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**Evaluation of PRE/I Program
With ACCION International**

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EVALUATION OF PRE/I PROGRAM WITH ACCION INTERNATIONAL

This report is an evaluation of the USAID loan guarantee facility established with ACCION International. It is based on a three day visit (August 22, 26 and 27) to the Cambridge office of ACCION, as well as interviews with PRE/I staff and a review of PRE/I files. It specifically addresses the questions raised in the attached "Scope Of Work For The Evaluation Of PRE/I's Program With ACCION International." The focus was on the Cambridge end of the organization, including the five countries currently covered by the \$1 million USAID loan and related \$391,000 grant.

LOAN PORTFOLIO. The attached Appendix 3 lists the total amount and average size of loans made by ACCION affiliates in Mexico, Ecuador (three affiliates), Costa Rica, Paraguay and Chile. This schedule also includes figures which indicate the proportion of each affiliate's portfolio supported by USAID. It is prepared by ACCION's Capital Formation and Placement Department from monthly reports (attached as Appendix 5) filed by each affiliate. These monthly reports include data on the number of borrowers, amount of loans, late payment rate, reserves, self-sufficiency rate and training courses offered to borrowers. They are reviewed and recorded in Cambridge by ACCION's Latin American Operations Department.

It is important to note that differences between the late payment rates reported in Appendices 4, 5 and 6 and those reported in the supporting monthly reports sometimes result from the fact that some affiliates report a loan as past-due when payment is late by one or more days, rather than the standard measure of thirty days. For the purposes of Appendix 3, ACCION defines as late those payments received thirty or more days following the due date.

The information relating to the USAID portion of each affiliate's portfolio was gathered from a quarterly report (Appendix 6) which each affiliate must send to the Capital Formation and Placement Department ("CFPD"), the recently created department whose main responsibility is the Bridge Fund. This report was created in January of this year (by Sonia Saltzman, CFPD's Director of Capital Placement) to identify and track affiliate Bridge Fund lending operations linked to specific letters of credit funded by USAID or private sources. It is extremely useful and its main purpose is to keep track (its format is similar to the monthly reports) of the affiliate loans supported by LCs from USAID and other sources.

While the monthly reports allow ACCION headquarters to track the overall performance of each affiliate, this new quarterly report allows them to measure the impact of USAID involvement on the loan portfolio. Each column of this report represents a particular LC, thereby allowing analysis of the specific impact of, in this case, each LC supported by the USAID \$1 million loan guarantee facility. The one area where there is certainly room for improvement has to do with the completion of these quarterly reports. Some of the affiliates have been filling them out incorrectly or not sending them to CFPD within the time specified in the Bridge Fund Credit Manual. Sonia Saltzman is aware of this and has taken steps to make sure these reports are completed properly and sent to CFPD on a timely basis.

ACCION'S METHODOLOGY FOR CREDIT DELIVERY. ACCION's CFPD has recently updated and expanded the ACCION Bridge Fund Credit Manual, a copy of which is attached to this report as Appendix 2. It is quite detailed and specifically outlines ACCION's guidelines relating to the use of LCs as loan guarantees and the requirements for affiliate participation. The methodology includes: close monitoring of affiliates to ensure they are willing and able (financially and otherwise) to participate in the program; continuous training and support of affiliates so that clear lending goals can be established and achieved; strict penalties if affiliates do not comply with ACCION requirements; a thorough credit analysis of each borrower to ensure that only good loans are made; and, most important to the success of the program, the intensive training offered by each affiliate to its borrowers to teach them the basics of finance, accounting, marketing and management which will make them good borrowers.

A review and discussion (with Sonia Saltzman) of these guidelines reveals that, while there are slight differences from country to country, these guidelines are applicable to other countries beyond the five covered by this report. It is important to note that the \$1 million USAID loan guarantee was instrumental in the initiation of what has grown (through private funding) to be a \$4.8 million Bridge Fund. In addition to the five countries covered by the USAID loan, a review of Appendix 10 shows the Bridge Fund currently has loan support operations in Colombia and Peru, with plans to renew operations in Bolivia and Guatemala. The affiliates in these countries are among those supported by the privately funded portion (currently \$3.8 million) of the Bridge Fund.

AFFILIATES. When an affiliate wishes to obtain Bridge Fund support for planned microenterprise lending operations, it will contact CFPD. Assuming the affiliate has already been approved for participation in the program, CFPD will send the text of the letter of credit (USAID or ACCION format, depending obviously on the funding source) to the affiliate and ask them to set up a meeting with an approved local bank. This bank will review the letter of credit papers (to see if they have a problem with any of the wording) and, once the bank has agreed, ACCION will proceed to instruct its bank (currently Chemical or Citibank) to issue a letter of credit in favor of the particular local bank. ACCION will pay the LC fee (about 1%) and then charge the affiliate a 2% LC fee per annum (paid quarterly) to cover some of ACCION's operating costs.

It is the policy of ACCION to have the local bank charge market rates to the affiliate which must, in turn, charge market rates and related fees to its borrowers. This requirement serves many purposes. It induces the affiliate to operate efficiently because it must charge high enough rates (including fees) to its borrowers to cover its operating expenses (including the market rates it must pay to its bank which has advanced the funds) without charging excessive rates. ACCION affiliates track their lending spreads daily and report the rates they are charging on Bridge Fund-related lending to CFPD on a quarterly basis. This report includes a reference market rate for that country which can be compared with the rate (nominal and effective, which includes commissions, up-front fees and compensating balances) charged by the affiliate.

The use of market, rather than subsidized, rates also helps to accelerate each affiliate's movement toward self-sufficiency, which is measured by the ability of its internally generated funds (interest and fee income) to cover its operating expenses. Since the affiliate must pay market rates, it has a strong incentive to maintain efficient operations (in order to keep all other expenses to a reasonable level) and avoid offering any form of subsidized rates to its borrowers. Each affiliate is also required by ACCION to maintain adequate reserves for possible loan losses (described in credit manual) and charge rates which take the possible impact of inflation into account.

None of the eight affiliates covered by the USAID letters of credit are "decapitalizing" as a result of inflation since it is a policy of ACCION to require its affiliates to charge rates no lower than the inflation rate. Each affiliate is aware of the threat to its existence that would result from lending at rates which do not reflect the level of inflation or its cost of funds.

SUSTAINABILITY. ACCION has estimated that it should take about three years for an affiliate to achieve financial independence. It is important to note that two affiliates have reached self-sufficiency without the use of the Bridge Fund guarantees. The Dominican Republic affiliate has an excellent reputation (it is a model for other affiliates) and its financial health is such that its commercial banks are willing to lend to it without any form of guarantee. The ACCION affiliate in Panama is a bank so it is able to fund its own activities. The Brazilian affiliate does not currently receive Bridge Fund support and it is not yet strong enough to receive unsecured commercial bank loans. A large portion of its funding is from multilateral agencies.

The most recent example of the Bridge Fund's impact in reducing the collateral requirement of a local bank has taken place in Mexico. The ACCION affiliate in Mexico, ADMIC, has an excellent relationship with Banorte (the bank it uses for its Bridge Fund operations) and the Mexican government. Banorte has been very supportive of the Bridge Fund operations in Mexico and as of June 1991 was committed to lend \$1.5 million (\$624,000 of which had been disbursed) against the \$100,000 USAID funded letter of credit. Banorte is about to approve a reduction in the Bridge Fund guarantee it requires from 90% to 50%. This reflects the confidence that Banorte has in ADMIC as well as Banorte's realization that ADMIC's borrowers may eventually become Banorte customers once their businesses grow larger. This approval will coincide with the Ministry of Finance and Public Credit's planned announcement of a \$5 million capital infusion for ADMIC, which already works with NAFINSA (Mexican development bank) on some privately funded Bridge Fund microenterprise loan guarantees and lines of credit for direct lending by ADMIC to microenterprises.

A review of Appendix 3 reveals that, in addition to Banorte in Mexico, banks which deal with ACCION affiliates in Paraguay and Ecuador already lend more than the USAID funded letters of credit which guarantee 90% of their Bridge Fund lending. Once again, this reflects their confidence in the Bridge Fund business they have been doing with the ACCION affiliates and the achievement of ACCION's goal of leveraging the money it raises through the Bridge

Fund. As of June 1991, the affiliate in Paraguay, Fundacion Paraguaya de Cooperacion y Desarrollo, had committed to lend \$370,000 (\$182,000 of which had been disbursed) based on a \$150,000 USAID letter of credit. The Ecuadorean affiliate, Federacion Ecuatoriana de Desarrollo ("FED"), had committed and disbursed \$141,000 against a \$125,000 USAID funded letter of credit. When these positive developments are considered along with the high self-sufficiency rates of these affiliates (140% for FED and 90% for Fundacion Paraguaya) and the reserves held by ACCION at the local and headquarters level, it appears that ACCION has enhanced its ability to assume more credit risk as it prepares to rely less on guarantees and grants from USAID.

The relationships between ACCION affiliates and their banks are quite good. The business may not be extremely profitable for the banks but they are willing to do the business for several reasons. Each bank making loans against USAID funded letters of credit can look to the affiliate (rather than hundreds of microentrepreneurs) as their credit risk, knowing it is backed by: the affiliate's reserves, the \$100,000 ACCION reserve related to the \$1 million USAID loan and the 90% USAID guarantee. Also, as stated earlier, these banks believe that these small borrowers, currently receiving loans through the ACCION affiliates, will eventually grow in size and "graduate" from these programs to a position where they will become direct customers of these banks.

SUPERVISION. The supervision offered by ACCION to its affiliates is ongoing and takes several forms. The monthly and quarterly reports submitted by the affiliates are reviewed closely, taking note of loan quality indicators such as the late payment rate and the amount of loans refinanced by the affiliates. ACCION staff members communicate by telephone with affiliate executive directors (who are paid ACCION employees) at least once a week and Sonia Saltzman, as the Director of Capital Placement, talks with them at least once every two weeks. This is supplemented by periodic visits to the affiliates' offices and by meetings of the affiliate directors in the field or in Cambridge. All of these contacts offer opportunities for the affiliates to seek, and ACCION to give, guidance and support on a wide range of matters.

The monitoring by ACCION of the accounts at Chemical Bank was made somewhat simpler once the entire \$1 million in letters of credit were issued to local banks. Since then, the monitoring has involved the renewal of these letters of credit, when required, and a review of the monthly statements from Chemical to verify the movement of funds and the proper payment of interest (in February and August) to USAID.

ACCION has indicated that Chemical Bank has sometimes been difficult to deal with because there has often been a lack of coordination between the account officer, the LC Department and the various branches where funds are placed. ACCION also feels that Chemical has not been very attentive to its needs and that its LC Department does not seem to have a sufficient understanding of the small beneficiary banks in Latin America. For this reason, ACCION has begun using Citibank, except in cases where it is otherwise obligated, such as the USAID three-party agreement and \$100,000 Segregated Account, for some of its Bridge Fund

investment and letter of credit activities. The local beneficiary banks have found the Citibank arrangement to be far simpler and more straightforward than the existing arrangement with Chemical Bank.

TRAINING. ACCION offers a considerable amount of training to its affiliates. This includes three levels of training in finance and administration by Bob Christen (Executive Director of the ACCION affiliate in Chile) and four levels of classes in management and communications by Steve Gross, Director of Latin American Operations. These have been supplemented by a large amount of cross-training, where an employee of one affiliate may spend a week or so at another affiliate to train members of that affiliate in systems development, accounting, marketing, etc. ACCION's plan has been to "train the trainers" so that there is an ongoing process of learning. A recent development in this area involves the first meeting (in mid-September 1991) of a new team responsible for training and technical assistance. It will deal on a broader level and, while based in Colombia, will be under the Latin American Operations Department umbrella. It is an attempt to formalize what has been done in the past in this area and to further develop the range of training classes and workshops offered to the affiliates.

There is also a Finance Manual (written by Bob Christen, Director of the Chilean affiliate, PROPESA) which functions as a guide for the affiliates. ACCION will also keep each affiliate informed about the activities of the other affiliates so that each may learn from the others. Regarding the training offered by ACCION affiliates to its borrowers, the attached list gives a sample of recent classes offered. Some of these must be attended by the borrower before he or she receives the loan while others may be taken at a later date. These classes have proven to be extremely effective in teaching each borrower how to get the most efficient use out of his or her loan while becoming a credit-worthy borrower (one of the main goals of ACCION) at the same time.

The affiliates make very productive use of illustrative guides covering areas each borrower will need to know to make his or her business prosper. The topics of these easy to read guides include accounting, bookkeeping, marketing, business management, time management, financial analysis and the formation of Solidarity Groups. The low levels of late payment rates are evidence that these borrowers are working hard to develop a good credit standing and that the training offered by the ACCION affiliates is having a very positive impact on the ability of each borrower to create a viable business. It is important to note that costs related to training offered to borrowers by ACCION affiliates is not funded by the grants to be discussed below, but rather by private or multilateral sources which channel the funds directly to the affiliates.

GRANT FUNDS. The original USAID grant ("Phase I") accompanying the establishment of the \$1 million USAID loan guarantee facility amounted to \$100,000. The main purpose of the grant was to cover the cost of developing a credit manual and the start-up and administrative costs associated with the implementation of the Guarantee Fund (name later changed to Bridge

Fund). This grant was supplemented by an increase of \$91,000 ("Phase II") in September 1988, intended to focus on four activities necessary to ensure the success of the loan guaranty program. The four activities were:

- (1) continued placement of USAID funds and continued monitoring of the letters of credit they supported;
- (2) assisting affiliates in the implementation of the credit manual guidelines;
- (3) further stream lining of the Fund procedures, including negotiations involving USAID, Chemical Bank and the LC beneficiary banks; and
- (4) marketing of the facility to private organizations.

The \$200,000 increase ("Phase III") in the grant (bringing the amount funded under this grant to \$391,000 through July 31, 1992), in September 1990, was to be used for the creation of the Capital Formation Department (which ACCION has called "Capital Formation and Placement Department") which would have the responsibility of managing the Bridge Fund and increasing the amount of funds raised from private sources. One of the conditions for the eventual increase in the grant, to a total estimated amount of \$517,000, is that at least half of all CFPD operating expenses be covered by interest and fee income.

CFPD is nearing the completion of a report (requested by USAID in connection with this grant) which will provide a detailed description of the amount of its costs covered by user fees, interest spreads and grants, with the intention of moving away from reliance on grants and eventually becoming financially self-sustaining. The report will also include information on the use of innovative financial mechanisms under consideration by ACCION. Annex 15 contains a historical breakdown of these three phases of the grant. The remaining \$126,000 (to reach the estimated total grant of \$517,000) will be obligated in FY 1991 or FY 1992, subject to availability of funds and achievement of targets.

A review of Appendix 16 shows that the largest portion of these Bridge Fund expenses were related to the salaries related to the above activities. These include the full-time salary of Deborah Drake (CFPD's Director of Capital Formation) and the part-time salaries of two other members of the CFPD (Sonia Saltzman and Darcy Salinger), plus the part-time involvement of ACCION's Executive Director. The overhead figure reported in this schedule results from a pre-determined (USAID approved) percentage (30.5%) of the total salary figure. All items appear to be in compliance with the original terms of the grant.

All grant management activities are the responsibility of ACCION's Finance and Administration Department, directed by Catherine Quense. Her staff has created a program which accounts for all of the expenditure constraints in existence under the terms of the grant. It also keeps track of the amount of the grant which has been used as well as the budgeted amounts remaining in each category. Ivette Manrique (Finance and Administration Department)

is responsible for maintaining the accounting system related to all grants received by ACCION, including those related to the Bridge Fund.

APPENDIX 1:

SCOPE OF WORK

**SCOPE OF WORK FOR THE EVALUATION OF
PRE/I'S PROGRAM WITH ACCION INTERNATIONAL**

Purpose: To review achievements under the PRE supported Microenterprise Fund and under the PRE/AID grants to ACCION to determine the extent to which:

1. objectives were met;
2. ACCION adhered to the conditions set forth in the project documents (e.g., loan size, interest rate requirements, etc.); and,
3. AID's assistance contributes to ACCION's microenterprise activities (i.e., impact on total lending, etc.).

The consultants will review project documentation, interview PRE Investment Officers and General Counsels, conduct a site visit to ACCION's headquarters in Cambridge, Mass.

This evaluation will complement the financial review done in Mexico and Paraguay, and the microenterprise interviews done in Costa Rica, Chile and Paraguay.

MICROENTERPRISE LENDING FUND

Loan portfolio- Determine the total number and average size of loans made by ACCION in Mexico, Ecuador, Costa Rica, Paraguay and Chile. Provide a clear indication of the proportion supported by AID LC vs other ACCION resources. Provide total loans outstanding, in arrears and non-performing.

ACCION appears to be addressing two market failures: access to credit by viable microentrepreneurs and financial services to the poor. Comment on to what extent these goals intermixed in the five affiliates under review.

ACCION's methodology to deliver credit- Describe the methodology that ACCION uses for the five affiliates under evaluation with respect to content and success. Are these methodologies applicable to other areas? Why, why not? Provide a description of the affiliates and comment if the methodology has been developed to reflect their strengths/weaknesses.

Rank the five methodologies and interventions as to their success at:

1. providing credit to viable enterprises;
2. generating profits, attracting local capital;
3. becoming financially viable.

Assess the impact of the loans to microentrepreneurs in terms of employment generation, sales growth and profitability. Disaggregate

AID's contribution if possible.

Affiliates- Provide if possible the return on equity of each affiliate. What is the rate of subsidy of each if any? Are any of these affiliates decapitalizing, e.g, as a result of inflation, describe.

Sustainability- Assess the ability of each affiliate to become financially viable within a three-year time frame. Has the Microenterprise Fund had an impact in reducing the collateral requirements (presently 90%) of local banks or has it enhanced ACCION's ability to bear credit risk? Is there sustainability of relationship between ACCION/affiliates and the local banks?

Supervision- Describe adequacy, quality and frequency of supervision offered by ACCION to its affiliates in these countries, specific interface in area of technical assistance offered (John Forges' 1986 report on Ecuador affiliate).

Describe adequacy, quality and frequency of ACCION's monitoring of the accounts in Chemical Bank) Joel Gustav's 1989/90 reports on mixing of funds other than AID's in the collateral account)

Training- Describe training programs which ACCION offers to its affiliates and microentrepreneurs with respect to content, frequency, impact and cost effectiveness.

GRANT FUNDS

The consultants should itemize and provide copies of (if feasible) all items financed under the grants. Each item should be reviewed for compliance with the original terms of the grant (i.e., clause on AID involvement).

AID Intervention- Calculate the proportion of ACCION's yearly budget which can be attributed to AID since 1985.

Miscellaneous questions- Do any financial intermediaries supported by ACCION violate existing legal and regulatory requirements, e.g., subsidized interest rates if the government has instituted interest rate floors. *accion*

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APPENDIX 2:

CREDIT MANUAL

BRIDGE FUND

CREDIT POLICY AND PROCEDURES MANUAL

Revised 1/22/91

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I. Background

The Bridge Fund, created in 1984, is an ACCION International vehicle for channeling financial resources to micro-enterprise lending programs. The Fund receives loans (plus a limited amount of grants) from various sources, among them: foundations, the US Agency for International Development, churches and individuals. Loans to the Bridge Fund carry a below market rate of interest and range in maturity from 18 months to 7 years. These loans are used as collateral by banks in the US for issuing guarantees in favor of institutions that extend credit facilities to micro-enterprise lending programs.

II. Objectives

A) To make available monies for funding the growth in the loan portfolios of micro-enterprise lending programs.

B) To provide short term relief to micro-enterprise lending programs suffering liquidity difficulties. Short term credit availability will permit these programs to avoid curtailing services and will thereby prevent the disruption of day-to-day micro-lending activities.

C) To encourage lending by local financial institutions to the micro-enterprise sector and to bring about leveraging of these resources. The Bridge Fund will provide guarantees to local financial institutions to encourage their participation with the micro-enterprise sector with the goal of reducing the percent guaranteed to these institutions, over time, to the levels discussed in point III 2.

III. Structure

A) Irrevocable Standby Letter of Credit

1. Definition

The Bridge Fund will issue guarantees in favor of institutions extending a credit facility to micro-enterprise lending programs in the form of Irrevocable Standby Letters of Credit. An Irrevocable Standby Letter of Credit is a widely used instrument in commercial banking that allows the beneficiary institution (the entity extending the credit facility) to substitute the credit risk of the institution to whom the credit facility is being extended for that of the issuing bank (US bank issuing the Letter of Credit) to the extent of the guarantee amount specified in the Letter of Credit. It is Irrevocable in that the issuing bank cannot withdraw the guarantee prior to the specified expiration date without the approval of the beneficiary institution.

2. Guarantee amounts

While in the past the Bridge Fund has issued US \$ guarantees, in the form of Irrevocable Standby Letters of Credit, covering up to 100% of the loss that the local institution might incur under a credit facility extended to a micro-enterprise lending program, going forward, a maximum of 90% of the loss will be guaranteed. Programs currently participating in the Bridge Fund with guarantees above 90% are expected to negotiate reductions to a maximum level of 90% in order to continue participating in the Fund. As of 1/1/92 all Letters of Credit renewed will guarantee up to 90% of the principal loss incurred by the local institution.

All programs participating in the Bridge Fund are required to achieve reductions in the guaranteed amount so that, as a maximum, the Fund is guaranteeing the following percent of the credit facility at the specified anniversary of that facility as outlined below:

End of year 3: 80%
End of year 5: 60%
End of year 7: 50%

The Bridge Fund expects that the participating micro-enterprise lending program will negotiate with the beneficiary institution a credit arrangement such that devaluations of the local currency vis-a-vis the US dollar will result in commensurate increases in the local currency credit facility. Participating micro-enterprise lending programs must notify the Bridge Fund, in writing, of any devaluations over 20% when such a devaluation occurs. If the affiliate cannot obtain a commensurate increase in the local facility, then ACCION will reduce the Letter of Credit to reflect the devaluation.

3. Maturity

Given that a majority of the loans to the Fund are for an 18 month period and that there is a lag between the time a loan to the Fund is processed and the time a Letter of Credit is issued it is not prudent to issue Letters of Credit that extend beyond one year.

In special circumstances the Bridge Fund will issue Letters of Credit that have a maturity beyond one year; a clause will be included allowing the Fund and/or the issuing Letter of Credit bank in the US to cancel the Letter of Credit with 60 days prior notice to the local beneficiary and micro-enterprise lending program.

4. Conditions for drawing under the Letter of Credit

The following will be required to draw against the Standby Letter of Credit:

-Certification from the beneficiary institution that the loan has

been past due for at least 15 days and remains unpaid.

-An assignment by the beneficiary to ACCION of its right to receive payment under the credit facility extended to the micro-enterprise lending program. The percent assigned would match the percent guaranteed by the Standby Letter of Credit; monies recovered by the beneficiary institution would be shared on a pari-passu basis with ACCION. That is, monies recovered would be shared in an amount equal to the percent of the credit facility guaranteed by ACCION.

5. Fees

As of 1/1/91 the Bridge Fund will charge, on a quarterly basis, a per annum fee equal to 2% of the average outstanding Letter of Credit balance for that quarter. Approximately half of the fee goes directly to the issuing bank to cover the costs associated with the Letter of Credit and the other half is retained by the Bridge Fund Department to partially defray its costs of operation.

In those cases where a Letter of Credit has been requested and issued and subsequently, the beneficiary institution or micro-enterprise lending program decides not to go ahead with the originally agreed upon credit arrangement, the micro-enterprise lending program will be required to pay the first quarterly payment or .5% of the Letter of Credit amount in order to reimburse ACCION International for issuing charges incurred.

6. New mechanisms

A small portion of Bridge Fund monies will be used to guarantee credit facilities arising from the issuance of bonds or the utilization of "blocked currencies". Terms and conditions will be negotiated with the beneficiary institution and the microenterprise lending program at the time the above-mentioned mechanisms are being considered.

IV. Eligibility for participation in the Bridge Fund

All programs affiliated with ACCION International are eligible to submit a request for participation in the Bridge Fund.

V. Application Procedure for Participation in the Bridge Fund

The procedure for Bridge Fund participation is outlined below according to the type of request: first time participation, renewal of an existing facility or expansion of Bridge Fund participation.

A) First-time participation for a given micro-enterprise lending institution

A micro-enterprise lending institution interested in participating in the Bridge Fund needs to submit a request in writing to the Bridge Fund Director. The application, which should be in the form of a one page letter, will outline the bank or banks that the institution is proposing to work with and the specifics of the credit facility under consideration. (Sample Application attached, Report I)

Along with the application, the program will submit:

1. The latest audited Balance Sheet and Income Statement as well as financial information for the most recent quarter in the attached format. (Report II)
2. Outline of the affiliates' banking relations for the most recent quarter (Report III)
3. Detailed information on its loan portfolio, breaking down the loans that are current, those that have been refinanced and those that are past due for the most recent quarter. (Report IV)
4. The latest annual report of the financial institution with whom the affiliate is proposing to establish a credit facility.

In those cases where the applicant is initiating a micro-enterprise lending program, the organization will be required to present a detailed financial plan as a substitute for 1), 2) and 3) above.

The ACCION representative in that country, be it the Executive Director or Advisor to the institution is required to sign off on Reports II, III and IV attesting to the accuracy of the financial information presented.

B) Renewal of existing Letter of Credit

For those programs that are seeking renewal of a Letter of Credit, a request for renewal needs to be submitted in writing to the Bridge Fund Director at least four weeks prior to the expiration of the Letter of Credit (Report I needs to be re-submitted). As a prerequisite for renewal, all financial reports, as per the requirements outlined in IX below, must have been received by ACCION and all outstanding fees must have been paid.

C) Expansion of Bridge Fund participation

Request for additional Letters of Credit to a given program need to be submitted to the Bridge Fund Director in writing (Report I). If the request includes a new beneficiary (a financial institution that is not currently the beneficiary institution of a Standby Letter of Credit) the latest annual report on the beneficiary needs to be submitted as well. For a request for expansion to be considered, all financial reports -as per the requirements outlined

in IX below, must have been received by ACCION and outstanding fees must have been paid.

VI. Criteria for Bridge Fund Participation

The criteria for deciding whether to make available guarantees to a given micro-enterprise lending program are described below. Adherence to the below-mentioned criteria, including performance indicators, is a prerequisite for ongoing participation in the Fund.

A) Financial solvency of the institution (or soundness of financial plan if the affiliate is a newly formed institution), measured as follows-

1. Loan Portfolio quality

a) Past due loans : No participating institution shall have more than 15% of its total loan portfolio classified as past due, at any time, for individual loans and 10% for solidarity group loans. This ratio is calculated by dividing the interest or principal payments that have not been made on the agreed upon date, where the delay in payment has persisted for more than 30 days, by the outstanding loan portfolio.

b) Loan Losses: affiliates will not have experienced loan losses surpassing 5% of the portfolio during each of the prior two years

2. Viability standards

One of ACCION's guiding philosophies is to promote micro-lending programs that can achieve on-going self-sufficiency and long-term viability. As a minimum, interest income must be greater than the cost of funds and if the institution has been in existence for three or more years, interest and fee income should cover financing as well as operating costs. While the rate of interest charged to borrowers should be set at a level that covers financing and operating costs, programs are expected to operate as efficiently as possible, thereby permitting them to lend at reasonable rates of interest.

3. Liquidity Standards

The financials should reflect good liquidity management

4. Capitalization standards

Total debt divided by net worth shall be no greater than 10:1.

B) Credit worthiness of beneficiary institution (ie. local bank)

C) The availability of funding sources other than via this mechanism will be considered by the Bridge Fund Credit Committee. Provided the applicant and beneficiary have met the financial

requirements discussed above, the committee will give priority to programs whose access to other funding sources (ie. multilateral or bilateral institutions) might be limited because of political/policy issues.

D) Those programs that can obtain a larger degree of leverage vis-a-vis other programs applying for Bridge Fund guarantees will be given priority, provided the applicant and beneficiary have met the financial requirements discussed in A) and B) above.

In those cases where a request for renewal of a Standby Letter of Credit is being evaluated rather than a new facility, the following additional criteria will be incorporated into the decision making process:

E) Whether the participating micro-enterprise lending program has met the reporting requirements as stipulated in the Bridge Fund Agreement (discussed in VIII below) between ACCION and the micro-lending program in a timely manner and if fees due the Bridge Fund have been fully paid.

F) Whether the participating micro-enterprise lending program has met the leverage targets outlined in III.2. above.

VII. Review Cycle for applications to the Bridge Fund

A Bridge Fund Credit Committee will meet once a month, on the 30th of each month, to review applications for new Letters of Credit as well as renewals. On the 15th of that month a facsimile will be sent to all Program Directors of ACCION affiliated institutions informing them of the amount of monies available for new Letters of Credit. Programs who are interested in applying for new Letters of Credit or whose Letters of Credit will expire during this cycle should send the information required, as outlined in Section V of the Manual, to the Bridge Fund before the 25th of the month. A decision regarding the allocation of funds will be communicated to the affiliate within three business days of the meeting.

The Bridge Fund Credit Committee will be composed of the Bridge Fund Director plus at least two of the following three: Executive Director, Finance and Administration Director, Director of Latin American Operations, and Capital Formation Director.

VIII. Bridge Fund Agreement

If ACCION International decides to make available a guarantee to a micro-enterprise lending program, the latter will be required to sign a Bridge Fund Agreement prior to disbursement outlining the terms and conditions of the facility. The Bridge Fund Agreement (copy attached) requires:

A) that the micro-lending program use the monies extended under the guarantee facility for the exclusive purpose of funding its loan portfolio

B) that the micro-enterprise lending program establish a loan loss reserve based on its historical loan loss record and which takes into account estimated future losses but which, as a minimum, will be 2% of outstanding loans except those programs which 1) have been in existence for less than two years and/or 2) whose Letters of Credit are funded by the Ford Foundation or the Agency for International Development. If either or both of the latter two situations apply the minimum loan loss reserve required is 5% of outstanding loans. For all micro-enterprise lending programs participating in the Bridge Fund, a quarterly review of the quality of their loan portfolio and the adequacy of their loan loss reserve is required. The programs must make the necessary adjustments to their loan loss reserve in accordance with the results of the above-mentioned quarterly review.

C) that the 2% fee for using this facility be paid to ACCION International, in dollars or a mutually agreed upon manner

D) that the participating institution agree to adhere to the policies and procedures outlined in the Credit Policy and Procedures Manual

E) that specific reporting requirements be met throughout the year as outlined in IX below.

The Bridge Fund Agreement states that the ACCION guarantee can be canceled at any time provided 60 days notice is given to the micro-enterprise lending program and that the beneficiary institution is in agreement.

IX. Reporting/Monitoring Procedures

As per the Bridge Fund Agreement, the following information is required by those affiliates participating in the Bridge Fund:

- 1) Monthly statistics (Sample attached, as required by Latin America Operations Department)
- 2) Quarterly statistics on Credit Facilities Guaranteed by Bridge Fund (Sample attached)
- 3) Quarterly Balance Sheet and Income statement
- 4) Yearly audited statements

Reports # 1) and # 2) must be sent no later than 15 days after the end of the month or quarter, respectively. Report # 3) must be

sent no later than 30 days after the close of the quarter and report # 4) no later than 90 days after the institution's fiscal year end.

At least once every two years one of the members of the above-mentioned Credit Committee or a designated consultant will visit the participating micro-enterprise lending program as part of a review of the credit facilities. The purpose of this review is to re-assess the credit-worthiness of each participating program and to determine areas of weakness in administration as well as management which could potentially undermine each program. The visit will include meeting with the beneficiary of the Standby Letter of Credit, random portfolio inspection of troubled loans, an assessment of the adequacy of the loan loss reserve, meeting with the local Board of Directors and on-site meetings with the ultimate borrowers of the facility, the micro-entrepreneurs.

X. Breach of Reporting or Financial Requirements

The Bridge Fund will notify the participating institution, in writing, of any unmet requirements or deterioration of the financial solvency of the program to below acceptable levels as defined in VI A above, giving the affiliate a period of 60 days to rectify this situation. Depending on usage of the credit facility guaranteed by the Standby Letter of Credit at the time of notification, there are three possible scenarios as outlined below:

A. Amount outstanding is below the total credit facility guaranteed by the Standby Letter of Credit

At the time of notification, the Bridge Fund will temporarily reduce the Standby Letter of Credit to a level that matches the amount required as a guarantee by the beneficiary. If the issues addressed in the notification to the participating institution are not resolved to the satisfaction of the Bridge Fund, the temporary reduction will be converted into a permanent reduction of the Standby Letter of Credit amount and upon expiration, the latter will be canceled.

B. Amount outstanding matches the credit facility guaranteed by the Standby Letter of Credit

Notification will be given, as outlined above, and the Standby Letter of Credit will not be renewed upon expiration.

C. Amount outstanding under the credit facility guaranteed by the Standby Letter of Credit is zero.

If the Standby Letter of Credit is not being used at all at the time of notification, the Bridge Fund will cancel the Standby Letter of Credit and commit to renew it within the 60 day period of

notification if the issues outlined in the notification are rectified to the satisfaction of ACCION.

XI. Exceptions

Any exceptions to the policies and procedures outlined above require written approval of the Bridge Fund Credit Committee.

APPENDIX 3:

DISTRIBUTION OF LETTERS OF CREDIT AMONG THE FIVE COUNTRIES COVERED BY THE \$1.0 MILLION USAID LOAN GUARANTEE FACILITY

DISTRIBUTION OF LETTERS OF CREDIT

PROGRAM	LC AMOUNT	CREDIT COMMITTED	CURRENT LOAN PORTFOLIO	PORTFOLIO FUNDED BY A.I.D.	% FUNDED BY A.I.D.	% OF GUARANTEE	AVERAGE LOAN SIZE	LATE PMT. RATE	SELF-SUFFICIENCY	PROGRAM VISITS
Chile (3/91)	\$300,000	\$300,000	\$389,018	\$224,000	58%	90%	\$353	10%	100%	Bob Christen (7/91) Steve Gross (4/90) Sonia Saltzman (12/91)
Costa Rica (5/91)	\$100,000	\$77,000	\$603,461	\$77,000	13%	90%	\$761	9%	97%	Steve Gross (5/91) William Chacon (6/91) Sonia Saltzman (12/91)
Ecuador-Autoempleo (6/91)	\$100,000	\$100,000	\$35,000	\$35,000	100%	90%	\$330	----	----	Rodrigo Lopez (9/91) Deborah Drake (3/91)
Ecuador-Fed (6/91)	\$125,000	\$141,000	\$472,416	\$141,000	30%	90%	\$411	3%	140%	Rodrigo Lopez (9/91) Deborah Drake (3/91)
Ecuador-Espejo (6/91)	\$125,000	\$92,000	\$203,275	\$92,000	45%	90%	\$350	2%	14%	Rodrigo Lopez (9/91) Deborah Drake (3/91)
Mexico-Admic (6/91)	\$100,000	\$1,500,000	\$3,187,479	\$624,000	20%	90%	\$2,500	6%	50%	Benito Gabello (9/90) Sonia Saltzman (8/91)
Paraguay	\$150,000	\$370,000	\$959,879	\$182,000	19%	90%	\$230	5%	90%	Martin Burt (12/89) Deborah Drake (8/91)
TOTAL	\$1,000,000	\$2,580,000	\$5,850,546	\$1,375,000	24%	90%				

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APPENDIX 4:

**LISTING OF MONTHLY LOAN
STATISTICS BY COUNTRY. PREPARED BY
ACCION'S LATIN AMERICAN
OPERATIONS DEPARTMENT**

INDICADOR	J U N I O 1 9 9 1													ACUM. ANUAL
	BOLIVIA	BRASIL	CHILE	COLOMBIA	COSTA RICA	ECUADOR	EEUU/ARIZ	GUATEMALA	MEXICO	PANAMA	PARAGUAY	PERU	REP DOM	
1) PARTICIPANTES NUEVOS % MUJERES	701 76%	49 87%	74 55%			226 43%	6 50%	294 40%	118 24%	66 30%	205 62%		305 37%	2,044 55%
2) PARTICIPANTES ACTIVOS % MUJERES	18,141 75%	798 73%	1,734 36%			4,657 51%	153 49%	8,207 38%	2,346 16%	162 12%	5,229 51%		6,900 38%	48,327 54%
3) PARTICIPANTES ACUM. % MUJERES	22,232 72%	1,981 74%	2,151 37%			6,727 51%	608 48%	10,886 36%	13,246 16%	162 12%	9,478 52%		12,049 40%	79,520 47%
4) GRUPOS NUEVOS	149	20						51		15	72			307
5) MONTO PREST. PRIMARIO	\$52,985	\$8,126	\$14,419			\$128,800	\$5,500	\$49,995	\$454,888	\$29,750	\$47,787		\$125,568	\$917,818
6) NO. TOTAL DE PRESTAMOS	2,941	176	236			402	15	740	118	16	523		856	6,023
7) MONTO TOTAL DE PREST.	\$1,028,269	\$43,871	\$80,351			\$204,914	\$28,000	\$421,062	\$454,888	\$32,575	\$418,967		\$449,568	\$3,162,465
8) CARTERA ACTIVA	\$2,762,583	\$110,170	\$414,340			\$1,113,753	\$178,381	\$1,014,031	\$3,187,479	\$51,532	\$959,897		\$2,005,043	\$11,797,209
9) AHORROS	\$766,313						\$22,000			\$2,742			\$45,493	\$836,548
10) MOROSIDAD *	0.2%	29%	15%			7%	17%	13%	10%	1%	21%		8%	
11) AUTOSUFIC. OPERATIVA	130%	140%	43%				10%	119%			102%		221%	
12) FONDO DE RESERVA	\$32,834		\$46,936			\$93,414		\$48,163			\$51,065		\$5,141	\$277,553
13) CURSOS	24	10	8			25	7	125	41		86		6	332
14) PARTICIPANTES	478	172	120			541	25	1,157	427		1,554		114	4,588
15) TASA DE CAMBIO	3.59	329.83	348.04			1,030.00	1.00	4.90	3,014.00	1.00	1,322.00		12.50	

* EN ESTE INFORME LA MOROSIDAD ES DEFINIDA COMO EL MONTO DE LO VENCIDO Y NO PAGADO DIVIDIDO POR LA CARTERA ACTIVA. PARA FINES DE ESTE INFORME, SE IDENTIFICA UNA CUOTA MOROSA DE 30 DIAS DESPUES DE LA FECHA DE VENCIMIENTO DEL PRESTAMO

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APPENDIX 5:

**MONTHLY REPORTS REQUIRED TO BE
FILED BY EACH ACCION AFFILIATE,
DETAILING INFORMATION RELATED TO
THEIR TOTAL LOAN PORTFOLIO**

ASOCIACION AVANCE MICROEMPRESARIAL

SAN JOSE, COSTA RICA

TIPO DE PROGRAMA: INDIVIDUALES

FECHA DE INICIO: ABRIL 1986

INDICADOR	ACUM. DESDE COMIENZO DEL PROGRAMA	1 9 9 1												ACUM. ESTE AÑO
		ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEP	OCT	NOV	DIC	
1) PARTICIPANTES NUEVOS & MUJERES		10 40%	6 17%	16 50%	24 42%	17 29%								73 38%
2) PARTICIPANTES ACTIVOS & MUJERES		1,619 48%	1,625 49%	1,641 49%	1,665 49%	1,682 49%								1,682 49%
3) PARTICIPANTES ACUM. & MUJERES		2,811 44%	2,817 44%	2,833 44%	2,857 44%	2,874 44%								2,874 44%
4) GRUPOS NUEVOS		0	0	0	0	0								0
5) MONTO PREST. PRIMARIOS		\$6,499	\$3,020	\$10,528	\$19,362	\$9,095								\$48,504
6) NO. TOTAL DE PRESTAMOS		46	41	43	110	58								298
7) MONTO TOTAL DE PREST.		\$38,218	\$56,994	\$39,897	\$88,631	\$39,205								\$262,945
8) CARTERA ACTIVA		\$658,740	\$654,444	\$634,047	\$639,471	\$603,461								\$603,461
9) AHORROS		\$8,289	\$8,690	\$9,286	\$9,995	\$9,770								\$9,770
10) MOROSIDAD *		14%	14%	14%	15%	15%								15%
11) AUTOSUFIC. OPERATIVA		101%	95%	95%	72%	42%								42%
12) FONDO DE RESERVA		\$0	\$0	\$34,334	\$37,656	\$36,809								\$36,809
13) CURSOS		0	0	2	2	3								7
14) PARTICIPANTES		0	0	32	17	43								92
15) TASA DE CAMBIO		109.05	112.55	116.50	119.50	122.25								122.25

* EN ESTE CUADRO LA MOROSIDAD ES DEFINIDA COMO EL MONTO DE LO VENCIDO Y NO PAGADO
DIVIDIDO POR LA CARTERA ACTIVA. PARA FINES DE ESTE INFORME, SE IDENTIFICA UNA
CATEGORIA MOROSA 30 DIAS DESPUES DE LA FECHA DE VENCIMIENTO DE LA CUENTA

FED (FEDERACION ECUATORIANA DE DESARROLLO)

GUAYAQUIL, ECUADOR

TIPO DE PROGRAMA: INDIVIDUALES

FECHA DE INICIO: JUNIO 1984

INDICADOR	ACUM. DESDE COMIENZO DEL PROGRAMA	1 9 9 1												ACUM. ESTE AÑO
		ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEP	OCT	NOV	DIC	
1) PARTICIPANTES NUEVOS % MUJERES	3,069 58%	61 51%	137 60%	150 60%	150 58%	217 63%	170 63%							885 60%
2) PARTICIPANTES ACTIVOS % MUJERES	27,176 60%	2,534 58%	2,655 59%	2,739 59%	2,941 60%	3,142 60%	220 60%							220 60%
3) PARTICIPANTES ACUM. % MUJERES	29,703 59%	3,010 60%	3,069 60%	3,268 60%	3,447 61%	3,664 61%	253 59%							253 59%
4) GRUPOS NUEVOS	0													0
5) MONTO PREST. PRIMARIOS	\$783,782	\$16,140	\$41,257	\$44,013	\$45,316	\$67,082	\$51,330							\$265,138
6) NO. TOTAL DE PRESTAMOS	6,492	251	354	315	210	434	303							1,867
7) MONTO TOTAL DE PREST.	\$2,104,988	\$99,716	\$136,687	\$121,265	\$108,613	\$161,725	\$115,318							\$743,324
8) CARTERA ACTIVA	\$5,001,202	\$399,029	\$401,166	\$403,918	\$407,873	\$470,105	\$472,416							\$472,416
9) AHORROS	\$0													0
10) MOROSIDAD *	42%	6%	5%	5%	6%	4%	4%							4%
11) AUTOSUPIC. OPERATIVA	30%	124%	128%	127%	156%	149%	140%							140%
12) FONDO DE RESERVA	\$269,468	\$19,951	\$20,058	\$20,195	\$20,375	\$23,503	\$23,615							\$23,615
13) CURSOS	131	15	17	12	18	21	8							91
14) PARTICIPANTES	2308	360	414	268	451	425	350							2,268
15) TASA DE CAMBIO	650.00	951.00	970.00	984.00	1,001.00	1,016.00	1,010.00							1,010.00

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FUNDACION EUGENIO ESPEJO

GUAYAQUIL, ECUADOR

TIPO DE PROGRAMA: INDIVIDUALES

FECHA DE INICIO: JUNIO 1984

INDICADOR	ACUM. DESDE COMIENZO DEL PROGRAMA	1 9 9 1												ACUM. ESTE AÑO
		ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEP	OCT	NOV	DIC	
1) PARTICIPANTES NUEVOS & MUJERES	95 40%	20 32%	9 28%	15 32%	0 0%	9 30%	0 0%							53 31%
2) PARTICIPANTES ACTIVOS & MUJERES	220 50%	376 48%	381 48%	396 48%	431 48%	450 48%	482 48%							482 48%
3) PARTICIPANTES ACUM. & MUJERES	1,692 40%	709 30%	718 30%	733 30%	733 30%	782 30%	784 30%							784 30%
4) GRUPOS NUEVOS	111	6	3	5	0	3								17
5) MONTO PREST. PRIMARIOS	\$13,435	\$6,393	\$3,610	\$1,703	\$0	\$708								\$12,414
6) NO. TOTAL DE PRESTAMOS	254	22	3	9	4	6	8							52
7) MONTO TOTAL DE PREST.	\$0					\$1,821	\$2,961							\$4,782
8) CARTERA ACTIVA	\$715,294	\$180,196	\$229,084	\$292,099	\$291,020	\$31,579	\$34,111							\$34,111
9) AHORROS	\$0													\$0
10) MOROSIDAD *	2%	2%	1%	1%	2%	2%	2%							2%
11) AUTOSUPIC. OPERATIVA		78%	38%	185%	28%	680%	280%							280%
12) FONDO DE RESERVA	\$116	\$1,043	\$1,125	\$1,437	\$237	\$131	\$142							\$142
13) CURSOS	0													0
14) PARTICIPANTES														0
15) TASA DE CAMBIO	650.00	951.00	970.00	984.00	1,042.00	1,016.00	1,030.00							1,030.00

* EN ESTE CUADRO LA MOROSIDAD ES DEFINIDA COMO EL MONTO DE LO VENCIDO Y NO PAGADO DIVIDIDO POR LA CARTERA ACTIVA. PARA FINES DE ESTE INFORME, SE IDENTIFICA UNA CUOTA MOROSA 30 DIAS DESPUES DE LA FECHA DE VENCIMIENTO DE LA MISMA.

FUNDACION EUGENIO ESPEJO

GUAYAQUIL, ECUADOR

TIPO DE PROGRAMA: GRUPOS SOLIDARIOS FECHA DE INICIO: JUNIO 1984

INDICADOR	ACUM. DESDE COMIENZO DEL PROGRAMA	1 9 9 1												ACUM. ESTE ANO
		ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEP	OCT	NOV	DIC	
1) PARTICIPANTES NUEVOS % MUJERES	379 32%	34 32%	5 32%	25 32%		40 32%	15 32%							119 32%
2) PARTICIPANTES ACTIVOS % MUJERES	871 50%	337 48%	402 48%	440 48%	462 48%	502 50%	552 60%							552 60%
3) PARTICIPANTES ACUM. % MUJERES	6,768 40%	783 30%	728 30%	753 30%	753 30%	793 30%	843 30%							843 30%
4) GRUPOS NUEVOS	111	6	3	5										14
5) MONTO PREST. PRIMARIOS	\$90,292	\$24,669	\$22,597	\$8,470	\$0	\$13,233	\$10,699							\$79,668
6) NO. TOTAL DE PRESTAMOS	1,016	73	39	72	47	78	50							359
7) MONTO TOTAL DE PREST.	\$117,424	\$38,052	\$22,597	\$8,470			\$19,835							\$88,954
8) CARTERA ACTIVA	\$286,118	\$72,079	\$91,633	\$116,961	\$121,173	\$151,387	\$169,164							\$169,164
9) AHORROS	\$0													0
10) MOROSIDAD *	2%	2%	1%	1%	2%	2%	2%							2%
11) AUTOSUFIC. OPERATIVA	51%	51%	31%	31%	31%	27%	14%							14%
12) FONDO DE RESERVA	\$745	\$1,910	\$1,203	\$1,521	\$237	\$630	\$705							\$705
13) CURSOS	0													0
14) PARTICIPANTES														0
15) TASA DE CAMBIO	650.00	951.00	970.00	984.00	1,042.00	1,016.00	1,030.00							1,030.00

* EN ESTE CUADRO LA MOROSIDAD ES DEFINIDA COMO EL MONTO DE LO VENCIDO Y NO PAGADO DIVIDIDO POR LA CARTERA ACTIVA. PARA FINES DE ESTE INFORME, SE IDENTIFICA UNA

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FUNDACION PARAGUAYA DE COOPERACION Y DESARROLLO

ASUNCION, PARAGUAY

TIPO DE PROGRAMA: GRUPOS SOLIDARIOS

FECHA DE INICIO: ENERO 1986

INDICADOR	ACUM. DESDE COMIENZO DEL PROGRAMA	1 9 9 1												ACUM. ESTE AÑO
		ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEP	OCT	NOV	DIC	
1) PARTICIPANTES NUEVOS % MUJERES	8,320 57%	7 43%	268 53%	241 59%	258 61%	179 59%	205 62%							1,158 59%
2) PARTICIPANTES ACTIVOS % MUJERES	4,922 65%	4,680 61%	4,851 65%	4,952 52%	5,033 66%	5,044 54%	5,229 51%							5,229 51%
3) PARTICIPANTES ACUM. % MUJERES	8,320 59%	8,327 58%	8,595 60%	8,836 59%	9,094 62%	9,273 59%	9,478 52%							9,478 52%
4) GRUPOS NUEVOS	2,960	3	90	86	87	64	72							402
5) MONTO PREST. PRIMARIOS	\$1,381,453	\$3,527	\$73,226	\$64,742	\$56,858	\$39,253	\$47,787							\$285,393
6) NO. TOTAL DE PRESTAMOS	13,435	476	597	518	491	498	523							3,103
7) MONTO TOTAL DE PREST.	\$7,155,378	\$379,089	\$468,894	\$405,452	\$356,631	\$371,116	\$418,967							\$2,400,149
8) CARTERA ACTIVA	\$1,041,162	\$924,696	\$995,261	\$1,042,037	\$960,947	\$951,339	\$959,897							\$959,897
9) AHORROS	\$0	\$0	\$0	\$0	\$0									0
10) MOROSIDAD *	8%	13%	18%	20%	17%	24%	21%							21%
11) AUTOSUFIC. OPERATIVA	129%	133%	107%	90%	112%	111%	102%							102%
12) FONDO DE RESERVA	\$41,043	\$46,235	\$49,763	\$52,102	\$51,670	\$51,709	\$51,065							\$51,065
13) CURSOS	1,432	36	76	106	111	83	86							498
14) PARTICIPANTES	42,156	568	2,671	2,127	1,957	1,254	1,554							10,131
15) TASA DE CAMBIO	1,262.00	1,290.00	1,325.00	1,316.00	1,327.00	1,326.00	1,322.00							1,322.00

* EN ESTE CUADRO LA MOROSIDAD ES DEFINIDA COMO EL MONTO DE LO VENCIDO Y NO PAGADO DIVIDIDO POR LA CARTERA ACTIVA. PARA FINES DE ESTE INFORME, SE IDENTIFICA UNA CUOTA MOROSA 30 DIAS DESPUES DE LA FECHA DE VENCIMIENTO DE LA MISMA.

ADMIC
MEXICO

INDICADOR	ACUM. DESDE COMIENZO DEL PROGRAMA	1 9 9 1												ACUM. ESTE AÑO
		ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEP	OCT	NOV	DIC	
1) PARTICIPANTES NUEVOS % MUJERES	12,405 7%	16 25%	87 18%	91 16%	101 26%	73 22%	118 24%							486 7%
2) PARTICIPANTES ACTIVOS % MUJERES	1,738 14%	1,791 14%	1,983 14%	2,032 15%	2,155 16%	2,228 16%	2,346 16%							2,346 16%
3) PARTICIPANTES ACUM. % MUJERES	12,728 15%	12,744 15%	12,831 15%	12,940 13%	13,070 16%	13,136 16%	13,246 16%							13,246 16%
4) GRUPOS NUEVOS	0			63										63
5) MONTO PREST. PRIMARIOS	\$5,444,046	\$8,792	\$275,387	\$223,563	\$353,828	\$395,353	\$454,888							\$1,711,811
6) NO. TOTAL DE PRESTAMOS	5,950	29	123	89	111	94	118							564
7) MONTO TOTAL DE PREST.	\$7,153,459	\$20,020	\$377,402	\$274,889	\$372,618	\$320,614	\$454,888							\$1,820,431
8) CARTERA ACTIVA	\$2,187,159	\$2,071,749	\$2,345,597	\$2,684,955	\$2,802,716	\$2,981,001	\$3,187,479							\$3,187,479
9) AHORROS	\$0													0
10) MOROSIDAD *					13%	11%	10%							10%
11) AUTOSUFIC. OPERATIVA					86%	71%								0%
12) FONDO DE RESERVA														\$0
13) CURSOS	1,201	23	38	38	40	51	41							231
14) PARTICIPANTES	10,978	206	431	344	377	482	427							2267
15) TASA DE CAMBIO	2,940.00	2,957.00	2,967.00	2,980.00	2,991.00	3,004.00	3,014.00							3,014.00

* EN ESTE CUADRO LA MOROSIDAD ES DEFINIDA COMO EL MONTO DE LO VENCIDO Y NO PAGADO DIVIDIDO POR LA CARTERA ACTIVA. PARA FINES DE ESTE INFORME, SE IDENTIFICA UNA CUOTA MOROSA 30 DIAS DESPUES DE LA FECHA DE VENCIMIENTO DE LA MISMA.

PROPESA (CORPORACION DE PROMOCION PARA LA PEQUENA EMPRESA)

SANTIAGO, CHILE

TIPO DE PROGRAMA: INDIVIDUALES/GRUPOS SOLIDARIOS FECHA DE INICIO: OCTUBRE 1988

INDICADOR	ACUM. DESDE COMIENZO DEL PROGRAMA	1 9 9 1												ACUM. ESTE AÑO
		ENE	FEB	MAR	ABR	MAY	JUN	JUL	AGO	SEP	OCT	NOV	DIC	
1) PARTICIPANTES NUEVOS % MUJERES	1,720 34%		36 47%	73 53%	96 42%	152 46%	74 55%							431 48%
2) PARTICIPANTES ACTIVOS % MUJERES	1,204 34%	1,047 34%	1,429 33%	1,571 35%	1,597 35%	1,658 35%	1,734 36%							1,734 36%
3) PARTICIPANTES ACUM. % MUJERES	1,720 34%	1,720 34%	1,756 35%	1,829 35%	1,925 37%	2,077 36%	2,151 37%							2,151 37%
4) GRUPOS NUEVOS														0
5) MONTO PREST. PRIMARIOS	\$580,856		\$10,545	\$15,114	\$17,112	\$35,771	\$14,419							\$92,961
6) NO. TOTAL DE PRESTAMOS	2,770	68	245	259	253	379	236							1,440
7) MONTO TOTAL DE PREST.	\$908,288	\$31,039	\$96,570	\$74,628	\$83,203	\$122,212	\$80,351							\$488,003
8) CARTERA ACTIVA		\$371,676	\$409,272	\$389,018	\$398,722	\$428,139	\$414,340							\$414,340
9) AHORROS														
10) MOROSIDAD *		11%	10%	10%	18%	17%	15%							15%
11) AUTOSUPIC. OPERATIVA		95%	97%	100%	113%	69%	43%							43%
12) FONDO DE RESERVA		\$37,067	\$48,134	\$38,124	\$47,301	\$47,677	\$46,936							\$46,936
13) CURSOS	81					9	8							17
14) PARTICIPANTES	836					72	120							192
15) TASA DE CAMBIO	336.98	337.38	337.72	344.10	338.90	342.52	348.04							348.04

* EN ESTE CUADRO LA MOROSIDAD ES DEFINIDA COMO EL MONTO DE LO VENCIDO Y NO PAGADO DIVIDIDO POR LA CARTERA ACTIVA. PARA FINES DE ESTE INFORME, SE IDENTIFICA UNA CUOTA MOROSA 30 DIAS DESPUES DE LA FECHA DE VENCIMIENTO DE LA MISMA.

APPENDIX 6:

**QUARTERLY REPORTS FILED WITH
ACCION'S CFPD BY AFFILIATES,
IDENTIFYING FUNDING SOURCE OF
EACH BRIDGE FUND LETTER OF CREDIT**

PROGRAMA PROPESA

año 1991

(1)	C-254995	100.000	USAID
(2)	C-266979	100.000	USAID
(3)	C-273504	50.000	USAID

INDICADOR (US\$)	MAYO			JUNIO			SEPTIEMBRE			DICIEMBRE		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Acomulado del Trimestre	1) PARTICIPANTES MUJOS Y MUJERES	17 23,5	11 81,8	16 75,0								
	2) PARTICIPANTES ACUMULADOS Y MUJERES	551 25,6	293 35,7	157 48,3								
	3) GRUPOS MUJOS	--	--	--								
	4) MONTO PRESTAMOS PRIMARIOS	7.688	1.201	1.444								
	5) NO. TOTAL DE PRESTAMOS	93	80	66								
	6) MONTO TOTAL DE PRESTAMOS	37.924	24.032	17.470								
Fin de mes	7) PARTICIPANTES ACTIVOS Y MUJERES	334 29,7	289 34,3	130 33,8								
	8) CARTERA ACTIVA	82.642	69.843	30.357								
	9) MOROSIDAD	11,3	11,2	9,7								
	* 10) CARTERA CONTABILIZADA	9.367	7.793	2.957								
	11) PERDIDAS	--	--	--								
	12) FONDO DE RESERVA PARA PERDIDAS	4.132	3.492	1.518								
	13) VALOR DEL PRESTAMO EN MONEDA LOCAL	34.500.000	28.000.000	15.000.000								
	14) APALANCAMIENTO (2)	98,47	121,33	113,24								
	15) SALDO INSOLUTO BAJO PRESTAMO (cb\$)	29.121.341	26.694.044	10.484.742								
	16) TASA DE INTERES (NOMINAL) MENSUAL (EFFECTIVA)	3,000 3,450	3,000 3,450	3,000 3,450								
17) TASA DE RENDIMIENTO (NOMINAL) MENSUAL (EFFECTIVA)	2,000 2,300	2,000 2,300	2,000 2,300									
18) TASA DE CAMBIO	(A)	339,73	339,73	339,73								
	(B)	344,10	344,10	344,10								

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PROGRAMA PROPESA
 año 1991

(2)	314630	100.000	ACCION
(3)			

INDICADOR (US\$)	MAYO			JUNIO			SEPTIEMBRE			OCTUBRE		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Acumulado del Trimestre	1) PARTICIPANTES NUEVOS E MUJERES	24 62,5	15 20,0									
	2) PARTICIPANTES ACUMULADOS E MUJERES	152 43,5	15 20,0									
	3) GRUPOS NUEVOS	--	--									
	4) MONTO PRESTADOS PRIMARIOS	5.722	3.650									
	5) NO. TOTAL DE PRESTADOS	110	43									
	6) MONTO TOTAL DE PRESTADOS	36.682	14.042									
Fin de mes	7) PARTICIPANTES ACTIVOS E MUJERES	167 35,9	43 47,2									
	8) CARTERA ACTIVA	41.395	14.042									
	9) INDEBIDA	9,5	--									
	10) CARTERA CONTABILADA	3.941	--									
	11) PERDIDAS	--	--									
	12) FONDO DE RESERVA PARA PERDIDAS	2.070	702									
	13) VALOR DEL PRESTAMO EN MONEDA LOCAL	17.700.000	30.000.000	= 170								
	14) APALANCAMIENTO (X)	95,97	113,24									
	15) SALDO INSOLUTO BAJO PRESTAMO (ch\$)	17.700.000	4.832.000	TOTAL → 28,8								
	16) TASA DE INTERES (NOMINAL) MENSUAL (EFECTIVA)	3,000 3,450	3,000 3,450									
	17) TASA DE MERCADO (NOMINAL) MENSUAL (EFECTIVA)	2,000 2,300	2,000 2,300									
	18) TASA DE CAMBIO	(A)	339,73	339,73								
(B)		344,10	344,10									

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PARAGUAY

USAID

INDICADOR	MES						SEPTIEMBRE			OCTUBRE			NOVIEMBRE		
	JAN	FEB	MARCH	APRIL	MAY	JUNE	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
1. PARTICIPANTES NUEVOS 1 MUJERES	2	59	54	57	33	39							0,00	0,0	
2. PARTICIPANTES RECURS. 2 MUJERES	2.256	1.900	1.542	2.619	1.716	1.800							0	0	
3. GRUPOS NUEVOS	5	22	19	19	12	14									
4. MONTO PRESTAMOS PRIMARIOS EN US\$	1.016	16.256	16.373	12.522	7.262	5.075									
5. MONTO TOTAL DE PRESTAM. RESEMBOLSADOS	137	132	105	105	92	99									
6. MONTO TOTAL DE PREST. RESEMBOLSADOS EN LSA	109.170	103.017	96.010	79.177	60.656	79.262									
7. PARTICIPANTES RECIBIDOS 2 MUJERES	1.340	1.077	1.099	1.117	923	992									
8. CARTERA ACTIVA EN USO	266.312	221.107	221.332	213.330	175.590	105.264									
9. PROSTIDAD	3,41	4,02	3,02	5,39	5,00	0,93									
10. CARTERA CONFINADA	7,47	6,37	5,54	0,01	0,96	0,84									
11. PUNTOS	0,00	0,29	0,00	0,29	0,00	0,00									
12. FONDO DE RESERVA EN US\$	12.716	11.047	11.567	9.559	51.709	51.653									
13. VALOR DEL PRESTAMO N/L	343.750.000	343.750.000	343.750.000	343.750.000	343.750.000	343.750.000									
14. AMPLIACIONES (1)	137	141	115	141	141	145									
15. SALDO RESERVA PARA PRESTAMO N/L	245.750.000	245.750.000	245.750.000	245.750.000	245.750.000	245.750.000									
16. TASA DE EJECUCION RECURS. EFECTIVA	9,25	9,25	9,25	9,25	9,25	9,25									
17. TASA DE RESPONDE RECURS. EFECTIVA	9,25	9,25	9,25	9,25	9,25	9,25									
18. TASA DE CANCELACION	0,00	0,00	0,00	0,00	0,00	0,00									

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ADMIC Mexico

PROGRAMA: FOGAIN. *B NORTE*

AÑO: 1991

QUARTERLY REPORT

INDICADOR US\$	MARZO 1 st Q 1991			2 nd Q ^{tr} , JUNIO		June
	(1)	(2)	(3)	(1)	(2)	(3)
1) PARTICIPANTES NUEVOS % MUJERES	0 0	10 9%	0 0	0 0	0 0	0 0
2) PARTICIPANTES ACUMULADOS % MUJERES	822 20%	832 20%	932 20%	832 20%	832 20%	832 20%
3) GRUPOS NUEVOS	0	0	0	0	0	0
4) MONTO PRESTAMOS PRIMARIOS	0	35,064	0	0	0	0
5) NO. TOTAL DE PRESTAMOS	0	11	0	0	0	0
6) MONTO TOTAL DE PRESTAMOS	0	35,064	0	0	0	0
7) PARTICIPANTES ACTIVOS % MUJERES	516 13%	510 14%	475 13%	452 13%	402 14%	329 15%
8) CARTERA ACTIVA	909,655	876,097	818,167	756,542	678,753	622,536
9) MOROSIDAD	13%	15%	13%	14%	14%	13%
10) CARTERA CONTAMINADA	128,582	127,523	110,235	103,589	93,507	79,768
11) PERDIDAS	0	0	0	0	0	0
12) FONDO DE RESERVA PARA PERDIDAS	57,834	57,618	57,368	51,157	55,891	55,702
13) VALOR DEL PRESTAMO EN MONEDA LOCAL (MILES)	2,685,030	2,596,501	2,437,323	2,262,061	2,038,976	1,875,170
14) APALANCAMIENTO (%)	22%	23%	24%	26%	29%	32%
15) SALDO INSOLUTO BAJO PRESTAMO	909,655	876,097	818,167	756,542	681,753	622,536
16) TASA DE INTERES (NOMINAL) MENSUAL (EFECTIVA)	26.12 32.12	23.50 29.50	22.48 28.48	22.14 28.14	20.75 26.75	19.75 25.75
17) TASA DE MERCADO (NOMINAL) MENSUAL (EFECTIVA)	27.14 42.14	25.71 40.72	24.29 39.29	23.62 38.62	23.10 35.10	21.79 35.79
18) TASA DE CAMBIO (A) (B)	2,966 2,966	2,966 2,966	2,966 2,979	3,003 2,950	3,003 3,004	3,003 43,014

ECUADOR

	Credito	Monto Carta de Credito
ESTADISTICA FONDO PUENTE	1	USD 29.060
RNA: FED	2	USD 100.000
1991	3	

AGORES	ENERO	FEB	MARZO	ABRIL	MAYO	JUNIO
Participantes Nuevos						150
Mujeres						9.68
Participantes Acumulados						950
Mujeres						9.37
Grupos Nuevos						0
Monto prestamos primario						66,654
Total de Prestamos						211
Monto Total Prestamos						98,130
Participantes Activos						809
Mujeres						0.67
Cartera Activa						141,416
Provisión						3.0
Cartera Contingida						9,378
Perdidas						0
Fondo de Reserva Perdido						7,071
Valor Prestamo en Moneda Local						131,683
Aplazamiento						122.92
Saldo Inscrito bajo Prestamo						101,683
Tasa de interes(Mensual)						0.05
Mensual (Efectiva)						0.06
Tasa de Mercado(Minimal)						0.045
Mensual (Efectiva)						0.045
Tasa de Cambio						1016

APPENDIX 7:

SCHEDULE OF BRIDGE FUND INVESTMENT BREAKDOWN, INCLUDING \$1.0 MILLION LOAN GUARANTEE FROM USAID, AS OF DECEMBER 31, 1990

BRIDGE FUND INVESTMENT BREAKDOWN
AT 12/31/90

	GOVERNMENT	INDIVIDUALS	CHURCHES	FOUNDATIONS	INSTITUTIONS	T O T A L
CHEMICAL BANK	1,000,000	319,136	400,226	235,000	0	1,954,362
SOUTH SHORE BANK	0	348,711	0	0	50,000	398,711
TOTAL	1,000,000	667,847	400,226	235,000	50,000	2,353,073
PERCENTAGE	42.50%	28.38%	17.01%	9.99%	2.12%	

APPENDIX 8:

**SCHEDULE OF BRIDGE FUND
INVESTMENT BREAKDOWN, INCLUDING
\$1.0 MILLION LOAN GUARANTEE FROM
USAID. AS OF AUGUST 22, 1991**

BRIDGE FUND INVESTMENT BREAKDOWN
AT 08/22/91

	GOVERNMENT	INDIVIDUALS	CHURCHES	FOUNDATIONS	INSTITUTIONS	T O T A L
CHEMICAL BANK	1,000,000	274,003	340,909	100,000	0	1,714,912
SOUTH SHORE BANK	0	372,295	0	0	0	372,295
CITIBANK	0	155,000	165,000	2,100,000	200,000	2,620,000
OTHER BANKS	0	0	0	160,000	0	160,000
TOTAL	1,000,000	801,298	505,909	2,360,000	200,000	4,867,207
PERCENTAGE	20.55%	16.46%	10.39%	48.49%	4.11%	

APPENDIX 9:

**LETTERS OF CREDIT OUTSTANDING,
INCLUDING THOSE SUPPORTED BY \$1.0
MILLION USAID LOAN GUARANTEE, AS
OF DECEMBER 31, 1990**

TERS OF CREDIT BY BANK AS OF -----> 12/31/90

PROGRAM	LOCAL BANK	AMOUNT	NUMBER	ISSUE	EXPIRATION
MONIES, SOUTH SHORE BANK					
PRODEM	BBA Intl. Banking Corp.	\$110,000	314572	07/09/90	02/09/91
ACTUAR	Banco del Estado	\$75,000	314497	08/31/89	11/05/91
ACTUAR	Banco Ganadero	\$100,000	314517	11/07/89	11/07/91
		\$285,000			

MONIES, CHEMICAL

ACTUAR	Banco del Occidente	\$100,000	C-273735	08/17/90	10/14/91
CORPEC	Banco Consolidado	\$25,000	C-268853	03/09/90	03/08/92
PUNTEC	Banco Industrial	\$35,000	C-271932	06/12/90	06/11/91
PUNTEC	Banco Granai & Towson	\$35,000	C-271930	06/12/90	06/11/91
ADMIC Nacional	NAPIN	\$100,000	C-276408	12/04/90	12/02/91
ADMIC	Banco Mercantil del Norte	\$100,000	C-271931	06/12/90	06/11/91
ADMIC-Puebla	Banco de Oriente	\$50,000	C-265717	11/13/89	11/08/91
Fundación Paraguaya	Lloyds Bank	\$15,000	C-261175	05/25/89	08/31/91
Fundación Paraguaya	Banco Nacional de Fomento	\$100,000	C-263687	08/22/89	08/31/91
Fundación Paraguaya	Banco Nacional de Trabajadores	\$100,000	C-264170	07/27/89	01/31/92
ADIM	Banco Wiese	\$10,000	C-259742	04/12/89	06/07/91
ACP	Banco Wiese	\$50,000	C-251849	09/07/88	09/07/91
		\$720,000			

IES, CHEMICAL BANK

PROPESA	Banco de Santiago	\$50,000	C-273504	08/08/90	08/01/92
PROPESA	Banco de Credito e Inversion	\$50,000	C-273724	08/08/90	08/01/92
PROPESA	CitiBank	\$100,000	C-254995	11/30/88	11/23/91
PROPESA	Banco Bice	\$100,000	C-266979	01/03/90	12/27/91
AVANCE	COPISA	\$100,000	C-264660	10/03/89	09/26/91
AUTOEMPLEC	Banco Consolidado	\$100,000	C-276911	12/28/90	12/23/91
Fundación Ecuatoriana de Desarrollo	Banco Consolidado	\$100,000	C-268675	03/09/90	03/04/92
Eugenio Espejo	Banco Consolidado	\$25,000	C-256122-1	12/22/88	12/14/91
Eugenio Espejo	Banco Consolidado	\$100,000	C-267932	07/06/90	12/13/91
Fundación Ecuatoriana De Desarrollo	Banco Consolidado	\$25,000	C-256122-2	12/22/88	12/14/91
ADMIC	Banco Mercantil del Norte	\$100,000	C-241326	01/28/88	08/13/92
Fundación Paraguaya	Banco Unión	\$150,000	C-248653	06/23/88	08/31/91
		\$1,000,000			

T O T A L

\$2,005,000

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APPENDIX 10:

**LETTERS OF CREDIT OUTSTANDING
INCLUDING THOSE SUPPORTED BY \$1.0
MILLION USAID LOAN GUARANTEE. AS
OF AUGUST 22, 1991**

TRY	PROGRAM	LOCAL BANK	AMOUNT	NUMBER	ISSUE	EXPIRATION
PRIVATE MONIES, SOUTH SHORE BANK						
e	PROPESA	Banco del Desarrollo	\$100,000	314630	02/12/91	02/12/92
mbia	ACTUAR	Banco del Estado	\$75,000	314497	08/31/89	11/05/91
mbia	ACTUAR	Banco Ganadero	\$100,000	314517	11/07/89	11/07/91
TOTAL			\$275,000			

PRIVATE MONIES, CITIBANK

e	PROPESA	Banco de Crédito e Inversiones	\$50,000	535-5912191675	08/06/91	07/29/92
e	PROPESA	Banco de Santiago	\$50,000	5355912191676	08/06/91	07/29/92
mbia	ACTUAR, Bogotá	FUNDESCOL-Corporación Financiera Popular	\$103,000	535-5912001457	07/19/91	07/11/92
mbia	Banco Mundial de la Mujer -Cali,Med.,Pop.,Bucara.	FUNDESCOL-Fundación Antonio Restrepo Barco	\$31,500	535-5912051661	07/25/91	07/23/92
a Rica	AVANCE	Banco Cofisa	\$100,000	535-5911511587	07/30/91	05/31/92
dor	PADPMI	La Previsora	\$50,000	535-5911561599	06/04/91	06/07/92
dor	Fundación Ecuatoriana de Desarrollo	Banco Consolidado	\$100,000	535-5911511588	05/30/91	05/31/92
ro	ADMIC	Banco Mercantil del Norte, SBC	\$100,000	535-5911651608	06/14/91	12/13/91
co	ADMIC	Nacional Financiera, NAFIN	\$100,000	535-5911651609	06/14/91	06/13/92
	ACF	Banco Wiese	\$50,000	535-5911561600	06/04/91	06/07/92
	ACCION New York	Bankers Trust	\$22,500	535-5910991540	04/09/91	06/30/94
	Working Capital, Vermont	Vermont National Bank	\$10,000	535-5911711618	06/19/91	03/19/93
TOTAL			\$767,000			

PRIVATE MONIES, CHEMICAL BANK

mbia	ACTUAR	Banco del Occidente	\$100,000	C-273735	08/17/90	10/14/91
dor	PADPMI	PILANBARCO	\$40,000	C-277196	01/16/91	01/16/92
dor	COPEEC	Banco Consolidado	\$25,000	C-268853	03/09/90	03/08/92
co	ADMIC Nacional	NAPIN	\$100,000	C-276408	12/04/90	12/02/91
co	ADMIC-Puebla	Banco de Oriente	\$50,000	C-265717	11/13/89	11/08/91
guay	Fundación Paraguaya	Lloyds Bank	\$15,000	C-261175	05/25/89	08/31/91
guay	Fundación Paraguaya	Banco Nacional de Fomento	\$100,000	C-263687	08/22/89	08/31/91
guay	Fundación Paraguaya	Banco Nacional de Trabajadores	\$100,000	C-264170	07/27/89	01/31/92
	ACF	Banco Wiese	\$50,000	251849	09/07/88	09/07/91
TOTAL			\$580,000			

AID MONIES, CHEMICAL BANK

le	PROPESA	Banco de Santiago	\$50,000	C-273504	08/08/90	08/01/91
le	PROPESA	Banco de Credito e Inversion	\$50,000	C-273724	08/08/90	08/01/91
le	PROPESA	Citibank	\$100,000	C-254995	11/30/88	11/23/91
le	PROPESA	Banco Bice	\$100,000	C-266979	01/03/90	12/27/91
ta Rica	AVANCE	COPISA	\$100,000	C-264660	10/03/89	09/26/91
ador	AUTOEMPLEC	Banco Consolidado	\$100,000	C-276911	12/28/90	12/23/91
ador	Fundación Ecuatoriana de Desarrollo	Banco Consolidado	\$100,000	C-268675	03/09/90	03/04/92
ador	Eugenio Espejo	Banco Consolidado	\$25,000	C-256122-1	12/22/88	12/14/91
ador	Eugenio Espejo	Banco Consolidado	\$100,000	C-267932	07/06/90	12/13/91
ador	Fundación Ecuatoriana De Desarrollo	Banco Consolidado	\$25,000	C-256122-2	12/22/88	12/14/91
ico	ADMIC	Banco Mercantil del Norte	\$100,000	C-241324	01/28/88	08/13/92
aguay	Fundación Paraguaya	Banco Unión	\$150,000	C-248653	06/23/88	08/31/92
TOTAL					\$1,000,000	
A N D T O T A L					\$2,622,000	

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APPENDIX 11:

**SCHEDULE SHOWING BRIDGE FUND
GROWTH AND LETTERS OF CREDIT
OUTSTANDING, AS OF AUGUST 1991**

BRIDGE FUND GROWTH

LOANS AND GRANTS	12/87	12/88	12/89	12/90	08/91
AID	400,000	400,000	700,000	1,000,000	1,000,000
PRIVATE LOANS	175,000	536,476	886,740	1,118,073	1,607,207
(6) STEWARTT MOTT	0	0	0	100,000	100,000
(6) PUBLIC WELFARE	0	0	0	125,000	125,000
(6) CUDAHY	0	0	0	10,000	10,000
(6) MORGAN GUARANTY	0	0	0	0	25,000
FORD	0	0	0	0	2,000,000
TOTAL	575,000	936,476	1,586,740	2,353,073	4,867,207

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INCREASE		361,476	350,264	466,333	2,514,134
% CHANGE (EXCLUDING AID)		206.56%	65.29%	52.59%	185.81%

LETTERS OF CREDIT	12/87	12/88	12/89	12/90	08/91
AID	200,000	400,000	500,000	1,000,000	1,000,000
PRIVATE	125,000	120,000	705,400	1,005,000	1,622,000
TOTAL	325,000	520,000	1,205,400	2,005,000	2,622,000

5% RESERVE ON PRIVATE MONIES & 100,000 AID (PC's)	106,250	106,000	135,270	150,250	181,100
---	---------	---------	---------	---------	---------

TOTAL UTILIZATION OF FUND	75.00%	66.85%	84.49%	91.59%	57.59%
---------------------------	--------	--------	--------	--------	--------

over 25%
not justified

26/4.5

50

APPENDIX 12:

**LOCATION OF BRIDGE FUND LOANS
AND GRANTS AS OF AUGUST 22, 1991**

BRIDGE FUND LOANS AND GRANTS AT -----> 08/22/91

I. PRIVATE MONIES

A. CHEMICAL BANK	AMOUNT
=====	=====
SUBTOTAL LOANS	\$614,912
AID RESERVE	
-----	-----
SUBTOTAL GRANTS	\$100,000
TOTAL CHEMICAL BANK	\$714,912

B. SOUTH SHORE BANK	AMOUNT
=====	=====
SUBTOTAL SOUTH SHORE BANK	\$372,295

C. CITIBANK	AMOUNT
=====	=====
SUBTOTAL CITIBANK	\$2,620,000

D. RESERVE MONIES AT DEVELOPMENT BANKS	AMOUNT
-----	-----
SUBTOTAL RESERVE AT DEVELOPMENT BANKS	\$160,000

II. AID MONIES

AID LOAN	\$1,000,000
=====	=====

BRIDGE FUND GRAND TOTAL	\$4,867,208
-------------------------	-------------

in 2x

52

APPENDIX 13:

TRAINING CLASSES AND WORKSHOPS OFFERED BY ACCION AFFILIATES TO BORROWERS



A: Colegas Ilustres
De: Esteban
Asunto: Materiales de Capacitación
Fecha: 20 de septiembre, 1990

Con fecha 22 de febrero, 1990 les envié un memo solicitando información sobre materiales de capacitación. La razón por la petición era proveer dicha información a la red puesto que cuando programas nuevos o veteranos preparan materiales deben tener a mano lo que ya existe. A continuación los resultados:

Titulo No. de Pag. Costo por unidad

COLOMBIA

Pre-crédito

Objetivos del Grupo
Manejo del Crédito
Registros de cuentas y control sobre las mismas

Post-Crédito

Cooperación y Solidaridad
Manejo del credito
Registros de cuentas y control sobre las mismas

Segundo Nivel

Mercadeo para productores	39
Relaciones humanas	29
Proyectos de inversión	39
Organización	25
Mercadeo para negociantes	37
Contabilidad	26
Costos	21

GUATEMALA

"Utilizamos los materiales de Colombia."

PARAGUAY

Ventajas y desventajas de crédito
Grupos Solidarios
Cálculo de interés
Costos (1)
Costos (2)
Mercadeo (1)
Mercadeo (2)
Contabilidad (1)
Contabilidad (2)

CHILE

Registros Básicos	13
Costos	8
Comercialización	12
Análisis Financiero	14
Evaluación de Proyectos de	
Inversión para la Microempresa	15

(Ver lista adjunta de otros temas para cursos. Materiales están en proceso de preparación.)

BRASIL

Costos
Contabilidade
Administração e Planejamento de Compras
Vendas
Administração do Tempo
Comportamento Empresarial

ECUADOR

Mercadeo	8
Introducción a la Administración	8
Análisis financiero	10
El Comercio	8
Documentos Básicos	12
Contabilidad de Costos	6
Guía Legal	12
Relaciones Humanas	14

BOLIVIA

no recibimos información

COSTA RICA

no recibimos información

REPUBLICA DOMINICANA

no existen materiales; el programa es de asesoría en el taller

MEXICO

no recibimos información

PERU

no recibimos información

HONDURAS

no recibimos información

APPENDIX 14:

**NUMBER OF ACCION EMPLOYEES
AS OF APRIL 1991**



A: Colegas Ilustres
De: Esteban
Asunto: Número de Empleados en la Red
Fecha: 24 de abril, 1991

En Cancún, alguien pidió información sobre el número de empleados en toda la red y de repente una hoja se dió una vuelta por la aula. Los resultados:

	Tiempo Completo	Tiempo Parcial
Arizona	11	3
Bolivia	141	0
Brasil	21	0
Cambridge	12	2
Chile	35	0
Colombia	150 aprox.	0
Costa Rica	24	1
Ecuador	75	0
Guatemala	105	0
Mexico	61	0
New York	2	0
Panamá	4	0
Paraguay	81	0
Peru	38	0
República Dominicana	113	0
Washington	3	1
Totales	982	11

Maximizing Employment and
Economic Opportunities
in The Americas

APPENDIX 15:

UTILIZATION OF USAID \$391,000 GRANT

ACCION INTERNATIONAL

UTILIZATION OF USAID GRANT RELATED TO LOAN GUARANTEE FUND

The following information regarding the use of this grant is presented according to the three phases in which the funds were obligated. For each phase a brief description of the activities undertaken, and its percentage of that portion of the grant, is presented. The data for the first two phases is historical, while the percentages shown for the third phase (covering September 1990 to July 1992) are as of August 1991. As more of the \$200,000 is drawn down, the percentages will change as ACCION staff spend more time on items such as the placement of private monies through innovative financial mechanisms.

PHASE I: \$100,000 - October 1985 to September 1988.

- 1.) Develop Bridge Fund Credit Manual - 33%.
- 2.) Establish the administrative procedures related to the loan agreement between Chemical Bank, USAID and ACCION (Three Party Agreement of December 1986) - 33%.
- 3.) Introduce and implement the loan guarantee program in targeted countries - 33%.

PHASE II: \$91,000 Increase - September 1988 to September 1990.

- 1.) Continued placement of USAID monies and monitoring of existing letters of credit. The latter includes monitoring the compliance of affiliates with the credit manual - 50%.
- 2.) Assisting affiliates as they implement the credit manual guidelines, including on-site technical assistance - 20%.
- 3.) Further stream lining of the loan guarantee fund procedures, including negotiations with USAID regarding letter of credit text and allowable investments - 20%.
- 4.) Marketing of the Bridge Fund (loan guarantee fund with USAID and other funding sources). Successfully funded the \$100,000 Segregated Account with donated monies - 10%.

PHASE III: \$200,000 Increase - September 1990 to July 31, 1992.

- 1.) Monitoring of existing letters of credit - 15%.
- 2.) Assisting affiliates with implementation of credit manual guidelines - 10%.

- 3.) Continued stream lining of Bridge Fund, including the establishment of a relationship with Citibank and a review of related legal documents - 25%.
- 4.) Continued marketing of Bridge Fund. Developing new funding sources (Program Related Investments from Ford Foundation and other private sources) - 30%.
- 5.) Placement of private monies with innovative financial mechanisms (i.e., Colombia counter-guarantee arrangement). Review of other mechanisms - 10%.
- 6.) Documentation of Bridge Fund experience - 10%.

Dennis Smyth
September 3, 1991

APPENDIX 16:

**BUDGET AND EXPENSES COVERED BY
USAID GRANT AS OF JUNE 1991**

1991

Tom L. G. W. W.

COST CENTER: 358

08/12/91

MONTHS:

6

COUNTRY: USA
GRANT #: DPE-2002-G-55-5061-00
START: 10/01/85
END: ~~09/30/90~~ 7-31-92

by the grant.

ITEMS	JUN	2ND QTR.	YEAR TO DATE	TOTAL PREVIOUS	PROJECT TO DATE	BUDGET PH. I-III	BALANCE
SALARIES	6,083	17,557	34,931	111,828	146,759	298,690	151,931
FRINGE	1,217	3,511	6,986	20,616	27,602	59,738	32,136
TRAVEL/PER DIEM	737	1,185	1,185	13,202	14,388	32,143	17,755
OTHER DIRECT	243	325	558	13,042	13,600	18,568	4,968
OVERHEAD	2,190	6,321	12,575	39,552	52,127	107,862	55,735
TOTAL	10,470	28,900	56,236	198,239	254,475	517,000	262,525

11
126,000 not yet obligated

CAMBRIDGE ACA 1991

ITEMS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
SALARIES													0
FUND DIRECTOR'S	4,590	4,590	4,590	4,590	4,583	4,583							27,526
EXECUTIVE DIRECTOR	465	338	486	297	201	583							2,370
SECRETARIAL	756	756	802	844	939	917							5,035
TOTAL SALARIES	5,812	5,684	5,878	5,731	5,743	6,083	0	0	0	0	0	0	34,931
FRINGE BENEFITS	1,162	1,137	1,176	1,146	1,149	1,217	0	0	0	0	0	0	6,986
TRAVEL/PER DIEM				448		737							1,185
OTHER DIRECT COSTS		0	233	82	243								558
OVERHEAD	2,092	2,046	2,116	2,063	2,068	2,190	0	0	0	0	0	0	12,575
TOTAL	9,066	8,867	9,403	9,470	8,960	10,470	0	0	0	0	0	0	56,236

CMTRK

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APPENDIX 17:

**BUDGET AND EXPENSES COVERED BY
USAID GRANT AS OF YEAR-END 1990**

1990

COST CENTER: 358

08/22/91

MONTH: 12

COUNTRY: USA
GRANT #: DPE-2002-G-SS-5061-00
START: 10/01/85
END: ~~09/30/90~~ 7/31/90

ITEMS	DEC	4TH QTR.	YEAR TO DATE	TOTAL PREVIOUS	PROJECT TO DATE	BUDGET PH. 1-111	0 BALANCE
SALARIES	18,180	21,079	40,845	87,506	128,350	298,690	170,340
FRINGE	3,636	4,216	8,169	15,751	23,920	59,738	35,818
TRAVEL/PER DIEM	554	1,026	2,489	10,713	13,202	32,143	18,940
OTHER DIRECT	113	318	1,796	11,246	13,042	18,568	5,526
OVERHEAD	6,545	7,588	14,704	30,796	45,500	107,862	62,362
TOTAL	29,028	34,226	68,003	156,012	224,015	517,000	292,906

not inputted 126,000

65

APPENDIX 18:

**MONTHLY BREAKDOWN OF EXPENSES
COVERED BY USAID GRANT FOR THE
YEAR ENDING DECEMBER 1**

CAMBRIDGE ACA 1990

ITEMS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
SALARIES													
FUND DIRECTORS	1,633	1,633	1,633	1,633	1,633	1,633	1,867	1,867	1,027	1,027	1,027	15,280	31,893
EXECUTIVE DIRECTOR	465	335	279	279	0	591	0	0					0
SECRETARIAL	806	613	613	613	613	0	0	0		381	465	630	3,426
TOTAL SALARIES	2,905	2,581	2,525	2,525	2,246	2,225	1,867	1,867	1,027	1,407	1,492	18,180	40,845
FRINGE BENEFITS													
TRAVEL/PER DIEM	211	210	0	0	155	648	239	0	205	281	298	3,636	8,169
OTHER DIRECT COSTS	20	159	80	166	463	292	88	130	79	120	84	554	2,489
OVERHEAD	1,046	929	909	909	809	801	672	672	370	507	537	6,545	14,704
TOTAL	4,763	4,395	4,019	4,105	4,122	4,410	3,239	3,042	1,681	2,355	2,844	29,028	68,003

APPENDIX 19:

**SAMPLE OF FINANCIAL SPREADSHEET
REQUIRED TO BE FILED, BY EACH
ACCION AFFILIATE, WITH THE CAPITAL
FORMATION AND PLACEMENT
DEPARTMENT**

INFORME II

ESTADO FINANCIERO

página 1

Nombre y Dirección de la Organización:

Moneda: Pesos chilenos (ch\$)CORPORACION DE PROMOCION PARA LATasa de Cambio : 1 US\$ = ch\$336,98PEQUEÑA EMPRESAAuditores: Price WaterhouseAprobado Por: [Signature]
Director Ejecutivo

BALANCE

ACTIVO	Fecha: 31 / 12 / 1990 /	PASIVO	
1. Caja Chica	<u>3.429.893.-</u>	26. Cuentas a Pagar	<u>2.885.116.-</u>
2. Efectivo en Bancos (cuadro 1)	<u>7.054.613.-</u>	27.	
3. Otros Depósitos (corrientes/ plazo fijo)	<u>4.807.704.-</u>	28. Deuda a Corto Plazo Bancos	<u>82.583.089.-</u>
4. Total Caja	<u>15.292.210.-</u>	29. Deuda a Corto Plazo Otros Acreedores	<u>6.425.596.-</u>
5. Otras cuentas a cobrar (plazo inferior a 360 días)	<u>12.973.096.-</u>	30.	
6.	<u>12.973.096.-</u>	31. Porción Corriente: Largo Plazo - Concesionario	
7. Cartera de Préstamo	<u>140.242.426.-</u>	32. Porción Corriente: Largo Plazo No Concesionario	
8. Menos: Reserva para Pérdidas sobre Préstamos	<u>(10.012.120.-)</u>	33. Indemnizaciones	<u>3.897.338.-</u>
9. Préstamo Neto	<u>130.230.306.-</u>	34. Otras Prov. vs.	<u>1.636.633.-</u>
10.		35.	
11.		36.	
12. Inventario y otros Activos Corrientes		37. Total Pasivo Corriente	<u>97.627.772.-</u>
13. Garantías y derechos	<u>834.522.-</u>	38. Deudas a Mediano y Largo Plazo - No Concesionario	
14. Gastos anticip.	<u>283.455.-</u>	39.	
15. Total Activo Corriente	<u>159.613.589.-</u>	40.	
16.		41.	
17. Otras Inversiones		42.	
18. Muebles y Equipos	<u>13.322.112.-</u>	43. Deuda Total a Medio y Largo Plazo	
19. Vehículos	<u>2.800.962.-</u>	44. Otros	
20. Bienes Inmuebles (neto)		45. Deuda Total - No Concesionario	
21. Bibliografía	<u>887.463.-</u>	46. Deuda Concesionaria "Quasi-Equity"	
22.		47. TOTAL DEL PASIVO	<u>97.627.772.-</u>
23.		48. Patrimonio Neto	<u>78.996.354.-</u>
24.		49. Total Capitalización	<u>78.996.354.-</u>
25. TOTAL DEL ACTIVO	<u>176.624.126.-</u>	50. Total del Pasivo y Patrimonio Neto	<u>176.624.126.-</u>

FORME II-c

RECONCILIACION DEL PATRIMONIO NETO

página 3

Fecha: 31 / 12 / 90

89. Patrimonio Neto Inicial (del Período Anterior)	<u>42.587.802.-</u>
90. Más: Contribución al Patrimonio Neto (Corriente Período)	<u>(21.519.349.-)</u>
91. Venta de Patrimonio	<u>-.-</u>
92. Donaciones Recibidas	<u>57.928.101.-</u>
93. Otros (Detallar)	<u> </u>
94.	
95. TOTAL ADICIONES	<u>36.408.752.-</u>
96. Menos: Dividendos	<u>-.-</u>
97. Otras Distribuciones (Detallar)	<u> </u>
98.	
99. TOTAL DEDUCCIONES	<u>-.-</u>
100. Aumento (Disminución) del Patrimonio Neto	<u>36.408.752.-</u>
101. PATRIMONIO NETO FINAL	<u>78.996.354.-</u>

RECONCILIACION DE LA CARTERA DE PRESTAMOS

102. Total Inicial de Préstamos (Del Período Anterior)	<u>50.017.831.-</u>
103. Más: Amortizaciones Nuevos Préstamos Desembolsados	<u> </u>
104. Menos: Reembolsos de Capital	<u> </u>
105. Préstamos Cancelados	<u> </u>
106. Total Final de Préstamos	<u> </u>

Reserva para Pérdidas por Préstamos

107. Reserva inicial para pérdidas por Préstamos (del Período Anterior)	<u>2.600.508.-</u>
108. Más: Previsión para Pérdidas por Préstamos (Período Corriente)	<u> </u>
109. Menos: Préstamos Cancelados	<u> </u>
110. Reserva Final para Pérdidas por Préstamos	<u> </u>
111. PRESTAMOS NETOS	<u> </u>

IMPORTE IV - ANALISIS DE LA CARTERA DE PRESTAMOS (moneda local) al 31.12.90

	Grupos Solidarios		Microempresarios		Total	\$	%		
	# de Prest.	\$	# de Prest.	\$	# de Prest.				
Préstamos - Corrientes	634	34.628.547.-	708	74.471.867.-	1.342	109.100.414.-	77,8		
Préstamos - Re-financiados	0	0	163	25.867.916.-	163	25.867.916.-	18,4		
Sub-Total	634	34.628.547.-	871	100.339.783.-	1.505	134.968.330.-	96,2		
						TOTAL			
						Sin Acción Legal	Acción Legal		
	# de Prest.	\$	# de Prest.	\$	# de Prest.	\$	%	# de Prest.	\$
En mora más de 30 Días									
	Sin Acción Legal	2	301.234.-	13	792.341.-	15	1.093.575.-		
	Acción Legal	--	--					--	--
En mora más de 60 Días									
	Sin Acción Legal	--	--	7	367.590.-	7	367.590.-		
	Acción Legal	--	--	--	--			--	--
En mora más de 90 Días									
	Sin Acción Legal	--	--	0	--	--	--		
	Acción Legal	--	--	5	1.207.356.-			5	1.207.356
En mora más de 180 Días									
	Sin Acción Legal	--	--	--	--	--	--		
	Acción Legal	--	--	15	2.605.575.-			15	2.605.575
Sub-Total	2	301.234.-	40	4.972.862.-	22	1.461.165.-		20	3.812.931.
GRAN TOTAL	636	34.929.781.-	911	105.312.645.-	1.547	140.242.426.-		1002	

AUG 29 '91 15:21

17

APPENDIX 20:

**INFORMATION BOOKLET GIVEN TO ALL
PROSPECTIVE PRIVATE DONORS AND
LENDERS TO THE BRIDGE FUND.
INCLUDES INFORMATION ABOUT USAID
ROLE IN BRIDGE FUND DEVELOPMENT**



LINKING SOCIALLY RESPONSIBLE INVESTORS
TO THE MICRO-ENTREPRENEURS OF LATIN AMERICA

THE BRIDGE FUND
A WORKING INVESTMENT

15

WHAT IS ACCION INTERNATIONAL?

ACCION International, a private non-profit organization founded in 1961, sponsors self-help economic development programs in an effort to reduce hunger and poverty in the poorest communities of the Americas. In its early years, ACCION was involved in community development projects in the low-income barrios of Latin America. Through this work, ACCION became increasingly aware of the problems of unemployment and the lack of economic opportunities for the urban poor.

Without access to jobs in the mainstream economy, millions of Latin America's poorest citizens are forced to start tiny businesses as their only means of survival. This 'informal sector' today is responsible for one half of all economic activity and at least one third of the labor force in developing countries.

In the early 1970s, ACCION began providing loans and basic business training to owners of the smallest of the small-scale businesses.

Today, ACCION has local affiliate organizations working in thousands of low-income communities in 14 countries of the Americas. During 1990 alone, the ACCION network disbursed US \$37.9 million to 67,121 businesses. Loans averaged the equivalent of US \$303 in local currency and were paid back within a period of 3-4 months.

ACCION's programs for owners of very small-scale businesses bridge a gap that exists between the supply and demand for fair-rate credit. Without ACCION's intervention, most impoverished business owners have access only to loan shark credit at usurious interest rates, or credit offered by suppliers, which is equally detrimental to the borrower. In general, banks are unable or unwilling to make loans small enough to suit micro-entrepreneurs and to still make a profit.

The training component of ACCION's programs allows business owners to take full advantage of their new access to credit, and to prepare them for growth in their enterprises. Classes cover such subjects as bookkeeping, sales and marketing, and personnel management. Individual technical assistance is also made available to borrowers.

Individuals seeking loans may use any type of equipment or property as collateral, or they may join three or more micro-entrepreneurs to form a Solidarity Group and take a collective loan. These Solidarity Groups represent a substitute for collateral, in that members provide the support necessary to ensure that each member repays his or her portion of the loan. No group

member is eligible for another loan until the entire loan has been paid back. Once a loan is paid back, individual and group borrowers become eligible for a larger loan. This methodology, which was pioneered by ACCION, has proven to be a successful means for reaching the very poor. Although the amounts are small, the benefits are impressive:

- Program participants enjoy an average increase in family income of 30% in the first year.

- Loans of as little as \$375 (and averaging under \$1,000) can create an entirely new job.

ACCION's record over the years has shown that the self-employed poor are willing and able to take loans at market rates of interest, and are capable of paying them back. Overall, ACCION's affiliates enjoy a 98% payback rate.

WHAT IS A MICRO-ENTREPRENEUR?

In the center of Guatemala City is a one-room machine shop. It is overflowing with equipment, supplies and workers. There is barely anywhere to walk. The machines are loud, and a radio blares above the rhythmic sounds. In one corner, a worker is painstakingly repairing a belt on a large machine. A part that would be discarded almost anywhere else.

But here, in Fernando Andrades' shop, everything has been made from scrap. And nothing becomes scrap until it is used beyond recognition.

Fernando started manufacturing hydraulic parts eleven years ago after working for nine years in factories. He started with expertise, imagination, and junkyard metal. He had no capital. But with materials picked at no cost from scrapheaps, Fernando was able to put together the beginnings of a business. He started alone, and constructed a machine that made hydraulic parts. It was apparent that he could make money.

He struggled along for nine years, and bit by bit, his business grew. If he couldn't make a piece of equipment or buy enough raw materials to process, he would save money over weeks or even months to make the investment. And during that period, he put together two other machines and gave jobs to his wife and two employees.

Then a few years ago, a loan program for small businesses opened its doors in Guatemala City. Fernando applied for a loan, and was surprised when Genesis, an ACCION International affiliate, was able to make him a \$200 loan. "Before Genesis, nobody in Guatemala

would make such a small loan," he said. Over a thirty month period, Fernando received seven loans from Genesis, each one larger than the previous loan. His most recent loan was for the local currency equivalent of U.S. \$500 dollars. With this input of capital, Fernando brought one of his sons into the business, and hired five new workers. Together, they have made two other machines. His profits have almost quadrupled since he received his first loan.

Fernando has a dream. He hopes that one day his little business will become a sizeable industry. He wants to supply hydraulic equipment to factories not only in Guatemala, but throughout Central America. He still needs capital. There is one machine he wants that he cannot make. But Fernando says that thanks to the loans, he is certain that his dream will come true. He is asked if he plans to export within ten or twenty years. Fernando smiles patiently, as he places another piece of metal below a drill. "With continued support from Genesis," he explains, "I should have an export industry in three to five years from now."

* * *

A machinist in Guatemala, a seamstress in Ecuador, a tinsmith in Costa Rica, a baker in Peru - these are the tiny business owners in Latin America who have become known as micro-entrepreneurs. Generally, they have three or fewer employees and often work from their homes. Their businesses comprise what is known as the informal sector. They are unincorporated, due to the high cost, time requirements and bureaucratic difficulties involved in formal registration. And they are unrecognized in national statistics and most economic policies due to their tiny size. Yet they represent up to 50% of the urban labor force and produce between 30%-70% of the Gross Domestic Product in Latin America!

For millions of men and women, these businesses are the only means of survival. However, due to their size and informality, they have virtually no access to commercial credit. In order to keep their tiny enterprises afloat, they are often forced to use neighborhood loan sharks whose interest rates can reach up to 10% per day. Such usurious rates of interest certainly do not allow these struggling businesses to grow or prosper. Rather, their meager profits are almost entirely used for the repayment of their loans, with little, if any, left over on which to subsist.

WHY THE BRIDGE FUND?

The Bridge Fund was created in 1984 to leverage funds in Latin America for the loan portfolios of ACCION's affiliates. The Fund is capitalized with loans and donations from individuals, churches, and institutions.

ACCION saw the need for the Bridge Fund when demand for loans far outstripped the resources available to the self-employed poor. In response to the need, ACCION created an innovative mechanism to access local bank resources for micro-enterprises.

The Bridge Fund is capitalized with loans and donations from individuals, churches and institutions. The funds are deposited in a trust account at Citibank, and invested, based on social investment guidelines as advised by Kinder, Lydenberg, Domini & Co., Inc. Investments include certificates of deposit and time deposits fully insured by F.D.I.C., commercial paper rated at least A-1 by Standard and Poor's or Prime-1 by Moody's Investor Service, and obligations issued or guaranteed by the United States of America or by any agency or instrumentality thereof. ACCION's loan loss reserve is placed in amounts up to the F.D.I.C. limit of \$100,000 in community development banks throughout the United States.

Bridge Fund monies, which remain in the United States, are used as collateral to back guarantees in the form of Standby Letters of Credit issued in favor of local banks in Latin America. Backed by this Letter of Credit, these banks then make loans to ACCION's affiliates.

The funds received by the affiliates are used exclusively for making loans to micro-entrepreneurs. Each Letter of Credit currently guarantees from 20% to 100% of the loan extended to the affiliate.

The Bridge Fund has become an important source of funding for ACCION. In 1990, the Bridge Fund was used to fund 23% of the loan portfolios of ACCION's affiliate network. The Fund has allowed ACCION to tap into an otherwise unavailable funding source, the commercial banks in Latin America, and in so doing, to leverage its resources. As the banks gain confidence in the sector's ability to pay back its loans, ACCION is required to guarantee a decreasing fraction of the credit extended to its local affiliates.

The Fund has experienced significant growth in the last few years. Loans and donations from private and government sources, which stood at \$575,000 as of December 31, 1987, climbed to \$1,586,740 at year-end 1989. As of April 30, 1991, Fund resources were slightly over \$4.7 million. This growth is due not only to the Fund's success in attracting new money, but also to the

decision of most lenders to roll over their maturing loans. Their decision to do so represents a strong stamp of approval for the management of the Fund.

The Fund has suffered no losses since its inception in 1984. If a loss were to occur, there are three layers of protection as follows:

1) Loan loss reserve: Each ACCION affiliate is required to maintain locally a loan loss reserve, a minimum of 2% of all outstanding loans to cover any potential losses. The exact percentage is based on the affiliates' historical loan loss record and takes into account estimated future losses but usually ranges between 2% and 5%.

2) Donated monies: ACCION keeps its own dollar reserve in the U.S. (made up of private donations) equal to 5% of outstanding Letters of Credit.

3) Investment pool: All loans to the Fund are pooled, with no one loan collateralizing a particular Letter of Credit. Therefore, a loss would be shared proportionally among all lenders.

WHO BENEFITS FROM THE BRIDGE FUND?

Listed below is a sample of the 1990 activities of ACCION's affiliates presently benefitting from the Bridge Fund through the Letter of Credit mechanism. These Letters of Credit are put in place either to permanently capitalize the programs' loan portfolio or to provide temporary financing while programs await funds from sources such as the World Bank, Inter-American Development Bank, etc.

Fundación Paraguaya de Cooperación y Desarrollo, PARAGUAY

New Participants	4,014
Total Participants	4,922
% Female Participants	65
Number of Loans Provided	6,557
Total Amount Lent	\$4,503,805

PROPESA, CHILE

New Participants	1,206
Total Participants	1,720
% Female Participants	30
Number of Loans Provided	2,031
Total Amount Lent	\$717,135

FADEMI, CORFEC, Fundación Ecuatoriana de Desarrollo, Fundación Eugenio Espejo, ECUADOR

New Participants	1,831
Total Participants	2,481
% Female Participants	60
Number of Loans Provided	4,031
Total Amount Lent	\$1,430,293

ACTUAR, COLOMBIA

New Participants	4,602
Total Participants	6,243
% Female Participants	53
Number of Loans Provided	6,001
Total Amount Lent	\$2,022,234

OUTSTANDING LETTERS OF CREDIT AS OF 4/17/91

<u>COUNTRY</u>	<u>AMOUNT (US\$)</u>
Chile	\$400,000
Colombia	\$275,000
Costa Rica	\$100,000
Ecuador	\$415,000
Guatemala	\$ 70,000
Mexico	\$350,000
Paraguay	\$365,000
Peru	\$ 50,000

T O T A L \$2,025,000 *

* Of this total, \$1,000,000 represents Letters of Credit funded by a loan from the Agency for International Development, under conditions that are different from the remaining \$1,025,000 in Letters of Credit funded by individuals, institutions, and churches. (See Note #2 in Financial Section).

HOW ARE LOANS AND DONATIONS MADE TO THE FUND?

ACCION accepts donations of any size and loans from individuals and institutions for the Bridge Fund. The minimum loan is \$10,000 and the maximum rate of interest paid on the loan is 5% per annum. The lender may, at his or her discretion, offer a loan at a lower rate of interest. The difference between market interest and that paid by ACCION to the lender represents the margin retained by ACCION to partially cover the Fund's administrative costs.

The minimum loan period is 18 months with interest payments made semi-annually and principal paid at maturity. The loan is evidenced by a Loan Agreement and a Promissory Note.

Donations allow ACCION to capitalize the US dollar reserve of 5% of outstanding Letters of Credit as well as to build up the collateral pool for issuance of Letters of Credit.

In summary:

Minimum Loan Amount:	\$10,000
Maximum Interest Rate:	5%
Minimum Period:	18 months
Interest Payments:	Semi-annually
Principal:	At loan maturity

A loan or donation to the Bridge Fund allows socially responsible investors to contribute to the improvement in the quality of life for thousands of people across the hemisphere. As ACCION's record shows, Fund monies are well-managed and have a significant economic and social impact on the lives of the working poor, for whom this type of funding may represent the only chance they have to get ahead.

BRIDGE FUND BALANCE SHEET*

For year ended 12/31/90

ASSETS

Restricted investments at cost plus accrued interest (\$79,744 and \$54,595 at December 31, 1990 and 1989 respectively)	\$2,432,817
	<u>\$2,432,817</u>

LIABILITIES AND FUND BALANCES

Accounts payable and accrued expenses	\$71,324
Notes payable	\$2,118,073
Total liabilities	<u>\$2,189,397</u>
Restricted Bridge Fund reserve	\$150,250
Restricted Bridge Fund balance	\$ 93,170
	<u>\$2,432,817</u>

* Excerpted from complete audited financial statements. Complete financial statements available upon request.

Note 1

PROMISSORY NOTES

At December 31, 1990 and 1989, ACCION owed \$1,118,073 and \$886,740, respectively, in loans outstanding to individuals and institutions which are to be used for the purchase of certificates of deposit. The certificates of deposit are to be used as collateral for letters of credit to guarantee loans made to ACCION's affiliates in Latin America. The notes are payable \$562,125 in 1991, \$345,948 in 1992, \$10,000 in 1993 and \$200,000 in 1994 and bear interest at rates from 0.0% to 8.65%.

Note 2

AID LOAN

In 1986 ACCION entered into a three-party loan agreement with the Agency for International Development (AID) and Chemical Bank of New York which provides ACCION with a \$1,000,000 line of credit through August 12, 1993. Principal payments on the amount borrowed through August 12, 1993 are due in five semi-annual installments beginning August 12, 1993.

At December 31, 1990 and 1989, \$1,000,000 and \$700,000, respectively, were outstanding under this agreement, all of which was committed to secure letters of credit in foreign countries. ACCION is directly liable for the first \$100,000 in claims under these letters of credit. This amount is separately designated with restricted investments.

The 10 Most Frequently Asked Questions about the Bridge Fund

1. What are the criteria used by ACCION in placing funds?

ACCION's affiliates are subject to the requirements of ACCION's Credit Policy and Procedures Manual which outlines the eligibility criteria for obtaining guarantees from the Bridge Fund and the credit standards that must be maintained. Beyond determining the financial stability of the affiliate we are particularly interested in the amount of leverage that the affiliate will achieve with the guarantee. ACCION's Credit Committee meets once a month to assess the financial condition and creditworthiness of the affiliate and to approve pending requests for guarantees.

2. Can I designate my loan to the Fund for a specific country?

We try to accommodate lenders as best we can with regards to the designation of their money. Nevertheless, we are limited by the fact that, 1) not all the countries we work in have a need for Bridge Fund guarantees; 2) the need in a specific country may be quite temporary; 3) as the Fund is set up on a pooled basis, no one loan is being tied to a specific guarantee.

3. Why does ACCION use a guarantee mechanism in the U.S. rather than lending directly to its affiliates?

The guarantee mechanism was designed primarily to tap into local financial resources and at the same time to educate the formal banking sector in Latin America as to the viability of micro-enterprise lending. Additionally, the guarantee mechanism avoids the risk of currency devaluation and exchange controls which can be an obstacle to withdrawing funds which have been placed overseas. Under the guarantee mechanism your money is held in the United States, and the guarantees are issued in U.S. dollars. All transactions related to the guarantees are denominated in U.S. dollars or in local currency based on the dollar exchange rate of the day.

4. Why does ACCION borrow at 5% while its affiliates lend to their clients at commercial rates?

Since the Bridge Fund does not lend directly to ACCION's affiliates, there is no direct link between the interest paid to Bridge Fund lenders and the rates charged by the affiliates. ACCION retains the interest differential earned on loans to the Bridge Fund to partially cover the Fund's administrative costs. This differential fluctuates between 1 and 2 percentage points. The affiliates borrow from commercial banks and pay market rates of interest on the loans they receive through Bridge Fund guarantees.

These and all other operational costs are included in the affiliate's interest rate calculations. Interest income is their only means for attaining operational self-sufficiency.

5. Why does ACCION use Citibank?

ACCION negotiated with several banks and chose to work with Citibank, because Citibank allows us to centralize the money management and placement activities of the Bridge Fund through its International Agencies Department. This department deals exclusively with not-for-profit organizations, and therefore they are sensitive to the needs of a small organization like ACCION. Citibank also has an extensive correspondent banking network in Latin America which greatly simplifies the placement of the monies. Although the Fund monies are being professionally managed by Citibank, we retain the services of Kinder, Lydenberg, Domini and Co., a firm well known for its social research, to apply social screens to the investments Citibank makes.

6. Will I receive a tax benefit for the differential between the market rate of interest and the below-market rate of my Bridge Fund loan?

The IRS does not allow a tax benefit for accepting a below-market rate. In fact, until recently, a tax liability was imposed on the imputed interest. That is, although a loan was made at a below market rate, an individual would be taxed on the market rate of interest earned. The current tax law states that no tax liability will be imposed for imputed interest on loans to charitable organizations which total less than \$250,000.

7. Since I don't receive a tax benefit for the differential, why should I make ACCION a loan rather than a donation?

Although ACCION gratefully accepts donations of any size, most individuals are limited in the amount they can contribute. A loan however, is for many a more feasible means of providing support which has a significant impact. ACCION is able to utilize the full value of the loan to leverage funds which are used solely for making loans to micro-entrepreneurs. Making a loan permits you to retain the value of your principal while at the same time receiving both a financial and social return.

8. Is my loan to the Fund insured?

No. Since your loan is to ACCION International, all monies are pooled in the name of ACCION International and deposited in a trust account at Citibank. Trust assets do not form part of the overall assets of the bank and therefore are not subject to claims from Citibank creditors. Those assets which Citibank places in time deposits or CDs at federally-insured banks are insured in the name of ACCION for amounts up to \$100,000.

9. How has ACCION maintained a repayment rate of 98%?

ACCION takes its loans very seriously, and administers them in accordance with sound financial and social guidelines. ACCION has developed a methodology which includes making very small, short term loans which are automatically renewed and escalated upon repayment, and the use of the Solidarity Group method. Based on this methodology, ACCION's affiliates have been able to meet the credit needs of the informal sector on realistic terms which allow their beneficiaries the feasibility and incentive to repay their loans. It is also important to remember that ACCION's beneficiaries have no credit options other than loan sharks, and they take the responsibility of their loans very seriously.

10. What information does a lender receive about the Fund?

As a Bridge Fund lender you will receive a semi-annual Bridge Fund update which provides information on Bridge Fund activity. Lenders also receive ACCION's quarterly bulletin and Annual Report. In addition, you are always free to contact us with any specific questions or requests for information.

"Millions of people will not go hungry, if we are willing to provide repayable loans -loans which may cost little or nothing to make, loans which the records indicate are virtually always repaid. I can think of few investments offering such high return - the creation of human dignity."

Representative Mickey Leland
1945 - 1989
Food Monitor 1986

"U.S. development organizations are finding that some of the world's poorest entrepreneurs repay their debts at rates approaching 100%...the money helps them start or expand their businesses - selling vegetables, sewing, repairing shoes, making furniture and the like - and boots their local economies."

The Wall Street Journal
June 7, 1991

"The Bridge Fund is a truly unique vehicle that maximizes the impact of the loans our clients make to the Fund. It gives them a direct means to participate in microenterprise development in Latin America."

Amy Domini, Trustee
Loring, Wolcott and Coolidge

"I don't believe I have ever seen a program that more respectfully deals with the real needs of a nation. ACCION International gives people an opportunity for empowerment."

Henry Cisneros
Former Mayor of San Antonio

"We support ACCION because its philosophy is to aid people who work for themselves in countries where there is no other opportunities for assistance... You've enabled us to enable others to use our funds to enhance their own talents."

Sister Leanne Kerschner, Treasurer
Sisters of St. Francis of Tiffin , Ohio

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