

Administrative
Report No. 2

ADMINISTRATIVE REPORT
FOR THE
SMALL FARM CREDIT PROFITABILITY
AND REPAYMENT PROJECT

October 1, 1978 - September 30, 1979

Department of Economics
Colorado State University
Fort Collins, CO 80523

October 1979

ANNUAL ADMINISTRATIVE REPORT NO. 2
for the
SMALL FARM CREDIT PROFITABILITY AND REPAYMENT PROJECT
October 1, 1978 - September 30, 1979

Cooperative Agreement No. AID/ta-CA-3 under
Basic Memorandum of Agreement No. AID/ta-BMA-6

Submitted by

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Annual Administrative Report No. 2 for the
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Introduction

This is the second administrative report submitted under Cooperative Agreement No. AID/ta-CA-3 which is covered by the Basic Memorandum of Agreement No. AID/ta-BMA-6 between the Agency for International Development (AID) and Colorado State University. Its purpose is to summarize expenditures and personnel employment by Colorado State University and to report progress toward project objectives during the period October 1, 1978 through September 30, 1979. The Small Farm Credit Profitability and Repayment Project (here after referred to as the Credit Project) is a joint effort of Colorado State University and Oklahoma State University (funded under a separate Cooperative Agreement). This administrative report should be considered in conjunction with the companion OSU report entitled "Annual Review--Small Farmer Credit Project in Honduras, Report of Activities by Oklahoma State University, October 1, 1978 to September 30, 1979" which was submitted separately. Details on the Memorandum of Understanding between the two universities defining general operating and management procedures can be found in Administrative Report No. 1, on file in AID and the two universities.

Background

The Credit Project is designed to develop methodologies which credit institutions in developing countries can use to carry out analyses to improve small farm credit policies, programs, and loan repayment. The project includes three major activities: (1) farm level data collection and analysis, (2) application and utilization of such methodologies in credit institutions in two selected developing countries, and (3) dissemination of results to other credit institutions and developing countries. The project has been implemented jointly by Colorado State University (CSU) and Oklahoma State University (OSU) but the overall project coordination rests with CSU. A secondary objective of the CSU part of the Credit Project was to establish a long-term institutional relationship between the selected developing country credit institutions and CSU, particularly with the Department of Economics. The Project has been operating in Honduras for a little over one year. Activities now are being initiated in the Dominican Republic (DR) and will build on the experiences in Honduras. This report summarizes the DR part of the Project while the OSU report reviews the activities in Honduras.

Implementation of the Credit Project in a second developing country has been delayed due to problems largely beyond the control of the cooperating universities. A chronology of Project events and difficulties is summarized in Appendix A. The recent violence and change in government in Nicaragua required moving the Project to yet another country, the Dominican Republic.

This delay resulted in an extension of the project for another year (until September 30, 1981). This was agreed to in Amendment 2 to the Cooperative Agreement, August, 1979.

Budget Allocations and Expenditures

The estimated budget and expenditures for the two-year period, September 26, 1977 to September 30, 1979, are shown in Table 1. The amount budgeted for the entire period was \$161,988 (Column 3) which was included in Amendment 2 to the Cooperative Agreement of August, 1979. The expenditures by year (columns 1 and 2) are actual expenditures except for those for September, 1979 which were estimated since actual expenses were not yet available at the time the report was prepared.

Slightly less was expended relative to that budgeted for the two-year period as shown in the last column of Table 1. The major portion of the remaining balance is due to a shift of on-campus staff funds to cover off-campus staff. This resulted in less indirect costs since the off-campus rate is considerably less than that charged against on-campus salaries and benefits.

Revised yearly budgets for the remaining two years of the project are shown in Table 2. These proposed expenditures are based upon existing and expected salary levels and other costs for the project. Because of these adjustments, the budgets will differ slightly from those included in Amendment 2 to the Cooperative Agreement. However, the total budget for the project has been held to the agreed to AID share of \$400,329.

The third and fourth year budget adjustments take into account more recent cost estimates for the various line items. For example, salaries were raised to reflect contracted CSU personnel in the Dominican Republic and to add one more man-month on-campus for the last year to assist in project termination and dissemination of results. The travel and transportation figures are higher which reflect increasing airfare rates and higher shipping costs. Allowances also are somewhat higher than earlier budgeted. These increases are off-set by decreases for the line items of "equipment and supplies" and "other direct costs." Further line item adjustments likely will be made as the activities are implemented in the DR as allowed by the Cooperative Agreement. In our opinion, the adjustments to date will not jeopardize our ability to accomplish the specified Project objectives.

Professional and Staff Personnel

A breakdown of professional and other staff participating in the Credit Project during the first two years is shown in Table 3. With minor exceptions, the specialties of the personnel provided fit closely or exceeded those specialties requested in the Cooperative Agreement. Slightly more staff time was used for administration than budgeted. This was due to the delay and additional problems associated with shifting the Project from Nicaragua to

TABLE 1. CSU CREDIT PROJECT BUDGET AND EXPENDITURES

September 26, 1977-September 30, 1979

	Expenditures		Budget	Balance Remaining
	9/26/77 - 9/30/78	10/1/78 - 9/30/79	9/26/77 - 9/30/79	
<u>Salaries</u>				
<u>Campus</u>				
Professional	\$ 23,413	\$ 26,084	\$ 55,513	\$ 6,016
Non-professional	3,030	7,650	11,030	350
<u>Off-campus</u>		5,062		(5,062)
TOTAL	\$ 26,443	\$ 38,796	\$ 66,543	\$ 1,304
<u>Fringe Benefits</u>	2,115	3,570	5,786	101
<u>Indirect Cost</u>	18,563	23,813	47,014	4,638
<u>Travel & Transport.</u>	8,984	11,684	20,439	(229)
<u>Allowances</u>		5,015	5,600	585
<u>Equipment & Supplies</u>	1,124	10,343	12,124	657
<u>Other Direct Costs</u>	961	1,830	4,482	1,691
	\$ 58,190	\$ 95,051	\$161,988	\$ 8,747

TABLE 2. REVISED YEARLY BUDGETS
FOR OCTOBER 1, 1979-SEPTEMBER 30, 1981 PERIOD^a

	Year III 10/1/79-9/30/80	Year IV 10/1/80-9/30/81
<u>Salaries</u>		
<u>Campus</u>		
Professional	\$ 24,610	\$ 26,160
Non-Professional	1,870	1,870
<u>Off-Campus</u>	<u>35,547</u>	<u>24,080</u>
	\$ 62,027	\$ 52,110
<u>Fringe Benefits</u>	5,833	5,544
<u>Indirect Costs</u>	25,213	24,421
<u>Travel & Transportation</u>	4,144	12,070
<u>Allowances</u>	15,455	15,078
<u>Equipment & Supplies</u>	1,500	1,500
<u>Other Direct Costs</u>	<u>9,367</u>	<u>12,826</u>
TOTAL	\$123,539	\$123,549

^aCalculated using most recent estimates of expected expenditures. The sum of these two budgets plus expenditures for the first two years of the project (Table I) equals \$400,329, AID's share as agreed to in the Cooperative Agreement as amended August 3, 1979.

TABLE 3. PROFESSIONAL AND NON-PROFESSIONAL PERSON-MONTHS
ALLOCATED TO CREDIT PROJECT

Activity Areas & Staff	Person Months		Budgeted ^a First Two Years
	9/26/77- 9/30/78	10/1/78- 9/30/79	
<u>Project Administration</u>			
Nobe, K.C. (Manager)		1.5	3.0
Tinnermeier, R. L. (Coordinator)	3.31	2.5	3.0
Huwa, Mary (Secretary)		<u>3.0</u>	<u>3.0</u>
	<u>3.31</u>	7.0	9.0
<u>CSU Professional Staff</u>			
Campus			
Tinnermeier, R. L.	5.0	5.0	
Spencer, William	.55		
Williams, Simon	.88		18.5
Sparling, Ed		<u>1.5</u>	
	<u>6.43</u>	6.5	
Off-Campus			
Dickey, Tom		2.5	
<u>Support Staff</u>			
Longwell, J. D.	<u>4.5</u>	<u>8.0</u>	<u>13.0</u>
	14.24	24.0	40.5

^aAs amended August 3, 1979

the Dominican Republic. The civil violence and subsequent change in government in Nicaragua dictated establishing the Project in another country to reach the indicated objectives.

Mr. Thomas Dickey was hired for two years as the DR resident professional on July 15, 1979 and began work in the DR at that time. J. D. Longwell, a graduate research assistant, also located in the DR in July to begin research on data collection methodologies.

Accomplishments.

The Cooperative Agreement specified three project implementation stages. The first stage of project initiation and literature review was expected to take from six to twelve months. As already explained, considerable delay was experienced in implementing the Project in a second country. As a consequence, the first implementation stage took considerably longer to accomplish than originally anticipated. This resulted in extending the project one more year (from three to four years) to terminate on September 30, 1981, so that sufficient time was available to complete the other two stages of implementing data collection and analysis methodologies in the DR and then disseminating the results to other institutions and countries.

1. Project Implementation

At the time of the last administrative report (October, 1978), agreements had been signed with the Campesino Development Institute (INVIERNO) in Nicaragua. Advertisements for the resident professional position had been released and selection of an acceptable candidate was progressing through the CSU Affirmative Action procedures. However, before that process was finished, hostilities broke out in Nicaragua and became progressively worse during the fall. As a result, discussions were held with AID/Washington to determine alternative courses of action. Discussions with the Latin America Bureau in AID indicated that USAID/Santo Domingo might be receptive to implementing the Credit Project with one of the credit institutions in the Dominican Republic.

In December, 1978, Karen Wiese, AID Project Manager, and Ronald Tinnermeier, Project Coordinator, traveled to the DR to initiate discussions with USAID and the DR credit institutions. The initial response was positive. Discussion continued by phone and correspondence. In March Ronald Tinnermeier and Odell Walker (OSU) returned to the DR and a decision was made to locate the Project with the Agriculture Bank (Banco Agricola). A draft Memorandum of Understanding was prepared with the Bank and left for their signature (all signatures were completed by July). A copy of the Memorandum of Understanding is included as Appendix B.

A description of the DR long-term professional position was released through Affirmative Action channels. The position selection committee recommended an offer be extended to Thomas Dickey, and he accepted the offer,

effective July 15, 1979. A CSU overseas employment agreement was prepared which specified the responsibilities and benefits associated with the assignment. Mr. Dickey began work in the DR the latter part of July, 1979.

The Project is working directly with the Agriculture Bank but also is in liason with the Secretariat of Agriculture and USAID/Santo Domingo. Office space in the Programming Department has been provided by the Bank. Programming is one of the six major organizational arms of the Bank (see the Bank organization diagram, Appendix C). The Project also will need to work closely with the Credit Operations Department and with the Personnel Department (for training activities).

The Agriculture Bank is the major agricultural lender in the DR and accounts for some 60 percent of all formal agricultural credit. About 28 branch offices are located in the larger outlying towns and 41 "satellite" offices reach the more remote areas. The satellite offices receive loan applications and provide information on Bank regulations, but the actual loan evaluation and approval is done at the branch or higher administrative level. The satellite offices receive banking services from the branch offices one or more times a week on a rotating basis.

In June, 1979, Thomas Dickey and R. Tinnermeier traveled to the DR to finalize arrangements with the Bank and to obtain clearances for the location of Mr. Dickey (with family) and Mr. Longwell (and wife). The Bank and USAID clearances were obtained as planned. Possible Project activities were discussed with the director and with other Bank employees. A tentative Plan of Work (Appendix D) had been attached to Amendment 2 to the Cooperative Agreement and was presented to the Bank for review and discussion. A finalized Plan of Work is expected by November, 1979.

2. Project Management

The mechanism used by CSU and OSU to coordinate on-campus activities and in the two developing countries was explained in Administrative Report No. 1, October, 1978, and will not be repeated here. Persons interested in details about programming linkages and responsibilities should refer to that report.

A third Project Management Committee meeting was held in conjunction with the American Agricultural Economics Association meetings in Pullman, Washington on July 29, 1979. This committee is responsible for providing overall policy and coordination guidance to the Project and meets at least once a year for Project review and planning. This year's meeting included: (1) a review of Project activities in Honduras, (2) a brief summary of progress in implementing the Project in the Dominican Republic, and (3) a discussion of administrative and other problems associated with the Project. The agenda and minutes of the Project Management meeting is included as Attachment E.

3. Review of Literature and Development of Knowledge Base

The literature search on small farm credit data collection and analysis methodologies continued this past year. A revised annotated Small Farm Credit Data Collection and Analysis Bibliography is ready for distribution. This 56-page document will be released as an Occasional Paper of the Credit Project.

The 1979 Annual Report of OSU includes details on the six major activities of the Project in Honduras. These include: farm record keeping; crop and livestock enterprise budgets; farm price information; computerized loan history of each borrower; group record keeping; and training of BNF personnel. Implementation of the Project in the Dominican Republic will build upon this knowledge basis resulting from the literature review and from the actual Honduran experience.

Other activities not directly funded by the Credit Project but which are complementary to building a knowledge base of use to the Project include:

--Claudio Gonzalez-Vega and Ronald Tinnermeier, INVIERNO: Innovation Credit and Rural Development, Occasional Paper No. 8, Economic and Sector Planning Division, Agency for International Development, July, 1979.

--Jerry Ladman and Ronald Tinnermeier, "A Model of the Political Economy of Agricultural Credit: The Case of Bolivia," paper presented at Second International Conference on Rural Finance Research Issues, August 29-September 1, 1979, Calgary, Alberta, Canada.

--Claudio Gonzalez-Vega and Ronald Tinnermeier, "Innovative Small Farmer Credit in Nicaragua," paper presented at Second International Conference on Rural Finance Research Issues, August 29-September 1, 1979, Calgary, Alberta, Canada.

--Manuel Alers-Montalvo and Ronald Tinnermeier, "Integrated Rural Development: Some Thoughts on Its Implementation," paper presented at Working Seminar for Mexico Man and the Biosphere Program, Universidad Autonoma Agraria Antonio Narro, August 6-10, 1979, Saltillo, Coahuila, Mexico.

--Master's Thesis research by Ramon Alcachupas, Philippines: focusing on credit use by small farmers using farm record data from that country.

--Master's Thesis research by Rutilio Martinez, Mexico, using farm record keeping data from Nicaragua.

Summary and Conclusions

The Small Farm Credit Profitability and Repayment Project is a joint effort of Colorado State University and Oklahoma State University, each funded under separate Cooperative Agreements. Staff from both universities are involved in project planning and implementation. Dr. Loren Parks has been in Honduras since July, 1978, under administrative responsibility of OSU.

Significant delay was experienced in locating the project in a second developing country under the administrative control of CSU. Difficulty in getting a commitment from the Philippines and then political upheaval and change in Nicaragua resulted in yet another country, the Dominican Republic, being selected for implementation. Agreements have been established with the Agriculture Bank, and Mr. Thomas Dickey is now in-country as the long-term resident professional. Because of these delays, approval was obtained to extend the CSU portion of the project to September, 1981, at the same funding level.

A tentative Plan of Work has been discussed with the Dominican Agriculture Bank, and a finalized Plan of Work will be available the latter part of 1979. Three major activities will be incorporated into that Plan: (1) collection of farm record keeping, cost of production, and farm price information; (2) incorporation of an analytical capability in the Bank; and (3) training of Bank staff at local and national levels in data collection and analysis.

Expenditures for the period September 26, 1977-September 30, 1979 totaled \$153,241, slightly less than that budgeted for the period (\$161,988). On the other hand, expenses for the remaining two years are expected to be higher than originally projected which will more than offset the earlier balance. Adjustments in other budget line items likely will be necessary to stay within the fixed total budget for the life of the project. However, this is not expected to cause any serious problems in accomplishing agreed to objectives.

No major changes have occurred in terms of the number and kind of professional personnel provided for by the Cooperative Agreement, as amended. A total of 38.24 person-months of CSU professional and staff time was committed during the first two years. This is slightly less than that projected for that same period.

Major efforts of the Credit Project staff during the past year were devoted to implementing the project in a second developing country. As mentioned previously, the project is now well-established in the Agriculture Bank in the Dominican Republic. Mr. Dickey is the CSU resident professional, and Mr. J. D. Longwell also is in the DR to complete research on farm data collection methodologies leading to a Master's degree. Office space has been provided in the Programming Department of the Bank, and good working relationships have been established.

Even though project implementation received the highest priority during this period, work continued on literature review and development of knowledge. A revised, annotated "Bibliography on Small Farm Data Collection and Analysis Methodologies" of 56 pages is about to be released. This information plus the experience in applying some of the methodologies in Honduras will serve as a basis for guiding the work in the Dominican Republic. More specifically, Dr. Parks, the OSU resident professional in Honduras, will travel to the DR to participate in the Plan of Work discussions so that experience can be directly incorporated into the Plan.

In summary, it is our considered opinion that the project is now progressing satisfactorily in both Honduras and the Dominican Republic. The delay in locating the project in a second developing country has been frustrating for both AID and the cooperating universities, but it appears this problem has now been resolved. The project activities are proceeding on schedule in Honduras, and the National Development Bank (BNF) is very pleased with the project and has requested an extension of the activities. This is now being considered by AID. The Dominican portion of the project is now well established, and field activities are being initiated jointly with the Agriculture Bank. The one year extension of the CSU portion of the project will allow sufficient time to test some of the methodologies in the DR and to build upon the Honduran experience. We are pleased with the cooperative relationship and mutual respect that has developed among the CSU and OSU staff. We feel this has been a very positive long-term aspect of the project. Furthermore, the relationships with the BNF and Dominican Agriculture Bank appear excellent, and we look forward to future involvement with them in carrying out project activities.

APPENDIX A

CHRONOLOGY OF EVENTS AND
DOCUMENTATION LEADING TO CSU'S
PARTICIPATION AND RESPONSIBILITY FOR THE SMALL
FARM CREDIT PROFITABILITY AND REPAYMENT PROJECT
(CO-AG No. AID/ta-CA-3)

Compiled by
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(Revised September 1979)

LIST OF ITEMS*

(Small Farm Credit Profitability and Repayment Project
hereafter referred to as Credit Project)

1. September 1, 1976: Basic Memorandum of Agreement signed with AID under Expanded Program of Economic Analysis for Agricultural and Rural Sector Planning (AID/ta-BMA-6). This document was the basic agreement which allowed for the development of specifically funded cooperative Agreements for the Credit Project (also used for the CSU Lesotho Agricultural Sector Analysis Project).
2. May 1, 1977: Cooperative Agreement (AID/ta-CA-2) signed with TA/AG/ESP to acquire the services of R.L. Tinnermeier to discuss and develop the design and implementation plan for a proposed Small Farmer Credit study to be funded under the Expanded Program. Project projected through December 1977.
3. May 18-21, 1977: R.L. Tinnermeier and Anne Ferguson ESP/AID/Washington Traveled to Honduras to explore feasibility of locating Credit Project in that country. Travel was funded under AID/ta-CA-2. USAID and National Development Bank (BNF) expressed interest in moving ahead on the project.
4. July 14, 1977: AID Request for Proposal from CSU to enter into three year Cooperative Agreement on developing data collection and analysis methodologies which credit institutions in LDC can use.
5. July-September, 1977: CSU proposal submitted July 27 for total budget of \$560,007. Letters of August 19 (Frantz to Perelli, AID) and August 23 (Perelli to Frantz) refer to budget negotiations.
6. August 16-26, 1977: Trip to Philippines to explore locating credit project in that country. R.L. Tinnermeier and Odell Walker (Oklahoma State University) met Anne Ferguson AID/Washington in Manila for project discussions. USAID/Manila and Farm Systems Development Corporation (FSDC) wished to proceed with the Credit Project and a draft Memorandum of Understanding was prepared and discussed with USAID, FSDC and the Technical Board for Agricultural Credit (TBAC).
7. September-November, 1977: Project Management Committee formed to coordinate CSU-OSU activities and a CSU-OSU Memorandum of Understanding was prepared and signed.
8. September, 1977: Letters to FSDC (Sept. 8), TBAC (Sept. 13) and Ferguson (Sept. 16) assumed project moving ahead based on telephone conversation with Anne Ferguson. Proposed visit of FSDC and TBAC representatives to U.S. understood to be paid by USAID/Manila.

* Items underlined are those included in the documentation notebook.

9. September 26, 1977: Cooperative Agreement AID/ta-CA-3 finalized with a budget of \$478,581 assuming CSU would handle long-term advisor in Philippines. Oklahoma State University also signed a Coop-Ag. for \$331,000 with responsibility for placing advisor in Honduras. R.L. Tinnermeier given overall coordinator responsibility for project including the two country programs.
10. September 21, 1978: Tentative timetable for Credit Project prepared.
11. October-November, 1977: USAID/Manila requested, via AID/Washington, that CSU-OSU pay for travel to U.S. of Meli Agabin (TBAC) and per diem costs of Jac Jacolbe (FSDC). CSU telex of Oct. 14 proposed schedule for visitors. USAID/Manila cable via Washington of Oct. 17 specified trip objectives and financial support requested. CSU telex of November 3 notified prepaid ticket had been sent for Agabin and that OSU would pay per diem for Jacolbe. AID/Washington approval for paying invitational travel received (letters from V.C. Perelli, Nov. 8, 1977). USAID/Manila cable via Washington suggested visit may be delayed. Schedule with CSU, OSU and outside credit agencies had already been set up and were cancelled.
12. November 13-18, 1977: Travel to Honduras by Dan Badger and R.L. Tinnermeier to develop project arrangements with the National Development Bank (BNF) as summarized in the attached clearances and trip report. Accompanied by Erhardt Rupprecht, AID/Washington. Draft Memorandum of Understanding prepared and discussed with USAID and BNF.
13. November 19-December 17, 1977: After considerable delay and confusion, two of the three scheduled visitors from the Philippines arrived without notification on November 19th. A tentative schedule for their visit had been cancelled due to the delay. Meetings were rescheduled with difficulty due to their delayed visit falling over the Thanksgiving break. A revised Memorandum of Understanding was prepared on November 20-21 with OSU participation. Jac Jacolbe arrived November 25 and the group departed for OSU on the 29th. The PIO/T and trip report of Galoso outline activities during their visit.
14. December, 1977: January Philippines trip for Bill Spencer and Simon Williams proposed and clearances received.
15. January 21-31, 1978: Bill Spencer and Simon Williams joined Erhardt Rupprecht in Manila to finalize agreements with FSDC. Some difficulties were encountered as reflected in their trip report. A newly revised Memo of Understanding and work timetable wasn't signed by their departure date and the naming of a Filipino as the long-term technician was raised as an issue. Rupprecht letter of February 2 summarized his view of the problem areas.
16. February 5-18, 1978: Honduras trip report summarizes visit of Dan Badger, Loren Parks, Harry Mapp, Jr., and Odell Walker from OSU and Ron Tinnermeier from CSU. Agreements were finalized and proposed project activities were discussed.
17. March, 1978: Honduras Memorandum of Understanding signed by all parties and Project Agreement between USAID and BNF signed.

18. April 13-14, 1978: R. Tinnermeier traveled to Stillwater, Oklahoma to discuss project activities in Honduras with OSU staff. Tentative Work Plan resulted from that meeting and from previous discussions. A copy was sent to the BNF for their response.
19. February-June, 1978: Discussions continued with Philippines to finalize Memorandum of Understanding. Concern raised about significance of delay for project through February 24 letter from Bill Merrill, TA/AG/ESP to USAID/Manila; March 8 letter from R. Tinnermeier to FSDC; ESP March 30 cable to USAID/Manila; and various telephone calls. No written response was received by CSU or OSU from the Philippines.
20. June 6-9, 1978: R. Tinnermeier traveled to AID/Washington to discuss the Filipino delay and alternative strategies. Informal contacts were made with AID Regional Bureaus to identify possible alternative countries. After considering a number of countries, it was agreed that the credit project should shift from the Philippines to Nicaragua if it was possible before the end of this fiscal year. A June 21 memo to K.C. Nobe summarized the rationale for initiating contacts in Nicaragua. A June 19 letter from Tinnermeier to David Bathrick, USAID/Managua, outlined a tentative plan of work in Nicaragua with the Institute for Compesino Development (Instituto de Bienestar Compesino--INVIERNO).
21. July 18-23, 1978: Ron Tinnermeier traveled to Nicaragua to join Dan Badger(OSU) in discussions about locating the Credit Project in that country. A Memorandum of Understanding was signed by Gustavo Gomez-Casco, General Manager of INVIERNO. The document was hand carried to the States for signatures at CSU and OSU. A draft Project Agreement was left for finalizing between USAID and INVIERNO.
The trip included a two-day stop in Honduras to discuss project activities with BNF. Loren Parks is well settled as the long-term project technician. Discussions are progressing on the development of a more detailed scope of work. The trip accomplishments in Nicaragua and Honduras are summarized in the Trip Report.
22. August 1, 1978: Announcement for Nicaragua position released through Affirmative Action Program of CSU. Applications received by September 1, 1978 will be considered first or later applications will be considered until an acceptable candidate is identified.
23. August 9, 1978: Notification sent to FSDC by letter on the shift of project to Nicaragua. Future collaboration with the Philippines is welcomed subject to a stronger expression of interest from them and to the availability of AID funding for a third country. August 19 letter to TBAC also indicates changes in the project.

24. August 25, 1978: Nicaraguan Memorandum of Understanding finalized and sent to INVIERNO. Reception verified by Gomez letter of September 6, 1978.
25. September 1978: Eligible applicant in response to Nicaraguan field party position announcement identified by the Economics Department Selection Committee along with a request to the CSU Affirmative Action Office for approval to proceed to interview for the position.
26. Civil conflict in Nicaragua during the fall made implementation of project in Nicaragua impossible. Discussions were held with AID/Washington to determine alternatives.
27. December 6-14, 1978: Karen Wiese, AID/W and R. Tinnermeier traveled to Honduras and the Dominican Republic. Progress of the project in the BNF was discussed. The Dominican leg of the trip was to attend the Credit Seminar sponsored by the Central Bank, USAID/Honduras, and Ohio State University and to initiate discussions on locating the project in the DR due to the problems in Nicaragua. The response was positive and potential DR institutions included the Dominican Development Foundation and the Agricultural Bank. Details of the visit are in the trip report.
28. March 14-27, 1979: Odell Walker (OSU) and Ron Tinnermeier traveled to the DR to obtain agreement on locating the Credit Project there. The Agricultural Bank was agreed to and a proposed Memorandum of Understanding was left with the Bank and USAID. USAID indicated no logistical support could be provided due to a personnel freeze. See trip report for details.
29. Position Description No. 79-6 released March 1, 1979 for DR position through affirmative action procedures. Selection committee recommended Thomas Dickey (see personal vita), an offer was made June 4, 1979, and Mr. Dickey accepted the position effective July 15, 1979. An Overseas Employment Agreement was then prepared and signed.
30. June 25-30, 1979: Trip to DR by Thomas Dickey and Ronald Tinnermeier to finalize agreement with Ag Bank and to introduce Mr. Dickey as the proposed long-term technician. USAID and Ag Bank clearances were obtained for Dickey and J. D. Longwell to locate in the DR. The Memorandum of Understanding was left for signatures. Trip report and clearances attached.
31. J. D. Longwell and wife, Mary Ann, cleared by USAID to arrive in DR on July 15, 1979. He was expected to spend eight to ten months on research for his M.S. on data collection and analysis.
32. Clearance for Dickey arrival in DR on or about July 23, 1979 obtained from USAID and Bank.
33. July 6, 1979: All signatures obtained for Memorandum of Understanding with Ag Bank, OSU, and CSU.

34. July 29, 1979: Project Management Committee met at Pullman, Washington in conjunction with AAEA meetings. Past activities were reviewed and general plans were made for the up-coming year. Minutes attached.

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE AGRICULTURAL BANK

OF

THE DOMINICAN REPUBLIC

AND

THE COOPERATING UNIVERSITIES:

COLORADO STATE UNIVERSITY

AND

OKLAHOMA STATE UNIVERSITY

MEMORANDUM DE ENTENDIMIENTO

ENTRE

EL BANCO AGRICOLA

DE LA

REPUBLICA DOMINICANA

Y

LAS UNIVERSIDADES COOPERANTES

LA UNIVERSIDAD DEL ESTADO DE COLORADO

Y

LA UNIVERSIDAD DEL ESTADO DE OKLAHOMA



MEMORANDUM OF UNDERSTANDING

1. This Memorandum of Understanding is made between The Agricultural Bank of the Dominican Republic (THE BANK) on the one hand, and on the other, Oklahoma State University (OSU) and Colorado State University (CSU) hereafter referred to as the Cooperating Universities.
2. Both parties propose to cooperate in carrying out small farm data collection and analysis activities to improve credit use and other related services which THE BANK offers to its beneficiaries. This proposal results from a recognition that it is mutually beneficial for all parties to establish a longterm relationship for organizing and implementing such work to meet the development objectives of the Government of The Dominican Republic, of A.I.D. (the funding source for the Cooperating Universities), and the Cooperating Universities in:
 - a) Applying data collection and analytical methodologies in The Dominican Republic and demonstrating the practical usefulness of such work for improved credit policies and other related services and
 - b) Contributing to international understanding of development processes.

MEMORANDUM DE ENTENDIMIENTO

1. Este Memorandum de Entendimiento está hecho entre el Banco Agrícola de la República Dominicana (EL BANCO) por una parte, y por otra La Universidad del Estado de Oklahoma (OSU) y la Universidad del Estado de Colorado (CSU), que en lo adelante se denominarán LAS UNIVERSIDADES COOPERANTES.
2. Ambas partes se proponen cooperar en llevar a cabo una recopilación de información sobre pequeñas fincas y actividades de análisis, con el fin de mejorar el uso del crédito y otros servicios relacionados que el Banco ofrece a sus beneficiarios. Este propósito resulta de un reconocimiento de que es mutuamente beneficioso para ambas partes, establecer una relación a largo plazo para organizar y ejecutar estos trabajos, de modo que satisfaga los objetivos de desarrollo del Gobierno de la República Dominicana, de la Agencia para el Desarrollo Internacional (AID), (la fuente de fondos para las Universidades Cooperantes) y de las Universidades Cooperantes respecto a:
 - a) Aplicar las metodologías de recolección y análisis de datos en la República Dominicana y demostrar el uso práctico de tales trabajos para mejorar políticas crediticias y de otros servicios relacionados.
 - b) Contribuir al entendimiento internacional de los procesos de desarrollo.

3. The specific purposes of the cooperating effort between THE BANK and de Cooperating Universities are to improve: (a) planning for use of credit and farm net returns; (b) loan repayment; and (c) lender credit policies and programs and other related services.
4. The project has an initial 18 month planning horizon to include the following general objectives:
- a) Development of budget analysis and cost effective data collection and analysis methodologies which can be utilized by credit institutions working with small farmers.
 - b) Application and utilization of these methodologies in THE BANK to improve credit use, repayment, and other related services with small farmers.
 - c) Training of THE BANK personnel and others in data collection, data analysis and credit policy evaluation.
 - d) Evaluation of the methodologies through seminars and other training activities in THE BANK and other credit institutions working with small farm credit.
3. Los propósitos específicos del esfuerzo cooperativo entre el Banco y las Universidades Cooperantes es mejorar: (a) la planificación del uso de crédito e ingresos netos por finca; (b) recuperación de préstamos; y (c) programas y políticas de crédito y de otros servicios relacionados.
4. El proyecto tiene una duración inicial de 18 meses para incluir los siguientes objetivos generales:
- a) El desarrollo del sistema presupuestario y la recopilación de información sobre costos efectivos y metodologías de análisis que puedan ser utilizados por las instituciones crediticias que trabajan con los pequeños agricultores.
 - b) La aplicación y utilización de estas metodologías en el Banco Agrícola u otras instituciones para mejorar el uso del crédito, su recuperación y otros servicios relacionados con los pequeños agricultores.
 - c) El adiestramiento del personal del Banco y otras instituciones en la recopilación de información, análisis de datos y evaluación de la política de crédito.
 - d) Diseminación de las metodologías por medio de seminarios y otras actividades de adiestramiento en el Banco y otras instituciones crediticias que trabajan con crédito para pequeños agricultores.

7. The figure attached to this agreement outlines the steps and major responsibilities and interactions anticipated between THE BANK and the Cooperating Universities. Both parties, on the basis of technical expertise, will develop the project design and implementation plan. Systems for data collection analysis and use will be jointly developed by the BANK and the Cooperating Universities. Personnel in the Secretariat of Agriculture will be kept informed of the results of the project.
6. To meet the purposes of this project the Cooperating Universities agree to:
- a) Provide professionals who, in coordination with THE BANK:
 - i) Will develop and design an implementation plan;
 - ii) Will develop data collection and analysis methodologies;
 - iii) Will assess existing research findings; and
 - iv) Will assist in the analysis of the results and in the formulation of recommendations.
 - b) Provide one professional in the Dominican Republic who will assist THE BANK counterpart to:
5. El bosquejo anexo a este Convenio detalla los pasos y mayores responsabilidades e interacciones anticipadas entre el Banco y las Universidades Cooperantes. Ambas partes de común acuerdo, en base a su experiencia técnica, desarrollarán el diseño del proyecto y el plan de ejecución. Los sistemas de análisis de recopilación de información y su uso, serán conjuntamente desarrollados por el Banco y las Universidades Cooperantes. Se mantendrá informada a la Secretaría de Estado de Agricultura (SEA) de los resultados del proyecto.
6. Para cumplir el propósito del mismo, las Universidades Cooperantes convienen en lo siguiente:
- a) Proveer profesionales que en coordinación con el Banco:
 - i) Desarrollarán y diseñarán un plan de ejecución;
 - ii) Recopilarán la información y metodología de análisis;
 - iii) Evaluarán los resultados de las investigaciones existentes; y
 - iv) Ayudarán en el análisis de los resultados y en la formulación de recomendaciones.
 - b) Proporcionar un profesional con sede en la República Dominicana, que asistirá al Banco en lo siguiente:



- | | |
|--|--|
| <ul style="list-style-type: none"> i) Coordinate project activities; ii) Direct data collection and analysis activities; iii) Develop in-country training programs, workshops and seminars and anyone similar activities. | <ul style="list-style-type: none"> i) Coordinar las actividades del proyecto. ii) Dirigir la recopilación de información y las actividades de análisis. iii) Desarrollar en el país, programas de adiestramiento, cursillos, seminarios y otras actividades similares. |
| <ul style="list-style-type: none"> c) Provide for its employees: <ul style="list-style-type: none"> i) Salary and allowances. ii) International and in-country travel and per-diem. iii) Transportation of household and personal effects. iv) Materials, supplies and equipment (Other than office equipment and supplies provided by THE BANK necessary to conduct project activities, consistent with the project budget. | <ul style="list-style-type: none"> c) Proporcionar a sus propios empleados: <ul style="list-style-type: none"> i) Salarios y subsidios. ii) Viajes internacionales y dentro del país, con los respectivos viáticos. iii) Transporte de menaje de casa y efectos personales. iv) Materiales, suministros y equipo (que no sea el equipo de oficina y suministros proporcionados por el Banco) necesarios para realizar las actividades, de acuerdo con el presupuesto del proyecto. |
| <ul style="list-style-type: none"> d) Direct in the U.S., both short term and long term participant training for selected staff of THE BANK. Assist in the identification and selection of participants for this training. Financing for such training will be requested from USAID or other sources. | <ul style="list-style-type: none"> d) Dirigir a corto y a largo plazo en los Estados Unidos el adiestramiento de participantes seleccionados del personal del Banco. Colaborar en la identificación y selección de participantes para el adiestramiento. El financiamiento para dicho adiestramiento será solicitado de los fondos de la AID y otras fuentes. |

e) Provide logistical support (transportation, per diem, computer time, etc.) for data collection, analysis, and training activities as mutually agreed by THE BANK and the Cooperating Universities, subject to budget limitations.

f) Provide a four-wheel drive project vehicle which will be turned over to THE BANK at the termination of the project.

g) Cover the cost of a chauffeur for the project vehicle

To meet the purposes of this project, THE BANK agree to:

a) Provide one professional counterpart (preferably with Master's level training or equivalent) who, with assistance of personnel of the Cooperating Universities, will:

i) Develop and design an implementation plan;

ii) Develop data collection and analysis methodologies.

iii) Direct project implementation and evaluation;

e) Proporcionar apoyo logístico (transporte, viáticos, tiempo de computadora, etc) para la recopilación de información, análisis y actividades de adiestramiento como fuera acordado mutuamente por el Banco y las Universidades Cooperantes, sujeto a las limitaciones presupuestarias.

f) Proporcionar un vehículo de doble tracción para el proyecto, el cual será transferido al BANCO AGRICOLA al terminar el proyecto.

g) Cubrir los costos de un Chofer para manejar el vehículo para este proyecto.

7. Para cumplir el propósito de este proyecto, el Banco conviene en lo siguiente:

a) Proporcionar una parsona como contraparte profesional (preferiblemente con adiestramiento a nivel de maestría o equivalente) quien, con la asistencia del personal de las Universidades Cooperantes, hará las siguientes tareas:

i) Desarrollar y diseñar el plan de ejecución.

ii) Desarrollar y recopilar los datos y metodologías de análisis.

iii) Dirigir la ejecución y evaluación del proyecto.

- iv) Direct field activities;
- v) Develop workshops, seminars and any-
one activities to present and discuss
the experience of applying a system of
collection and analysis in THE BANK.
- vi) Direct training of THE BANK person-
nel relating to project activities;
- b) Provide office space and equipment for the
U.S. professional.
- c) Provide secretarial support with bilingual
capability.
- d) Provide maintenance and operating support
(gasoline, oil, etc.) for the project ve-
hicle provide by the Cooperating Universi-
ties.
- e) Provide logistical support for THE BANK
counterpart and data collection/analysis
personnel except when covered in part
or in whole through mutual agreement of
THE BANK and the Cooperating Universities.
- f) Take action with the corresponding autho-
rities to obtain visas, entry, free import
of personal effects, exemption from local
taxes and other privileges which are granted
to project and members of international or-
ganizations who temporarily work in the
country.

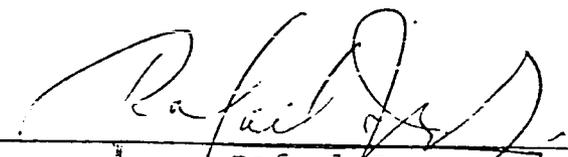
- iv) Dirigir las actividades de campo.
- v) Desarrollar cursos cortos, seminarios
u otras actividades para presentar y
discutir la experiencia de aplicar un
sistema de recopilación de informació
y análisis para el Banco.
- vi) Dirigir el adiestramiento del persona
del Banco relacionado con las activi-
dades del proyecto.
- b) Proporcionar espacio de oficina y equipo
para el profesional de las Universidades
Cooperantes.
- c) Proporcionar servicios secretariales con
capacidad de servicios bilingües.
- d) Proporcionar apoyo de mantenimiento y
de operación (gasolina, aceite, etc.) pa-
ra el vehículo del proyecto proporcionado
por las Universidades Cooperantes.
- e) Proporcionar apoyo logístico para le per-
sona contraparte del BANCO AGRICOLA y el
personal que trabaje en la recopilación
de información y análisis, excepto cuando
se cubra, total o parcialmente, por me-
dio del mutuo acuerdo del BANCO y las
Universidades Cooperantes.
- f) Tomar a su cargo las diligencias ante las
autoridades correspondientes para forma-
lizar el visado de Pasaportes, residencia,
importación libre de los efectos persona-
les, exención tributaria y las demás fa-
cilidades que se conceden a los proyec-
tos y los especialistas de organismos in-
ternacionales que trabajan temporalmente
en el país.

RD

8. This agreement may be terminated in the event that AID suspends its contribution to the Cooperating Universities, if the BANK requests termination because of financial reasons, or through mutual agreement.

8. Este Convenio puede dejarse sin efecto en el caso de que la AID suspendiera su aporte a las Universidades Cooperantes, y si el BANCO así lo dispusiera también por razones económicas o por mutuo acuerdo.

FIRMAS DEL ACUERDO
SIGNATURES OF THE AGREEMENT



Rafael Jorge
Administrador General
del

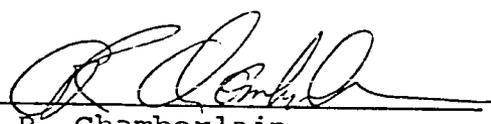
Banco Agrícola de la República Dominicana

Santo Domingo, D. N., 6 de Junio de 1979.
Fecha (Date)



Lawrence W. Boger
President. Oklahoma State University
Stillwater, Oklahoma

Stillwater, Ok July 6, 1979
Fecha (Date)



A. R. Chamberlain
President, Colorado State University
Ft. Collins, Colorado

Ft. Collins, CO June 19, 1979
Fecha (Date)

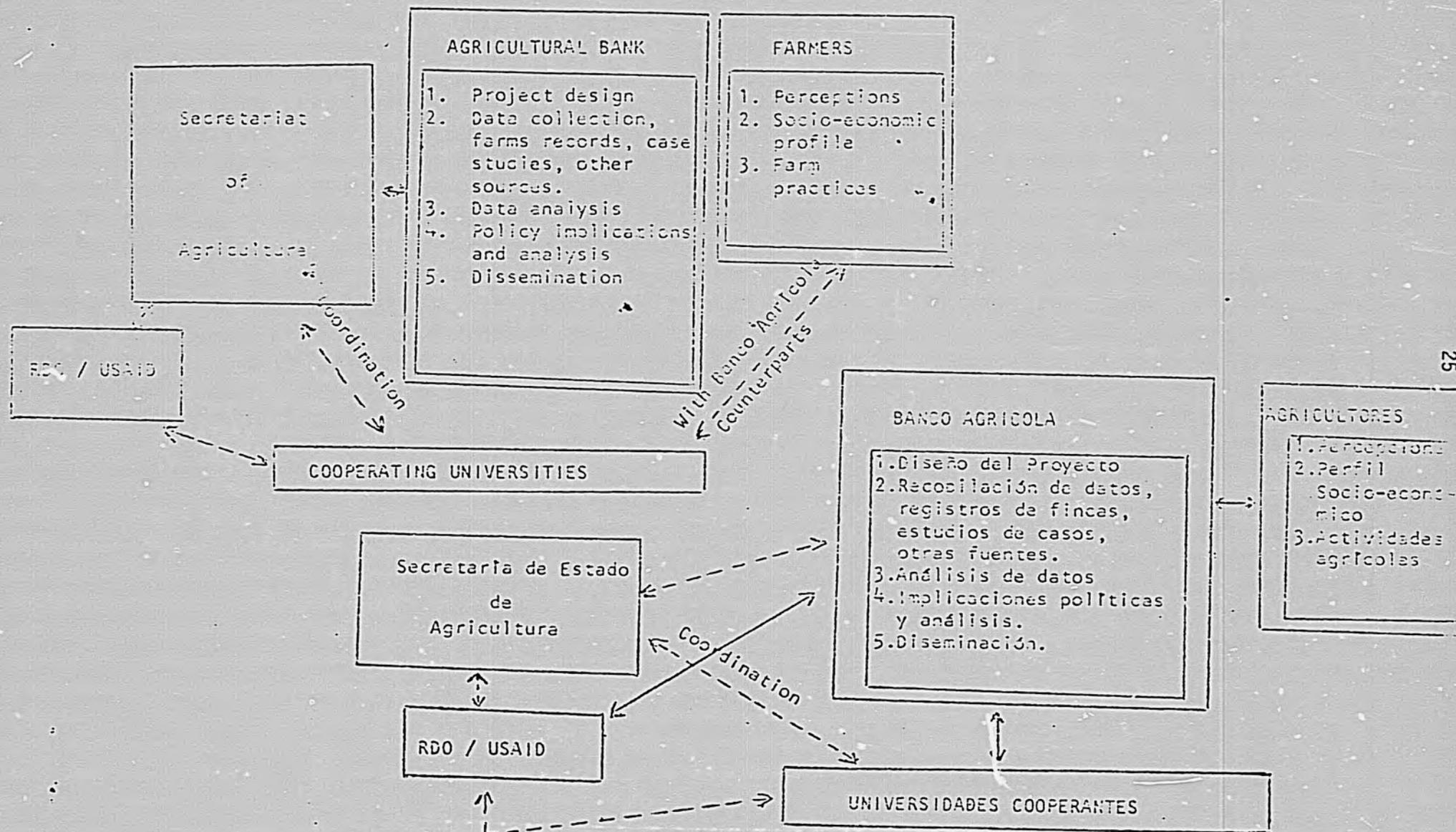
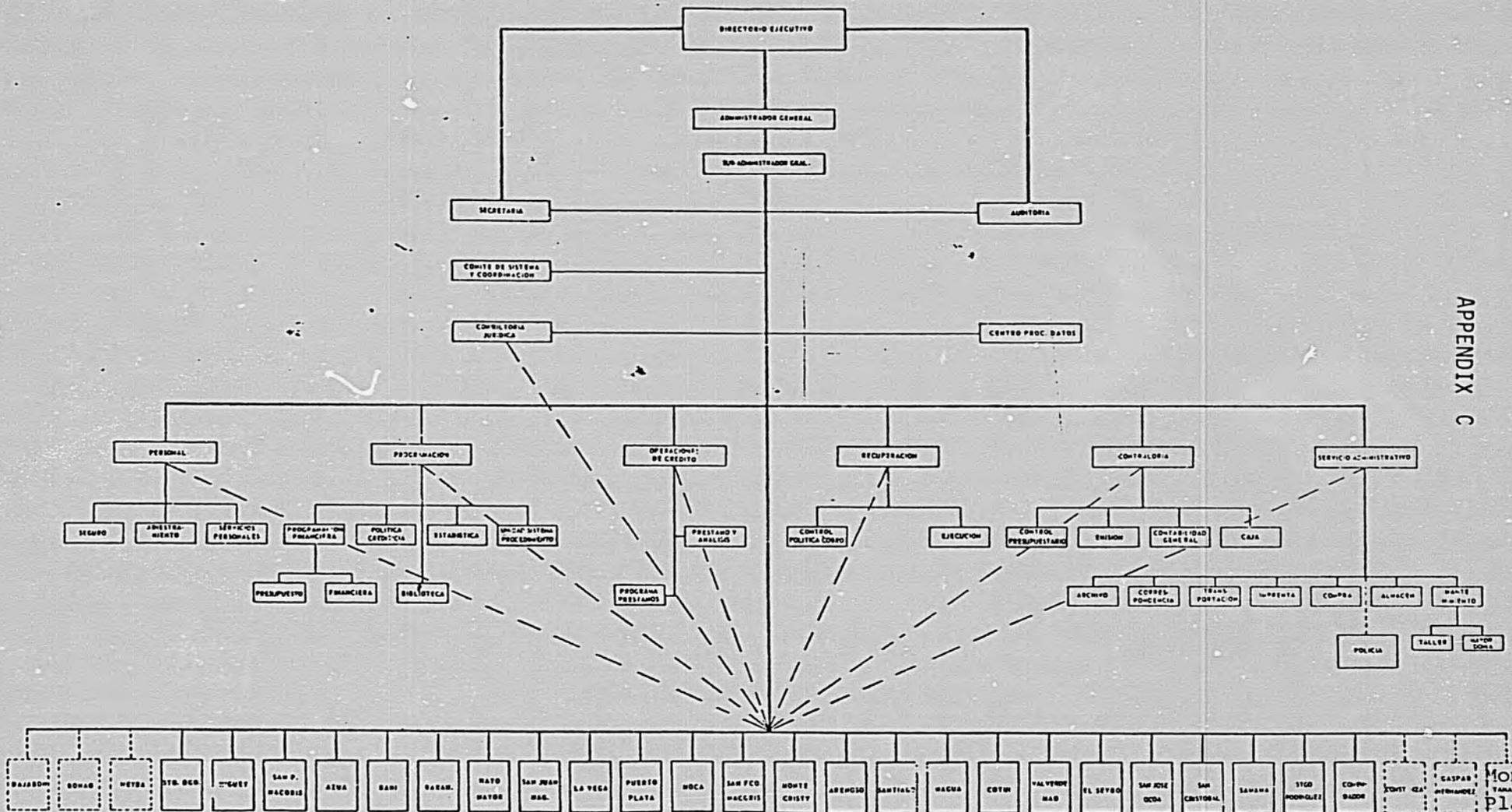


DIAGRAMA DE LA ORGANIZACION DEL BANCO AGRICOLA



APPENDIX C

Mon
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Pla

APPENDIX D

SMALL FARM CREDIT PROFITABILITY AND REPAYMENT PROJECT

(Tentative Plan of Work for the Dominican Republic)

Objective: To develop data collection and analysis methodologies which credit institutions in developing countries can use to improve credit policies and programs and loan repayment.

Scope of Work:

- (1) The development of budget analysis and cost-effective data collection methodologies
- (2) The analysis of collected data and utilization of the results by the cooperating institution;
- (3) The dissemination of the developed methodologies and their results within the host country and in other developing countries.

The project has an initial three-year implementation period which began October 1, 1977. A follow-up plan for work after the initial three-year period may be developed for continued effort subject to findings of a 30 month evaluation and availability of funds.

The cooperating U.S. universities (Colorado State and Oklahoma State universities) each will assign one long-term advisor to work with two cooperating developing country credit institutions. One advisor already is assigned to the Banco Nacional de Fomento in Honduras. Additional short-term consultants will be provided as needed. The cooperating host country institution is expected to provide office space and secretarial services for the in-country project activities. One full-time host country counterpart will be identified who will direct the in-country project activities.

Possible Project Activities in the Dominican Republic (D.R.):

A. Planning

The planning phase includes the time prior to and shortly after the arrival of the long-term technician in the D.R. The general objectives of the planning phase include:

1. Discussion of project objectives and means to achieve them.
2. The preparation of a tentative work plan with the cooperating host country institution.
3. Review literature and experiences with small farm data collection and analysis in other developing countries.
4. Review material from host country institution (Banco Agricola) and begin some data analysis, if possible.
5. Handle administrative matters to locate the U.S. long-term technician and the project in the D.R.

B. Initiation of In-Country Work

The objectives of this phase are to establish the long-term technician in the D.R., review and revise project objectives, and initiate studies all in cooperation with Banco Agricola. Specific objectives include:

1. Set up administrative procedures in the D.R. such as office space, secretary, driver, etc.
2. Become more familiar with Banco Agricola operations, personnel, policies, goals, performance and problems through informal contacts and field visits.
3. Make contacts with other development agencies (foreign and national) in the D.R. to build on existing knowledge and experience and to avoid duplication.
4. Gather maps, crop-livestock data, and other information relating to project activities if not presently available.
5. Work with Banco Agricola personnel to review and revise project goals, priorities, and methods of prepare a comprehensive work plan for submittal to USAID three months after arrival of the long-term technician.

C. Data Collection and Analysis

This subject is the major thrust of the project and is intended to result in improved capability to (1) identify useful and relevant data needed for a small farm credit program, (2) gather such data in a cost-effective way, and (3) analyze the data and disseminate the results through program policies and operations. These objectives will be accomplished within the particular constraints of the Banco Agricola.

Farm-Family Analysis

The farm-family analysis phase includes the collection and analysis of basic data about small farm-family resource availabilities, management levels, use of and attitudes about credit, risk aversion strategies, and the nature of decision making. Data obtained will be used to generate crop and other enterprise budgets (emphasizing new or alternative technologies), cash flow analyses, programming models for small farms, and to provide further insights on small farm constraints and behavior, as jointly determined with the Banco Agricola. More specifically, proposed activities include:

1. Initiate an ongoing farm-record keeping system to improve understanding of how farms are operated, their credit needs, their production-consumption-saving decision making criteria, and how management and farm incomes can be improved. The records system would be initiated on a small scale and expanded as experience is obtained and as supervisory personnel are available.
2. Utilize farm level data to determine the importance of risk and uncertainty to the small farmer. This component of the work will be coordinated with the AID proposed crop-credit insurance project to be initiated in three other countries of Latin America.
3. Analyze data from the farmer/demonstration and experimental plots established by the Secretariat of Agriculture (SEA) to provide insights on alternative technologies.
4. Utilize data obtained from case studies, farm records, and experimental plots to construct programming models of representative small

farms. The results of these computer experiments can be used to help establish criteria and priorities for use in granting loans.

Regional or Area Analysis

This component of the project would include the identification of data needed on a regional basis for analysis and program policy development. Included would be data on organized farmer or community groups. Institutional factors which influence the decisions about which products are grown, how products are marketed, and how resources are allocated within the area would be analyzed. A computerized regional programming model could be constructed if adequate and reliable data were available for the region or zone.

Analysis of Banco Agricola Credit Operations

This phase of the work would focus directly on the credit operations and procedures of Banco Agricola and their relationships with borrowers. Alternative data collection and analysis methodologies would be studied to help improve initial borrower selection, loan processing and evaluation procedures, loan supervision and monitoring procedures, and loan repayment. An effort would be made to distinguish between necessary and unnecessary data for successful and efficient credit program management and operation. A critical assessment would be made of the need or lack of need for borrower farm plans, income and net worth statements, collateral, and other requirements generally associated with small farm credit programs. The following questions could help guide the activities of this phase:

1. What minimal borrower data are needed when the farmer first enters the credit program? Which data can serve as reliable criteria for selecting borrowers?
2. What borrower or farm data are needed to design a specific loan for each farmer? Are any data needed? Do certain data help improve credit use and repayment?

3. What minimal borrower and loan data are needed for program management and for an ongoing evaluation? Should they be collected from each farmer or from a sample? What are the costs and advantages of each approach?
4. What data should be gathered from the farmer during the life of his loan? What relationships is there between such data collection and loan repayment?
5. Which data are of use primarily at the local, regional, or national level? Should different methods be used depending upon the level being served?
6. What data are needed on credit agent activities and accomplishments? In what way do these data improve credit use and repayment.
7. In what ways can the costs of data collection and flows for operational purposes be minimized?
8. What data are needed from cooperatives or groups receiving credit? How should they differ from individuals?

D. Seminars and Training

An important part of the project is the dissemination of experience and findings among a wider audience. It is anticipated that this will be accomplished through seminars for Banco Agricola personnel and for other credit institutions in the D.R. Furthermore, Latin American regional seminars may be organized to share the experience with other countries as well. Formalized training sessions largely will be limited to Banco Agricola personnel. Subjects for the seminars and formalized training sessions could include:

1. Experiences with data collection and analysis methodologies for small farm credit programs. It may be appropriate to hold a seminar on this subject at an early period of the project to review experiences of SIA, Banco Agricola, and other institutions in gathering and analyzing farm level data.
2. General farm management concepts.
3. Preparation and use of enterprise budgets.
4. Whole-farm financial analysis including cash flow concepts.

5. Investment analysis (project evaluations).
6. Asset valuation techniques.
7. Use of linear programming and other modeling techniques.
8. Application of hand held electronic calculators and mini-computers to farm management analysis.

Note: The previously mentioned project activities are illustrative only and provide a general idea of the proposed project scope. Specific activities must be developed jointly among the participating institutions once the project is agreed to and implemented in a particular country.

APPENDIX E

MINUTES OF THE PROJECT MANAGEMENT COMMITTEE MEETING

Small Farm Credit Profitability and Repayment Project
July 29, 1979

The Third Credit Project Management Committee meeting was held at the Best Western University Inn, Moscow, Idaho, on Sunday, July 29, 1979. This was in conjunction with the annual meeting of the American Agricultural Economics Association, Washington State University, Pullman (July 30 - August 1, 1979).

Members in attendance included Ronald Tinnermeier, Project Coordinator and CSU Project Leader; K.C. Nobe, CSU Project Manager; Daniel Badger, OSU Project Leader; James Osborn, OSU Project Manager; Loren Parks, resident technician, Honduras; Karen Wiese, AID Project Manager; and Virginia Perelli, AID Project Agreement Officer. Others also attending were Odell Walker, OSU agricultural economist; Harry Mapp, OSU agricultural economist; Paul Hummer, OSU agricultural economist; and Gladys Tablada, Ph.D. student at OSU. The agenda for the meeting is attached as Appendix A.

The session began at 8:30 a.m. with introductions and suggestions about items which should be covered during the meeting. Dr. Loren Parks then reviewed the project activities in Honduras. Slides were shown of the areas where farm records are being kept and to briefly outline the objectives of the Honduran component of the project. Six major activities were reviewed by Dr. Parks:

1) Farm record books are now being kept on 18 individual farms in two different regions. One cooperative farm also is participating in the record book program. In addition the Ministry of Natural Resources has adopted the Credit Project record book for 34 farms serviced under its program. The record keeping activity is designed: (1) to obtain detailed information on production, consumption, and financial activities of selected farmers, and (2) to teach participating farmers how to maintain and interpret farm records for their own benefit. Data from these cases are being analyzed to help determine small farm resource constraints, farm family income and expenditures, loan repayment capacity, and to verify crop and livestock budgets, among other uses. Examples of the book were available for review.

2) Development of crop and livestock enterprise budgets for use by BNF is now a major part of the data collection activities in Honduras. By June 1979 about 119 different budgets had been prepared for 10 of the 14 regions of the country. Previously, only a crop "master budget" for the entire country was available to BNF. This served only as an "upper limit" for loan authorization and was not used effectively for loan requests and evaluation of the farmer's repayment capability. The new methodology being introduced will result in more specific information (budgets) by region from which the loan officer can choose to more closely approximate the borrower's actual situation. Loren indicated the assistance by OSU TDY staff has been especially useful in conceptualizing and implementing the preparation of the enterprise budgets. Examples of a booklet of enterprise budgets were distributed.

3) Price information generation is another activity of the project. Selected BNF field staff are requested to send price information on major input and products financed by BNF for their area around the fifteenth of each month. These prices are summarized by the central office staff and made available to central and field staff needing such data. This activity is still in its initial stages. Questions have been raised about means of verifying such price information.

4) A computer print-out for each borrower has been attempted but numerous errors and problems have been encountered. The objective is to provide a brief history and summary data about the client so that each loan officer can more easily evaluate his loan request. Collaboration with the BNF computer operations will continue to see if this data source can be made operational for the field staff.

5) A group record keeping activity has recently been activated in the Western Region Development Project as a part of a development project financed by IFAD (International Fund for Agricultural Development--Rome). A "control book" on credit allocations for use by three farmer groups (Comités Agrícolas) has been prepared and this experience will help determine if the BNF should work with such groups in the future and under what conditions.

A more detailed farm record keeping activity was initiated in January 1979 with an agricultural cooperative, "El Matazano," located in the Jamastrán Valley.

6) Training of BNF personnel was the last major activity reviewed by Dr. Parks. Two types of training were emphasized. One, the informal or day-to-day training involves those most directly involved in the activities of the Credit Project and has been going on since the project began. The second, more formal training, must be scheduled and coordinated with the on-going BNF activities and responsibilities. Three formal training sessions already have been completed. These included a session on budgeting and cash flow concepts for 55 BNF staff, a half-day session on revised loan forms and cash flow analysis for four loan officers and a branch manager, and a one-day session for the project record keeping supervisors (accountants).

A series of week-long training sessions are being proposed for later this year. Topics will include: enterprise budgets, farm records, asset appraisal, and financial analysis. At this point Dr. Nobe suggested, given the apparent interest of BNF in training, that more emphasis should be placed on training trainers in the bank. Dr. Parks indicated this was being planned.

A prototype of a handbook (Manual Pericial) for field loan officers which includes completed enterprise budgets, input and price information examples, a client computer print-out example, and other information of use to field staff was distributed for review. This handbook is expected to be the main information source for field loan officers to better evaluate loan requests and individual farm operations. (Details on these activities can be found in the OSU Annual Report distributed at the meeting and are

available upon request.) Following the presentation on Honduras, Ron Tinnermeier summarized the current status of the project in the Dominican Republic (DR).

The Memorandum of Understanding has been signed by the Ag Bank, CSU, and OSU; and copies were distributed to the respective parties and AID/W.* Thomas Dickey was hired as the two-year resident technician for the project and is now working in the Dominican Republic. John D. Longwell, Graduate Research Assistant, arrived in Santo Domingo with his wife on July 15 to begin his field research on small farm data collection, especially as viewed by the farmer. His work is expected to be completed in about ten months.

The Credit Project will be located in the programming office (Departamento de Programación) of the Agricultural Bank (Banco Agrícola) headed by Ramon Emilio Aquino. It appears the direct DR counterpart for Dickey will be Gregorio Cruz who has been in charge of the credit policy section of the Programming Department.

Some farm record keeping activities are just being initiated by the Secretariat of Agriculture (with the Interamerican Institute of Agricultural Sciences--IICA) and any Ag Bank record keeping will need to be directly coordinated with that effort. A plan of work will be prepared within an approximate period of three months from the arrival of Dickey. A review of that plan by CSU and OSU TDY personnel is tentatively set for the first part of October, 1979. Further details on the DR part of the project can be found in the June 25-30, 1979 DR trip report of Tinnermeier and Dickey.

An up-dated, draft annotated bibliography on small farm data collection and analysis was distributed by Dr. Tinnermeier. Further copies will be made available at a later date.

In the discussion that followed the two presentations, a number of issues or points were raised.

1) The BNF reorganization is continuing. The consulting consortium of Coopers-Lybrand and American Technical Assistance Corporation (ATAC) have been in Honduras and have contacted Dr. Parks. A proposal for action was expected the latter part of August. It was stressed the training and other Credit Project activities need to be integrated into their thinking and plan of work.

2) Ms. Wiese asked how might the credit project be evaluated? How should the impact of the project be measured? By its effect on lowering loan delinquency? It was suggested that using loan delinquency would be inadequate since many other variables (price policy, technology development, marketing, etc.) directly affect the farmer's willingness and ability to repay a loan. Possible measures of project impact might include: the extent to which the methodologies are used by the LDC credit and other

*CSU has just been notified that the past director of the Bank (Rafael Jorge) has been replaced by Tomas Hernandez, past head of the extension service.

institutions; the number of trained staff; improvement in knowledge of data collection and analysis methodologies by the LDC staff; amount and quality of training and other materials (budgets, etc.) prepared; evaluation by the host institution itself; and improved management by the participating farmers.

3) The importance of using TDY staff was mentioned by a number of the participants. It was felt such visits keeps the local team alert to potential problems in its approach and provides much needed technical and conceptual backstopping; it keeps communication open between the supporting department and the resident technician; and it leads to better involvement and, thus, support for the overseas work by the U.S. staff. Ms. Wiese suggested more effort was needed in sharing on-campus resources at both universities to meet the needs of the two overseas teams. It was generally agreed it would be beneficial to better identify who's available along with their experience and expertise so that the existing resources are allocated as efficiently as possible between the two countries. It was recognized there are some logistical and other trade-offs where considerable interchange takes place.

4) The AID/Honduras review of the Credit Project was discussed. It was felt the review needed to be carried out as quickly as possible in case there was agreement to extend the project. This is because considerable lead time is needed to obtain the funding for such an extension. Ms. Wiese indicated it would not be available in DSB, so support would have to come from the Latin American Bureau or USAID/Honduras. Title XII funding is another possibility but requires considerable lead time. The Honduras review has been tentatively set for the end of August or first part of September. Ms. Wiese was asked to clarify this with the USAID Mission. It was suggested that the final date for making the extension decision should be November 1. Any decision past that date would make it more and more difficult to obtain funding.

5) Some discussion centered around the need for publishing the experiences of the project in English for dissemination to other LDCs. No decision was made on this question.

The remaining part of the meeting was used to finalize Amendment 2 to the CSU Cooperative Agreement which allows work in the DR and extends the project for a fourth year (see Appendix 2) and to handle other administrative matters between the universities and AID/W.

Distribution:

Nobe, CSU	Osborn, OSU
Vattano, CSU	Parks, Honduras
Frantz, CSU	Wiese, AID/W
Dickey, DR	Perelli, AID/W
Badger, OSU	Shearer, AID/Santo Domingo

AGENDA
 Project Management Review Committee Meeting
 Small Farm Credit Profitability and Repayment Project

Meeting Place: Room 3, Agricultural Science Building, Phase II
 Washington State University, Pullman

Sunday, July 29, 1979

- 8:00 a.m. Look for coffee
- 8:30 a.m. Review of Project Activities
 OSU--Loren Parks, Honduran Resident technician and
 Dan Badger, Project Leader
 CSU--Ron Tinnermeier, Project Leader, Dominican Republic
- 10:00 a.m. Break
- 10:30 a.m. Discussion of transferability of Honduran experience to the
 Dominican Republic and dissemination to other LDCS: Project
 outputs
- Noon Lunch
- 1:30 p.m. Formulate project activities and responsibilities for next
 year; discuss budgeting adjustments needed
- 3:00 p.m. Break
- 3:30 p.m. Finalize plans of work and tentative timetables for activities
- 4:30 p.m. Finalize CoAg amendments for CSU and OSU (if appropriate)
- 6:00 p.m. Dinner
- 8:00-10:00 p.m. Reception for participants in AAEA meetings, CUB Ballroom

Lodging locations

Travelodge
 S. 515 Grand
 Pullman, WA
 Tel. 509-564-1143

} Perelli, Wiese, and Tinnermeier

University Inn --Best Western
 1516 Pullman Road
 Moscow, ID
 Tel. 208-882-0500

} Parks, Badger, Osborn, and others from OSU

WSU Dorms
 Washington State
 24-hour tel. 509-335-3564

} Nobe

Distribution:

Badger, OSU
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