparently effective in the southern region. However, in the northern regions, there was little apparent impact - perhaps because promotion programs were subdued. Although some impact was apparent, it is evident that a more consistent program is required. One recommendation by bankers is to prepare a small pamphlet to mail with the bank statements. Only a small portion of the promotion budget was utilized. A planned and time-phased promotion program designed to reach farm operators in the rural areas should be undertaken.

iii. Technical Assistance

PRIDA/COFIDE, the ICI's and the subborrowers (farmers) all require technical assistance of a very specialized but divergent nature. PRIDA/COFIDE may require the assistance of experts in the field of agricultural credit to assist them in improving and upgrading their agricultural credit programs. ICI's may require expert assistance in designing and establishing agricultural

loan departments. This type of technical assistance can be obtained from specialized sources, either in Peru or from foreign sources.

Farm operators require a broad spectrum of technical assistance ranging from advice on general production problems to advice of an extremely complex and technical nature. This type of technical assistance is not easily obtainable, nor are there numerous individuals available that can be employed by local banks.

COFIDE could, however, develop a core of agricultural experts that could provide services to ICI's and to subborrowers. This could be undertaken as a special department of COFIDE or could be undertaken through an outside agency. Because agricultural expertise of an in-depth nature is a relatively scarce commodity, a valid technical assistance program would have to be undertaken from a central agency rather than from ten to twelve ICI's.

b. ICI's

No technical assistance was provided to or utilized by private commercial banks. Several training seminars were given by COFIDE. COFIDE personnel gave some assistance to bank personnel in the preparation of loan applications. This is not considered to be technical assistance, rather normal working procedure. A limited promotional program was also conducted by COFIDE, with limited impact.

The ICI's had no "in-house" technical experts, nor even loan officers with knowledge of agriculture. Although local banks realized the importance of having agricultural loan officers, and planned to employ them in the future, providing technical assistance to subborrowers (farmers)

was foreign to them and outside of the scope of operations of the commercial banks.

It is apparent that the concept of technical assistance must be redefined and a new methodology utilized to provide technical assistance to the subborrowers. Everyone generally agrees that technical assistance should be provided, but not necessarily at the level of the IOI's.

4. Financial Review

COFIDE's unaudited financial statements for 1984 were reviewed and compared with the more relevant ratios and variations against the audited financial statements for 1983.

During 1984 COFIDE's total assets grew to 3,646,796 million Soles, approximately US\$ 676 million. With an inflation rate of 111% for the year, total assets increased by 115%, or 4% in real terms. Total amount of loans increased by 124%, which represents an actual reduction in value, considering that 94% of the portfolio is in foreign currencies (basically in US Dollars) and the Sol devaluation against the US Dollar was 161% for the year.

Provisions for bad debts increased significantly from 4.3% of total loans to 7.1% as a conservative policy measure to protect the Corporation's capital against potential default. Accumulated provisions grew 264% during 1984.

From 1983 to 1984, the debt equity ratio varied from 4.6 to 5.4 as a result of a larger level of financial resources both in local and foreign currencies in COFIDE's financial structure. Total liabilities for 1984 increased by 117%, or 2% in real terms. COFIDE's paid in capital and reserves in 1984 were 461,243 million Soles, equivalent to approximately US\$ 86 million. This represents an increase of 98% in current terms or a reduction of 13% in real terms. Foreign currency participation in the financial structure of the Corporation in 1984 was significant, and

represents 63% of COFIDE's total liabilities, a larger portion than the respective 56% of 1983.

Total income increased from 219,523 million Soles in 1983 to 543,939 million Soles in 1984, an increase of 148% for the year. Revenues from loans grew by 186% during the same period and represented 90% of the total income. Total operating costs grew by only 136% and operating income surpassed operating costs by a higher margin. Provisions for bad debts for 1984 were 166,569 million Soles, 210% larger than last year, reducing net income from 3.5% of total revenue to only 0.5%.

5. COFIDE's Nominal and Effective Rates of Interest

COFIDE is actually lending in local and foreign currencies; the source of the funds determines whether the loans are denominated in either Soles or foreign currency. Each line of credit in COFIDE has its own interest rate and repayment term. The cost of foreign currency denominated loans is continuously updated as the sources of funds change their costs.

Interest rates for the Soles denominated loans are fixed within the Central Bank limit and are continuously revised. The system known as the "indexed system" is also used by COFIDE for their Soles denominated loans. In the indexed system, the principal amount of the loan is periodically adjusted by the average Consumer Price Index (CPI).

The current nominal and effective interest rates charged for each COFIDE Intermediation line and their own resources are included in Table 9. The rates are calculated considering the nominal interest rates, the commissions charged and the payment mechanisms.

6. PRIDA Lending Policies and Procedures

Lending terms and conditions of PRIDA loans are set forth in the agreements between COFIDE and the ICI's and are detailed in PRIDA's Credit Manual and Procedures Manual, both of which are publicized and distributed

TABLE 9

COFIDE's Nominal and Effective Rates of Interest

TYPE OF LOANS	CURRENCY	NOMINAL	EFFECTIVE
Intermediation Funds (Quarterly payments)			
FRA1, FIRE, FONCAP, IDB	Soles	Index + 8	140.11/
FONEX 2 years 5 years 10 years	US Dollars	12	12.6
	US Dollars	6 + 3 (Commission)	9.2
	US Dollars	7 + 3 (Commission)	10.2
PROFEM	US Dollars	8 + 3 (Commission)	11.3
PRIDA under US\$ 30,000 over US\$ 30,000	Soles	57	70.4
	Soles	64 + 5.5	89.8
	US Dollars	Index + 4.5	132.21/
Own Funds (Discounted 90 days in advance)	US Dollars	11	11.46
		72 + 7.5 (Commission)	130.8
		2 to 4% over cost of funds	115.0

1/ Calculation was based on index variation from 31.00.84 (Index = 114.51) to 31.00.85 (projected index = 698.90).

Source: Derived from information from COFIDE's files.

to the ICI's. The most significant aspect of PRIDA's policies and procedures are as follows:

a. Beneficiary Eligibility Criteria

i. PRIDA

Any natural or legal person wanting to invest in agricultural development projects may be an eligible PRIDA borrower. The manual states that the borrowers may be small-or medium-scale farmers, owners or tenants and associate entities specialized in agricultural activities. Based on this, agroindustries related to the borrower's farm activities are also eligible for PRIDA financing. In theory, projects that contribute to creating new jobs and those with intensive labor utilization would have priority. There is no mention of preference for projects involving production of non-traditional exports nor for food crops. It is indicated, though, that PRIDA will not finance investments for the production of sugar, palm oil and citrus for export.

ii. ICI's

The ICI's are not familiar with medium- and long-term development credit. Their experience is in short-term operations that are granted on the basis of either collateral or the capacity of the borrower to repay regardless of the credibility of the project that is being financed.

This was found to be true for PRIDA sub-loans too. Commercial banks perform projected economic and financial evaluations of the projects to comply with

COFIDE's requirements, but not to assure the economic and financial viability of the projects. ICI's are in the business of providing resources mainly to their long-term or potential clients, and not to new sub-borrowers with potentially profitable and high social impact projects.

ICI's have accepted different types of collateral as guarantees for PRIDA loans including urban property, personal and bank guarantees, dollar certificates of deposit, machinery and equipment, and farmland in that order. The collateral most widely requested by the ICI to cover PRIDA subloans was urban property. Fifty three out of the 90 operations were guaranteed by this type of collateral, either with or without other forms of guaranties.

Farmland and agricultural equipment are not attractive as collateral because of legal limitations as a result of the Banco Agrario and Reforma Agraria laws (See Chapter VI.A.1).

b. Subloan Amounts

ICI's are authorized to approve subloans for a maximum of US\$ 100,000, provided no working capital is included in the loan. Subloans of US\$ 100,000 including working capital (not to exceed 40% of the loan) and those for amounts exceeding US\$ 100,000 require previous evaluation and approval of COFIDE/AID. Out of 92 subloans approved to January 1985, seven subloans over the US\$ 100,000 maximum, with an average of US\$ 220,000, have been approved.

c. Interest Rates

Interest rates for sub-loans financed with PRIDA resources are established in accordance with Central Bank (CB) requirements. Within such regulations, rates are subject to periodic variations determined by COFIDE. PRIDA offers to the subborrowers three types of loans: (1) fixed rate in Soles, (2) fixed rate in US\$; or (3) principal adjusted in Soles by the Consumer Price Index (CPI). All but one of the 90 subloans made up to January 1985, were of the "fixed-rate-in-Soles" type, which had an annual effective rate of 63.5%. As of February 1, 1985, Central Bank increased the ceilings on interest rates and accordingly COFIDE introduced modifications to PRIDA's interest rate structure as follows: (1) The choice of any one of the three systems described would be available only for borrowers receiving sub-loans for up to US\$ 30,000. Borrowers requiring amounts over US\$ 30,000 could only choose between Adjusted Principal System in Soles or US Dollar denominated subloans, (2) the effective rate of interest for fixed rate Soles subloans, applicable to outstanding balances and new loans approved under this system, was increased from 63.5% to 89.8%, (3) the nominal interest rate on Principal adjusted Soles loans was reduced from 5% to 4.5% over the adjusted principal resulting in a 132.2% effective rate considering the average CPI of the last twelve months, and (4) the interest rate for US Dollar loans was left at the previous rate of 11.46%. PRIDA, loans, as well as all loans made by the ICI's, are charged an 8% tax over the interest and commissions charged.

The structure of interest rates under the PRIDA program, and the nominal and effective rates charged by COFIDE to ICI's and from these to project beneficiaries is shown in the following table (Table 10). Note that ICI's spread is similar under both Soles demoninated type of loans.

Table 10
Interest Rates Charged by PRIDA
(As of February 1, 1985)

	<u>Fixed Rate Soles</u>		<u>Dollars</u>		<u>Principal Adjusted by CPI</u>	
	<u>Nominal</u>	<u>Effective</u>	<u>Nominal</u>	<u>Effective</u>	<u>Nominal Effective¹</u>	
COFIDE to ICI's	64.0%	81.06%	8%	8.24%	Index + 0.5%	122.80%
ICI's Commission (Spread)	5.5	8.74	3	3.22	Index + 4.0	9.40
ICI's to Beneficiaries	69.5	89.5	11	11.46	Index + 4.5	132.20

Note: The difference between nominal and effective rates comes from the fact that interest is paid or capitalized at the end of quarter periods.

^{1/} Calculations based on index variation from 31/03/84 (index=314.51) to 31/03/85) (projected index = 698.90)

Source: COFIDE

Considering that the local inflation rate, as measured by the CPI, has been 111% during calendar year 1984 and is expected to be in the order of 150% during the calendar year 1985, practically the entire PRIDA lending was made, and remains, at a level well below the positive rate, in real terms. The impact of such negative rates is analyzed and discussed in separate sections of this report.

d. Subloan Repayment Terms

PRIDA's Manual calls for subloan repayment terms of up to ten years, including up to a two-year grace period, with actual terms in accordance with cash-flow requirements of the individual subprojects. However, records indicate that some of the ICI's (particularly Banco Continental) are disregarding the cash flow projections and have set the terms of the subloans made at a maximum of two years. Beneficiaries interviewed by the project evaluation team indicated that they had no choice but to accept such terms with the expectation of refinancing their loan or repaying it with resources other than Project income.

e. Subloan Guarantees

ICI's are free to demand whatever collateral is acceptable to their respective institutions. From the review of the loans made, all ICI's are demanding real guarantees in the form of mortgages of non-farm real estate, US\$ deposits, other liquid assets or personal and bank guarantees. In practically no case was farm property accepted as collateral. The major reason for non-acceptance of farm property is the uncertainties about the possibility of executing such guarantee, in light of the unclear regulations related to the Agrarian Reform Law. Commercial banks are interested in a borrower's overall repayment potential. Earning capacity

and credit history are also important in considering the credit-worthiness of loan applicants. However, of greater importance at this time is the amount of "real" guarantees, defined as non-farm collateral (see Appendix D, Report No. 1 guarantees taken under PRIDA lending).

7. Potential for the Utilization of Loans at Indexed or Commercial Rates

Traditionally, the bulk of credit to the agricultural sector has been provided by BAP at concessionary rates of interest. This policy of lower than commercial interest rates for agriculture has been, and still is, supported by the public and private entities of the agricultural sector, by practically all of the political parties contending under the forthcoming elections for President and Congress, and by the people and entities involved in the production, processing and marketing of agricultural products. The major reasons given for supporting such a policy have been the need for cheap food vis-a-vis the low purchasing power of the urban population, the negative terms of trade of the agricultural sector, as well as the need to substitute domestic food production for imports to increase agricultural exports.

During recent years, Central Bank and Ministry of Economy authorities, supported by the policies of the IMF, World Bank and USAID, have tried to move interest rates charged by the Government development banks towards positive rates in real terms. The introduction of a system of charging interest in advance and on actual increases in nominal rates has not succeeded. BAP interest rates for medium-term loans were increased from an effective rate of 63% in January 1984 to 86% in November 1984 and to 138% as of February 1, 1985. However, since the internal expected inflation for 1985 is estimated at around 150%, the BAP rate is still negative and about 30 points below the commercial rates.

Under these circumstances, it seems logical to conclude that as long as there is agricultural credit available at concessionary rates of interest, the demand for investment credit at positive rates in real terms would be minimal.

Even though it would be most difficult to quantify actual demand, there is no question that if concessionary credit were to disappear, there would be demand for credit at commercial rates, mainly for the production of farm products (e.g., export products) less susceptible to adverse price policies, inflation rates and other market conditions. This assumption is in line with the experience under the only line of indexed agricultural credit, the Credito de Fomento Agropecuario line of credit handled by Central Bank. Under this program it took nearly four years to place a total of US\$ 5.0 million, most of it apparently during periods when BAP's funds for credit were unavailable.

8. Linkages to Other Agro-Industrial Activities

There are two projects of COFIDE/USAID, PRIDA and FRAI, directed at establishment of loan facilities within COFIDE, each with objective of increasing productivity and encouraging private commercial banks to become more involved in agricultural credit, among several others. Both facilities are within the "agricultural sector" in terms of objectives. Yet they are not necessarily related nor complementary. On the one hand a citrus juice processor may obtain a loan from FRAI for establishing or expanding processing plant capacity for the export of juice, but citrus producers may not be granted a loan by PRIDA to expand citrus production for export.

In most cases, it is virtually impossible and unnecessary, with any degree of rationality, to classify agricultural enterprises as "agricultural" or "agribusiness." To make both loan facilities more productive, they should be closely linked and made complementary by targeting a particular subsector to achieve a particular purpose. They can then be utilized, in concert, to assist a subsector to achieve its full potential.

The sum of both loan facilities is very small relative to the total credit requirements of agriculture and can make very little impact, from a macro standpoint, on agriculture. Targeted on one subsector, however, the loan facilities can make a sizeable impact. They can achieve the original objectives of expanding the role of commercial banks in agriculture. The technical assistance components of both loan facilities can be targeted and utilized in a complementary manner.

D. Subborrowers

1. Characteristics of Subborrowers

A total of 27 farm operations out of the 92 farm loans granted by PRIDA were visited. The farms were located in the major regions of the country and are considered representative of farm operations receiving loans in the PRIDA Project. In general, all but three of the farm operations that were visited were very well-run.

The following information was obtained from the farm visits and is supplemented by information from loan applications (see Appendix C for Tables).

a. Geographic Distribution of Subloans

The greatest number of subborrowers, 66, were in the Arequipa region. These 66 loans represented 35.6% of the value of loans made. The Lima area was second with seven loans, Trujillo (Libertad) and Piura each had four; Tumbes had two; and Puno, Ica, Moquegua, Chiclayo and Tarapoto each had one loan. (The loans in Chiclayo and Tarapoto were made after January 1, 1985).

b. Distribution by Size of Loans

The overall average size of loans made was \$54,907. Seven loans over \$100,000 were made, averaging \$209,807 and composing 29.72% of the value of loans made. Loans under \$100,000 averaged \$41,843. There were 31 loans between \$50,000 and \$100,000; 21 loans between \$29,000 and \$50,000; 23 loans between \$10,000 and \$25,000; seven loans between \$5,000 and \$10,000 and one loan under \$5,000.

c. Socio-Economic Distribution of Subloans

Socio-economic distribution of subloans is difficult to determine. Farm operations receiving loans were as small as one hectare in size. The largest percentage of the operations receiving loans, 53%, were 10 to 50 hectare operations. Over 35% were one to ten hectare operations and 10.8% were over 50 hectares. It is difficult to classify these farms as small, medium or large because of the varying norms for regions and types of farms in Peru.

The one common factor was the availability, in almost all cases, of off-farm collateral. This would tend to place the loan recipients in a more affluent classification than average or normal farmers. Because of the type of collateral required by private commercial banks, those farm operators without off-farm collateral are effectively excluded from receiving agricultural credit.

Although the operators receiving credit were not poor, small farmers, that new land was brought into production and the farms in general were made more productive justifies the loan facility. Food production was increased and jobs were created. The loan facility made a positive impact from a socio-economic standpoint even though not directly to the average farm operator.

d. Employment Generated

Although most of the operations receiving loans were still in the process of implementing farm plans with the funds received, a considerable amount of new employment had been generated. In almost every operation, a considerable amount of labor for construction and land preparation had been utilized. In addition, the loans resulted in a total of 155 full-time jobs, 92 part-time jobs and a potentially large number of jobs for seasonal harvest labor.

e. Distribution by Type of Farming

As indicated by the interview sample, over 60 percent of the farm loans were fruit and vegetable operations. Of these, 40 percent also had dairy or beef enterprises in conjunction with their fruit or vegetable operation. The remaining 40 percent of the operations were livestock farms, either dairy, beef, eggs, poultry meat or a combination.

f. Expertise of Owner/Operator

In the interview sample, 50 percent of the farm operators had training and experience. Slightly over 38 percent had no training, but had derived some experience from farming. Only two percent had neither experience nor training. Of these, 75 percent hired a consultant or had the advice of an agricultural consultant. About 19 percent of the farmers interviewed, regardless of the degree of experience, sought out technical or expert advice for their farming operations.

g. Length of Tenancy

Slightly over 46 percent of the farm operators interviewed were new owners, having bought their farms less than one year previously. One half of the new owners were reclaiming land that had not been farmed for over ten years, since the land reform. The remainder were either starting new types of operations on land that had previously been farmed or were going to utilize rangeland.

Of farm operators who owned their farms for more than one year, 29 percent had owned their farms for one to five years, 42 percent for five to ten years and 29 percent for over ten years.

h. Farm Plans and Records

All of the farms in the sample did have a general farm plan and maintained farm records, and almost all were adequate. This differentiates these loan recipients from other farm operators because most do not maintain adequate records. Next to a lack of non-farm collateral, inadequate records was the second major reason for banks not approving loan applications.

i. Markets

In the sample, 27 percent of the operations sold part or all of their products at the farm, 38 percent sold their products primarily to wholesalers on the Lima wholesale market, 15 percent sold their products in regional or local markets, while 26 percent sold their products primarily to processors. (The percentage totals do not add up to 100 percent because of overlapping). Only 15 percent of the farm operators indicated that they had a problem in marketing their products. However, those stating that they

had no marketing problems later indicated their displeasure with prices and price fluctuations and a lack of alternatives. It is obvious that not much is really known about marketing and its role.

j. Purpose of Loans

Over 61 percent of loan recipients utilized their loans to purchase farm animals, in addition to other items. In almost every case loan funds were utilized also to purchase various types of farm equipment. Over 90 percent of the loans were utilized also for land improvement of some type.

k. Collateral Used for Loans

Fifty percent of the loans in the survey accepted one type of collateral as sufficient for the loan guarantee. Only one loan was based on a farm mortgage. The rest were combinations of types of collateral. Only 15 percent of the loans utilized the farm operation as part of the collateral and only 15 percent of the loans utilized farm equipment as part of the collateral. Over 61 percent of the loans utilized as sole collateral or as part of the collateral, an urban home or property. About 58 percent of the loans utilized US Dollar Certificates or deposits, bank guarantees, corporation shares and third party cosigners as part of their collateral.

l. Terms of Loans

Loans ranged from 26 months to 72 months with grace periods from four months to 24 months. All loans were of a fixed rate type in soles.

m. Other Credit

Over 38 percent of loan recipients already had a loan with Banco Agrario or another institution at the time they received a PRIDA loan. Over 38 percent also indicated that they currently or previously had an operating loan.

n. Method of Learning of PRIDA Loan Facility

About 31 percent of the interviewed sample had learned about PRIDA from advertising on radio or television. Seven percent had learned of PRIDA through friends. The remainder, or 62 percent, had learned of PRIDA from their local bank.

o. Reason for applying for PRIDA Rather than Banco Agrario Loan

Over 69 percent of the sampled loan recipients indicated that the major reason for applying for a PRIDA loan was speed in receiving the funds or timeliness. Nineteen percent indicated that there were no funds available from Banco Agrario and the other 12 percent indicated that there was too much "red tape" in a Banco Agrario loan or they didn't want to become involved with Banco Agrario.

p. Loan Disbursal Time

Most of the loan recipients in the study sample indicated that the major reason for applying for a PRIDA loan was speed in obtaining the funds. Over 61 percent of the loans were disbursed in less than 30 days from receipt of the application to actual disbursement. About 15 percent of the loans required two months for disbursement while 23 percent of the loans required three to six months for disbursement. In two or three cases, the delay was due to

USAID/COFIDE approval because the loans were large. However, the major portion of the loans requiring three months or longer for disbursement were in the Trujillo, Tarapoto and Chiclayo areas.

q. Effectiveness of the Loan

Over 65 percent of the loan recipients in the survey indicated that because use of the loan they had achieved, or would achieve, the objectives that they had set forth in their farm plan. Another 11.5 percent said that it was too early in their development program to tell. Over 2.3 percent indicated that the loan had not helped them achieve their objective because by the time they actually received the funds they were insufficient, in terms of dollars, due to inflation.

Over 65 percent of loan recipients indicated that they would have no difficulty repaying the loan. The other 35 percent said they would have some problems, partly because some of the loans were for the development of new land or new farms and required a longer term loan. Many were hoping for an extension of their loans. About 85 percent of the interviewed loan recipients indicated that they would require additional loans to complete their total farm plan.

r. Farm Operators Opinion of Indexed Loans

Over 19 percent of the loan recipients interviewed indicated that they knew virtually nothing about indexing of loans. Some 70 percent indicated that they were absolutely opposed to indexed loans. One partner of one farm operation indicated that he was in favor of indexed loans (the only farmer interviewed that was positive) while his partner was absolutely opposed.

2. Extent to Which Subloans Have Met Economic, Financial and Social Criteria of the Project

The objective of the Project was to gain the participation of the commercial banks in making medium- to long-term loans to agriculture. The incidence of the loans was to benefit the small to medium sized farmer. In reality, it was expected that the actual beneficiaries would be the medium-sized farmers.

The loan facility has achieved the objective of getting commercial banks to make medium- to long-term loans to farm operators. To date, about 11 different ICI's have participated in the Project. The recipients of the loans have been largely small to medium sized farm operators. These farm operators have not, by definition, been regular farmers, but rather investor/operator/entrepreneurs with a keen appreciation of agriculture. The banks have demanded large amounts of collateral (guarantees) of a non-farm nature (urban property) which most of the regular farmers could not provide.

From an economic and financial standpoint the loans have been generally sound, with almost all of the operations being well organized and potentially profitable operations. The loans have resulted in increased productivity and the reclamation of farmland not used for ten or more years.

Although from a social standpoint the loans were not generally made to the traditional medium size farmer, they have been made for sound, well planned and managed farm operations and have resulted in increased agricultural production, increased labor utilization and an expanded agricultural production base.

In the final analysis, the judgement of the social, financial and economic benefits of the project are positive. The loans have been put to good use and are in the possession of individuals with the capability to use them properly.

3. Constraints to Farmer Access to Medium Term Credit

There are four major constraints to farmer access to medium term credit; a) farm operators are not aware of the availability of the PRIDA facility; b) guarantees (collateral) of the type currently demanded by banks are not available; c) a more current problem, and of a more indirect nature -- fear of indexed loans; d) the general inadequacy of farm records and planning. Although a program of promotion of the PRIDA facility was undertaken by COFIDE, it was insufficient to inform the majority of the farm operators. The banks generally believed that COFIDE should have developed a small and concise pamphlet that could have been dispensed to borrowers with monthly bank statements.

The second constraint is the major factor limiting access to medium term credit. Commercial banks are fearful of agricultural assets and value them very low. Almost all of the banks stress off-farm collateral as guarantees for farm loans. The amount of collateral demanded would appear to be excessive and generally consists of an urban house or property, dollar certificates, bank guarantees, third party cosigners, stocks and other.

Of a more serious and current nature is the expressed fear of farmers and of many bank personnel toward indexed loans. All of the farm operators interviewed were adamant in their opposition to indexing. Several farmers stated that they knew little or nothing about indexed loans, but were opposed to them because of the connotation of indexing to the rate of inflation.

With experience in administering medium-term farm credit banks, ICI's may, especially if encouraged by the various international agencies, reduce to a more realistic level the amount of guarantees required. The problem of informing farm operators of the PRIDA facility can be overcome by a concerted promotional program including distribution by the banks of small informational pamphlets.

The question of indexing, however, must be carefully studied--especially its impact on agricultural borrowing and agricultural development. Initiation of a total indexed loan program could have the impact of stifling agricultural investment and, therefore, agricultural development.

A fourth constraint, lack of farm records and planning, is a serious problem in agriculture. Many loan applications were rejected because the farm operator's records were either non-existent or inadequate. Technical assistance, in the form of farm management specialists, could help to alleviate some of this problem, at least for those farm operators who have a strong desire to develop.

4. Impact of Subloans on Farm Operations

A measure of the impact of PRIDA on farm operations on a macro level cannot be made. The size of the PRIDA loan facility is extremely small in relation to the magnitude of credit required for the agricultural sector. Its impact, therefore, on the sector in general is hardly noticeable.

At the micro level, however, a subjective evaluation of the impact, derived from the farm operations studied in the sample, indicates a very positive impact. Nearly 50 percent of the loans made were to new owners. Of these, most were bringing into production either land that had not been farmed for many years (since the land reform) or land that was virgin and never farmed. Without the PRIDA facility, most of these operations would not have been undertaken.

Over 85 percent of the 28 farms visited were considered excellent operations. Almost all were in the process of implementing their planned programs with the proceeds of the loans received. Based on program implementation and on the high quality of the capital inputs acquired, it is evident that the loans were being utilized in a manner that would result in a significant improvement on each farm in terms of increased land area, increased productivity, improved quality of output, greater efficiencies and conservation of soil and water.

Of the other 12 to 14 percent of the farms visited, most had experienced problems ranging from floods to late receipt of funds. Indications are that the loans will have a very positive effect on these individual farm operation in ameliorating problems.

5. Adequacy and Impact of Technical Assistance on Farm Operations

No technical assistance was provided to farm operations securing PRIDA loans: No mechanism was developed, nor is it conceivable that a mechanism could have been developed, to provide technical assistance via the ICI's.

Many of the farm operators receiving loans sought out and hired specialized technical assistance on their own. However, the adequacy of such assistance in some cases is questionable. It is apparent that farm operators do need and want technical assistance. It is doubtful that most would be willing to pay for it, if it were to be provided by the ICI's and financed through loan funds.

The utilization of the technical assistance fund must be reviewed and the provision of technical assistance redesigned. Through a reorientation of the program the technical assistance fund could be utilized more precisely and effectively and a greater impact on farm operations could be achieved.

6. Efficiency of the Financial Mechanism in Relation to Subborrowers

The major criteria of efficiency, when related to agricultural operations, is timeliness. A farm operator generally needs his loan at the time it is requested. A few days or weeks delay in receiving the funds required to undertake a particular program often results in the failure of the program or the achievement of lesser goals.

In Peru, the planned purchase of a capital good with loan funds can be restricted through a delay of a few weeks in disbursement. A planned program of land reclamation or improvement can be held up for an entire year because of seasonal weather patterns as a result of a delay of a few days in disbursement of funds.

In the majority of cases, loans have been expedited on a timely basis. However, there do appear to be regional differences in the efficiency of the PRIDA loan mechanism. Most of the loans in the Arequipa and Lima regions have been expedited quickly--most in 15 to 45 days. In the northern regions, loan disbursement has been extremely slow requiring three to six months from application for the loan to actual receipt of the funds. In most cases, this has resulted in the achievement of lesser goals. The Soles received in relation to the dollar value when received was inadequate to purchase the planned equipment or to undertake the planned program.

In general, the farm operator in the Northern regions blames the bank for continually requesting more and more information and the bank blames the farm operator for slowness in producing the data requested. It appears, however, that bank personnel in the northern regions do not understand the COFIDE requirements and procedures and do not utilize the credit manual. In almost all cases, the question of collateral is taken up only after a loan request has been "approved" by the bank's central office in Lima and by COFIDE.

New and streamlined procedures must be implemented and the farm operator must be advised of all data required on the farm operation at the time of receipt of the loan application. The matter of collateral should be part of the loan approval process and should be pursued at its start.

7. Financial and Economic Review of Subborrower Operations

a. Scope of the Review

The analysis of the financial and economic performance of the PRIDA subborrowers had to be reduced to a sample of

PRIDA recipients and an evaluation of the financial analysis as performed by the ICI's for each credit operation included in the sample.

An actual measure of the impact of PRIDA on the subborrowers financial statements, including an analysis of liquidity, net profit or any other financial ratio analysis, could not be made since most of the operations did not receive their loans until late in 1984, and a few as late as January of the present year. Also the projects are just beginning to implement the improvement programs.

b. Calculation of Internal Rates of Return

Financial and economic data of each operation is analyzed by the ICI's and COFIDE according to standard procedures and the evaluation is done on a prescribed form. The information analyzed consists of projected sales and operation costs in constant Soles during the life of the loan. The net result of revenues and disbursements is compared to the total investment (loan and subborrowers participation proceeds) and the economic internal rate of return (EIRR) in constant terms obtained. The Financial Internal Rate of Return (FIRR) is calculated by adding to the net result of the first exercise the proceeds of the loan and the debt service and the rate of return calculated against the subborrowers investment.

In the course of the evaluation, a significant number of financial evaluations with conceptual and operative errors were found. A review of EIRR calculations showed that a significant number of operations included the loan proceeds and subborrowers investments in the first year flow as income, generating astronomically high EIRR. Operations 57, 58, 59, and 60, all granted in Arequipa, had EIRRs of over 1,080% a year. (When revised, the EIRR obtained was only

83%, still a good rate.) The mistakes reflect the lack of understanding of the evaluation mechanism on the part of ICI's and confirms the thesis that PRIDA loans are not granted on the basis of the soundness of the project, but are based on subborrowers collateral availability and their capacity to repay, whether the proceeds come from the PRIDA funded project or any other source.

In the PRIDA application form, the FIRR is calculated using constant soles while current Soles are used for calculating debt servicing. In effect, this is mixing two different values of the Peruvian So. in the same calculation and has resulted in lower FIRR's obtained. This has the effect of reducing the value of the indicators to be used in credit evaluation. Both types of errors can be corrected by distributing to the ICI's a simple manual explaining how both the EIRR and FIRR should be calculated.

Application forms and financial projections for PRIDA loans are generally prepared by the ICI's credit officers. Subborrowers provide the information required to prepare financial projections, but do not participate in or understand, the resulting rates of return and cash flows which in theory should provide the basis to evaluate the Project's economic and financial viability. Any future training program must include some financial training.

c. Findings of the Evaluation

The files of subborrowers in the sample were reviewed. Financial projections and the basis on which the projections were prepared were evaluated. It was found that PRIDA subborrowers are conservative in their sales expectations considering the low projections of production levels and conservative future prices listed for their products.

ICI's credit officers prepared the financial projections based on the borrowers production plan and sales expectations. The economic internal rates of return calculated are high and the financial internal rates of return even higher as the cost of debt is negative in real terms.

It was found that, overall, the agricultural operations were profitable. This finding agrees with the views of the farm operators based upon their experience. The validity of the rates of return cannot be verified, since the price of agricultural products is not only affected by demand and supply factors, but by other variables or uncertainties such as price controls, weather and natural disasters.

The following are the original and revised EIRR's and FIRR's for eight selected PRIDA loans.

Table 11
Economic Internal Rate of Return and Financial Internal Rate of Return for Selected Subborrowers, Original and Revised Rates

<u>OP. No.</u>	<u>REVISED</u>		<u>ORIGINAL</u>	
	<u>EIRR</u>	<u>FIRR</u>	<u>EIRR</u>	<u>FIRR</u>
35	18.36	59.76	25.34	39.83
39	47.47	104.72	64.88	75.24
57	83.03	306.90	1,080.85	95.08
58	85.09	317.30	1,188.97	98.83
59	85.01	311.61	1,128.37	96.75
60	85.23	312.97	1,142.54	97.24
70	63.13	251.80	67.13	48.25
82	85.20	250.97	89.45	250.97

Source: Derived from information from CUFIDE's Files.

Regardless of the original errors made in the internal rates of return, the PRIDA projects remain very profitable.

For future financial evaluations, selected subborrowers should be properly informed in advance to assure that financial information is available. Most farmers have some type of accounting records for legal, tax and bookkeeping purposes. They regularly prepare their financial statements only once, at the end of the year, and occasionally when they have to show them to a bank for a specific purpose.

8. Use of Loan Proceeds

From the sample of loan recipients, over 46 percent of the subborrowers were new owners of less than one year. Among loans to new owners, about 25 percent of the loans granted were utilized to bring into production new land or land that had not been farmed for many years. The other 54 percent of the loans were used to expand the production base, increase productivity and/or reduce production costs. No loans were utilized to improve marketing capabilities.

9. Farm Capital Investment

In all of the operations securing loans, farm capital investment increased, either through improvements made in the land (thereby increasing the value and productivity of the land) or through purchases of equipment or of livestock. The development of new or unused land and farms constitutes a new and additional investment in the agricultural sector.

10. Productivity

Most of the loans granted were intended to increase productivity of the land or to increase the capacity of the operation. The impact of

the loan facility of PRIDA was positive, especially in light of the percentage of the loans used to bring new or unused farm land into production. Of the operations visited, it was observed in almost all cases that the loans were well utilized, that the operations were well planned and that planned increases in production and reductions in cost of operations would be achieved.

11. Employment

Employment was or would be increased attributable to the PRIDA loan, in virtually every operation. This is especially true where new or unused land was being brought into production. Most loans resulted in immediate employment in construction and land preparation and continuing employment of a long-term and seasonal (part-time) nature. The loans were directly generating 155 full-time jobs, 92 part-time jobs and a large amount of non-quantifiable seasonal harvest employment.

12. Ability and Disposition of Farmers to Invest in Agriculture

One of the most impressive observations made during the visits to farm operations, was the positive attitude of the farm owner/operator towards agriculture and the future profitability of the operation. Although most of the farm owners/operators were not "farmers" in the classical definition of "farmer," they were entrepreneurs, eager to invest in agriculture and create a profitable farm operation. Although most had no training and little experience, they obtained advice from several sources or hired consultants on a continuing basis. Almost all of the operators interviewed indicated a keen desire to obtain additional funds to improve the productivity or capacity of their operations.

From the responses of farm operators and observations of the quality of the operations, it is evident that farmers-operators are eager to invest in agriculture even in light of rapidly escalating interest rates and uncertain prices. One of their major problems is the length of the loans granted. In those cases where new or unused land and farms were being brought into production, long-term loans were needed. In many cases, the

loans obtained were for only two or three years and therefore of insufficient duration to achieve the longer term objectives of developing new, highly productive farm operations.

13. Technological Impact of Loans in Reducing Costs and Increasing Productivity

In most cases observed, loans were utilized to increase productivity or to "create" productive farms through the acquisition of improved equipment, the implementation of new techniques, or the reclamation of new or unused land through the utilization of new techniques or high technology equipment.

Most of the operations were in the process of implementing their farm development programs. Observations could not be made of completed accomplishments except in a few cases. However, from the manner in which development was being undertaken and the results observed in the areas completed, it was evident that the loans were making a large impact. The observed use of new techniques included: irrigation technology (e.g., trickle irrigation), land reclamation (e.g., the use of a new technique of flushing the soil to desalinize it); the construction of storages and purchase of feed milling equipment to reduce feed costs; and the acquisition of implements (tractors, cultivators, etc.) to increase production, decrease costs and increase productivity. These are technologies introduced through use of PRIDA loans.

E. Impact on Non-Traditional Agricultural Export

The Project did not have, as one of its objectives, the development of the non-traditional agricultural export subsector. The Project was in no way targeting non-traditional agricultural crops or products. In effect, Project funds were available for any type of operation, except those restricted by the special covenants. The breadth of activities undertaken -- rice, tobacco, nuts, fruit, vegetables, hogs, beef cattle, dairy, broiler and egg production -- gave the Project, in colloquial terms, a "shot-gun" approach.

Current policy emphasis is on the replacement of more traditional crops, such as sugar cane and rice, with non-traditional crops. Current policy also recognizes the importance and potential of non-traditional agricultural exports. A great potential exists for the development of the non-traditional agricultural export subsector, but a program of technical assistance and credit coupled with an integrated program of development based on a systems approach is required if the subsector is to achieve its potential.

It is probable that a program closely linking the PRIDA and FRAI loan facilities and targeting them on the development of the non-traditional agricultural export sector could achieve a significant impact. The relatively small amount of loan funds could have more impact when targeted more precisely. The technical assistance funds could be redirected and used more effectively in such fields as post harvest technology, farm management, production technology and marketing. COFIDE, FOPEX or another agency could be utilized as the source of the technical assistance and the catalyst to develop the necessary national strategies and programs to achieve the full development of the subsector.

At the same time, the original objectives of PRIDA and FRAI could still be met and, perhaps, generate greater interest in ICI's because the program would be more specialized and oriented to dollar earnings. The technical assistance provided through the central entity would be available to assist the local banks and work directly with the subborrowers -- both farm operations and other "agri-business" activities.

Chapter VII

LESSONS LEARNED AND SUGGESTED PROJECTS

A. Lessons Learned

Agricultural credit is a very special type of credit, greatly influenced by Government policies and laws that, at times, even negate constitutional rights and privileges. Agriculture is not only a basic sector of the economy, it is also viewed as a social aggregation of the disadvantaged. As such, the agricultural sector is beset by pressures to achieve special, non-economic, objectives that refute the basic premise that agriculture and farming is business.

Farming and agriculture are business, however, requiring large amounts of capital and investment. For the sector to develop, large amounts of credit must be made available through the commercial and private sector.

Of great importance, and a major reason for optimism about the future of the agricultural sector and especially optimism about the future development of the non-traditional agricultural export subsector, is the little known, yet highly significant new trend that we have seen in agriculture in Peru. There is, currently, an influx of young, aggressive "entrepreneurs" into agriculture. They are going into farming and buying or operating 15 - 20 hectare or larger parcels of land. The types of farming undertaken range from rice to fruits, vegetables and highly intensive, sophisticated hog and poultry operations. The emphasis, however, is on fruits, vegetables and other non-traditional crops or products--those crops and products constituting non-traditional agriculture which are the basis of the non-traditional agricultural export subsector.

While some young entrepreneurs have training and degrees in agriculture, most have no training and little or no experience. Most are not, in the traditional meaning or definition of the term, "farmers." They are entrepreneurs with a keen interest in agriculture and a belief that their

future is in agriculture and that, through the application of sound business principles, their farms will be highly profitable.

The same is true in related and complementary areas of the subsector. There are young, aggressive and highly capable individuals entering the export field, the input supply field and other areas that together constitute the infrastructure serving the non-traditional agricultural export subsector.

These young people are intelligent, energetic, can and do make things happen. They believe that they can learn what is required about agriculture and marketing and seek out advice and hire experts when they are available. From the professionalism exhibited, these young people are succeeding and will be the backbone of the non-traditional agricultural export subsector.

B. Suggested Projects

1. Project No. 1 - The Development of the Non-Traditional Agricultural Export Subsector in Peru

a. Rationale

Peru has a great untapped potential of land, climate and human resources, to expand its agriculture and to develop a viable non-traditional agricultural export subsector, vital to its future. Chile, Peru's neighbor to the south, achieved an impressive development of its agricultural export subsector through intensive planning and consistent effort. Its exports of non-traditional products are respected in every market of the world.

In relative terms, Peru's opportunity for similar development exceeds that of Chile. Peru has a much greater land base and a wider divergence of micro-climates than Chile. Advanced production technology is already being utilized;

there is a core of experienced and trained farm operators and currently, there is a sustained desire to produce and export non-traditional crops and products. Peru also has an existing, although relatively small, production base of fruit consisting of the most popular varieties in the targeted export markets.

Currently, there is an "undeclared" contest or "race" between would be exporters of non-traditional crops. The race is to determine which country in the Caribbean, Central or South America will be the "next" Chile and gain full access and the fullest respect of the North American market.

Every country in the region is in the race. Some have an advantage in terms of financial support. The countries of the so-called Caribbean Basin are receiving substantial support in terms of financing and technical assistance. The fact that none of these countries has won the race, or even succeeded, in real terms, to develop its non-traditional agricultural export sector offers an object lesson in agricultural development. Each country is undertaking development in the traditional "piece-meal" basis, and attempting to "go-with-what-they-have" rather than develop a sound production and marketing base.

Peru has an opportunity. It has all of the ingredients for succeeding, which many of its competitors do not.

To succeed and develop, to its fullest, the non-traditional agricultural export subsector, Peru must undertake a total "systems approach" of development. The subsector as a system of interrelated and complementary individuals, institutions, structures, functions, services and activities must be recognized.

For the subsector to achieve full development, the entire system must be upgraded and developed. This requires the simultaneous upgrading of skills and capabilities, the upgrading and establishment of required organizational structures, the upgrading and establishment of infrastructure and of the required post-harvest technology and production technology. This is a "systems approach" to development that must be utilized to establish a sound production base and a strong marketing base.

To undertake such a systems approach to develop its potential, the subsector requires an integrated strategy and planned program of development. In addition, a strong entity is necessary to serve as the catalyst and the source of assistance. Also required is appropriate and practical technical, advisory and support assistance in the areas of marketing development, post-harvest technology, systems design, production technology, specialized management and other areas of expertise not fully developed or applied.

A program as envisioned, would address both the long-term requirements of establishing a sound production base and marketing base and the shorter term needs of existing producers, processors, agri-business firms and exporters that are now engaged, or have the capability of engaging, in producing and exporting non-traditional agricultural commodities or products.

b. Goal

The goal of the Project is to increase the level of income of rural farm-operators and workers and to improve the balance of payments ratio of the country.

c. Purpose

The purpose of the Project is to develop the full potential of the non-traditional agricultural export subsector as a major source of foreign currency earnings for Peru.

d. Project Duration

To assist the subsector in achieving its full potential and to establish the required production base and marketing/-post-harvest technology base, the Project must continue for at least three years, or longer.

e. Type of Project Inputs

The major components or inputs of the Project are:

i. Technical Assistance

ii. Commodities

iii. Training

i. Technical Assistance

It is envisioned that technical assistance will be provided at two levels:

Level I: Services to the developmental institution, COFIDE or FOPEX or other organization to serve as the catalyst the overall subsector to systematically establish the required infrastructure and a sound production and marketing base.

Level II: Targeted assistance to assist the shorter term needs of existing producers, processors, agribusiness firms and exporters who are now engaged, or have the capability to engage, in exporting agricultural commodities or products.

The categories of Technical Assistance and expert advisory services that would be provided include the following:

(1) General - Program Design

- Assist in the development and implementation of a National Strategy (Plan) to develop a viable "non-traditional" agricultural export subsector, including the establishment of a production base and a strong marketing capability (base) as its foundation.
- Assist in the development and establishment of a program of checks and balances to secure relief from current USDA phytosanitary restrictions on imports of Peruvian fruits and vegetables and to gain entry into U.S. markets.
- Asssit in identification, development, and planning of projects and subprojects, including the identification of sources of funding, to achieve full development of the potential of the non-traditional agricultural export subsector as set forth in the National Strategy.
- Provide target assistance and support to producers (farm operators), producer organizations, agri-business firms, traders, (wholesalers, exporters, importers, etc.), government institutions and other entities involved or planning to become involved in agricultural and food production and marketing.

- Assist in the determination and selection of commodities and products, in the delineation (selection) of target markets and in the development and implementation of strategies to penetrate the selected markets.

(2) Marketing and Post Harvest Technology

- Provide assistance in the design and implementation of harvesting and handling systems to minimize commodity deterioration (post harvest loss).
- Provide designs or assistance in the design of pre-cooling, grading, packing and storage systems, including: packing house design, cold storage design, equipment design, pre-cooling specification and design, phyto-sanitary treatment.
- Provide pre-planning and planning assistance, design, location and implementation of radiation technology and facilities.
- Assist in the design, adaptation and acquisition of containers, packaging, labeling, etc.
- Assist in development and implementation of improved transport systems -- both internal and external.
- Develop and provide practical training in the various technical areas (post-harvest technology) of harvesting, handling, pre-cooling, grading, packing, storage, transport and marketing; including packing-house organization, operation and management.

- Assistance in meeting market requirements, including packaging, phyto-sanitary, quality and exc., in targeted export markets.
- Assistance in developing new markets.
- Assistance in achieving market penetration in North America, Europe, the Middle East and the Far East.

(3) Other

- Assistance in the development of market intelligence, grades and standards, quality assurance, inspection and other tertiary areas important to the success of the subsector.
- Assistance in developing the role and capability of the developmental institution as the catalyst in the development of the non-traditional agricultural export subsector.

The Technical Assistance Components would consist of the following:

Full-Time

- Marketing Development/Post-Harvest Technology Expert.
- Farm Management Expert.

Part-Time --as Required

- Horticulturist/Production Systems Expert.
- Processing Technology/Food Technology Expert.

- Phyto-Sanitary/Systems Control Expert.
- Others as and if required.

ii. Commodities

Commodities would consist of appropriate vehicles for work in agricultural areas, some laboratory equipment, office equipment, training equipment, and aids and miscellaneous.

iii. Training

Training would consist mostly of on-the-job training as well as demonstration, seminars, work-shops, and training courses undertaken by the experts in their respective fields.

f. Value or Cost of Inputs

It is difficult to determine cost without a full Project development exercise. However, Project cost, can be "guesstimated."

If the Project is to be of three years duration, Project cost will be in the order of US\$ 1.5 million.

g. Project Outputs

The total of Project outputs is difficult to ascertain. However, the Project should achieve the necessary establishment of a sound production and marketing base and the establishment of the required post-harvest technology/-marketing capability in the subsector.

In the three years of the Project, the following major objectives should be achieved:

- i. removal of phyto-sanitary restrictions on Peruvian fruit into U.S. markets and entry gained;
- ii. an increase in exports of non-traditional agricultural exports from the current US\$ 62 million to US\$ 310 million or more;
- iii. a number of loans made to agricultural producers and to agri-business firms coordinating and facilitating the development and export of crops and products.
- iv. institutionalization of provision of technical assistance and support to the subsector participants through COFIDE, FOPEX or other institutions.

2. Project No. 2 - Provision of Credit for Export

a. Rationale

The Peruvian economy is currently in a foreign currency crisis. The development and support of exports is of paramount importance.

As stated in Proposed Project No. 1, "Peru has a great potential in terms of land, climate and human resources to expand its agriculture and to develop a viable non-traditional agricultural export subsector, vital to its future." Exports from the agricultural sector, including aquaculture and products from so-called "agro-industry," have been exported for some time. The Peruvian private sector has developed high quality products that have good acceptance in the U.S., Canada, Europe, Mid-Eastern and Far-Eastern markets. The total value of non-traditional agricultural

exports was approximately US\$ 62 million in 1984 and constituted approximately 11% of all non-traditional exports.

Commercial banking institutions are providing the financial resources to export around 70% of the non-traditional exports with a line of credit from the Central Bank. The credit line provided is funded with Central Bank resources and Bank advances from foreign private banks. All non-traditional exports are covered by the policy of the Credit Export Insurance Corporation (SECREX) to promote exports by reducing the risk of the commercial banks in making loans for these types of exports. These financial and insurance mechanisms were created by law a few years ago, and now cover about 70% of the non-traditional exports. The exports of all non-traditional products, including those from agriculture, grew to US\$ 900 million in 1985 and will probably surpass US\$ 1 billion next year if enough resources are made available.

The availability of funds to finance exports is beginning to fall short of requirements as private foreign banks have begun to reduce their international trade lines and the Central Bank attempts to reduce inflation by reducing credit and restricted their monetary programs.

A program to assist in financing non-traditional agriculture exports will be required if such exports do increase at the rate that is anticipated.

b. Goal

The proposed Project goal is to increase farm incomes and improve the earning and in-flow of foreign currency.

c. Purpose

The purpose of the Project is to facilitate exports of non-traditional agricultural crops and products by providing the required financing of such exports.

d. Project Duration

The fund established should be of a permanent ongoing nature.

e. Type of Project Inputs

The non-traditional Agricultural Export Fund will be financed by USAID, the participating ICI's and the sub-borrowers. The Fund will become a rotating fund within the Central Bank. Loans would be made to exporters through ICI's utilizing their own funds and the Fund as a fixed percentage.

f. Value or Cost of Inputs

Considering that exports from the targeted sector were US\$ 61 million, US\$ 70 million and US\$ 56 million respectively in years 1981 through 1983, and considering the average life of the type of loans to be made is 180 to 270 days, the total value or cost of the project will be approximately US\$ 30 million.

USAID's participation will be approximately 70% of the loans with 20% from the ICI's and 10% from the subborrowers.

g. Project Outputs

Project outputs will include:

- i. An increase in the total participation of ICI's in financing the agricultural sector.
- ii. The financing of approximately 80% of the yearly exports of the subsector.
- iii. An increase in the availability of overall export credit to facilitate foreign exchange earnings for Peru.

C. Subprojects Related to Suggested Projects

1. U.S. Phyto-Sanitary Restriction (Ban) on Peruvian Fruit and Vegetables

A Subproject to Project No. 1 - To Remove the Ban on the Import of Fruit and Some Vegetables into the U.S. From Peru

a. Background - Rationale

More than 40 years ago, an effective ban was placed on the importation of fruit and most vegetables into the United States. The ban was placed on the entire country and was, evidently, placed without a sound basis. The scenario may have been that fruit was intercepted at a port-of-entry from a passenger who said it was from Peru. It was confiscated and later examined and found to have certain insects and diseases. On this basis, and perhaps others, a ban was placed on all of Peru.

Several factors must be considered; (a) the fruit may not really have originated in Peru; (b) the areas now producing fruits and vegetables are not the same areas as 40 years ago; (c) the major areas now producing fruit and vegetables are very distinct areas, most with natural barriers around them (i.e., surrounded by deserts); (d) the major ban was

placed without inspection and verification; (e) the ban on citrus and some other fruits was placed because of two insects, Mediterranean Fruit Fly and South American Fruit Fly and two diseases, Sweet Orange Scab and Black Spot. To date, no one in Peru has ever seen signs of the two diseases. There are, however, areas of infestation of the two insects.

If it can be proven that the two diseases are not, in fact, in Peru or only very localized, fruit can be treated and gain access to U.S. and other markets.

A program of inspection and trapping to determine the presence of these offending organisms in an area can be initiated, and a system of controls, quarantine and even eradication can be undertaken that could be approved by the United States Department of Agriculture. This program would be the same as that established by Mexico, Chile and others to gain entrance and ship untreated fruit.

The Program or Project has a high probability of succeeding, and has been verified through numerous contacts with APHIS in Washington, D.C., and with the APHIS representative in Lima, Peru.

b. Goal

The goal is to improve the income of fruit and vegetable producers and employees and to improve the balance of payments ratio of the Country.

c. Purpose

The purpose of the Sub-Project is to facilitate the entry of fruits and vegetables into the U.S. and other markets and

facilitate the development of the full potential of the non-traditional agricultural export sector in Peru.

d. Project Duration

The full implementation of the Subproject including planning, development of statistical sampling techniques and gaining USDA approvals is two to three years. However, the program to be established is, by necessity, a permanent continuous program.

e. Type of Project Inputs

The major components or inputs are:

- i. Technical Assistance
- ii. Commodities
- iii. Training

i. Technical Assistance, to be provided under Project No. 1, consists of a Pathologist or other specialist to design and supervise the Project.

ii. Commodities consist of vehicles for rural usage and laboratory and trapping equipment.

iii. Training consists of on-the-job training, mostly working with the Technical Experts.

In addition, a special unit within the Ministry of Agriculture or other institutions will have to be established, staffed and equipped to carry on trapping, testing and verification, to undertake the establishment and implementation of guarantee programs in defined production areas, and to plan and implement eradication programs where feasible.

f. Value or Cost of Inputs

The cost of the subproject, including the establishment of a permanent unit in an institution to carry out a long-term Program, is impossible to forecast. The immediate, two to three years implementation of the Subproject, considering that the Technical Assistance Expert is budgeted in Project Recommendation No. 1, will cost US\$ 300,000.

g. Project Outputs

The value to the fruit and vegetable producers and to the non-traditional agricultural export subsector is great. No estimate is possible but, the project, if successful, could support millions of dollars of additional exports.

METHODOLOGY UTILIZED IN ASSESSING
SUB-BORROWER (FARM OPERATOR) PERFORMANCE

To obtain adequate information to evaluate the performance of the PRIDA facility and the subborrower several methods and sources were utilized:

1. Records in COFIDE's central office and branch offices were reviewed and data entered into a "data base".
2. Applications from farm operations, both those to whom loans were granted and those to whom loans were rejected were reviewed and data entered into the data base.
3. Questionnaires completed by COFIDE personnel during periodic reviews of sub-borrowers were examined and data entered into the data base.
4. Interviews were conducted with selected sub-borrowers (farm operations) in each district having loans granted.
5. Interviews were conducted and meetings held in areas where there were no loan recipients.
6. Interviews were conducted with loan applicants not granted loans, but located in areas where loans were granted.
7. Interviews were held with personnel of ICI's at their main offices and at branch offices.
8. Interviews were held with Banco Agrario personnel and others influential in the financial community.

DATA BASE

A computer data base was developed incorporating the information gathered from all sources. From the information in the data base, statistics were derived and cross tabulated on:

1. Loan recipient location.
2. Type, amount and term of loans.
3. Date of application and effective disbursement of loans.
4. Identification and location of commercial banks.
5. Composition of loan (amount from each source).
6. Identification of subborrowers.

7. Characteristics of the farm operations.
8. Whether farms were new or expanding operations.
9. Type of loan collateral.
10. Number of employees added due to the loan.
11. Problems of payback.
12. Planned use of funds and actual use.
13. Technical base of operation, and other pertinent statistics.

The data collected and statistics derived were combined with the subjective evaluation of the subborrowers operations to determine the net result and contribution of the PRIDA Project. Because most of the loans were in effect for only a short period and most of the operations were in the process of developing their new base, e.g., construction of buildings, installation of equipment, land preparation, or in the middle of the growing season, a true financial accounting of the operations could not be made.

A Question Guideline was developed and utilized as a tool in undertaking interviews at the subborrower or farm level. A stratified sample was utilized in selecting the farm operations to be visited to assure the inclusion of each identified type of operation. The Question Guideline was utilized to maintain an informal atmosphere. The informal nature of the interviews elicited free and open discussions in which much was learned that was especially helpful in showing lessons learned and relevant to future programs.

The physical features of the operation, e.g., land, crops, equipment and infrastructure, were examined in detail to help ascertain the quality and potential success of the sub-borrowers and the farm operation.

COFIDE and ICI personnel assisted in making arrangements for interviews. In the field, local branch personnel from the ICI's and personnel from the regional offices of COFIDE accompanied the interviewers on the farm visits.

LEGAL OPINION ON AGRICULTURAL
SECTOR LEGISLATION AFFECTING
AGRICULTURAL LENDING

NOTE:

This Legal Opinion is summarized in English in Chapter VI. A.

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San Isidro, 28 de Marzo de 1985

Señores
Checchi & Co.
Centro Comercial Camino Real, Piso 13º
San Isidro.-

At. : Inq. Juan Bazo

Estimados señores:

Por la presente nos es grato emitir el informe solicitado sobre el régimen de garantías vigente en el sector agrario y diversas consultas relacionadas con la ejecución del convenio de préstamo celebrado entre la República del Perú y los Estados Unidos de América, actuando este último a través de la Agencia para el Desarrollo Internacional (AID).

1. Régimen de garantías del Sector Agrario.-

Esta primera parte del informe tiene por objeto analizar las diferentes garantías que pueden establecer u otorgar los agricultores o productores agrarios. Se incluye en el análisis los diversos problemas que este régimen puede presentar en relación con los objetivos que persigue el convenio de préstamo celebrado entre la República del Perú y los Estados Unidos para el establecimiento y operación del fondo de capitalización agropecuaria.

Conviene destacar en primer término, que se entiende por productor agrario a la persona natural o jurídica que realiza "actividad agraria" y, por "actividad agraria", la que comprende las actividades agropecuarias, silvicultura, extracción de madera y de productos silvestres, la agroindustria, la comercialización a nivel rural de los productos agrarios, los servicios agrarios y la asesoría técnica dedicada exclusivamente a los productos agrarios (Art. 1º del Reglamento de la "Ley de

Promoción y Desarrollo Agrario" aprobado por D.S. 147-81-AG). Como se observa, los productores agrarios pueden ser personas naturales o jurídicas; sin embargo, en el caso de personas jurídicas, para que puedan ser propietarias de tierras agrícolas o adjudicatarias de las mismas, deberán organizarse bajo las siguientes formas societarias:

- Sociedades mercantiles de personas y otras formas empresariales admitidas en la legislación vigente, siempre que la distribución de utilidades y la decisión de los órganos sociales no se efectúen en razón de los capitales sino proporcionalmente al número de socios y en las que el socio que dirige la empresa, cuando la sociedad conduzca directamente un predio, tenga participación no menor del 10% de la utilidad bruta por razón de su trabajo (Artículo 30° del D.S. 163-69-AP). La única sociedad mercantil que cumple con este requisito es la colectiva.
- Cooperativas agrarias de producción.
- Sociedades agrícolas de interés social. "SAIS"
- Comunidades Nativas.
- Empresas de propiedad social.
- Cooperativas Agrarias de Servicios, única y exclusivamente para el establecimiento de servicios comunes a sus asociados.

Ahora bien, conforme al artículo 44° de la Ley de Promoción y Desarrollo Agrario, el sistema financiero nacional podrá otorgar créditos en condiciones preferenciales de plazos, períodos de gracia, garantías e intereses, a la actividad agraria, en especial para la producción agropecuaria alimenticia, su transformación primaria y comercialización rural, así como a la prestación de servicios agropecuarios, especialmente en las áreas socio-económicas deprimidas. El Banco Agrario del Perú u otro Banco Estatal podrá actuar como fideicomisario e intervenir en la supervisión de los préstamos.

Son de interés en este informe, las condiciones preferenciales relativas a garantías que se encuentran especificadas en los artículos 48° y siguientes de la citada Ley de Promoción y Desarrollo Agrario, y en los artículos 72° y siguientes de su reglamento que pueden sintetizarse en la siguiente forma:

I. Preferencias establecidas en función a los tipos de préstamo.-

a) Préstamos para producción agrícola o pecuaria:

- Son aquellos destinados al sostenimiento de la empresa mediante el aporte total o parcial del capital de trabajo que directamente requiera el desarrollo de la actividad agraria.
- Se garantizan con prenda agrícola sobre los productos a obtenerse.
- La banca de fomento estatal en ningún caso exigirá, adicionalmente, garantías personales o de bienes ajenos a la unidad de producción.

b) Préstamos de comercialización:

- Son aquellos destinados a facilitar la venta de productos no perecibles depositados en estado natural o que hayan sido objeto de transformación primaria, así como aquellos que tienen por finalidad favorecer la adquisición de insumos de uso agrario.
- Se garantizan con prenda mercantil constituida sobre los bienes materia del préstamo. Asimismo, pueden garantizarse manteniendo la prenda agrícola

constituída anteriormente sobre los bienes en garantía de un préstamo de producción, cuando no pueda constituirse prenda mercantil y sea factible recuperar el préstamo de producción y su ampliación.

- La banca de fomento estatal en ningún caso podrá exigir, adicionalmente, garantías personales o de bienes ajenos a la unidad de comercialización.

c) Préstamos para la prestación de servicios agropecuarios:

- Son aquellos otorgados a favor de empresas privadas debidamente constituídas con el fin de prestar los servicios agropecuarios comprendidos dentro de la "actividad agraria", destinados al financiamiento total o parcial de las necesidades de capital de trabajo de la empresa solicitante.
- Se garantizan con prenda mercantil sobre la renta que se obtenga por la prestación de los servicios.
- La banca de fomento estatal en ningún caso podrá exigir, adicionalmente, garantías personales o de bienes ajenos a la unidad de servicios agropecuarios.

d) Préstamos refaccionarios mobiliarios:

- Son aquellos otorgados con el objeto de adquirir maquinaria y equipo destinados a promover, mejorar, o facilitar la explotación y comercialización de especies vegetales y de crianza o sus productos.
- Se garantizan con prenda agrícola o mercantil sobre los bienes motivo del préstamo.

- La banca de fomento estatal en ningún caso podrá exigir, adicionalmente, garantías personales o de bienes ajenos a la unidad de producción, comercialización o servicios según se trate.

Preferencias establecidas en función a las clases de productores agrarios:

a) Los Pequeños y Medianos productores agropecuarios:

- Se considera pequeño productor a la persona que realiza actividad agropecuaria, extracción de madera y de productos silvestres, cuyos ingresos brutos anuales no excedan de 500 salarios mínimos vitales anuales para la Provincia de Lima. Mediano productor es aquel cuyos ingresos exceden el mencionado límite. A raíz de la Reforma Agraria no existe lo que se podría denominar "Gran Productor", salvo que se quiera comprender en esta clasificación a las empresas campesinas asociativas.
- Pueden hipotecar sus tierras, instalaciones fijas y construcciones existentes en ellas, sólo para garantizar el cumplimiento de sus obligaciones de crédito distintas a las originadas por los avíos o préstamos agropecuarios.
- La hipoteca antes referida no requiere de autorización de la Dirección General de Reforma Agraria y Asentamiento Rural, salvo que tengan obligaciones pendientes de pago frente al Estado derivadas del valor de adjudicación.

b) Empresas campesinas asociativas:

- Son las cooperativas agrarias de producción, las SAIS y las empresas de propiedad social agraria.

- Pueden hipotecar sus tierras agrícolas y demás bienes inmobiliarios sólo a favor de la banca estatal de fomento y en relación con préstamos o garantías otorgadas por ellos.
- Esta hipoteca tampoco requiere de la autorización mencionada en el acápite a) que antecede, salvo el caso que en él se menciona.

III. Preferencias establecidas con relación a garantías y contragarantías que pueden otorgar los bancos y entidades financieras.

- El Banco Agrario del Perú está autorizado para garantizar a los productores agrarios frente al sistema financiero nacional.
- El sistema financiero nacional puede garantizar los préstamos provenientes del exterior destinados a la actividad agraria o a la ampliación de la frontera agrícola.
- El Banco Agrario del Perú y el sistema financiero nacional no pueden exigir en amparo de las garantías que otorguen, contragarantías adicionales que recaigan sobre bienes distintos a los que son objeto de la garantía.

IV. Preferencias establecidas en torno al remate

- Debe intervenir en el remate de un predio agrario, la Dirección General de Reforma Agraria y Asentamiento Rural del Ministerio de Agricultura y Alimentación.
- La preferencia entre acreedores se rige por la fecha de inscripción de los gravámenes (hipoteca y prenda agrícola) en los Registros Públicos.

- El propietario del predio puede fraccionarlo antes del remate, en dos o más parcelas (pero considerando que la extensión de cada parcela no puede ser inferior a la unidad agropecuaria familiar mínima) con el objeto de realizar el pago con la venta o remate de una o más de ellas. El plazo para este fraccionamiento no puede exceder de 90 días.
- Únicamente pueden ser postores en el remate las personas naturales o jurídicas que puedan ser propietarios de tierras de acuerdo a los dispositivos legales vigentes.
- Tienen preferencia para adquirir las tierras en remate, a igualdad de ofertas, las personas naturales que no tengan tierras en propiedad.
- Tratándose de bienes inmobiliarios de las empresas campesinas asociativas de producción, la venta judicial debe efectuarse en extensiones que no superen el límite inafectable correspondiente, ni sean inferiores a la unidad agrícola familiar mínima.

Como se puede apreciar de la síntesis expuesta, las preferencias relativas a las garantías son en la mayoría de los casos restricciones a la libertad de contratar. Si bien no se impone la obligación de contratar pues los bancos y los productores agrarios son libres para decidir si celebran el contrato de crédito y los actos jurídicos por los que se establecen garantías, se restringe la elección en cuanto a estos últimos de modo tal que si optan por contratar sólo pueden establecer las garantías permitidas por la ley. El objetivo de la ley en unos casos, es impedir que se abuse de las necesidades de crédito del productor agrario exigiéndoles garantías en exceso y, en otros casos, evitar que se establezcan garantías que la ley considera inadecuadas para la actividad agraria.

Con relación al mismo tema, cabe señalar que la Ley Orgánica del Banco Agrario, aprobada por el Decreto Legislativo N° 201 dispone, en su artículo 36, que los préstamos del Banco destinados a la actividad agraria podrán ser garantizados con prenda agrícola, mercantil o industrial, con hipoteca, fianza solidaria o con la renta por prestación de servicios, de acuerdo con la naturaleza del préstamo y en la forma y modo que determine el Estatuto. Además, señala este artículo, que el Banco puede exigir, en amparo de los avales que otorgue y demás operaciones que realice, cualquier otro tipo de garantías.

El Estatuto del Banco Agrario aprobado por Decreto Supremo N° 098-82-EFC señala, entre otras cosas, las garantías que por cada tipo de préstamo puede constituirse en favor del Banco, siguiendo un esquema similar al expuesto en la Ley de Promoción Agraria. El artículo 128° de este Estatuto, agrega que sin perjuicio de lo dispuesto para cada préstamo, y con el propósito de facilitar el adecuado financiamiento de la actividad agraria, el Banco podrá respaldar sus préstamos con cualquiera de las garantías sobre bienes del productor Agrario o de terceros que se señala en el artículo 36° de la Ley Orgánica del Banco. Esta disposición sin embargo, debe entenderse referida a aquellos casos en que la ley permita pactar otro tipo de garantías, pues de lo contrario, se estarían violando las disposiciones de orden público de la Ley de Promoción y Desarrollo Agrario.

Ahora bien, conforme a la sección 2.1. del artículo 2° del convenio de préstamo celebrado entre el Gobierno Peruano y el Gobierno de los Estados Unidos de América, el fondo de capitalización agraria que se establece tiene por finalidad redescontar préstamos elegibles hechos a sus prestatarios para crédito agropecuario a mediano plazo y fortalecer la capacidad de las instituciones financieras del sector privado para financiar préstamos agropecuarios de mediano plazo. Conforme a la finalidad perseguida con la creación del fondo, serán los bancos e instituciones privadas del sistema financiero nacional las que celebren con los productores agrarios los contratos de préstamo y,

consecuentemente, los contratos que establezcan las garantías en su favor. Tomando en cuenta esta particularidad, las restricciones y demás características del régimen de garantías antes expuesto, que resultarían aplicables a dichos préstamos, son las siguientes:

- Deben ser garantizados principalmente con prenda agrícola o prenda mercantil, según sea el tipo de crédito concedido.
- Dependiendo asimismo del tipo de préstamo, las garantías deben recaer sobre los productos a obtenerse, sobre los productos agropecuarios a comercializarse, sobre la renta que se obtenga por la prestación de servicios o sobre la maquinaria y equipos adquiridos por préstamos refaccionarios. En el punto I que antecede, se señala con precisión el tipo de garantía y la clase de bienes sobre los que deben recaer, en cada caso.
- No existe con respecto a la banca privada la misma tajante limitación que existe para la banca estatal de fomento, a quienes se le impide exigir garantías adicionales de carácter personal o sobre bienes ajenos a la unidad de producción, comercialización o de servicios. En tal sentido, consideramos que el sistema financiero nacional podría exigir garantías adicionales a las señaladas en cada caso, salvo por hipotecas, pues la ley expresamente prohíbe a los productores agropecuarios (pequeños, medianos productores y empresas campesinas asociativas) otorgar hipotecas, en favor de la banca e instituciones privadas del sistema financiero nacional, en garantía de préstamos agropecuarios.
- El Banco Agrario del Perú puede garantizar a los productores agrarios frente al sistema financiero nacional. Señala la ley que el Banco Agrario en este caso no puede exigir contragarantías adicionales que recaigan sobre bienes distintos a

los que son objeto de la garantía. La redacción de esta restricción es deficiente pues no queda claro cuales son los bienes objeto de la garantía. Si la garantía es por ejemplo una fianza o el aval del Banco Agrario en favor de la entidad privada que concede el crédito, no hay bienes que sean objeto de garantía a menos que, además del aval o fianza, se haya garantizado el crédito con prenda agrícola o mercantil. En ese caso la contragarantía estará constituida por el derecho del Banco Agrario a sustituir al acreedor en los derechos que concede la prenda, luego que haya cancelado el préstamo por el deudor, honrando el aval o la fianza prestada. En tal sentido, consideramos que si no existieran además de la fianza o aval del Banco Agrario, garantías reales que recaigan sobre bienes en favor del acreedor, el Banco Agrario sí podría exigir la constitución de hipotecas en contragarantía de las fianzas y avales que otorga, puesto que esta relación con el productor agrario no nace de un contrato de préstamo (restricción existente para pequeños y medianos productores) y es una empresa de fomento estatal (restricción existente para empresas campesinas asociativas).

- Son aplicables a estos préstamos las preferencias en torno al remate que hemos analizado en el acápite IV que antecede.

Como se puede apreciar de lo expuesto anteriormente, los préstamos que concedan los bancos e instituciones privadas del sistema financiero nacional deben ser garantizados principalmente por prenda agrícola o mercantil. Pueden adicionalmente exigirse otras garantías (como por ejemplo, avales o fianzas otorgados por el Banco Agrario) menos hipotecas sobre los predios agrícolas de los productores agrarios. Las hipotecas sólo pueden constituirse para garantizar indirectamente los préstamos (como contragarantía en favor del Banco Agrario por ejemplo), si es que además se cumplen con los demás requisitos que para el efecto establece la ley (que no exista ya una garantía real

sobre bienes, que la operación garantizada sea distinta al préstamo en el caso de pequeños y medianos productores, que sea otorgada en favor de la banca estatal de fomento en el caso de empresas campesinas asociativas, etc.).

Siendo pues, las prendas agrícola y mercantil las principales garantías del régimen agrario, comentamos a continuación los problemas principales que plantean en nuestra legislación.

Un régimen de garantías eficientemente organizado, debe tener presente, por un lado, los intereses del acreedor y del deudor involucrados en la relación crediticia. En esta relación, el acreedor debe contar con la seguridad de poder hacer efectivo su crédito en caso de incumplimiento del deudor y protegerse de su eventual insolvencia, para lo cual recurre a las garantías. Pero, por otro lado, debe tenerse presente que el crédito es un instrumento que sirve para fomentar la producción y el comercio de bienes y, en tal sentido, también son de importancia los intereses del comercio. Mientras el crédito está representado por los acreedores, el comercio está representado por los consumidores que son terceros ajenos a la relación crediticia. Ahora bien, uno de los principales problemas que afronta un régimen de garantías es la solución del conflicto de intereses que se produce cuando un acreedor (representante del crédito) y un comprador (representante del comercio) reclaman derechos sobre la misma cosa. Si en dicho conflicto se da preferencia al acreedor, se favorece al crédito con desmedro del comercio; los potenciales compradores estarían reacios a adquirir los bienes sabiendo que pueden perderlos a instancias de un acreedor que los reclame. Si por el contrario se da preferencia al comprador de una cosa dada previamente en garantía, serán los acreedores los reacios a conceder el crédito, sabiendo que si el bien se vende pierden su garantía; en esta alternativa se favorece el comercio y se perjudica el crédito.

Se trata pues de conciliar los intereses del

crédito y del comercio a fin de evitar, o por lo menos disminuir, los conflictos que pueden presentarse entre ambos intereses, pero teniendo en cuenta que el crédito es un instrumento que sirve al comercio y no viceversa, por lo que en aquellos casos en que no exista solución y el conflicto sea irremediable, habrá que optar por el comercio aunque el crédito se perjudique. Para aminorar el conflicto, el derecho debe brindar la sujeción de la cosa al acreedor y organizar una publicidad en torno a las garantías. Mediante la sujeción el acreedor tendrá la seguridad que el bien estará gravado en favor de su crédito y que siempre podrá sacarlo a remate y cobrar con preferencia. Mediante la publicidad, el comercio se entera, antes de la compra, de las garantías establecidas sobre los bienes y si a pesar de ello algún comprador los adquiere, debe soportar la persecución del acreedor y el remate de esos bienes. La sujeción en favor del acreedor puede ser física (mediante la entrega de la cosa) o jurídica (mediante un derecho de persecución irrestricto). La publicidad en la sujeción física se cumple con la entrega del bien al acreedor, mientras que en la sujeción jurídica se cumple a través de los Registros Públicos.

La sujeción física presenta el problema que la cosa debe necesariamente desplazarse del deudor al acreedor o a un tercero que la guarda como depositario. Cuando dicho deudor es un productor o comerciante la desposesión puede atentar seriamente contra otros intereses involucrados en el crédito y en el comercio. Basta imaginar el caso del productor agrario que solicita un crédito para comprar maquinaria y equipos; si en garantía del contrato entrega físicamente estas máquinas al acreedor, no podrá explotarlas económicamente y probablemente no podrá pagar el préstamo. Se pone en riesgo la recuperación del crédito (se entiende que por medio distinto al remate) y se traba el comercio al dejarse improductivos los bienes.

La sujeción jurídica presenta, por su lado, el problema de la organización de un registro público eficaz y el problema de la identificación de los

bienes. Los insumos, materias primas y productos agrarios son, en la mayoría de los casos, bienes genéricos y fungibles, que no pueden identificarse en un sistema registral. ¿Cómo pueden saber los potenciales compradores que los productos agrarios que compran están sujetos a garantía?

Nuestra legislación ha enfocado esta problemática en forma deficiente y debemos reconocer que los mayores problemas se presentan, precisamente, en los casos de prenda agrícola y mercantil que, como vimos, serán las principales garantías a pactarse en los contratos que celebre el sistema financiero nacional con los productores agrarios.

En efecto, la prenda mercantil es una garantía basada en la sujeción física y, por tanto, exige que se entreguen los bienes preñados al acreedor o al tercero que se designe como depositario. La preferencia del acreedor existe y subsiste en tanto él o el depositario conserve esos bienes en su poder. Una garantía de esta naturaleza resulta contraproduktiva tratándose de bienes que el productor agrario requiera para hacer producir su fundo agrícola (máquinas de cualquier clase, equipos, implementos, vehículos, etc) y en otros casos resulta totalmente imposible de implementar (plantaciones o cosechas) si conjuntamente con los bienes no se entrega la tierra o el fundo mismo. Sólo resultaría conveniente establecer la prenda mercantil en la fase de comercialización, utilizando almacenes generales u otros instrumentos del comercio a quienes se les designa depositarios. Cabe destacar que el artículo 149° del Estatuto del Banco Agrario, admite la posibilidad que el deudor quede constituido en depositario de los bienes gravados, lo cual atenta contra la naturaleza de la prenda mercantil y contra el principio de publicidad que es indispensable para evitar el conflicto que podría producirse con eventuales compradores. Consideramos que esta disposición ha quedado derogada por el nuevo Código Civil, que exige que la entrega se realice físicamente al acreedor o al

tercero que debe guardarla, con lo cual excluye la posibilidad que el deudor se instituya en depositario.

Cabe destacar finalmente, que el nuevo Código Civil admite que exista sujeción jurídica en este tipo de prenda, siempre que se trate de bienes inscritos en los Registros Públicos. Para estos efectos anuncia la creación de un nuevo registro denominado "de bienes muebles" donde se inscribirán los bienes muebles identificables. Sin embargo, aún no se ha dictado la ley de creación de este registro, necesaria en virtud de lo dispuesto por el artículo 2044 del citado Código.

La prenda agrícola, creada por la ley 2402, es una garantía basada en la sujeción jurídica. Este tipo de garantía no exige la entrega de las cosas, por lo que el deudor las conserva en su poder y las continúa explotando económicamente. Exige sí, que la prenda se inscriba en el Registro de Prenda Agrícola a fin de dar publicidad al gravamen. El problema que ofrece esta garantía es que puede recaer sobre bienes identificables o no, ya que puede afectar insumos agrícolas, cosechas, implementos y herramientas que no pueden individualizarse así como maquinaria, vehículos y equipo pesado perfectamente identificable. La ley no hizo distinciones entre estos bienes, sometiéndolos todos al mismo tratamiento. Adicionalmente, el registro de prenda agrícola no está organizado en función de los bienes sino en función de las personas que constituyen la garantía. Estas características determinaron que la ley concediera al acreedor un derecho de persecución limitado al primer adquirente, puesto que solo éste se encuentra en condiciones de enterarse por los registros si los bienes se encuentran gravados o no. Un segundo adquirente de los bienes no tendría forma de saber si existen garantías y por ello la ley niega en estos casos la posibilidad que el acreedor persiga la cosa hasta el segundo adquirente y la saque a remate, salvo el caso de transferencias gratuitas o de mala fe del segundo comprador.

En tal sentido, la sujeción jurídica que la prenda agrícola concede al acreedor se encuentra seriamente restringida. El acreedor sabe que si los bienes prendados que están en poder de su deudor y legítimo propietario, son vendidos a terceros, quienes a su vez los venden nuevamente, habrá perdido su garantía, no interesa que se trate de productos agrícolas o de maquinaria o equipos.

La incertidumbre que produce la situación expuesta, se ve incrementada por las disposiciones y medidas excepcionales que rigen la prenda agrícola constituida en favor del Banco Agrario. Conforme al artículo 40° del Decreto Legislativo 201, la prenda agrícola en favor del Banco no necesitará de inscripción en los Registros Públicos, lo cual constituye una violación al principio de publicidad que es inherente a la sujeción jurídica. A fin de evitar eventuales conflictos con otros acreedores, el tercer párrafo del artículo 39° de la citada ley, señala que para constituirse primera prenda en favor de personas distintas al Banco Agrario, se requiere que el Banco expida un certificado en el que conste que los bienes ofrecidos en garantía no se hallan prendados en su favor. Si el Banco no expide este certificado dentro de los 10 días hábiles siguientes a la solicitud, se presume que los bienes no se hallan prendados. El artículo 91° del Reglamento de la Ley de Promoción y Desarrollo Agrario, agrega además que el Banco debe intervenir en los respectivos contratos de préstamo con el propósito de posponer su derecho preferente o consentir en la constitución de la prenda o compartir la misma, a favor del tercero que otorgue el préstamo o certificar que los bienes ofrecidos en garantía no se hallan prendados a su favor. De esta manera, se observa que la Ley pretende superar los problemas generados por la falta de publicidad, obligando a los terceros acreedores a informarse directamente en el Banco de la existencia de probables gravámenes. Además tales acreedores deberán acudir al Registro Público para enterarse de otras garantías, constituidas en favor de acreedores distintos al Banco.

Pero el verdadero problema se presenta cuando el eventual conflicto no es entre acreedores, sino entre el Banco Agrario y los posibles compradores de los bienes, es decir, entre el crédito y el comercio. El artículo 134° de los Estatutos del Banco Agrario señala que son nulos de pleno derecho los actos y contratos de enajenación o disposición de bienes prendados celebrados por el deudor o depositario sin autorización o intervención del Banco. Hasta aquí la norma es perfectamente compatible con la Ley 2402 que regula de modo general la prenda agrícola, que en su artículo 10° declaró la nulidad de tales contratos. El problema se genera cuando el citado artículo 134° agrega que el Banco puede reivindicar los bienes u obtener la recuperación de su valor, de los terceros a cuyo poder hayan pasado, cualquiera sea el título que invoquen los adquirentes y sin importar si tuvieron buena o mala fé. Va pues más allá del artículo 10° de la Ley 2402, que limitó la reivindicación al primer adquirente de mala fe. Además, no sólo concede el derecho de reivindicar contra estos terceros, sino también de cobrarles el valor de los bienes (si por ejemplo ya los transfirieron); y todo ello con el agravante que la prenda no se inscribe en un registro público.

Llevando esta situación a sus consecuencias más extremas, habría que concluir que todo comprador de productos agropecuarios o de maquinaria o equipo agrícola, para tener plena seguridad en las transacciones comerciales que realice, debe acercarse al Banco Agrario a averiguar si los bienes están gravados, no importa si el vendedor es un productor agrario o un intermediario comercial. Esto puede constituir un importante obstáculo al desarrollo de las operaciones comerciales, e implica que la ley, incurriendo en un proteccionismo excesivo, ha dado preferencia al crédito sobre el comercio, olvidando que el primero debe estar al servicio del segundo y no viceversa.

Agravando aún más esta situación, se observa que en favor del Banco Agrario, pueden constituirse prendas globales sobre los productos que pueden obtenerse en un predio en el curso de un tiempo pre-establecido, a

efectos de garantizar todos los créditos que el Banco pueda conceder a los conductores del predio durante el referido lapso, sin que para este fin sea necesario identificar en forma taxativa los bienes materia de la garantía. Se viola así otro de los principios básicos de las garantías, como es el principio de la determinación, que exige que la obligación principal (los créditos) deben ser determinados o determinables y los bienes materia de la garantía deben ser identificados y detallados en el documento en que conste el contrato. La ley parece volver a implantar las "garantías ocultas" que antiguamente aceptaba el derecho pero que ya han sido abolidas en legislaciones modernas.

2. Consultas relacionadas con la ejecución del convenio de préstamo.

En relación al convenio de préstamo celebrado entre los Estados Unidos de Norteamérica a través de la Agencia para el Desarrollo Internacional (AID) y el Gobierno del Perú, se nos ha consultado si es el Estado Peruano o Cofide S.A., quien asume las obligaciones de otorgar u obtener las contrapartidas del préstamo y la obligación de pagarlo al exterior.

Al respecto, cabe destacar que cualquier duda que pudiera haber existido al respecto, ha sido disipada con la enmienda número dos suscrita el 9 de diciembre de 1983. En el contrato de préstamo, el prestatario es la República del Perú y por tanto es el que directamente asume los derechos y obligaciones. En los casos consultados, el artículo 4º y la sección 5.3 del artículo quinto que fuera modificado por la enmienda antes referida, confirma que la obligación de obtener las contrapartidas del préstamo y la de efectuar la amortización del capital e intereses corresponden al Estado Peruano.

Quedando a vuestra disposición para cualquier información adicional que sobre los términos de la presente pudieran requerir, nos reiteramos de Uds.

Atentamente,

DUANY, INDACOCHA & KRESALJA
ABOGADOS

Juan Duany Pazos

11.	Length of Period Between Applications and Receipt of Fu	
	1-15 days	2
	16-30 days	14
	2 Months	4
	3 Months	2
	4 Months	2
	5 Months	2
12.	Number of Additional Workers as a Result of the Loan	
	Permanent	155
	Part-Time	92
13.	Achievement of Objectives Through Use of Loan	
	Achieved Objectives	19
	Did Not Achieve Objectives	1
	Not Sufficient Time to tell	2
	Did Not Receive Sufficient Funds in Terms of US\$ Value, so Could not Achieve Objectives	4
14.	Repayment of the Loan Will Have Difficulty in Paying Back Loan	9
	Will Have No Difficulty in Paying Back Loan	17
15.	Need for Additional Funds	
	Require Additional Funds	22
	Do Not Require Additional Funds	2
	Would Like Extension of PRIDA	2
16.	Opinions of Indexed Loans	
	Do Not Know Details of Indexed Loans	5
	Opposed to Indexing Loans	20
	Accept Indexed Loans	1
17.	Term of Ownership of Farm	
	Less Than One Year	12
	1-5 Years	4
	5-10 Years	6
	Over 10 Years	4
18.	Ownership Less Than One Year, Farm Was:	
	Reclaimed Land - Virgin	1
	Reclaimed Land - Not Farmed Since Land Reform	6
	Rangeland -- Not owned	2
	Was an Operating Farm When Purchased	3

19.	Type of Farm	
	Dairy	6
	Beef	2
	Fruit and/or Vegetables	11
	Hogs	4
	Poultry	1
	Combination Livestock	2
20.	Expertise of Owner/Operator	
	Owner/Operator or Partner has Training and Experiences	13
	Owner(s) Has No Experience or Training	3
	Owner(s) Has Experience Derived From Farming	10
21.	Source of Expertise	
	Hire Consultants	4
	Receive Advice From Friend or Associate	2

COMPUTER PRINT-OUT TABLES
DERIVED FROM PRIDA
LOAN APPLICATIONS

PRIDA

REPORT No. 1

LIST OF PROJECTS BY LOAN SIZE

AS OF JANUARY 31, 1985

US DOLLARS AT TIME OF DISBURSEMENT

OP.No	NAME	DEPARTMENT	I.C.I.	PRIDA	I.C.I. SUB-BORROWER	TOTAL	LOAN	
1	35 MORANA DISTRIBUIDORA	LIBERTAD	NOR FERU	359,112	51,302	102,602	513,016	420,464
2	70 NEGOC.PEDUAR.SANT.PAT.	LIMA	CREDITO	233,065	34,132	38,305	341,722	273,227
3	35 SPANZA ESMERALDA	LIMA	SUDAMERICANA	183,291	26,133	52,336	261,530	203,464
4	32 PASADAS S.A.	TUMES	DEL SUR	173,000	27,550	45,533	247,143	200,550
5	71 AVICOLA EL ROCIO	LIBERTAD	NOR FERU	119,863	17,123	34,247	171,233	136,336
6	43 MASTAS ESTUARDO	ICA	POPULAR	99,142	21,013	30,021	150,176	120,151
7	65 CRIADERO LA MAESTRANZA	LIMA	FIN.CREDITO	100,000	17,260	60,740	177,000	137,000
8	32 GUTIERREZ RICARDO	AREQUIPA	CONTINENTAL	82,314	11,831	23,661	113,806	94,345
9	42 HERRERA RICARDO	AREQUIPA	CONTINENTAL	82,140	11,734	23,463	117,343	93,575
10	14 CHIRINOS ALFREDO	AREQUIPA	CONTINENTAL	82,006	11,715	23,430	117,151	93,721
11	78 BALLON L.MARIA	AREQUIPA	CONTINENTAL	78,858	12,521	33,919	125,298	91,330
12	77 BALLON B. ISABEL	AREQUIPA	CONTINENTAL	78,858	11,265	22,531	112,654	90,124
13	79 EL ANGEL REC.Y ENG.GAN.	AREQUIPA	DEL SUR	78,199	11,223	22,326	111,748	89,413
14	66 ISACENA JORGE	TACNA	DEL SUR	75,773	11,829	31,223	118,825	87,662
15	60 GASCO EDUARDO	AREQUIPA	CONTINENTAL	74,355	10,625	21,263	106,243	84,973
16	3 NOVOA ALVARO CAFARO J.	AREQUIPA	CONTINENTAL	68,472	13,231	51,054	132,506	91,733
17	43 AGRO INDUSTRIAL S.A.	AREQUIPA	CONTINENTAL	69,819	11,150	30,534	111,503	80,363
18	57 CABALLERO DE CABRERA T.	AREQUIPA	CONTINENTAL	69,033	9,963	20,573	99,569	73,031
19	55 MORRISON MARIO	AREQUIPA	CONTINENTAL	69,033	9,927	20,353	99,313	73,031
20	60 PORTUGAL TERESA	AREQUIPA	CONTINENTAL	69,033	9,917	20,163	99,113	73,031
21	58 CABALLERO CLAUDIO	AREQUIPA	CONTINENTAL	69,033	9,856	19,533	98,422	73,031
22	33 WAGNER JURGEN HANS	AREQUIPA	CONTINENTAL	65,271	10,552	23,653	105,476	73,323
23	22 ARAPAYO ALBERTO	AREQUIPA	INTERBANC	61,025	13,247	12,307	87,179	74,272
24	33 NORIEGA JOSE LUIS	AREQUIPA	POPULAR	56,763	15,923	26,515	109,201	72,710
25	39 LAS PALMERAS	TUMES	REG.NORTE	63,406	9,033	13,116	85,555	72,484
26	36 CHIRINOS MARIO	AREQUIPA	CONTINENTAL	61,721	9,850	17,331	89,302	70,571
27	1 SABINO POSTIGO	TACNA	FINSUR	60,223	9,814	13,512	83,549	63,142
28	25 SANCHEZ GONZALO	AREQUIPA	CREDITO	58,354	9,403	16,316	84,073	67,232
29	11 PRIME JULIAN	PUNO	FINSUR	54,415	9,371	20,923	84,709	62,737
30	36 LEON F.CARLOS	PIURA	REG.NORTE	53,555	7,651	15,302	76,508	61,216
31	37 LEON F.MARTIN	PIURA	REG.NORTE	53,555	7,651	15,302	76,508	61,216
32	30 ZIMEMAN GUILLERMO	AREQUIPA	CONTINENTAL	53,305	7,615	15,233	76,153	61,230
33	44 BUENO JUAN	AREQUIPA	CONTINENTAL	46,135	10,533	46,723	103,391	53,374
34	45 ORTIZ DE ZEVALLOS C.	AREQUIPA	CONTINENTAL	45,436	10,149	42,304	101,433	53,334
35	33 SORDILLO JORGE	AREQUIPA	INTERBANC	47,943	10,403	10,141	68,487	53,337
36	67 CONQUILLA FEDERICO	AREQUIPA	CONTINENTAL	49,335	9,751	23,373	82,459	53,133
37	50 HERRERA JAIME	AREQUIPA	CONTINENTAL	47,734	6,526	13,333	67,593	51,311
38	4 NUÑOZ NAVAR FRANC.	AREQUIPA	FINSUR	44,263	6,410	12,314	63,087	51,273
39	62 HUERTAS ENRIQUE	AREQUIPA	INTERBANC	42,733	6,550	16,147	65,430	43,343
40	53 CHIRINOS CONSTANTINO	AREQUIPA	CONTINENTAL	42,373	6,033	12,161	60,567	43,432
41	13 HUACO HUACO HUBO	AREQUIPA	FINSUR	41,446	5,321	11,342	58,109	47,337

42	52 LOPEZ EDGARDO	AREQUIPA	CONTINENTAL	40,784	5,826	11,653	59,253	46,510
43	16 DAVILA GUILLERMO	AREQUIPA	FINSUR	39,174	5,453	10,906	54,533	45,627
44	13 MEDRANO ISAIAS	AREQUIPA	DEL SUR	36,363	5,623	11,246	53,232	41,956
45	40 BONAZZI RAFAELA	LIMA	FIN.CREDITO	36,469	5,210	10,420	52,099	41,679
46	75 VIZCARDO JAVIER	AREQUIPA	CREDITO	31,822	7,728	5,912	45,462	39,550
47	51 OLACHEA MANUEL	AREQUIPA	DEL SUR	33,703	4,848	9,774	48,325	35,550
48	10 PASTOR VILCA JUSTO	AREQUIPA	CONTINENTAL	30,979	6,951	21,591	69,511	37,950
49	25 GARCIA DE HUACO G.	AREQUIPA	POPULAR	30,598	4,370	8,729	43,697	34,955
50	24 GARCIA GONZALO	AREQUIPA	POPULAR	28,994	4,133	9,267	41,334	33,127
51	54 GALLEGOS RONALD	AREQUIPA	CREDITO	27,095	5,645	11,155	43,894	32,733
52	37 ALVAREZ JULIO	AREQUIPA	CONTINENTAL	26,746	5,949	25,997	58,492	32,395
53	17 CORZO BUSTAMANTE CARLOS	AREQUIPA	POPULAR	29,006	3,058	7,716	39,780	32,064
54	33 AGROPECUARIA PICARO	AREQUIPA	CREDITO	26,061	3,723	7,446	37,230	29,754
55	18 RAMOS EDUARDO	AREQUIPA	INTERBANC	23,687	3,541	9,193	35,410	27,227
56	47 SAN MARTIN ALEJANDRO	MOQUEGUA	POPULAR	23,727	3,390	6,779	33,896	27,117
57	21 POME HERRERA SERGIO	AREQUIPA	INTERBANC	23,173	3,464	9,004	34,641	26,637
58	72 JUZMAN AURORA	AREQUIPA	INTERBANC	19,677	6,887	2,952	29,516	26,564
59	81 PIAGGIO ALBERTO, FAUSTO	LIMA	CREDITO	19,528	5,579	2,790	27,897	25,197
60	34 VALER FERNAN	AREQUIPA	CONTINENTAL	19,360	2,894	6,687	29,341	22,254
61	46 CANO DE CHARENUI	AREQUIPA	DEL SUR	19,042	2,737	5,553	27,371	21,775
62	19 CHIRINOS GONZALO	AREQUIPA	POPULAR	16,598	4,739	2,370	23,697	21,327
63	27 REBOREDO DE DEBAKEY DELILIMA	LIMA	INTERFIP	17,462	2,495	4,989	24,945	19,956
64	61 BEGAZO UBALDO	AREQUIPA	INTERBANC	16,779	2,961	4,441	24,191	19,729
65	30 MEZA LUIS	AREQUIPA	DEL SUR	17,139	2,448	4,897	24,484	19,587
66	64 PINO PORTUGAL ANGEL	TACNA	FINSUR	16,967	2,234	4,848	24,049	19,201
67	7 SEBASTIANI ALVARO	AREQUIPA	FINSUR	15,759	2,476	6,528	24,753	19,226
68	12 GONZALES TIPZO	AREQUIPA	INTERBANC	15,674	2,417	6,090	24,171	19,091
69	49 CARBAJAL ANGEL	AREQUIPA	DEL SUR	15,793	2,259	4,510	22,562	19,052
70	9 KING CRUZADO AUGUSTO	LIBERTAD	NOR PERU	14,817	2,117	4,233	21,166	16,333
71	84 VALDIVIA ALFONSO	TACNA	FINSUR	13,433	1,919	3,823	19,189	15,352
72	76 SUSTAMANTE CARLOS	AREQUIPA	POPULAR	12,439	1,777	3,554	17,769	14,216
73	41 ALCAZAR JOSE	AREQUIPA	CONTINENTAL	11,734	1,690	3,473	16,897	13,424
74	23 RODRIGUEZ EDUARDO	AREQUIPA	DEL SUR	11,698	1,671	3,342	16,711	13,363
75	5 DEL CARPIO EDUARDO	AREQUIPA	FINSUR	11,445	1,635	3,270	16,351	13,059
76	8 SALAZAR GUIDO	AREQUIPA	CONTINENTAL	11,182	1,597	3,195	15,974	12,760
77	31 SAAVEDRA TEODORO	PIURA	DEL NORTE	10,555	2,027	2,456	15,079	12,592
78	65 RUIZ ALEJANDRO	LIBERTAD	NOR PERU	9,456	2,123	2,162	13,740	11,579
79	6 ALVAREZ FELIPE	AREQUIPA	DEL SUR	9,499	1,965	8,123	19,597	11,464
80	74 CARRASCO BENITO	AREQUIPA	DEL SUR-	9,901	1,415	2,629	14,145	11,316
81	28 ALJOVIN RAFAEL	LIMA	SUDAMERICANA	9,642	1,292	2,593	12,917	10,933
82	2 VILLALOBOS AMADEO	AREQUIPA	DEL SUR	8,832	1,262	2,523	12,617	10,094
83	73 VALENCIA ALONSO	AREQUIPA	DEL SUR	8,253	1,179	2,358	11,790	9,432
84	55 RIVERA DE MARTINEZ NANCY	PIURA	REG.NORTE	6,769	1,436	6,544	14,749	8,205
85	69 ZAMBRANO JUAN	AREQUIPA	DEL SUR	5,744	821	1,641	8,205	6,564
86	20 FEBRES CATERIANO JOSE	AREQUIPA	FINSUR	5,702	815	1,629	8,146	6,517
87	56 AFAZA CONSTANTINO	AREQUIPA	CONTINENTAL	5,182	941	1,492	7,615	6,123
88	63 TEJADA EMILIO	AREQUIPA	DEL SUR	5,070	780	1,950	7,800	5,250
89	29 GAMIO DIAZ ALBERTP	AREQUIPA	DEL SUR	4,786	684	1,367	6,837	5,470
90	85 GONZALES ANA	AREQUIPA	DEL SUR	4,007	599	1,339	5,944	4,606
TOTAL				4,253,079	679,552	1,536,456	6,523,033	4,341,832
AVERAGE				47,362	7,539	17,627	72,534	54,967

LIST OF PROJECTS BY DEPARTMENT

AS OF JANUARY 31, 1985

US DOLLARS AT TIME OF DISBURSEMENT

OP.No	NAME	DEPARTMENT	I.C.I.	PRIDA	I.C.I. SUB-BORROWER	TOTAL	LOAN	
1	32 GUTIERREZ RICARDO	AREQUIPA	CONTINENTAL	62,814	11,891	29,661	116,306	84,645
2	42 HERRERA RICARDO	AREQUIPA	CONTINENTAL	82,140	11,734	29,469	117,343	89,675
3	14 CHIRINOS ALFREDO	AREQUIPA	CONTINENTAL	62,006	11,715	29,490	117,151	89,721
4	78 BALLON L. MARIA	AREQUIPA	CONTINENTAL	78,853	12,521	39,319	125,133	91,390
5	77 BALLON B. ISABEL	AREQUIPA	CONTINENTAL	78,858	11,265	22,531	112,655	90,124
6	79 EL ANGEL REC.Y ENG.SAN.	AREQUIPA	DEL SUR	78,199	11,223	22,926	111,739	89,419
7	80 GASCO EDUARDO	AREQUIPA	CONTINENTAL	74,355	10,625	21,263	106,246	84,975
8	3 NOVOA ALVARO CAPARO J.	AREQUIPA	CONTINENTAL	68,472	13,291	51,054	132,806	91,759
9	43 AGRO INDUSTRIAL S.A.	AREQUIPA	CONTINENTAL	69,819	11,150	30,534	111,503	80,959
10	57 CABALLERO DE CABRERA T.	AREQUIPA	CONTINENTAL	69,089	9,963	20,579	99,629	79,051
11	59 MORRISON MARIO	AREQUIPA	CONTINENTAL	69,088	9,927	20,359	99,374	79,015
12	60 PORTUGAL TERESA	AREQUIPA	CONTINENTAL	69,088	9,917	20,169	99,174	79,015
13	53 CABALLERO CLAUDIO	AREQUIPA	CONTINENTAL	69,088	9,866	19,860	98,863	79,974
14	88 WAGNER JURGEN HANS	AREQUIPA	CONTINENTAL	63,271	10,552	29,655	103,477	75,323
15	22 ARAYAYO ALBERTO	AREQUIPA	INTERBANC	61,025	13,247	12,907	87,179	74,272
16	83 NORIEGA JOSE LUIS	AREQUIPA	POPULAR	56,729	15,923	36,515	109,225	72,710
17	36 CHIRINOS MARIO	AREQUIPA	CONTINENTAL	61,721	9,650	17,951	89,322	70,571
18	26 SANCHEZ GONZALO	AREQUIPA	CREDITO	59,854	8,408	16,816	84,076	67,232
19	90 ZIMEMAN GUILLERMO	AREQUIPA	CONTINENTAL	53,305	7,615	19,239	76,159	61,320
20	44 BUENO JUAN	AREQUIPA	CONTINENTAL	48,125	10,539	46,720	105,394	69,674
21	45 ORTIZ DE ZEVALLOS C.	AREQUIPA	CONTINENTAL	48,436	10,149	42,904	101,489	69,564
22	38 GORDILLO JORGE	AREQUIPA	INTERBANC	47,948	10,408	10,141	68,498	69,657
23	67 COAGUILLA FEDERICO	AREQUIPA	CONTINENTAL	49,385	8,751	29,376	87,512	69,196
24	50 HERRERA JAIME	AREQUIPA	CONTINENTAL	47,784	6,826	19,659	69,269	64,610
25	4 NUÑOZ NAJAR FRANC.	AREQUIPA	FINSUR	44,868	6,410	12,914	64,192	61,273
26	62 HUERTAS ENRIQUE	AREQUIPA	INTERBANC	42,799	6,550	16,147	65,496	69,649
27	53 CHIRINOS CONSTANTINO	AREQUIPA	CONTINENTAL	42,373	6,059	12,161	60,593	49,492
28	15 HUACO HUACO HUGO	AREQUIPA	FINSUR	41,446	5,921	11,642	59,009	47,067
29	52 LOPEZ EDGARDO	AREQUIPA	CONTINENTAL	40,784	5,926	11,653	59,263	46,610
30	16 DAVILA GUILLERMO	AREQUIPA	FINSUR	38,174	5,453	10,906	54,533	49,627
31	13 MEDRANO ISAIAS	AREQUIPA	DEL SUR	36,363	5,623	11,246	53,232	41,956
32	75 VIZCARRO JAVIER	AREQUIPA	CREDITO	31,822	7,728	5,912	45,462	39,590
33	51 CLAECHEA MANUEL	AREQUIPA	DEL SUR	33,703	4,846	9,774	48,325	39,551
34	10 PASTOR VILCA JUSTO	AREQUIPA	CONTINENTAL	39,979	6,351	31,591	69,911	37,930
35	25 GARCIA DE HUACO G.	AREQUIPA	POPULAR	30,599	4,370	9,739	44,708	34,959
36	24 GARCIA GONZALO	AREQUIPA	POPULAR	29,994	4,133	3,267	41,394	31,127
37	54 GALLEGOS RONALD	AREQUIPA	CREDITO	27,095	5,645	11,155	43,895	32,739
38	37 ALVAPEZ JULIO	AREQUIPA	CONTINENTAL	26,746	5,349	25,937	58,032	32,539
39	17 CORZO BUSTAMANTE CARLOS	AREQUIPA	POPULAR	29,006	3,059	7,716	39,781	32,184
40	33 AEROPEDLARIA PICARO	AREQUIPA	CREDITO	26,061	3,723	7,446	37,230	29,734
41	18 RAMOS EDUARDO	AREQUIPA	INTERBANC	23,657	3,541	8,133	35,331	27,227
42	21 POME HERRERA SERGIO	AREQUIPA	INTERBANC	23,173	3,464	3,304	34,941	26,637

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43	72 JUZMAN AURORA	AREQUIPA	INTERBANC	19,677	6,887	2,952	23,516	26,534	
44	34 VALER FERNAN	AREQUIPA	CONTINENTAL	19,360	2,894	6,687	28,941	22,254	
45	46 CANO DE CHABENIU	AREQUIPA	DEL SUR	19,042	2,737	5,593	27,371	21,778	
46	19 CHIRINDS GONZALO	AREQUIPA	POPULAR	16,588	4,739	2,370	23,697	21,327	
47	61 BESAZO UBALDO	AREQUIPA	INTERBANC	16,779	2,961	4,441	24,181	19,733	
48	30 MEZA LUIS	AREQUIPA	DEL SUR	17,139	2,448	4,897	24,484	19,597	
49	7 SEBASTIANI ALVARO	AREQUIPA	FINSUR	15,759	2,476	6,528	24,763	19,236	
50	12 GONZALES TIRZO	AREQUIPA	INTERBANC	15,674	2,417	6,080	24,171	18,891	
51	49 CARBAJAL ANGEL	AREQUIPA	DEL SUR	15,793	2,259	4,510	22,562	19,052	
52	76 BUSTAMANTE CARLOS	AREQUIPA	POPULAR	12,439	1,777	3,554	17,769	14,216	
53	41 ALCAZAR JOSE	AREQUIPA	CONTINENTAL	11,734	1,690	3,473	16,897	13,424	
54	23 RODRIGUEZ EDUARDO	AREQUIPA	DEL SUR	11,698	1,671	3,342	16,711	13,369	
55	5 DEL CARPIO EDUARDO	AREQUIPA	FINSUR	11,445	1,635	3,270	16,351	13,090	
56	8 SALAZAR GUIDO	AREQUIPA	CONTINENTAL	11,182	1,597	3,195	15,974	12,789	
57	6 ALVAREZ FELIPE	AREQUIPA	DEL SUR	9,499	1,965	9,123	19,587	11,464	
58	74 CARRASCO BENITO	AREQUIPA	DEL SUR	9,901	1,415	2,829	14,145	11,316	
59	2 VILLALOBOS AMADEO	AREQUIPA	DEL SUR	8,832	1,262	2,523	12,617	10,094	
60	73 VALENCIA ALONSO	AREQUIPA	DEL SUR	8,253	1,179	2,359	11,791	9,432	
61	69 ZAMBRANO JUAN	AREQUIPA	DEL SUR	5,744	921	1,641	8,205	6,554	
62	20 FEBRES CATERIANO JOSE	AREQUIPA	FINSUR	5,702	815	1,623	8,146	6,557	
63	56 APAZA CONSTANTINO	AREQUIPA	CONTINENTAL	5,182	941	1,492	7,615	6,123	
64	63 TEJADA EMILIO	AREQUIPA	DEL SUR	5,070	780	1,950	7,800	5,850	
65	29 GAMIO DIAZ ALBERTP	AREQUIPA	DEL SUR	4,786	684	1,367	6,837	5,470	
66	85 GONZALES ANA	AREQUIPA	DEL SUR	4,007	599	1,338	5,944	4,606	
				SUB-TOTAL	2,450,460	409,109	960,514	3,811,083	2,850,570
				AVERAGE	37,128	6,062	14,553	57,744	43,190
OP.	66			% OF TOTAL	57.48%	58.97%	60.54%	58.32%	57.62%
				<hr/>					
1	48 MASIAS ESTUARDO	ICA	POPULAR	99,142	21,018	90,021	210,182	120,161	
				SUB-TOTAL	99,142	21,018	90,021	210,182	120,161
				AVERAGE	99,142	21,018	90,021	210,182	120,161
OP.	1			% OF TOTAL	2.33%	3.10%	5.67%	3.22%	2.43%
				<hr/>					
1	39 MORAVA DISTRIBUIDORA	LIBERTAD	NOR PERU	359,112	51,302	102,602	513,016	410,414	
2	71 AVICOLA EL ROCIO	LIBERTAD	NOR PERU	119,863	17,123	34,247	171,233	136,996	
3	9 KONG CRUZADO AUGUSTO	LIBERTAD	NOR PERU	14,817	2,117	4,233	21,166	16,933	
4	65 RUIZ ALEJANDRO	LIBERTAD	NOR PERU	9,456	2,123	2,162	13,740	11,573	
				SUB-TOTAL	503,247	72,665	143,243	719,155	575,917
				AVERAGE	125,812	18,166	35,811	179,789	143,978
OP.	4			% OF TOTAL	11.80%	10.71%	9.03%	11.02%	11.65%
				<hr/>					
1	70 NEGOC. PECUAR. SANT. PAT.	LIMA	CREDITO	239,065	34,152	68,305	341,522	273,217	
2	35 GRANJA ESMERALDA	LIMA	SUDAMERICANA	183,281	26,193	52,366	261,840	209,464	
3	68 CRIADERO LA MAESTRANZA	LIMA	FIN. CREDITO	100,000	17,860	60,740	178,600	117,330	
4	40 BONAZZI RAFAELA	LIMA	FIN. CREDITO	36,469	5,210	10,420	52,099	41,679	
5	81 PIAGGIO ALBERTO, FAUSTO	LIMA	CREDITO	19,528	5,579	2,790	27,937	25,107	
6	27 REBOREDO DE DESAKEY DELILIMA	LIMA	INTERFIP	17,462	2,495	4,929	24,945	19,356	
7	28 ALJOVIN RAFAEL	LIMA	SUDAMERICANA	9,042	1,292	2,593	12,927	10,332	
				SUB-TOTAL	604,846	92,770	202,193	999,609	837,416
				AVERAGE	66,407	13,253	22,955	122,544	93,047

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OP.	7		% OF TOTAL	14.19%	13.67%	12.74%	13.73%	14.12%
1	47 SAN MARTIN ALEJANDRO	MOQUEGUA	POPULAR	23,727	3,390	6,779	33,896	27,117
			SUB-TOTAL	23,727	3,390	6,779	33,896	27,117
			AVERAGE	23,727	3,390	6,779	33,896	27,117
			% OF TOTAL	0.56%	0.50%	0.43%	0.52%	0.53%
OP.	1							
1	86 LEON F. CARLOS	PIURA	REG. NORTE	53,555	7,651	15,302	76,508	61,216
2	87 LEON F. MARTIN	PIURA	REG. NORTE	53,555	7,651	15,302	76,508	61,216
3	81 SAAVEDRA TEODORO	PIURA	DEL NORTE	10,555	2,027	2,496	15,078	12,532
4	85 RIVERA DE MARTINEZ NANCY	PIURA	REG. NORTE	6,769	1,436	6,544	14,749	8,115
			SUB-TOTAL	124,434	18,765	39,644	182,843	143,189
			AVERAGE	31,109	4,691	9,911	45,711	35,797
			% OF TOTAL	2.92%	2.77%	2.50%	2.83%	2.80%
OP.	4							
1	11 PRIME JULIAN	PUNO	FINSUR	54,415	8,371	20,926	83,712	62,787
			SUB-TOTAL	54,415	8,371	20,926	83,712	62,787
			AVERAGE	54,415	8,371	20,926	83,712	62,787
			% OF TOTAL	1.28%	1.23%	1.32%	1.22%	1.27%
OP.	1							
1	66 IBARCENA JORGE	TACNA	DEL SUR	75,773	11,889	31,229	119,891	87,662
2	1 SABINO POSTIGO	TACNA	FINSUR	60,228	8,814	19,512	87,554	63,042
3	64 PINO PORTUGAL ANGEL	TACNA	FINSUR	16,967	2,234	4,648	23,849	19,201
4	84 VALDIVIA ALFONSO	TACNA	FINSUR	13,433	1,919	3,339	19,189	15,352
			SUB-TOTAL	166,400	24,856	58,728	249,984	185,257
			AVERAGE	41,600	6,214	14,682	62,421	46,314
			% OF TOTAL	3.90%	3.66%	3.62%	3.82%	3.57%
OP.	4							
1	82 PARACAS S.A.	TUMES	DEL SUR	173,000	27,550	46,593	247,143	201,550
2	89 LAS PALMERAS	TUMES	REG. NORTE	63,406	9,058	19,116	91,580	72,484
			SUB-TOTAL	236,406	36,608	64,709	337,723	274,034
			AVERAGE	118,203	18,304	32,355	168,862	137,017
			% OF TOTAL	5.55%	5.40%	4.82%	5.17%	5.82%
OP.	2							
			TOTAL	4,263,079	678,552	1,536,455	6,528,086	4,941,632
			AVERAGE	47,368	7,539	17,627	72,534	54,317

P R I D A

REPORT No. 3

LIST OF PROJECTS BY I.C.I

AS OF JANUARY 31 1985

US DOLLARS AT TIME OF DISBURSEMENT

DP.No	NAME	DEPARTMENT	I.C.I.	PRIDA	I.C.I.	SUB-BORROWER	TOTAL	LOAN
1	32 GUTIERREZ RICARDO	AREQUIPA	CONTINENTAL	82,814	11,621	23,661	118,096	94,645
2	42 HERRERA RICARDO	AREQUIPA	CONTINENTAL	82,140	11,734	23,469	117,343	93,875
3	14 CHIRINOS ALFREDO	AREQUIPA	CONTINENTAL	82,006	11,715	23,430	117,151	93,721
4	79 BALLEON L.MARIA	AREQUIPA	CONTINENTAL	79,859	12,521	33,919	125,299	91,650
5	77 BALLEON B. ISABEL	AREQUIPA	CONTINENTAL	78,958	11,265	22,531	112,654	90,124
6	30 SASCO EDUARDO	AREQUIPA	CONTINENTAL	74,355	10,625	21,268	106,248	84,379
7	3 NEVDA ALVARO CAPARO J.	AREQUIPA	CONTINENTAL	69,472	13,231	51,054	132,957	91,758
9	43 AGRO INDUSTRIAL S.A.	AREQUIPA	CONTINENTAL	69,319	11,150	30,534	111,003	90,353
9	57 CABALLERO DE CABRERA T.	AREQUIPA	CONTINENTAL	69,088	9,963	20,572	99,623	79,051
10	59 MORRISIRON MARIO	AREQUIPA	CONTINENTAL	69,088	9,927	20,359	99,374	79,015
11	60 PORTUGAL TERESA	AREQUIPA	CONTINENTAL	69,088	9,917	20,169	99,174	79,005
12	59 CABALLERO CLAUDIO	AREQUIPA	CONTINENTAL	69,088	9,866	19,889	98,863	78,874
13	88 WAGNER JURGEN HANS	AREQUIPA	CONTINENTAL	65,271	10,552	29,655	105,478	75,823
14	36 CHIRINOS MARIO	AREQUIPA	CONTINENTAL	61,721	8,850	17,931	88,502	70,571
15	90 ZIMEMAN GUILLERMO	AREQUIPA	CONTINENTAL	53,305	7,615	15,230	76,150	60,920
16	44 BUENO JUAN	AREQUIPA	CONTINENTAL	48,135	10,539	46,720	105,394	82,674
17	45 ORTIZ DE ZEVALLOS C.	AREQUIPA	CONTINENTAL	48,436	10,149	42,904	101,489	82,534
18	67 COAGUILLA FEDERICO	AREQUIPA	CONTINENTAL	49,385	8,751	29,376	87,512	68,136
19	50 HERRERA JAIME	AREQUIPA	CONTINENTAL	47,784	6,826	13,653	68,263	50,410
20	53 CHIRINOS CONSTANTINO	AREQUIPA	CONTINENTAL	42,373	6,059	12,161	60,593	48,422
21	52 LOPEZ EDUARDO	AREQUIPA	CONTINENTAL	40,784	5,826	11,653	58,263	46,610
22	10 PASTOR VILCA JUSTO	AREQUIPA	CONTINENTAL	30,979	6,951	31,551	69,511	37,930
23	37 ALVAREZ JULIO	AREQUIPA	CONTINENTAL	26,746	5,849	25,897	58,492	32,535
24	34 VALER FERNAN	AREQUIPA	CONTINENTAL	19,360	2,894	6,637	28,941	22,254
25	41 ALCAZAR JOSE	AREQUIPA	CONTINENTAL	11,734	1,690	3,473	16,897	13,424
26	8 SALAZAR GUIDO	AREQUIPA	CONTINENTAL	11,182	1,537	3,135	15,854	12,750
27	56 APAZA CONSTANTINO	AREQUIPA	CONTINENTAL	5,182	941	1,492	7,615	6,123

SUB-TOTAL	1,456,051	226,958	602,364	2,285,373	1,684,359
AVERAGE	53,928	8,478	22,310	64,716	52,406
% OF TOTAL	34.15%	33.73%	37.97%	35.04%	34.15%

DP. = 27

1	70 NEGOC. PECUAR. SANT. PAT.	LIMA	CREDITO	239,065	34,152	68,305	341,522	273,217
2	26 SANCHEZ GONZALO	AREQUIPA	CREDITO	58,854	8,408	16,816	84,078	67,262
3	75 VIZCARRO JAVIER	AREQUIPA	CREDITO	21,922	7,728	5,912	45,462	33,550
4	54 GALLEGOS RONALD	AREQUIPA	CREDITO	27,095	5,645	11,155	43,895	32,769
5	33 AGROPECUARIA PICARO	AREQUIPA	CREDITO	26,061	3,723	7,446	37,230	29,734
6	81 PIAGGIO ALBERTO, FAUSTO	LIMA	CREDITO	19,528	5,579	2,730	27,837	23,107

SUB-TOTAL	402,425	65,235	112,423	580,083	467,660
AVERAGE	67,071	10,872	18,737	96,680	77,943
% OF TOTAL	9.44%	9.61%	7.09%	25.85%	27.75%

DP. = 6

1	31 SAAVEDRA TEDDRO	PIURA	DEL NORTE	10,555	2,027	2,496	15,079	12,552	
				SUB-TOTAL	10,555	2,027	2,496	15,079	12,552
				AVERAGE	10,555	2,027	2,496	15,079	12,552
OP. =	1			% OF TOTAL	0.25%	0.30%	0.16%	0.23%	0.25%

1	32 PARACAS S.A.	TUMES	DEL SUR	173,000	27,550	42,533	247,043	200,553	
2	79 EL ANGEL REC.Y ENG.SAN.	AREQUIPA	DEL SUR	79,139	11,223	22,326	111,738	89,419	
3	66 ISARCENA JORGE	TACNA	DEL SUR	75,773	11,399	31,229	118,391	97,662	
4	13 MEDRANO ISAIAS	AREQUIPA	DEL SUR	36,363	5,623	12,246	55,232	45,336	
5	51 OLACHEA MANUEL	AREQUIPA	DEL SUR	33,703	4,846	3,774	43,323	33,550	
6	48 CRUZ DE CRISTENIU	AREQUIPA	DEL SUR	19,042	2,737	5,533	27,312	21,775	
7	30 MEZA LUIS	AREQUIPA	DEL SUR	17,133	2,443	4,337	24,913	19,557	
8	43 CARBAJAL ANGEL	AREQUIPA	DEL SUR	15,733	2,233	4,513	22,479	18,152	
9	23 RODRIGUEZ EDUARDO	AREQUIPA	DEL SUR	11,633	1,671	3,342	16,746	13,333	
10	6 ALVAREZ FELIPE	AREQUIPA	DEL SUR	9,433	1,363	3,123	13,919	11,433	
11	74 CARRASCO BENITO	AREQUIPA	DEL SUR	9,301	1,413	2,323	13,037	11,313	
12	2 VIELALOBOS AMADEO	AREQUIPA	DEL SUR	8,832	1,232	2,523	12,587	10,034	
13	73 VALENCIA ALONSO	AREQUIPA	DEL SUR	8,233	1,173	2,333	11,739	9,432	
14	69 ZAMBRANO JUAN	AREQUIPA	DEL SUR	5,744	821	1,641	8,207	6,564	
15	63 TEJADA EMILIO	AREQUIPA	DEL SUR	5,070	790	1,330	7,190	5,650	
16	29 GAMIO DIAZ ALBERTO	AREQUIPA	DEL SUR	4,786	664	1,367	6,817	5,476	
17	55 GONZALES ANA	AREQUIPA	DEL SUR	4,007	533	1,333	6,344	4,906	
				SUB-TOTAL	516,732	73,952	161,633	757,333	633,744
				AVERAGE	30,400	4,644	9,533	44,532	38,044
OP. =	17			% OF TOTAL	12.12%	11.54%	10.12%	11.83%	12.12%

1	69 CRIADERO LA MAESTRANZA	LIMA	FIN.CREDITO	100,000	17,860	63,740	173,600	147,860	
2	43 BOLAÑOS PAOLA	LIMA	FIN.CREDITO	36,469	5,210	13,420	52,099	41,679	
				SUB-TOTAL	136,469	23,070	77,160	225,699	189,539
				AVERAGE	68,235	11,535	38,580	112,849	94,770
OP. =	2			% OF TOTAL	3.20%	3.40%	4.42%	5.52%	5.32%

1	1 SABINO POSTIGO	TACNA	FINSUR	63,223	8,314	19,512	87,559	69,342	
2	11 PRIME JULIAN	PUNO	FINSUR	54,415	8,371	20,326	83,112	62,737	
3	4 NUÑOZ NAJAR FRANC.	AREQUIPA	FINSUR	44,963	6,410	12,314	64,692	51,273	
4	15 HUACO HUACO HUGO	AREQUIPA	FINSUR	41,446	5,321	11,342	58,109	47,367	
5	16 DAVALA GUILLERMO	AREQUIPA	FINSUR	39,174	5,453	10,306	54,933	43,527	
6	64 PINO PORTUGAL ANGEL	TACNA	FINSUR	16,357	2,234	4,343	23,934	19,011	
7	7 SEBASTIANI ALVARO	AREQUIPA	FINSUR	15,753	2,476	6,523	24,752	19,333	
8	64 VALDIVIA ALFONSO	TACNA	FINSUR	13,433	1,319	3,333	18,133	13,332	
9	5 DEL CARPIO EDUARDO	AREQUIPA	FINSUR	11,445	1,635	3,270	16,350	12,633	
10	20 FEBRES CATERIANO JOSE	AREQUIPA	FINSUR	5,702	315	1,623	7,640	5,817	
				SUB-TOTAL	302,433	44,042	95,113	441,599	346,433
				AVERAGE	30,244	4,405	9,511	44,160	34,643
OP. =	10			% OF TOTAL	7.13%	6.43%	6.13%	6.73%	7.13%

1	22 APAYAO ALBERTO	AREQUIPA	INTERBANC	61,025	13,247	12,307	87,579	74,272
2	38 BORDILLO JORGE	AREQUIPA	INTERBANC	47,343	10,403	11,141	68,887	58,357

3	62 HUERTAS ENRIQUE	AREQUIPA	INTERBANC	42,799	6,550	16,147	65,495	49,349	
4	18 RAMOS EDUARDO	AREQUIPA	INTERBANC	23,697	3,541	8,193	35,431	27,227	
5	21 POME HERRERA SERGIO	AREQUIPA	INTERBANC	23,173	3,464	8,004	34,641	26,637	
6	72 JUZMAN AURORA	AREQUIPA	INTERBANC	19,677	6,867	2,952	29,516	28,564	
7	61 BEGAZO UBALDO	AREQUIPA	INTERBANC	16,773	2,961	4,441	24,175	19,739	
8	12 GONZALES TIRZO	AREQUIPA	INTERBANC	15,674	2,417	6,090	24,171	19,091	
				SUB-TOTAL	250,762	49,475	68,955	369,091	308,237
				AVERAGE	31,345	6,184	8,607	46,136	37,530
				% OF TOTAL	5.82%	7.23%	4.34%	5.65%	6.33%
OP. =	8								
1	27 REBOREDO DE DEBAKEY DELILIMA		INTERFIP	17,462	2,495	4,929	24,945	19,956	
				SUB-TOTAL	17,462	2,495	4,929	24,945	19,956
				AVERAGE	17,462	2,495	4,929	24,945	19,956
				% OF TOTAL	0.41%	0.37%	0.31%	0.32%	0.40%
OP. =	1								
1	39 MORAYA DISTRIBUIDORA	LIBERTAD	NOR PERU	359,112	51,302	102,602	513,016	410,414	
2	71 AVICOLA EL ROCIO	LIBERTAD	NOR PERU	119,863	17,123	34,247	171,233	136,356	
3	9 KING CRUZADO AUGUSTO	LIBERTAD	NOR PERU	14,817	2,117	4,233	21,167	16,933	
4	65 RUIZ ALEJANDRO	LIBERTAD	NOR PERU	9,456	2,123	2,162	13,740	11,579	
				SUB-TOTAL	503,247	72,665	143,243	719,155	575,312
				AVERAGE	125,812	18,166	35,811	179,789	143,828
				% OF TOTAL	11.80%	10.71%	9.02%	11.02%	11.63%
OP. =	4								
1	48 MASIAS ESTUARDO	ICA	POPULAR	99,142	21,018	90,021	210,182	120,161	
2	83 NORIEGA JOSE LUIS	AREQUIPA	POPULAR	56,789	15,923	26,515	159,225	72,720	
3	25 GARCIA DE HUACO G.	AREQUIPA	POPULAR	30,588	4,370	8,739	43,697	34,358	
4	24 GARCIA GONZALO	AREQUIPA	POPULAR	28,994	4,133	8,267	41,394	33,227	
5	17 CORZO BUSTAMANTE CARLOS	AREQUIPA	POPULAR	29,006	3,059	7,715	39,780	32,084	
6	47 SAN MARTIN ALEJANDRO	MOQUEGUA	POPULAR	23,727	3,390	6,779	33,896	27,117	
7	19 CHIRINOS GONZALO	AREQUIPA	POPULAR	16,589	4,739	2,370	23,697	21,327	
8	76 BUSTAMANTE CARLOS	AREQUIPA	POPULAR	12,439	1,777	3,554	17,769	14,218	
				SUB-TOTAL	297,271	58,408	213,961	569,640	355,679
				AVERAGE	37,159	7,301	26,745	71,205	44,460
				% OF TOTAL	6.97%	8.61%	13.48%	8.72%	7.20%
OP. =	8								
1	89 LAS PALMERAS	TUMES	REG.NORTE	63,406	9,058	18,118	90,582	72,464	
2	86 LEON F. CARLOS	PIURA	REG.NORTE	53,555	7,651	15,302	76,508	61,206	
3	87 LEON F. MARTIN	PIURA	REG.NORTE	53,555	7,651	15,302	76,508	61,206	
4	55 RIVERA DE MARTINEZ NANCYPIURA		REG.NORTE	6,769	1,436	5,544	14,749	9,205	
				SUB-TOTAL	177,285	25,796	52,266	258,347	203,081
				AVERAGE	44,321	6,449	13,066	64,536	50,770
				% OF TOTAL	4.16%	3.60%	3.48%	3.96%	4.11%
OP. =	4								
1	35 GRANJA ESMERALDA	LIMA	SUDAMERICANA	192,291	26,133	52,366	270,800	209,484	
2	29 ALJOVIN RAFAEL	LIMA	SUDAMERICANA	9,042	1,292	2,599	12,933	11,333	
				SUB-TOTAL	192,322	27,475	54,949	274,746	219,737
				AVERAGE	96,161	13,737	27,475	137,373	109,868

CP. = 2

% OF TOTAL 4.51% 4.05% 3.46% 4.21% 4.45%

TOTAL	4,263,079	678,532	1,536,456	6,523,039	4,341,532
AVERAGE	47,368	7,533	17,627	72,534	54,367

P R I D A

REPORT No. 4

LIST OF PROJECTS BY LOAN SIZE AND CATEGORY

AS OF JANUARY 31 1985

US DOLLARS AT TIME OF DISBURSEMENT

1000000 AND OVER
8000 TO 99,999
50000 TO 79,999
35000 TO 49,999
15000 TO 34,999
5000 TO 14,999
LESS THAN 4,999

OP.No	NAME	DEPARTMENT	I.C.I.	PRIDA	I.C.I.	SUB-BORROWER	TOTAL	LOAN
1	39 MORAYA DISTRIBUIDORA	LIBERTAD	NOR PERU	359,112	51,302	102,592	513,016	410,414
2	70 NEGOC.PECUAR.SANT.PAT.	LIMA	CREDITO	239,063	34,152	68,305	341,522	273,217
3	35 GRANJA ESMERALDA	LIMA	SUDAMERICANA	183,281	26,193	52,366	261,840	233,424
4	82 PARACAS S.A.	TUMBES	DEL SUR	173,000	27,550	46,593	247,143	200,550
5	71 AVICOLA EL ROCIO	LIBERTAD	NOR PERU	119,863	17,123	34,247	171,233	136,936
6	48 MASIAS ESTUARDO	ICA	POPULAR	99,142	21,018	90,021	210,182	120,161
7	68 CRIADERO LA MAESTRANZA	LIMA	FIN.CREDITO	100,000	17,860	60,740	178,600	117,560
SUB-TOTAL				1,273,463	195,188	454,874	1,923,526	1,463,652
AVERAGE				181,923	27,894	64,922	274,739	209,307
% OF TOTAL				29.87%	29.77%	28.67%	29.47%	29.72%
OP. =	7							
1	32 GUTIERREZ RICARDO	AREQUIPA	CONTINENTAL	82,814	11,831	23,661	119,306	94,645
2	42 HERRERA RICARDO	AREQUIPA	CONTINENTAL	82,140	11,734	23,469	117,343	93,675
3	14 CHIRINOS ALFREDO	AREQUIPA	CONTINENTAL	82,006	11,715	23,430	117,151	93,721
4	78 BALLON L.MARIA	AREQUIPA	CONTINENTAL	78,858	12,521	33,919	125,338	91,330
5	77 BALLON B. ISABEL	AREQUIPA	CONTINENTAL	78,858	11,265	22,531	112,654	83,124
6	79 EL ANGEL REC.Y ENS.SAN.	AREQUIPA	DEL SUR	78,189	11,223	22,326	111,738	89,413
7	66 ISARCOVA JORGE	TACNA	DEL SUR	75,773	11,889	31,229	119,891	97,632
8	80 SASCO EDUARDO	AREQUIPA	CONTINENTAL	74,355	10,625	21,269	106,249	84,273
9	3 NOVA ALVARO CAPARO J.	AREQUIPA	CONTINENTAL	68,472	13,281	51,054	132,806	91,753
10	43 AGRO INDUSTRIAL S.A.	AREQUIPA	CONTINENTAL	69,819	11,150	30,534	111,503	80,339
SUB-TOTAL				771,285	117,235	263,320	1,171,840	893,521
AVERAGE				77,129	11,723	26,332	117,184	89,352
% OF TOTAL				18.09%	17.29%	17.96%	17.95%	17.95%
OP. =	10							
1	57 CABALLERO DE CABRERA T.	AREQUIPA	CONTINENTAL	69,088	9,963	20,578	99,629	78,351
2	59 MORRIBIRON MARIO	AREQUIPA	CONTINENTAL	69,088	9,927	20,359	99,374	79,115
3	60 PORTUGAL TERESA	AREQUIPA	CONTINENTAL	69,088	9,917	20,169	99,174	78,805
4	58 CABALLERO CLAUDIO	AREQUIPA	CONTINENTAL	69,088	9,866	19,899	98,853	78,374
5	88 WAGNER JURGEN HANS	AREQUIPA	CONTINENTAL	65,271	10,552	29,655	105,477	75,323
6	22 ARAYAYO ALBERTO	AREQUIPA	INTERBANC	61,025	13,247	12,907	87,179	74,272
7	83 NORIEGA JOSE LUIS	AREQUIPA	POPULAR	56,789	15,923	66,515	139,227	72,710
8	89 LAS PALMERAS	TUMBES	REG.NORTE	63,406	9,059	19,116	91,581	72,464

9	36	CHIRINOS MARIO	AREQUIPA	CONTINENTAL	61,721	8,250	17,321	65,512	70,571
10	1	SABINO POSTIGO	TACNA	FINSUR	60,228	8,214	19,512	67,553	69,142
11	26	SANCHEZ GONZALO	AREQUIPA	CREDITO	58,854	6,406	16,216	64,076	67,222
12	11	PRIME JULIAN	PUNO	FINSUR	54,415	8,371	20,926	63,716	62,767
13	86	LEON F. CARLOS	PIURA	REG. NORTE	53,555	7,651	15,302	76,506	61,336
14	87	LEON F. MARTIN	PIURA	REG. NORTE	53,555	7,651	15,302	76,506	61,206
15	90	ZIMEMAN GUILLERMO	AREQUIPA	CONTINENTAL	53,305	7,615	18,230	76,150	61,320
16	44	BUENO JUAN	AREQUIPA	CONTINENTAL	49,135	10,533	46,720	105,394	69,674
17	45	ORTIZ DE ZEVALLOS C.	AREQUIPA	CONTINENTAL	48,436	10,149	42,304	101,439	69,534
18	39	BORDILLO JORGE	AREQUIPA	INTERBANC	47,346	10,408	10,141	62,499	69,657
19	67	COAGUILLA FEDERICO	AREQUIPA	CONTINENTAL	49,385	9,751	29,376	67,512	69,636
20	50	HERREERA JAIME	AREQUIPA	CONTINENTAL	47,794	6,326	19,659	63,269	61,620
21	4	NUNOZ NAJAR FRANC.	AREQUIPA	FINSUR	44,862	6,410	12,514	64,122	61,278

					SUB-TOTAL	1,205,031	199,317	506,312	1,507,760	1,413,948
					AVERAGE	57,392	9,472	23,391	71,346	66,835
					% OF TOTAL	23.27%	23.31%	31.75%	29.32%	23.41%

OP. = 21

1	62	HUERTAS ENRIQUE	AREQUIPA	INTERBANC	42,799	6,550	16,147	65,495	49,349
2	53	CHIRINOS CONSTANTINO	AREQUIPA	CONTINENTAL	42,373	6,059	12,161	60,593	49,432
3	15	HUACO HUACO HUGO	AREQUIPA	FINSUR	41,446	5,921	11,542	59,209	47,357
4	52	LOPEZ EDGARDO	AREQUIPA	CONTINENTAL	40,784	5,826	11,653	59,263	46,210
5	16	DAVILA GUILLERMO	AREQUIPA	FINSUR	39,174	5,453	10,306	54,933	49,227
6	13	MEDRANO ISAIAS	AREQUIPA	DEL SUR	36,363	5,623	11,246	53,232	41,335
7	40	BONAZZI RAFAELA	LIMA	FIN. CREDITO	36,469	5,210	10,420	52,099	41,579
8	75	VIZCARDO JAVIER	AREQUIPA	CREDITO	31,822	7,729	5,912	45,462	39,550
9	51	OLACHEA MANUEL	AREQUIPA	DEL SUR	33,703	4,848	9,774	43,325	39,550
10	10	PASTOR VILCA JUSTO	AREQUIPA	CONTINENTAL	30,979	6,951	31,531	69,461	37,330

					SUB-TOTAL	374,911	60,169	131,641	566,721	435,031
					AVERAGE	37,491	6,017	13,164	56,672	43,503
					% OF TOTAL	6.79%	9.37%	9.30%	9.33%	9.30%

OP. = 10

1	25	GARCIA DE HUACO G.	AREQUIPA	POPULAR	30,598	4,370	9,739	45,697	34,959
2	24	GARCIA GONZALO	AREQUIPA	POPULAR	29,994	4,133	9,267	43,394	33,427
3	54	GALLEGOS RONALD	AREQUIPA	CREDITO	27,095	5,645	11,155	43,895	31,739
4	37	ALVAREZ JULIO	AREQUIPA	CONTINENTAL	26,746	5,349	25,137	58,492	31,535
5	17	CORZO BUSTAMANTE CARLOS	AREQUIPA	POPULAR	29,006	3,059	7,716	39,781	32,034
6	33	AEROPEDUARIA PICARO	AREQUIPA	CREDITO	26,061	3,723	7,446	37,230	29,794
7	19	RAMOS EDUARDO	AREQUIPA	INTERBANC	23,687	3,541	3,183	30,411	27,227
8	47	SAN MARTIN ALEJANDRO	MOQUEGUA	POPULAR	23,727	3,390	6,779	33,996	27,117
9	21	POME HERRERA SERGIO	AREQUIPA	INTERBANC	23,173	3,464	3,114	34,151	23,637
10	72	JULIAN AUROPA	AREQUIPA	INTERBANC	19,677	6,337	2,952	29,016	26,594
11	31	PIAGGIO ALBERTO, FAUSTO	LIMA	CREDITO	19,523	5,579	2,730	27,832	25,117
12	34	VALER FERNAN	AREQUIPA	CONTINENTAL	19,360	2,894	6,657	29,911	22,254
13	46	CANO DE CHABENIU	AREQUIPA	DEL SUR	19,042	2,737	5,530	27,309	21,779
14	19	CHIRINOS GONZALO	AREQUIPA	POPULAR	16,598	4,739	2,370	23,697	21,327
15	27	REBOREDO DE DESAKEY DELI LIMA	LIMA	INTERFIP	17,462	2,435	4,333	24,230	19,359
16	61	BESAZO USALDO	AREQUIPA	INTERBANC	16,779	2,361	4,441	24,581	19,739
17	30	MEZA LUIS	AREQUIPA	DEL SUR	17,139	2,448	4,397	24,484	19,537
18	64	PINO PORTUSAL ANGEL	TACNA	FINSUR	16,967	2,234	4,343	24,544	19,301
19	7	SEBASTIANI ALVARO	AREQUIPA	FINSUR	15,759	2,476	6,523	24,758	19,239
20	12	GONZALES TIRZO	AREQUIPA	INTERBANC	15,674	2,417	6,135	24,226	19,119

21	49 CARBAJAL ANGEL	AREQUIPA	DEL SUR	15,793	2,259	4,510	22,562	13,032
22	9 KONG CRUZADO AUGUSTO	LIBERTAD	NOR PERU	14,817	2,117	4,233	21,167	16,933
23	84 VALDIVIA ALFONSO	TACNA	FINSUR	13,433	1,919	3,836	19,169	15,352

				SUB-TOTAL	477,092	81,335	156,940	715,367	552,427
				AVERAGE	20,743	3,536	6,823	31,103	24,279
OP. =	23			% OF TOTAL	11.19%	11.99%	9.39%	10.92%	11.80%

1	76 BUSTAMANTE CARLOS	AREQUIPA	POPULAR	12,439	1,777	3,554	17,769	14,216
2	41 ALCAZAR JOSE	AREQUIPA	CONTINENTAL	11,734	1,690	3,473	16,897	16,424
3	23 RODRIGUEZ EDUARDO	AREQUIPA	DEL SUR	11,698	1,671	3,342	16,711	13,323
4	5 DEL CARPIO EDUARDO	AREQUIPA	FINSUR	11,445	1,635	3,270	16,351	13,050
5	8 SALAZAR GUIDO	AREQUIPA	CONTINENTAL	11,182	1,597	3,195	15,974	12,761
6	31 SAAVEDRA TEGDRO	PIURA	DEL NORTE	10,555	2,027	2,496	15,078	12,552
7	65 RUIZ ALEJANDRO	LIBERTAD	NOR PERU	9,456	2,123	2,162	13,740	11,379
8	6 ALVAREZ FELIPE	AREQUIPA	DEL SUR	9,499	1,965	8,123	19,587	11,464
9	74 CARRASCO BENITO	AREQUIPA	DEL SUR	9,901	1,415	2,823	14,145	11,313
10	22 ALJOVIN RAFAEL	LIMA	SUDAMERICANA	9,042	1,292	2,588	12,927	11,333
11	2 VILLALOBOS AMADEO	AREQUIPA	DEL SUR	8,832	1,262	2,523	12,617	10,034
12	73 VALENCIA ALONSO	AREQUIPA	DEL SUR	8,253	1,179	2,258	11,730	9,432
13	55 RIVERA DE MARTINEZ NANCY	PIURA	RES. NORTE	6,769	1,436	6,544	14,749	2,215
14	69 ZAMBRANO JUAN	AREQUIPA	DEL SUR	5,744	821	1,641	9,205	6,564
15	20 FEBRES CATERIANO JOSE	AREQUIPA	FINSUR	5,702	815	1,629	8,146	6,517
16	56 APAZA CONSTANTINO	AREQUIPA	CONTINENTAL	5,182	941	1,492	7,615	6,123
17	63 TEJADA EMILIO	AREQUIPA	DEL SUR	5,070	780	1,950	7,800	5,350
18	29 GAMIO DIAZ ALBERTO	AREQUIPA	DEL SUR	4,786	684	1,367	6,337	5,470

				SUB-TOTAL	157,289	25,109	54,532	236,930	132,399
				AVERAGE	8,738	1,295	3,030	12,163	10,133
OP. =	18			% OF TOTAL	3.69%	3.70%	3.44%	3.62%	3.62%

1	85 GONZALES ANA	AREQUIPA	DEL SUR	4,007	599	1,338	5,944	4,606
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				SUB-TOTAL	4,007	599	1,338	5,944	4,606
				AVERAGE	4,007	599	1,338	5,944	4,606
OP. =	1			% OF TOTAL	0.09%	0.09%	0.02%	0.09%	0.09%

TOTAL	4,263,079	678,552	1,596,456	6,522,087	4,346,112
AVERAGE	47,368	7,529	17,627	72,534	54,217

262,605

41529.624

÷ 91 = 40,733

336,076

P R I D A

REPORT No. 3

LIST OF PROJECTS BY COLLATERAL USE TO OBTAIN CREDIT

US DOLLARS AT TIME OF DISBURSEMENT

A= URBAN PROPERTY
 B= LAND AND INSTALATION
 C= MACHINERY AND EQUIPMENT
 D= BANKING GUARANTY
 E= PERSONAL GUARANTY
 F= OTHER

COLLATERAL OP.No	NAME	I.C.I	PRIDA	I.C.I	TOTAL	PRIDA	
1	A	39 MORDIVA DISTRIBUIDORA	NOR PERU	359,112	51,802	423,926	410,414
2	A	32 GUTIERREZ RICARDO	CONTINENTAL	82,814	11,831	97,169	84,845
3	A	42 HERRERA RICARDO	CONTINENTAL	52,140	11,734	144,323	83,373
4	A	73 SALLON L.MARIA	CONTINENTAL	78,958	12,521	104,194	81,330
5	A	77 SALLON B. ISABEL	CONTINENTAL	78,853	11,265	93,394	80,124
6	A	79 EL ANGEL BER.Y ENG.SAN.	DEL SUR	78,189	11,223	97,536	83,410
7	A	59 MORRIBIRON MARIO	CONTINENTAL	69,088	9,937	85,553	73,425
8	A	60 PORTUGAL TERESA	CONTINENTAL	69,088	9,917	82,150	73,005
9	A	58 CABALLERO CLAUDIO	CONTINENTAL	69,098	9,856	83,208	73,374
10	A	88 WAGNER JUZMAN WMS	CONTINENTAL	65,271	10,552	107,403	75,323
11	A	36 CHIRINOS MARIO	CONTINENTAL	61,721	8,850	91,499	70,571
12	A	26 SANCHEZ GONZALO	CREDITO	59,854	8,408	73,342	67,262
13	A	11 PRIME JULIAN	FINSUR	54,415	8,371	74,033	62,737
14	A	53 CHIRINOS CONSTANTINO	CONTINENTAL	42,373	6,059	71,352	48,432
15	A	40 BONAGGI RAFAELA	FIN.CREDITO	36,469	5,210	53,521	41,673
16	A	25 GARCIA DE HUACO G.	POPULAR	20,538	4,370	45,333	34,333
17	A	24 GARCIA GONZALO	POPULAR	28,894	4,133	40,343	38,127
18	A	37 ALVAREZ JULIO	CONTINENTAL	26,746	5,348	40,779	32,535
19	A	18 RAMOS EDUARDO	INTERBANC	23,697	3,541	29,597	27,227
20	A	21 TOME HERRERA SERGIO	INTERBANC	23,173	3,464	28,266	26,337
21	A	72 JUZMAN AURORA	INTERBANC	13,677	6,367	34,583	28,364
22	A	34 VALER FERNAN	CONTINENTAL	19,350	2,334	35,163	22,234
23	A	27 REBOEDO DE DERKEY DELI	INTERFIP	17,462	2,485	23,233	18,333
24	A	61 SIGAZO UBALDO	INTERBANC	16,779	2,361	23,336	18,733
25	A	30 MEZA LUIS	DEL SUR	17,139	2,448	26,327	19,537
26	A	64 PINO PORTUGAL ANGEL	FINSUR	16,967	2,434	33,217	19,401
27	A	84 VALDIVIA ALFONSO	FINSUR	13,433	1,919	20,341	15,332
28	A	41 ALCAZAR JOSE	CONTINENTAL	11,734	1,690	16,309	13,424
29	A	23 RODRIGUEZ EDUARDO	DEL SUR	11,698	1,671	14,735	13,363
30	A	55 RIVERA DE MARTINEZ MARYS	NORTE	6,769	1,436	13,102	9,235
31	A	69 ZAMBRANO JUAN	DEL SUR	5,744	821	9,060	6,564
32	A	20 FEBRES CATERIANO JOSE	FINSUR	5,702	915	30,173	6,517
33	A	63 TEJADA EMILIO	DEL SUR	5,070	780	13,296	5,350
34	A,B	66 IBARCENA JORGE	DEL SUR	75,773	11,333	84,349	67,332
35	A,B	1 SABINO ROSTIGO	FINSUR	60,223	9,514	121,407	63,142
36	A,B	67 COABUILLA FEDERICO	CONTINENTAL	49,355	8,751	76,067	53,136
37	A,B	51 PIABIC ALBERTO,FAUSTO	CREDITO	19,523	5,573	51,004	23,107
38	A,B	49 CARBAVAL ANGEL	DEL SUR	15,793	2,289	28,133	13,132

39	A,B,C	74 CARRASCO BENITO	DEL SUR	9,901	1,415	112,916	11,216	
40	A,B,E	14 CHIRINOS ALFREDO	CONTINENTAL	82,006	11,715	104,140	99,721	
41	A,B,F	28 GORDILLO JORGE	INTERBANC	47,949	10,409	61,228	59,357	
42	A,C	22 ARAMAYO ALBERTO	INTERBANC	61,025	13,247	97,741	74,272	
43	A,C	6 ALVAREZ FELIPE	DEL SUR	9,499	1,965	41,999	11,464	
44	A,C,D	43 AGRO INDUSTRIAL S.A.	CONTINENTAL	69,819	11,150	127,633	90,269	
45	A,D	71 AVICOLA EL ROCIO	NOR PERU	119,963	17,123	179,890	136,956	
46	A,D	45 ORTIZ DE ZEVALLOS C.	CONTINENTAL	48,436	10,149	64,177	59,554	
47	A,E	68 CRIADERO LA MAESTRANZA	FIN.CREDITO	100,000	17,860	124,639	117,260	
48	A,E	57 CABALLERO DE CABRERA T.	CONTINENTAL	69,089	9,963	162,972	72,351	
49	A,E	17 CORZO BUSTAMANTE CARLOS	POPULAR	29,006	3,058	36,574	32,164	
50	A,E	76 BUSTAMANTE CARLOS	POPULAR	12,439	1,777	27,322	14,216	
51	A,E	56 APAZA CONSTANTINO	CONTINENTAL	5,182	941	15,297	6,123	
52	A,F	54 GALLEGOS RONALD	CREDITO	27,095	5,645	44,232	32,739	
53	A,F	31 SAAVEDRA TEODORO	DEL NORTE	10,555	2,027	24,743	12,592	
54	A,F	85 GONZALES ANA	DEL SUR	4,007	599	15,761	4,596	
				SUB-TOTAL	2,512,636	394,611	3,799,714	2,967,647
				AVERAGE	46,549	7,296	70,347	56,545
OP.= 54				% OF TOTAL	58.96%	57.94%	59.17%	59.32%
1	B	3 NOVOA ALVARO CAPARO J.	CONTINENTAL	68,472	13,231	89,236	31,753	
2	B	62 HUERTAS ENRIQUE	INTERBANC	42,799	6,550	50,941	43,649	
3	B	52 LOPEZ EDGARDO	CONTINENTAL	40,784	5,826	67,163	46,610	
4	B	10 PASTOR VILCA JUSTO	CONTINENTAL	30,979	6,951	57,812	37,920	
5	B,C	8 SALAZAR GUIDO	CONTINENTAL	11,182	1,597	33,039	12,720	
6	B,C,E	51 BLAECHEA MANUEL	DEL SUR	33,703	4,849	59,719	35,556	
7	B,C,F	75 VIZCARDO JAVIER	CREDITO	31,822	7,729	49,921	29,530	
8	B,E,F	70 NEGOC.PECUAR.SANT.PAT.	CREDITO	239,065	34,152	299,364	279,217	
				SUB-TOTAL	499,906	60,932	659,256	579,733
				AVERAGE	62,351	10,117	86,157	72,467
OP.= 8				% OF TOTAL	11.70%	11.90%	10.55%	11.72%
1	C	83 NORIEGA JOSE LUIS	POPULAR	56,789	15,923	74,660	72,710	
2	C	44 BUENO JUAN	CONTINENTAL	49,135	10,539	63,522	59,574	
3	C	4 NUÑEZ NAJAR FRANC.	FINSUR	44,868	6,410	59,440	51,279	
4	C	16 DAVILA GUILLERMO	FINSUR	38,174	5,753	75,256	49,327	
5	C	13 MICHANO ISAIAS	DEL SUR	36,373	5,622	71,372	41,396	
6	C	19 CHIRINOS GONZALES	POPULAR	16,598	4,739	32,367	21,327	
7	C	5 DEL CARPIO EDUARDO	FINSUR	11,445	1,635	14,721	12,350	
8	C	2 VILLALOBOS AMADED	DEL SUR	8,832	1,262	75,339	13,134	
9	C	73 VALENCIA ALONSO	DEL SUR	6,353	1,179	43,779	9,532	
10	C	29 GAMIA DIAZ ALBERTP	DEL SUR	4,796	684	3,421	3,470	
11	C,E	80 SASCO EDUARDO	CONTINENTAL	74,355	10,625	67,337	64,973	
				SUB-TOTAL	349,696	64,372	652,394	413,069
				AVERAGE	31,700	5,952	59,362	37,532
OP.= 11				% OF TOTAL	8.12%	9.47%	10.00%	8.32%
1	D	35 GRANJA ESMERALDA	SUDAMERICANA	193,221	26,193	212,232	219,464	
2	D	52 PARACAS S.A.	DEL SUR	173,000	27,550	206,462	210,650	
3	D	48 MASIAS ESTUARDO	POPULAR	99,142	21,013	123,715	120,131	
4	D	99 LAS PALMERAS	RES.NORTE	63,406	9,059	94,395	72,424	

5	D	86 LEON F. CARLOS	REG. NORTE	53,555	7,651	35,325	51,238	
6	D	87 LEON F. MARTIN	REG. NORTE	53,555	7,651	35,325	51,238	
7	D	90 ZIMOVAN GUILLEMO	CONTINENTAL	53,505	7,615	32,133	51,523	
8	D	33 AGROPECUARIA PICARO	CREDITO	26,061	3,723	32,374	23,754	
9	D	47 SAN MARTIN ALEJANDRO	POPULAR	23,727	3,330	73,710	27,117	
10	D	46 CARO DE CHAGENTU	DEL SUR	19,042	2,737	103,233	21,773	
				SUB-TOTAL	749,074	116,576	1,112,733	334,533
CP. = 10				AVERAGE	74,907	11,658	111,273	33,453
				% OF TOTAL	17.52%	17.14%	17.14%	17.14%
1	E	50 HERRERA JAIME	CONTINENTAL	47,794	6,323	53,443	54,211	
2	E	65 RUIZ ALEJANDRO	NOR PERU	9,456	3,123	13,323	12,573	
				SUB-TOTAL	57,250	9,446	72,334	67,133
CP. = 2				AVERAGE	28,625	4,723	36,167	33,567
				% OF TOTAL	1.34%	1.46%	1.12%	1.33%
1	F	15 HUADO HUADO HUGO	FINSUR	41,446	5,321	32,533	47,337	
2	F	7 SEBASTIANI ALVARO	FINSUR	15,759	2,476	33,333	13,333	
3	F	12 GONZALES TIRZO	INTERBANC	15,674	2,417	47,746	13,331	
4	F	9 KONG CRUZADO AUGUSTO	NOR PERU	14,817	2,117	35,343	16,333	
5	F	28 ALJUVIN RAFAEL	SUDAMERICANA	9,042	1,232	25,333	13,333	
				SUB-TOTAL	96,737	14,223	204,563	110,953
CP. = 5				AVERAGE	19,347	2,845	40,913	22,192
				% OF TOTAL	2.27%	2.02%	3.12%	2.24%
					4,263,153	633,033	6,533,533	4,343,232
					47,333	7,556	72,533	54,323

PRIDA

LIST OF PROJECTS BY FARM PRODUCTION TYPE

US DOLLARS AT TIME OF DISBURSEMENT

PRODUCTION TYPE	GOODS TO ACQUIRE	FUND USE ACTIVITIES
A= FRUITS AND VEGETABLES	A= IRRIGATION EQUIPMENT	A= INFRASTRUCTURE
B= GENERAL CROPS	B= TRACTORS AND FARM IMPLEMENTS	B= PURCHASE OF MACHINERY AND EQUIPMENT
C= MILK PRODUCTION	C= FEED PREPARATION EQUIPMENT	C= PURCHASE OF ANIMALS
D= CATTLE FATTENING	D= TUCKS	D= WORKING CAPITAL
E= EGG PRODUCTION	E= SPRAYING EQUIPMENT	
F= POULTRY	F= OTHER EQUIPMENT	
G= HORSES	G= HORSES	
H= SHEEP	H= DAIRY CATTLE	
I= TURKEYS	I= BEEF CATTLE	
J= AGRICULTURE	J= LAYERS	
K= FLOWERS	K= BROILERS AND MEAT TYPE	
L= OTHER	L= SHEEP	
	M= OTHER	

PRODUCTION TYPE	OP.No	NAME	DEPARTMENT	PRIDA	TOTAL	PRIDA + I.C.I.	GOODS TO ACQUIRE	FUND USE ACTIVITIES
1	A	66 IBARCA JORGE	TACNA	75,773	103,099	84,587	H	A,C
2	A	1 SABINO POSTIED	TACNA	60,228	64,013	61,489	B	A,C
3	A	51 OLACHEA MANUEL	AREQUIPA	33,703	92,037	46,393		A
4	A	37 ALVAREZ JULIO	AREQUIPA	26,746	45,970	33,156		A
5	A	47 SAN MARTIN ALEJANDRO	MOQUEGUA	23,727	28,632	25,362	A	A,B
6	A	46 CAYO DE CHABENTU	AREQUIPA	19,042	29,120	21,007	B	A,B
7	A	64 PINO PORTUGAL ANGEL	TACNA	16,967	25,971	19,444	B	B
8	A	49 CARBAJAL ANGEL	AREQUIPA	15,793	20,536	17,391		A
9	A,B,C,D	54 VALDIVIA ALFONSO	TACNA	13,433	19,782	15,549	B,F,H	A,C
10	A,C,D	52 LOPEZ EDGARDO	AREQUIPA	40,784	79,315	47,735		A,D
11	A,D	50 HERRERA JAIME	AREQUIPA	47,724	77,082	56,155	H	A,C,D
12	A,D	9 KONG CRUZADO AUGUSTO	LIBERTAD	14,617	23,314	17,234	I	D

		SUB-TOTAL	388,796	614,331	446,092
		AVERAGE	32,400	51,244	37,174
OP.=	12	% OF TOTAL	9.12%	9.42%	9.02%

1	B	3 NOVDA ALVARO CAPARO J.	AREQUIPA	68,472	95,342	74,095	A,D,F	A,E,D
2	B	53 NORIEGA JOSE LUIS	AREQUIPA	56,788	91,933	68,503	A	A
3	B	11 PRIME JULIAN	PLNO	54,415	72,178	60,336	L,M	A,D
4	B	90 ZIMMAN GUILLERMO	AREQUIPA	53,305	69,664	59,759	B,F,H	A,B,C,D
5	B	38 BORDILLO JORGE	AREQUIPA	47,943	59,722	51,006	L,M	A,C,D
6	B	67 COAGUILLA FEDERICO	AREQUIPA	49,385	61,103	52,326	B,H	A,E,C
7	B	4 NUÑOZ NAJAR FRANC.	AREQUIPA	44,868	51,977	49,609	B	A,E
8	B	53 CHIRINOS CONSTANTINO	AREQUIPA	42,373	44,617	43,137	H	A,D
9	B	15 HUACO HUACO HUGO	AREQUIPA	41,446	52,914	44,310	B	A,B

10	B	16 DAVILA GUILLERMO	AREQUIPA	39,174	64,327	51,421	B	A,B	:
11	B	13 MEDRANO ISAIAS	AREQUIPA	36,363	41,376	33,034	B	B	:
12	B	25 GARCIA DE MIAGO G.	AREQUIPA	30,599	42,993	34,721	B	A,B	:
13	B	24 GARCIA GONZALO	AREQUIPA	25,994	42,103	33,363	B	A,B	:
14	B	17 CERZO SUSTAYANTE CARLOS	AREQUIPA	29,006	34,233	37,414	B	B	:
15	B	33 ABOPEQUARIA RICARDO	AREQUIPA	26,061	33,545	29,556	B,E	A,B,D	:
16	B	19 RAMOS EDUARDO	AREQUIPA	23,657	27,562	24,373	A,E,F	A,B,D	A,B,C
17	B	21 FOME HERRERA SERGIO	AREQUIPA	23,173	25,224	23,957	A,E	A,B,D	A,B,C
18	B	34 VALER FERNAN	AREQUIPA	19,360	26,705	21,503	A,E	A,B,D	A,B
19	B	27 REBOREDO DE DEBANEY DELILIMA		17,462	21,935	19,483	A	A,C	A
20	B	7 SEBASTIANI ALVARO	AREQUIPA	15,759	51,251	27,530	A,E,F	A,B	A,B,D
21	B	12 GONZALES TIAZO	AREQUIPA	15,674	25,343	19,337	A,E	A,B,D	A,B,C,D
22	B	76 SUSTAYANTE CARLOS	AREQUIPA	12,439	22,020	15,333	A	A	B,C
23	B	41 ALCAZAR JOSE	AREQUIPA	11,734	30,263	37,317	A	A,B,C	A,B,C
24	B	23 RODRIGUEZ EDUARDO	AREQUIPA	11,635	35,473	21,543	H	A	B,C
25	B	74 DARRASCO BENITO	AREQUIPA	9,901	42,643	15,751	A	A	B,C,D
26	B	23 ALJOVIN RAFAEL	LIMA	9,042	23,531	19,453	A,B	A,B	B
27	B	2 VILLALBOS AMADEO	AREQUIPA	8,832	162,736	60,134	A,B,D	B	B
28	B	20 FERRES CATERIANO JOSE	AREQUIPA	5,702	21,632	10,312	A	A	B,C
29	B	56 APAZA CONSTANTINO	AREQUIPA	5,182	10,345	6,971	H	A,C	B
30	B	29 SAMIO DIAZ ALBERTP	AREQUIPA	4,736	33,933	15,520	B	B	B
31	B	85 GONZALES ANA	AREQUIPA	4,007	45,631	15,153	A	A	A,B,C,D
32	B,C	32 BUTTERRIZ RICARDO	AREQUIPA	32,814	140,074	93,354	B,H	A	B
33	B,C	14 CHIRINOS ALFREDO	AREQUIPA	92,006	135,053	92,154	F,H	A,C,D	B
34	B,C	73 EL ANGEL REC.Y ENG.GON.	AREQUIPA	73,189	86,519	63,926	B,C,H	A,B,C,D	B
35	B,C	22 ARAMAYO ALBERTO	AREQUIPA	61,025	71,194	64,415	H	A,C	B
36	B,C	26 SANCHEZ GONZALO	AREQUIPA	59,854	153,394	79,373	B,H	A,B,C	A,B,D
37	B,C	19 CHIRINOS GONZALO	AREQUIPA	16,539	23,336	19,346	F,H	B,C	B
38	B,C	5 DEL CARPIO EDUARDO	AREQUIPA	11,445	31,324	13,272	B,C	B	B
39	B,C	6 ALVAREZ FELIPE	AREQUIPA	9,433	24,121	14,343	B	B	B
40	B,C	73 VALENCIA ALONSO	AREQUIPA	5,253	25,732	14,073	-	-	B
41	B,C	63 ZAMERANO JUAN	AREQUIPA	5,744	23,554	11,333	H	A	B
42	B,C	63 TEJADA EMILIO	AREQUIPA	5,070	21,370	10,715	-	-	B
43	B,C	44 BUENO JUAN	AREQUIPA	43,135	56,114	43,571	A,B,H	A,B,C,D	B,C
44	B,C,D	78 BALLON L.MARIA	AREQUIPA	73,953	81,292	79,200	B,F,H	A,B,C,D	B,C
45	B,C,D	72 JUZMAN AURORA	AREQUIPA	19,677	50,213	29,640	H	B,C	B
46	B,C,D	61 BEGAZO UBALDO	AREQUIPA	16,779	46,553	26,663	B,F,H	B,C	B
47	B,C,D	42 HERRERA RICARDO	AREQUIPA	32,140	112,426	32,063	D,H	A,B,C,D	B
48	B,C,D	36 CHIRINOS MARIO	AREQUIPA	61,721	91,337	71,339	-	A,C	B,C
49	B,C,E,H	33 MEZA LUIS	AREQUIPA	17,133	24,541	20,100	B	B	B
50	B,D	62 HUERTAS ENRIQUE	AREQUIPA	42,799	65,495	49,343	-	A,C,D	B
51	B,L	68 CRIADERO LA MAESTRANZA	LIMA	100,000	102,750	100,750	A	A,B,C	A,B,C
52	B,L	81 PIABGIO ALBERTO,FAUSTO	LIMA	19,523	26,303	21,762	B	B	B

SUB-TOTAL 1,752,367 2,960,400 2,122,707

AVERAGE 33,709 56,931 40,321

OP.= 52 % OF TOTAL 41.12% 45.33% 42.36%

1	C	75 VIZCARRO JAVIER	AREQUIPA	31,922	36,107	33,345	F,H	A,C	B
2	C	31 SANCHEZ TEODORO	PIURA	10,555	53,673	22,444	F,H	A,C	B
3	C,D	10 PASTOR VILCA JUSTO	AREQUIPA	30,379	69,106	33,730	F,H	C,D	B

SUB-TOTAL 73,356 159,386 36,119

AVERAGE 24,452 53,129 32,040

OP.=	3		% OF TOTAL	1.72%	2.43%	1.93%			
1	D	86 LEON F. CARLOS	PIURA	53,555	132,155	71,415	H,I	D	
2	D	87 LEON F. MARTIN	PIURA	53,555	56,017	54,376	H,I	C	
			SUB-TOTAL	107,110	188,172	125,791			
			AVERAGE	53,555	94,086	62,895			
OP.=	2		% OF TOTAL	2.51%	2.89%	2.55%			
1	E	35 GRANJA ESMERALDA	LIMA	183,291	225,739	217,493	F,IJ	A,B,C,D	D
2	E	48 MASIAS ESTUARDO	ICA	99,142	150,512	116,266	J	C	
3	E,F,G	65 RUIZ ALEJANDRO	LIBERTAD	9,456	19,294	16,343	G,J,K,M	A,C	D
			SUB-TOTAL	291,879	455,545	350,041			
			AVERAGE	97,293	151,848	116,680			
OP.=	3		% OF TOTAL	6.95%	6.92%	7.05%			
1	F	71 AVICOLA EL ROCIO	LIBERTAD	119,863	123,400	121,042	E,F	A,B	D
2	F	40 BOVAZZI RAFAELA	LIMA	36,469	40,713	37,634	K	A,B,C	A,D
3	F	8 SALAZAR GUIJO	AREQUIPA	11,182	24,821	18,910	D,E,F	A,B	D
			SUB-TOTAL	167,514	189,934	177,686			
			AVERAGE	55,838	62,978	59,229			
OP.=	3		% OF TOTAL	3.92%	2.89%	3.60%			
1	G	39 MORAVA DISTRIBUIDORA	LIBERTAD	359,112	364,443	360,339		A	D
2	G	43 AGRO INDUSTRIAL S.A.	AREQUIPA	69,819	103,616	81,085		A	D
			SUB-TOTAL	428,931	468,059	441,424			
			AVERAGE	214,466	234,029	220,712			
OP.=	2		% OF TOTAL	10.06%	7.17%	8.34%			
1	J	82 PARACAS S.A.	TUMSES	173,000	219,340	195,521	F	A,E	C,D
			SUB-TOTAL	173,000	219,340	195,521			
			AVERAGE	173,000	219,340	195,521			
OP.=	1		% OF TOTAL	4.06%	3.36%	3.73%			
1		70 NEGOC. PECUAR. SANT. PAT.	LIMA	239,065	272,614	250,299	A,C,G	A,B,C,D	B,C
2		77 BALLON B. ISASEL	AREQUIPA	78,858	110,751	99,433	H	A,C,D	B,C
3		80 SASCO EDUARDO	AREQUIPA	74,355	82,724	79,924	B,F,H	A,B,C,D	B,C
4		57 CABALLERO DE CABRERA T.	AREQUIPA	69,095	143,231	96,628	A,M	A,C,D	B,C,D
5		59 MORRIBIRON MARIO	AREQUIPA	69,099	171,526	85,011	A,M	A,B,C,D	B,C
6		60 PORTUGAL TERESA	AREQUIPA	69,089	74,845	71,007	A,H,M	A,B,C,D	B,C
7		58 CABALLERO CLAUDIO	AREQUIPA	69,099	71,024	69,627	A,H,M	A,B,C,D	B,C
8		88 WAENER JURGEN HANS	AREQUIPA	65,271	89,224	72,322	B	A,C,D	C
9		89 LAS PALMERAS	TUMSES	63,406	96,359	71,357		A	A,C,D
10		45 ORTIZ DE ZEVALLOS C.	AREQUIPA	49,436	98,649	59,939	C	A,C,D	B,C,D
11		54 GALLEGOS RONALD	AREQUIPA	27,095	54,259	36,153	H,M	A,C,D	B,C
12		55 RIVERA DE MARTINEZ NANCYPIURA		6,769	29,614	14,354		A	B,C
			SUB-TOTAL	979,606	1,273,923	995,551			
			AVERAGE	73,201	106,152	82,969			
OP.=	12		% OF TOTAL	20.63%	19.51%	20.15%			

TOTAL 4,263,079 6,523,059 4,941,652
PROMED 47,363 72,534 54,907

P R I D A

LIST OF PROJECTS BY FUND USE

US DOLLARS AT TIME OF DISBURSEMENT

<u>ACTIVITIES TO UNDERT.</u>	<u>PRODUCTION TYPE</u>	<u>GOODS TO ACQUIRE</u>	<u>FUND USE ACTIVITIES</u>
A= WELL DRILLING	A= FRUITS AND VEGETABLES	A= IRRIGATION EQUIPMENT	A= INFRASTRUCTURE
B= LAND LEVELING	B= GENERAL CROPS	B= TRACTORS AND FARM IMPLEMENTS	B= PURCHASE OF MACHINERY AND EQUIPMENT
C= CANALS AND DITCHES	C= MILK PRODUCTION	C= FEED PREPARATION EQUIPMENT	C= PURCHASE OF ANIMALS
D= BUILD. AND CORRALES	D= CATTLE FATTENING	D= TUCKS	D= WORKING CAPITAL
E= OTHER	E= EGG PRODUCTION	E= SPRAYING EQUIPMENT	
	F= POULTRY	F= OTHER EQUIPMENT	
	G= HOGS	G= HOGS	
	H= SHEEP	H= DAIRY CATTLE	
	I= TURKEYS	I= BEEF CATTLE	
	J= AGRICULTURE	J= LAYERS	
	K= FLOWERS	K= BROILERS AND MEET TYPE	
	L= OTHER	L= SHEEP	
		M= OTHER	

	FUND USE	OP.No	NAME	DEPARTMENT	PRIDA	TOTAL	PRIDA + I.C.I.	GOODS TO ACQUIRE	ACTIVITIES	PRODUCTION TYPE
1	A	39	MORAYA DISTRIBUIDORA	LIBERTAD	359,112	386,438	367,926		D	G
2	A	32	GUTIERREZ RICARDO	AREQUIPA	82,814	86,600	84,076	B,H	B	E,C
3	A	42	AGRO INDUSTRIAL S.A.	AREQUIPA	69,819	124,153	63,100		D	S
4	A	23	NORIEGA JOSE LUIS	AREQUIPA	56,788	76,012	63,197	A	B,C	B
5	A	33	LAS PALMERAS	TUMBES	63,406	68,311	65,041		A,C,D	
6	A	51	OLACHEA MANUEL	AREQUIPA	33,703	43,791	35,668		B,C	A
7	A	37	ALVAREZ JULIO	AREQUIPA	26,746	35,750	29,222		B,C	A
8	A	48	CARSAJAL ANGEL	AREQUIPA	15,793	20,566	17,991		B	A
9	A	76	BUSTAMANTE CARLOS	AREQUIPA	12,429	19,788	14,555		B,C	B
10	A	74	CARRASCO BENITO	AREQUIPA	9,901	48,433	16,853		B,C,D	S
11	A	55	RIVERA DE MARTINEZ NANCYIURA		6,769	36,067	15,141		B,D	
12	A	20	FERRER CATERIANO JOSE	AREQUIPA	5,702	14,200	8,119		B,C	B
13	A	25	GONZALES ANA	AREQUIPA	4,007	20,877	9,631		A,B,C,D	B
14	A,E	82	PARACAS S.A.	TUMBES	173,000	208,145	184,715	F	C,D	J
15	A,E	71	AVICOLA EL ROCIO	LIBERTAD	119,863	137,626	125,784	E,F	D	F
16	A,B	4	NUNOZ NAJARA FRANC.	AREQUIPA	44,968	61,227	50,322	B	C	B
17	A,E	15	HUACO HUACO HUGO	AREQUIPA	41,446	52,220	44,504	B	C	B
18	A,E	16	DAVILA GUILLERMO	AREQUIPA	39,174	49,897	41,725	B	C	B
19	A,B	25	GARCIA DE HUACO G.	AREQUIPA	30,588	37,697	35,327	B	C	B
20	A,E	24	GARCIA GONZALO	AREQUIPA	28,954	31,437	29,508	B	C	B
21	A,E	47	SAN MARTIN ALEJANDRO	MOQUEGUA	23,727	55,195	27,191	A	A	A
22	A,E	46	CANO DE CHABENIU	AREQUIPA	19,042	45,195	32,228	B	B,D	A
23	A,E	7	SEBASTIANI ALVARO	AREQUIPA	15,759	20,773	17,430	A,E,F	A,B,C	B
24	A,E	2	SALAZAR GUIDO	AREQUIPA	11,182	23,522	15,315	C,E,F	D	F
25	A,E	23	ALJOUIN RAFAEL	LIMA	9,042	22,151	13,411	A,B	D	B
26	A,E,C	25	SANCHEZ GONZALO	AREQUIPA	52,554	54,078	67,282	E,H	A,E,D	E,C

27	A,E,D	67 COAGUILLA FEDERICO	AREQUIPA	49,325	56,569	51,520	E,H	D	E
28	A,E,D	40 BONAZZI RAFAELA	LIMA	36,469	40,344	37,761	K	A,D	F
29	A,E,D,D	70 NEGRO, PEDRO, SANT. PAT.	LIMA	239,665	241,116	239,749	A,C,G	B,D	
30	A,E,D,D	25 GRANJA ESMERALDA	LIMA	183,221	190,626	185,729	F,IJ	D	E
31	A,E,D,D	42 HERRERA RICARDO	AREQUIPA	82,140	85,664	84,169	D,H	D	B,C,D
32	A,E,D,D	78 BAILON L. MARIA	AREQUIPA	73,859	114,350	90,629	B,F,H	B,D	E,C,D
33	A,E,D,D	79 EL ANGEL REC. Y ENG. GAN.	AREQUIPA	78,189	89,359	81,912	B,C,H	D	E,C,D
34	A,E,D,D	50 SASCO EDUARDO	AREQUIPA	74,355	82,326	77,249	E,F,H	B,C	B,C
35	A,E,D,D	59 MORRISON MARIO	AREQUIPA	69,069	147,637	95,271	A,H,M	B,C	
36	A,E,D,D	68 FORTUGAL TERESA	AREQUIPA	69,069	95,969	77,938	A,H,M	B,C	
37	A,E,D,D	53 CABALLERO CLAUDIO	AREQUIPA	69,069	100,524	74,957	A,H,M	B,C	
38	A,E,D,D	90 ZIMENAN GUILLELMO	AREQUIPA	53,395	73,654	63,713	E,F,H	C,D	E
39	A,E,D,D	44 BUENO JUAN	AREQUIPA	42,135	202,029	99,437	A,B,H	B,C	B,C
40	A,E,D	65 CHAPERO LA MAESTRANZA	LIMA	100,000	115,630	105,210	A	A,C,D	E,L
41	A,E,D	3 NUOVA ALVARO CAPARO J.	AREQUIPA	68,472	73,635	70,162	A,D,F	B,D	B
42	A,E,D	63 AGRICULTORA PIDARO	AREQUIPA	26,061	61,254	37,795	B,E	C	E
43	A,E,D	19 RAMOS EDUARDO	AREQUIPA	23,687	65,370	34,837	A,E,F	A,B,C	B
44	A,E,D	21 POME HERRERA SERGIO	AREQUIPA	23,173	80,432	33,712	A,E	A,B,C	B
45	A,E,D	34 VALER FERNAN	AREQUIPA	19,360	72,412	29,509	A,E	A,B	B
46	A,E,D	12 GONZALES TIRZO	AREQUIPA	15,674	24,003	16,411	A,E	A,B,C,D	E
47	A,E,D	41 ALCAZAR JOSE	AREQUIPA	11,734	21,903	15,124	A	A,B,D	E
48	A,D	66 ISACENA JORGE	TACNA	75,773	166,812	96,791	H	E	A
49	A,D	22 ARAYAYO ALBERTO	AREQUIPA	61,025	67,794	62,254	H	B	B,C
50	A,D	58 CHIRINOS MARIO	AREQUIPA	61,721	82,200	68,548	H	B,D	E,C,D
51	A,D	75 VIZCARRO JAVIER	AREQUIPA	31,322	46,444	36,670	FH	D	C
52	A,D	84 VALDIVIA ALFONSO	TACNA	13,433	30,911	19,259	B,F,H	D	A,B,C,D
53	A,D	31 SAAVEDRA TEOFILO	PIURA	10,555	28,775	16,614	H,M	D	C
54	A,D	65 RUIZ ALEJANDRO	LIBERTAD	9,456	26,255	15,101	G,J,K,M	D	E,F,G
55	A,D,D	14 CHIRINOS ALFREDO	AREQUIPA	82,006	89,985	82,442	F,H	D	B,C
56	A,D,D	77 BAILON B. ISABEL	AREQUIPA	78,859	81,292	79,500	H	B,C	
57	A,D,D	57 CABALLERO DE CABRERA T.	AREQUIPA	69,069	99,629	79,051	A,M	B,C,D	
58	A,D,D	55 KRIEGER JURGEN HANS	AREQUIPA	65,271	95,045	75,157	G	D	
59	A,D,D	45 OTTE DE REVALLOS C.	AREQUIPA	48,436	73,722	52,363	I	B,C,D	
60	A,D,D	38 GONZALEZ JORGE	AREQUIPA	47,948	78,035	57,666	H,M	B,C	B
61	A,D,D	50 HERRERA JAIME	AREQUIPA	47,784	55,186	50,745	H	C,D	A,D
62	A,D,D	62 HUERTAS ENRIQUE	AREQUIPA	42,799	65,495	49,349	H	D	B,D
63	A,D,D	74 GALLEGOS RONALD	AREQUIPA	27,095	29,225	27,875	H,M	B,D	
64	A,D	1 SABINO POSTIGO	TACNA	60,225	67,309	62,462	B	B	A
65	A,D	11 PRIME JULIAN	PUNO	54,415	59,700	56,539	L,M	C	B
66	A,D	59 CHIRINOS CONSTANTINO	AREQUIPA	42,373	85,431	54,262	M	E,C	B
67	A,D	1. LOPEZ EDGARDO	AREQUIPA	40,784	78,911	49,535		B,D	A,C,D
68	A,D	27 RESOUREDO DE DEBAKEY DELILIMA		17,462	96,062	35,322	A	A	B
69	A,D	58 APAZA CONSTANTINO	AREQUIPA	5,182	7,643	6,002	M	B	B

SUB-TOTAL 3,773,658 5,373,998 4,242,218
AVERAGE 54,691 77,593 61,451
% OF TOTAL 89.52% 82.32% 85.85%

OP. = 69

1	B	13 MESPANO ISAIAS	AREQUIPA	36,363	139,920	70,515	B	B	
2	B	17 CORZO BUSTAMANTE CARLOS	AREQUIPA	29,006	80,376	46,129	B	B	
3	B	31 PIAGGIO ALBERTO, FAUSTO	LIMA	19,528	29,366	26,415	B	B	B,L
4	B	30 MEZA LUIS	AREQUIPA	17,139	20,676	19,318	B	B	E,C,D,F
5	B	64 PIND PORTUGAL ANGEL	TACNA	16,967	21,211	19,392	B	A	A
6	B	8 DEL CARRIO EDUARDO	AREQUIPA	11,445	25,095	19,173	B,C	B	B,C

7	U	6 ALVAREZ FELIPE	AREQUIPA	9,499	14,890	11,276	B	B,C
8	U	2 VILLALOBOS ANTONIO	AREQUIPA	8,832	42,628	20,097	A,B,D	B
9	U	29 GAYO DIAZ ALBERTO	AREQUIPA	4,796	51,126	17,307	B	B
10	B,C	19 CHIRINOS GONZALO	AREQUIPA	16,588	50,137	27,911	F,H	B,C
11	B,C	61 SEGAZO USALDO	AREQUIPA	16,779	48,672	27,403	B,H,I	B,C,D

			SUB-TOTAL	186,931	522,926	302,827		
			AVERAGE	16,994	47,529	27,530		
CP. =	11		% OF TOTAL	4.38%	8.01%	6.13%		

1	C	48 MARIAS ESTUARDO	ICA	99,142	107,511	104,722	J	E
2	C	66 LEON F. CARLOS	PIURA	53,555	127,698	81,105	H,I	D
3	C	87 LEON F. MARTIN	PIURA	53,555	155,993	69,478	H,I	D
4	C	28 RODRIGUEZ EDUARDO	AREQUIPA	11,698	17,455	13,617	H	B
5	C	73 VALENCIA ALONSO	AREQUIPA	8,253	10,189	8,852	H	B,C
6	C	69 ZAMBRANO JUAN	AREQUIPA	5,744	29,697	13,395	H	B,C
7	C	63 TEJADA EMILIO	AREQUIPA	5,070	28,023	12,721	H	B,C
8	C,D	10 PASTOR VILCA JUSTO	AREQUIPA	30,979	71,186	41,531	H,I	C,D
9	C,D	72 JUZMAN AURORA	AREQUIPA	19,677	46,851	28,735	H	B,C,D
10	C,D	9 KONG CRUZADO AUGUSTO	LIBERTAD	14,817	37,661	22,431	I	A,D

			SUB-TOTAL	302,490	621,264	396,587		
			AVERAGE	30,249	63,126	39,659		
CP. =	10		% OF TOTAL	7.10%	9.67%	8.03%		

TOTAL 4,263,079 6,528,088 4,941,632
 PROMED 47,368 72,534 54,907

LIST OF TRAINED CONTACTS MADE
DURING THE COURSE OF THE ASSESSMENT

(Not including Farmers Interviewed)

COFIDE

Carlos Klinger	Central Manager	Lima
Victor Madueno	PRIDA Project Manager	Lima
Carlos de Rivero	Branch Manager	Arequipa
Augusto Guerrero	COFIDE Branch Manager	Piura
Daniel Marrigue	COFIDE Office Chief	Arequipa
Alfredo Vallebuena	COFIDE Office Chief	Trujillo
Genaro Lujan	Projects Department	Trujillo
Adalberto Leon	COFIDE Office Chief	Chiclayo

Banco Central

Henry Bareclay	Deputy General Manager	Lima
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USAID

John A. Sanbrailo	Country Mission Director	Lima
Mark Johnson	Private Sector Dept. Chief	Lima
Guillermo Payet	PRIDA Project Manager	Lima
David D. Bathrick	Agriculture Dept. Chief	Lima
Fred Mann	Agriculture Dept. Economist	Lima
George Wachtenheim	Development Resources Chief	Lima

Banco Agrario (BAP)

Teodoro Boza Wagner	General Manager	Lima
Pedro Salas	Planning Office Manager	Lima
Carlos Salinas	Credit Manager	Piura
Jaime Jordan	Regional Manager	Tarapoto

Banco de Credito

Ramon Remolina	Agricultural Advisor	Lima
Emilio Zegarra	Agricultural Credit Dept. Chief	Lima
Carlos Bellido	Regional Manager	Arequipa
Rafael de Marzo	Branch Manager	Tarapoto

Banco Continental

Manuel Roggero	Assistant Manager	Lima
Ernesto Coz	Head Intermediation Office	Lima
Jose Luis Chirinos	Regional Manager	Arequipa

Banco Popular

Alfredo Ugarteche	Assistant General Manager	Lima
Julian Carrillo	Agriculture Promotion Chief	Lima
Jaime Caceres	Credit Department Chief	Arequipa
Roger Garcia	Branch Manager	Tarapoto

Financiera del Sur

Patricio Quintanilla	General Manager	Arequipa
Hernan Jarrin	Credit Chief	Arequipa

Banco del Sur

Evornio Bertini	General Manager	Arequipa
Rafael Longhi	Credit Manager	Arequipa

Banco Regional del Norte

Francisco G. Garcia	General Manager	Piura
Eduardo Sanchez	Credit Chief	Piura

Financiera de Credito

Julio Pfluleer	Credit Manager	Lima
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Banco Nor Peru

Eduardo Lee Lam	General Manager	Trujillo
Juan Balfre Garcia	Credit Manager	Trujillo
Pedro Gaspar Diaz	Branch Manager	Chiclayo

FOPEX

Bruno Barletti	Operations Manager	Lima
Charles Morin	Agricultural Operations Manager	Lima

Fundacion para el Desarrollo Nacional

Luis Paz Silva	President	Lima
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Appendix F

PRIDA RESOURCES PROJECT CASH FLOW
In U.S. Dollars
As of March 31, 1985

	1983		1984												1985			Total
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Sources*																		
USAID Resources	104,975																	
GOP (COFIDE) Resources						312,265	240,192	524,397		296,777	653,491	1,810,052		909,828				
Co-financing Resources																		
Reflows from PRIDA																		
a. Principal																		
b. Interest									22,166			11,033		34,726	27,636	51,421	10,682	124,465
Uses																		
I. Investment Fund																		
Loans																		
Technical Assist.						69,059	277,111	248,681	177,707	117,838	813,540	335,762	705,890	726,756	451,666	153,429	66,965	4,144,404
II. Technical Assist.																		
Short-term T.A.						1,052						13,970		4,799				19,821
T.A. for ICI's						701						9,313		3,200				13,214
Evaluation																		
Surplus/(Deficit)	104,975					241,453	(36,929)	275,699	(155,541)	179,939	(160,049)	1,492,040	(705,890)	212,857	(180,777)	(99,445)	12,121	1,179,453
Accumulated Undisbursed Funds at Month End	104,975	104,975	104,975	104,975	104,975	346,428	309,499	595,189	429,657	608,596	448,547	1,940,587	1,234,697	1,447,554	1,266,777	1,167,332	1,179,453	

* Disbursed to COFIDE and ICI's in Peruvian soles, but considered in U.S. dollars at disbursements date exchange rate.