

Save the Children Federation /U.S

Micro-Enterprise in High Poverty Areas of Lebanon

USAID Grant HNE-A-00-97-00063-00

SEMI-ANNUAL REPORT
January 1 – June 30, 2000

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I. INTRODUCTION

The year 2000 began with a new strategy for Al Majmoua reflected in the institution's Business Plan issued in February 2000¹. The Business Plan was developed based on two meetings that took place at the end of 1999: The Laqlouq Summit involving Al Majmoua's management team and the Byblos Strategic Planning Meeting in December 1999 involving all staff.

New expansion targets were set for a three years period and a new strategy was developed for the delivery of group and individual lending services at a national level. By the end of the year 2002, Al Majmoua projects to have 10,528 active clients. Group and individual lending will represent an almost equal share of that portfolio with 5,120 and 5,408 clients respectively.

Between January and June 2000, in line with its Business Plan, Al Majmoua introduced several changes to its operational strategy, setting the basis for an accelerated growth:

- A revised Group Lending product (GL) was launched at the end of March 2000.
- Access to Individual Lending (IL) was expanded to all long-term GGLS clients once they reach their 6th cycle. An exception was made to the North until July 2000.
- The branch model was reviewed and a new branch was identified in Borj El Barajneh.
- Group and individual lending operations were consolidated within one department managed by a newly appointed Operations Director.

To support this effort, Al Majmoua contracted several international consultants over the last six months. The consultants worked with Al Majmoua's team to review the design of the institution's branch model, financial products and redefine its growth strategy.

As a result of the change in the Group Lending product and the introduction of Individual Lending in all areas of operations the number of Al Majmoua's clients is growing again. At the end of June 2000 Al Majmoua counts a total of 3,549 clients. Both new and old clients are joining and the feedback has been very positive: "it was worth the wait!" said many, also characterizing the financial services offered by the institution as now being "attractive and flexible".

The following report reviews Al Majmoua's progress in terms of institutional development and microfinance operations under the USAID grant HNE-A-00-97-00063 for the period from January 1 to June 30, 2000.

II. INSTITUTIONAL DEVELOPMENT

1- Organizational Structure²

As of January 31, 2000, Al Majmoua's operations were restructured within a new department, the Operations department. It includes three sections:

- Implementation: responsible for Group Lending and Individual Lending operations.
- Market exploration: responsible for the establishment and opening of new branches.
- Product support: responsible for providing technical support to the other two sections of the Operations department.

¹ Al Majmoua Business Plan: 2000-2002.

² Annex 2: Organogram

The former Research and Development team was reorganized under the two sections of Market Exploration and Product Support to allow for increased staff focus and efficiency.

The shift of Individual Lending operations to the Implementation section will be gradual over the coming three years, in parallel with the opening of new branches in each area of operations. Area Supervisors will gradually become Branch Supervisors responsible for a team of Credit Agents and Credit Analysts.

2- Governance

Youssef Fawaz, President of the Board, joined Al Majmoua in April 2000 as a full-time Director of the Operations department. A new President will be elected in July 2000. The Business Plan was submitted to the Board in February 2000 and approved.

3- Human Resources

New Staff: Twelve staff were recruited over the last six months for the Operations, Finance and Management Information System (MIS) departments as detailed below.

Operations Department:

- Operations Director.
- Five Credit Analysts: two in Hay El Sellum, one in Borj El Barajneh, one in Sabra and Shatila and one in the North.
- One Branch Supervisor in Borj el Barajneh.
- One Field Supervisor for the Individual Lending product.
- One Collection Officer.

Finance Department:

- A Finance Comptroller and an Accountant were recruited between April and May.
- The former Finance Comptroller was shifted to a newly opened position, Institutional System Development, responsible for branch and system design in coordination with the Finance, MIS and Operations departments.

MIS Department:

- A System Administrator was recruited.

A Bonus System for Area Supervisors was developed reflecting their new responsibilities. Starting in October-November 2000, Area Supervisors will be responsible for all financial products in their areas. The bonus, calculated every three months, will include: increase in portfolio outstanding, average number of clients and average portfolio at risk.

The bonus scheme for Credit Agents was also revised to include both a monthly bonus and a six-month bonus based on the target achieved. Credit Agents will also be rewarded for each client leaving Group Lending to join Individual Lending services. The bonus is conditional upon maintaining a portfolio at risk below 5%.

The staff performance appraisal system for Credit Agents, Credit Analysts and Area Supervisors was reviewed. Staff are now appraised twice a year, in line with their targets and bonus system.

4- Branch Network

A new branch was identified and decorated in Borj el Barajneh. In June 2000, a consultant from a Lebanese Bank was recruited to establish administrative and operational procedures for the branch. Operations in Borj El Barajneh will start in August 2000, allowing Al Majmoua to test its new branch model, including its financial product mix, staff structure and training, distribution of responsibilities among staff at the branch and head office levels, operational procedures, marketing and MIS.

In Hay El Sellum Al Majmoua continues to pilot test Individual Lending through the branch to a wide clientele of women and men microentrepreneurs. At the end of June 2000, 122 clients are serviced through this branch.

5- Procedures

Al Majmoua's delinquency management policies and procedures were revised and finalized with the support of an international consultant.

A Credit Assessment Manual was also developed in English and Arabic for Credit Analysts working on the Individual Lending product. The manual serves as a guide in assessing and following-up on Individual Lending clients. All staff working on the Individual Lending product were trained on the use of the manual. The Group Lending manual is also being modified to reflect the recent changes introduced by Al Majmoua in this financial product.

6- Audit

KPMG started in June a grant compliance and financial audit of Al Majmoua. A report will be submitted to Save the Children by August 2000.

7- Development of a Management Information System (MIS)

Based on a revised work-plan developed with the support of Richard Zegarra, an international consultant specializing in MIS for microfinance operations, the MIS project will extend until March 2001. Meanwhile, an interim Management Information System (MIS) was put in place by the System Analyst while waiting for the new system to be finalized.

Through the development of a new MIS, Al Majmoua gained insight into its future operational strategy and products' structure as well as first-hand experience in the development of an MIS system for microfinance operations.

III. MICROFINANCE OPERATIONS

Al Majmoua's client portfolio has increased since December 1999, triggered by the revision of the institution's Group Lending strategy and the expansion of Individual Lending services at a national level to all long-term clients. Al Majmoua's sustainability has also been growing as well as staff efficiency. At the end of June each Credit Agent manage an average portfolio of 187 clients instead of 176 in January. Delinquency in the North was also reduced thanks to staff training and intensive follow-up with clients.

Key Institutional Indicators for GL and IL services

	End of Dec. 99	End of June 2000
Total Active clients	2,791	3,549
Amount of loans outstanding	\$ 894,323.8	\$1,479,428.78
Delinquency rate	2.03%	1.73%
Operating self suff. (complete)	74.22% *	104.24%
Financial self-sufficiency	56.22 % *	76.42%

* The sustainability figures for Dec. represent the average figures for the last quarter of 1999. This is in order to eliminate end of year accounting discrepancies.

1- Group Lending

At the beginning of March, a General Community Meeting was held in each area of operations to introduce the revised Group Lending product. Feedback was very positive with new and ex-clients joining Al Majmoua. Flyers were also distributed widely to promote the new Group Lending product.

The changes in Al Majmoua's group lending methodology were motivated by client dissatisfaction with the Group Guaranteed Lending and Savings product (GGLS). A survey was in fact conducted among the institution's Credit Agents during 1999. It showed that clients wanted group lending under different terms. The main source of complaint has been: the short loan term, the large group size, by-monthly repayments and compulsory by-weekly meetings. In March 2000, Al Majmoua modified its Group Lending product offering each client the option to apply for a four-month loan or a six-month loan and to make repayments on a by-weekly or monthly basis. The minimum group size was also reduced to five. Loans start at USD200 or USD300, depending on the client's wishes and increase by USD100 every cycle up to USD 1,300. Group savings are no longer mandatory, the decision has been left to the group. The product was therefore renamed as Group Lending (GL).

On June 30, 2000 Al Majmoua counted:

- Active GL Clients: 3,159
- GL Credit Analysts: 12
- GL Loans outstanding: \$1,049,168.78

A repayment tracking plan was developed for the new Group Lending product. The plan assigns on a quarterly basis one credit agent to follow-up on repayments with the bank. The Credit Agent reports to the Area Supervisor on a weekly basis. The system operates on a rotating basis among all Credit Agents within a region. Al Majmoua is also testing an on-line repayment tracking system with Bank Audi in Beirut.

2- Eid Loans

Between December 1999 and January 2000 a total of 794 Eid Loans were issued. The loans were a big success among clients with demand for repeated seasonal fast cash loans throughout the year.

3- Individual Lending

During the last six months access to Individual lending was expanded in the Bekaa, the South, Saida and Beirut to all Group Lending clients above their 6th cycle. An exception was made to the North until July 2000 to finalize delinquency control measures and staff training for that area. A total of 262 individual loans were issued during the reporting period. The loan size ranges from a \$500 minimum to a \$5000 maximum.

On June 30, 2000 Al Majmoua counted:

- Active IL clients: 390
- IL Credit Analysts: 7
- IL Loans outstanding: \$430,260

4- Geographical Expansion

Four new areas were entered: Ghazieh (near Saida), Abbassiyeh and Bidias (near Tyre) and Tarik el Jadidah (near the Palestinian camp of Sabra and Shatila). Al Majmoua is also identifying new areas to be entered in the liberated South. A preliminary observation trip was undertaken in June and several areas have been selected, located between Naqoura and Bint El Jbeil. Promotion has started and the first General Community Meeting will be held in Bint El Jbeil early August. Al Majmoua is also looking at possibilities in the Nabatiyeh district.

IV. TRAININGS, MEETINGS AND COORDINATION

1- Staff Development

Staff training has been intensive over the last few months to orient all staff to Al Majmoua's new operational strategy. The following workshops were held:

New GGLS Training Workshop, March 3, 2000: to train staff on the new group lending methodology. This also included a training session on the General Community Meeting Speech required to be given by all Credit Agents in their respective areas of operations. New GGLS forms for loan renewal were also introduced to staff.

Conceptual Training for IL and GL staff, May 15-16: to discuss cost, risk management and communication skills.

Institutional Culture Workshop, June 9: with Sue Gibson. The focus was on discussing working and personal values and linking these with the institution's mission.

New Credit Assessment Module Training, June 13-14 and 21: It was attended by all staff working on the individual lending product as well as Area Supervisors. The implementation of the module started on June 23.

GL Training for all Credit Analysts began on June 26 to give them a good understanding of the mother program. The training involved attending a one-day workshop and field observation.

Computer Training was conducted for Credit Analysts working in the branch by the MIS Administrator.

2- Consultancy

Four international microfinance Consultants visited Al Majmoua over the last six months: Jill Burnett, Sue Gibson, Joanna Ledgerwood and Joaquim Vincze. They provided support in operational strategy, business plan development, financial product design, institutional culture and branch model design.

3- Banks

Relations with Fransabank have been problematic, given their inappropriate treatment of clients and staff in all areas and their slow processing of back-office operations. Al Majmoua will test transactions with Bank Audi. Starting on July 17, all Beirut clients will make their repayments at any Bank Audi branch in the city.

4- World Bank

In April, Al Majmoua finalized the national administration of the Lebanon questionnaire for the World Bank survey of microfinance programs in the Middle East and North Africa region. A questionnaire was sent to all microfinance institutions in Lebanon inquiring about their operations, objectives and needs. The results of the survey will be published by the World Bank in the coming months.

ANNEX 1: AL MAJMOUA'S FINANCIAL INDICATORS

AL-MAJMOU'S INDICATORS
For the month ended 30/06/2000

Program Summary			
	Apr-00	May-00	Jun-00
Number of Active Groups	357	405	423
Number of Clients GI	2,764	3,054	3,159
Number of clients II	286	349	390
Number of clients EI	2	0	0
Total Clients	3,052	3,403	3,549
Number of Loans Issued During Period GI	787	902	772
Number of Loans Issued During Period II	65	67	54
Number of Loans Issued During Period EI	0	0	0
Total Number of Loans Issued During Period	852	969	826
Number of Credit Agents GI	14,00	14	12
Number of Credit Agents II	7,00	7	7
Number of Credit Agents EI	2,00	0	0
Number of Active Borrowers per Credit Agent	145	162	182
Portfolio per Credit Agent GI	\$ 58,796.02	\$ 66,891.24	\$ 87,470.73
Portfolio per Credit Agent II	\$ 45,440.96	\$ 55,463.29	\$ 61,465.71
Portfolio per Credit Agent EI	\$ 100.00	\$ -	\$ -

Portfolio and Outreach

Total loans disbursed GI	\$12,320,335.00	\$12,759,135.00	\$ 13,133,835.00
Total loans disbursed II	\$ 34,375.00	\$ 649,075.00	\$ 735,525.00
Total loans disbursed EI	\$ 158,800.00	\$ 158,800.00	\$ 158,800.00
Total Loans disbursed (Beginning of program)	\$13,013,510.00	\$13,555,010.00	\$ 14,028,160.00
Loans Outstanding during Period* GI	\$821,144.30	\$936,477.34	\$ 1,049,168.78
Loans Outstanding during Period* II	\$ 318,086.69	\$ 358,243.00	\$ 430,260.00
Loans Outstanding during Period* EI	\$ 200.00	\$ -	\$ -
Total Loans Outstanding during Period*	\$1,141,430.99	\$1,324,720.34	\$ 1,479,428.78
Amount Disbursed during Period* GI	\$407,560.00	\$429,800.00	\$ 383,700.00
Amount Disbursed during Period* II	\$ 192,900.00	\$ 111,700.00	\$ 89,450.00
Amount Disbursed during Period* EI	\$ -	\$ -	\$ -
Total Amount Disbursed during Period*	\$599,460.00	\$541,500.00	\$ 473,150.00
Int.*Penalties+ Fees Received during Period GI	\$23,111.68	\$ 29,819.62	\$ 27,588.13
Int.*Penalties+ Fees Received during Period II	\$ 8,786.17	\$ 10,524.66	\$ 20,837.71
Int.*Penalties+ Fees Received during Period EI	\$ 354.38	\$ 30.91	\$ 1.50
Total Int.*Penalties+ Fees Received during Period	\$32,252.23	\$ 40,375.19	\$ 48,427.34
Average Loan Size GI	\$565.78	\$552.51	\$ 550.83
Average Loan Size II	\$ 1,958.23	\$ 1,967.94	\$ 1,931.64
Average Loan Size EI	\$ 210.00	\$ -	\$ -
Average Loan Size	696.03	697.67	704.78

Portfolio Quality

	Group Loans			Individual Loans			Eid Loan		
Principle payments in arrears (Total)	\$19,223.04	\$17,993.97	\$ 17,700.51	\$ 1,829.97	\$ 3,527.16	\$ 7,955.00	\$ 200.00	\$ -	\$ -
Percentage Prin.Pay. in arrears (Total)	2.34%	1.91%	1.60%	0.58%	0.91%	1.86%	100.00%	0.00%	0.00%
Portfolio at risk 0-15 days	\$43,968.00	\$33,019.00	\$ 37,093.00	\$ 782.53	\$ 2,232.00	\$ 21,095.00	\$ -	\$ -	\$ -
Percentage Portfolio at risk 0-15 days	5.23%	4.06%	3.53%	0.23%	0.57%	4.99%	0.00%	0.00%	0.00%
Portfolio at risk 16-30 days	\$2,904.00	\$810.00	\$ 8,360.00	\$ 1,099.00	\$ 2,475.00	\$ 8,249.00	\$ -	\$ -	\$ -
Percentage Portfolio at risk 16-30 days	0.35%	0.00%	0.80%	0.35%	0.64%	1.92%	0.00%	0.00%	0.00%
Portfolio at risk 31-60 days	\$0.00	\$1,986.00	\$ 6,344.42	\$ 7,359.53	\$ 1,831.53	\$ 4,731.00	\$ 210.00	\$ -	\$ -
Percentage Portfolio at risk 31-60 days	0.00%	0.21%	0.65%	2.31%	0.43%	1.11%	105.00%	0.00%	0.00%
Portfolio at risk 61 days and above	\$1,364.10	\$12,711.00	\$ 7,838.29	\$ 1,073.00	\$ 8,437.53	\$ 10,663.00	\$ -	\$ -	\$ -
Percentage Portfolio at risk 61 days and above	1.02%	1.36%	0.75%	0.34%	2.17%	2.33%	0.00%	0.00%	0.00%

Financial Analysis Ratios

				AVERAGE
Operating Self-Sufficiency - Standard (a)	52.00%	72.35%	82.62%	68.92%
Financial Self-Sufficiency (b)	50.15%	65.46%	76.42%	64.01%
Operating Self-Sufficiency-Complete (c)	65.61%	88.15%	104.24%	86.00%
Cost per Unit of Money Lent \$ (d)	\$0.11	\$0.10	\$0.12	\$ 0.11
Cost per Loan Made \$ (e)	\$67.47	\$53.45	\$66.11	\$ 62.34
Return on Assets (f)***	-0.71%	-0.22%	-0.01%	-0.31%
Loan Loss Ratio for GGLS Clients	2.00%	2.00%	2.00%	2.00%
Loan Loss Reserve (g) - For GGLS Clients Only	\$16,462.89	\$13,729.55	\$20,983.38	\$ 18,725.27

(*) Figures Excluding Interest

(a) Oper Self Suff (standard)=Interest on loans+Loan Loss write-backs/(Oper Costs+Dep Exp +Loan Loss Reserve)

(b) Finan Self Suff =Int on Loans + Other Revenues/(Oper Costs+Dep Exp +Loan Loss Reserve + Adjustment)**

Note ** Adjustment = Inflation Rate * Equity = outstanding portfolio at 31.12.97+Transfers from SCF to Al-majmou-UNDP FUND)

(c) Oper Self Suff (complete)=Interest on loans+Other Revenues/(Oper Costs+Dep Exp +Loan Loss Reserve)

(d) Cost Unit of Money Lent (CUM) = Operational Expenses/Amount Disbursed (during the month)

(e) Cost Loan made = (Operational Expenses+Amortisation expenses)/Number of clients issued in (during the month)

(f) Return on Assets=(Operational Income+Loan Loss write-backs)/(Oper Costs+Assets+Outstanding Portfolio(GGLS&PPP)+Ledger Cash Balance at end of month)

*** This formula is applicable starting August 99 - Prior to August (Oper Income/Assets)

(g) This Figure is for indicator purposes only

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AL-MAJMOUA'S INDICATORS
For the month ended 31/03/2000

Program Summary			
	Jan-00	Feb-00	Mar-00
Number of Active Groups	332	327	320
Number of Clients GL	2,716	2,588	2,501
Number of clients IL	183	204	224
Number of clients EL	793	724	13
Total Clients	3,692	3,516	2,738
Number of Loans Issued During Period GL	763	556	400
Number of Loans Issued During Period IL	21	22	33
Number of Loans Issued During Period EL	367	0	0
Total Number of Loans Issued During Period	1,151	578	433
Number of Credit Agents GL	14.00	14	14
Number of Credit Agents IL	7.00	7	7
Number of Credit Agents EL	17.00	17	6
Number of Active Borrowers per Credit Agent	176	167	130
Portfolio per Credit Agent GL	\$ 53,684.31	\$ 53,733.52	\$ 48,611.89
Portfolio per Credit Agent IL	\$ 30,659.43	\$ 32,019.29	\$ 35,110.29
Portfolio per Credit Agent EL	\$ 9,123.53	\$ 4,300.00	\$ 233.33

Portfolio and Outreach

Total loans disbursed GL	\$11,403,319.00	\$11,702,455.00	\$ 11,912,835.00
Total loans disbursed IL	\$ 345,975.00	\$ 380,475.00	\$ 431,475.00
Total loans disbursed EL	\$ 158,800.00	\$ 158,800.00	\$ 158,800.00
Total Loans disbursed (Beginning of program)	\$11,904,365.00	\$12,241,760.00	\$ 12,502,110.00
Loans Outstanding during Period* GL	\$751,589.40	\$752,209.30	\$ 689,566.50
Loans Outstanding during Period* IL	\$ 214,616.00	\$ 224,135.00	\$ 245,772.00
Loans Outstanding during Period* EL	\$ 155,100.00	\$ 73,100.00	\$ 1,490.00
Total Loans Outstanding during Period*	\$966,196.40	\$1,049,504.30	\$ 927,738.50
Amount Disbursed during Period* GL	\$422,725.00	\$292,175.00	\$ 210,350.00
Amount Disbursed during Period* IL	\$ 35,100.00	\$ 34,500.00	\$ 51,000.00
Amount Disbursed during Period* EL	\$ 71,990.00	\$ -	\$ -
Total Amount Disbursed during Period*	\$537,825.00	\$333,675.00	\$ 261,350.00
Int + Penalties + Fees Received during Period GL	\$27,833.09	\$4,421.10	\$ 24,800.82
Int + Penalties + Fees Received during Period IL	\$ 6,378.00	\$ 6,147.26	\$ 7,219.94
Int + Penalties + Fees Received during Period EL	\$ 180.00	\$ 4,101.93	\$ 3,670.36
Total Int + Penalties + Fees Received during Period	\$34,391.09	\$ 14,670.29	\$ 35,751.12
Average Loan Size GL	\$512.95	\$522.83	\$ 519.33
Average Loan Size IL	\$ 2,010.23	\$ 1,937.68	\$ 2,040.24
Average Loan Size EL	\$ 210.00	\$ 210.00	\$ 210.00
Average Loan Size	\$21.94	\$29.95	\$ 612.29

Portfolio Quality

	Group Loans			Individual Loans			Eid Loan		
Principle payments in arrears (Total)	\$16,341.40	\$16,959.61	\$ 16,591.09	\$ 2,692.00	\$ 1,618.00	\$ 5,338.00	\$ -	\$ 900.00	\$ 1,400.00
Percentage Prin Pay. in arrears (Total)	2.17%	2.26%	2.44%	1.23%	0.72%	2.17%	-	1.23%	100.00%
Portfolio at risk 0-15 days	\$13,873.00	\$28,658.33	\$ 22,988.89	\$ 12,277.00	\$ 7,623.00	\$ 13,771.00	\$ -	\$ -	\$ -
Percentage Portfolio at risk 0-15 days	1.85%	3.81%	3.38%	5.72%	3.40%	5.60%	0.00%	0.00%	0.00%
Portfolio at risk 16-30 days	\$3,141.67	\$536.11	\$ -	\$ 3,298.00	\$ 1,323.00	\$ 7,437.00	\$ -	\$ 1,680.00	\$ 1,200.00
Percentage Portfolio at risk 16-30 days	0.42%	0.07%	0.00%	1.54%	0.39%	3.03%	0.00%	2.30%	85.71%
Portfolio at risk 31-60 days	\$1,361.11	\$2,790.00	\$ 1,502.78	\$ 2,504.00	\$ 1,960.00	\$ 5,145.00	\$ -	\$ -	\$ 200.00
Percentage Portfolio at risk 31-60 days	0.18%	0.36%	0.22%	1.17%	0.87%	2.09%	0.00%	0.00%	14.29%
Portfolio at risk 61 days and above	\$5,524.76	\$4,293.52	\$ 8,755.57	\$ 166.00	\$ -	\$ 913.00	\$ -	\$ -	\$ -
Percentage Portfolio at risk 61 days and above	0.74%	0.82%	1.29%	0.08%	0.00%	0.37%	0.00%	0.00%	0.00%

Financial Analysis Ratios

				AVERAGE
Operating Self Sufficiency - Standard (a)	71.68%	49.98%	66.73%	62.80%
Financial Self Sufficiency (b)	65.71%	59.48%	62.01%	62.40%
Operating Self Sufficiency - Complete (c)	89.89%	78.26%	82.18%	83.48%
Cost per Unit of Money Lent (d)	\$0.10	\$0.16	\$0.21	\$ 0.16
Cost per Loan Made (e)	\$56.88	\$33.66	\$124.75	\$ 91.76
Return on Assets (f)***	-0.06%	-0.33%	-0.23%	-0.21%
Loan Loss Ratio for GGLS Clients	2.00%	2.00%	2.00%	2.00%
Loan Loss Reserve (e) - For GGLS Clients Only	\$15,631.61	\$15,045.39	\$13,611.33	\$ 14,562.77

(*) Figures Excluding Interest
 (a) Oper Self Suff (Standard) = (Interest on Loans + Loan Loss write-backs) / (Oper Costs + Dep. Exp + Loan Loss Reserve)
 (b) Finan Self Suff = (Int on Loans + Other Revenues) / (Oper Costs + Dep. Exp + Loan Loss Reserve + Adjustment)**
 Note ** Adjustments = Inflation Rate * Equity + outstanding portfolio at 31-12-97 + Transfers from SCP to Al-majmooua-UNDP FUND)
 (c) Oper Self Suff (Complete) = (Interest on Loans + Other Revenues) / (Oper Costs + Dep. Exp + Loan Loss Reserve)
 (d) Cost/Unit of Money Lent (U) = (Operational Expenses + Amortization expenses) / Amount Disbursed (during the month)
 (e) Cost/Loan made = (Operational Expenses + Amortization expenses) / Number of clients issued to (during the month)
 (f) Return on Assets = (Operational Income - Loan Loss write-backs) / (Oper. Costs) / (Assets = Outstanding Portfolio (GGLS & PP)) - Ledger Cash Balance at end of month.
 *** This formula is applicable starting 31/12/99 - Prior to Aug/99 = Op. Income/Assets
 (g) This figure is for indicators purposes only

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AL-MAJMOUA'S INDICATORS
For the month ended 31/12/1999

	GGLS Clients		Pilot Project Clients		Eid Loans
	Dec-99		Dec-99		Dec-99
Number of Active Groups	317				
Number of Clients	2,628		163		427
Number of Credit Agents	15		5		17
Number of Loans Issued During Period	60		20		427
Number of Clients Issued During Period	455				
Number of Active Borrowers per Credit Agent	175				
Portfolio per Credit Agent	\$ 45,889.99				
Total Loans disbursed (Beginning of program)	\$ 11,000,585.00		\$ 310,875.00		\$ 85,400.00
Loans Outstanding during Period*	\$ 688,349.80		\$ 205,974.00		\$ 85,400.00
Amount Disbursed during Period*	\$ 237,550.00		\$ 34,750.00		\$ 85,400.00
Interest +Penalties + Fees Received during Period	\$ 24,224.07		\$ 5,941.70		\$ -
Average Loan Size	\$ 504.05		\$ 2,049.26		\$ 210.00
Savings mobilized	\$ 24,516.00				
Savings mobilized / Current Amount Disbursed	1.85%				
Principle payments in arrears (Total)	\$ 15,407.70		\$ 2,787.00		\$ -
Percentage Prin Pay. in arrears (Total)	2.24%		1.35%		0.00%
Portfolio at risk 0-15 days	\$ 35,630.56		\$ 25,872.00		\$ -
Percentage Portfolio at risk 0-15 day	5.18%		12.56%		0.00%
Portfolio at risk 16-30 days	\$ 1,919.44		\$ 1,770.00		\$ -
Percentage Portfolio at risk 16-30 days	0.28%		0.86%		0.00%
Portfolio at risk 31-60 days	\$ -		\$ 191.00		\$ -
Percentage Portfolio at risk 31-60 days	0.00%		0.09%		0.00%
Portfolio at risk 61 days and above	\$ 5,065.99		\$ -		\$ -
Percentage Portfolio at risk 61 days and above	0.74%		0.00%		0.00%

		AVERAGE
Operating Self Sufficiency - Standard (a)	24.07%	54.86%
Financial Self Sufficiency (b)	41.93%	56.22%
Operating Self Sufficiency-Complete (c)	47.61%	74.22%
Cost per Unit of Money Lent \$ (d)	\$0.47	\$ 0.24
Cost per Loan Made \$ (e)	\$270.38	\$ 137.99
Return on Assets (f)***	-3.36%	-1.26%
Loan Loss Ratio ^f for GGLS Clients	2.00%	2.00%
Loan Loss Reserve (g) - For GGLS Clients Only	\$13,767.00	\$ 14,631.20

(*) Figures Excluding Interest

(a) Oper. Self Suff (standard) = (Interest on loans + Loan Loss write-backs) / (Oper Costs + Dep. Exp. + Loan Loss Reserve)

(b) Finan Self Suff = (Int on Loans + Other Revenues) / (Oper Costs + Dep. Exp. + Loan Loss Reserve + Adjustment)**)

Note: ** Adjustments = Inflation Rate * (Equity = outstanding portfolio at 31/12/97 - Transfers from SCF to Al-majmoua + UNDP FUND)

(c) Oper Self Suff (complete) = (Interest on loans + Other Revenues) / (Oper Costs + Dep. Exp. + Loan Loss Reserve)

(d) Cost Unit of Money lent (\$) = Operational Expenses / Amount Disbursed (during the month)

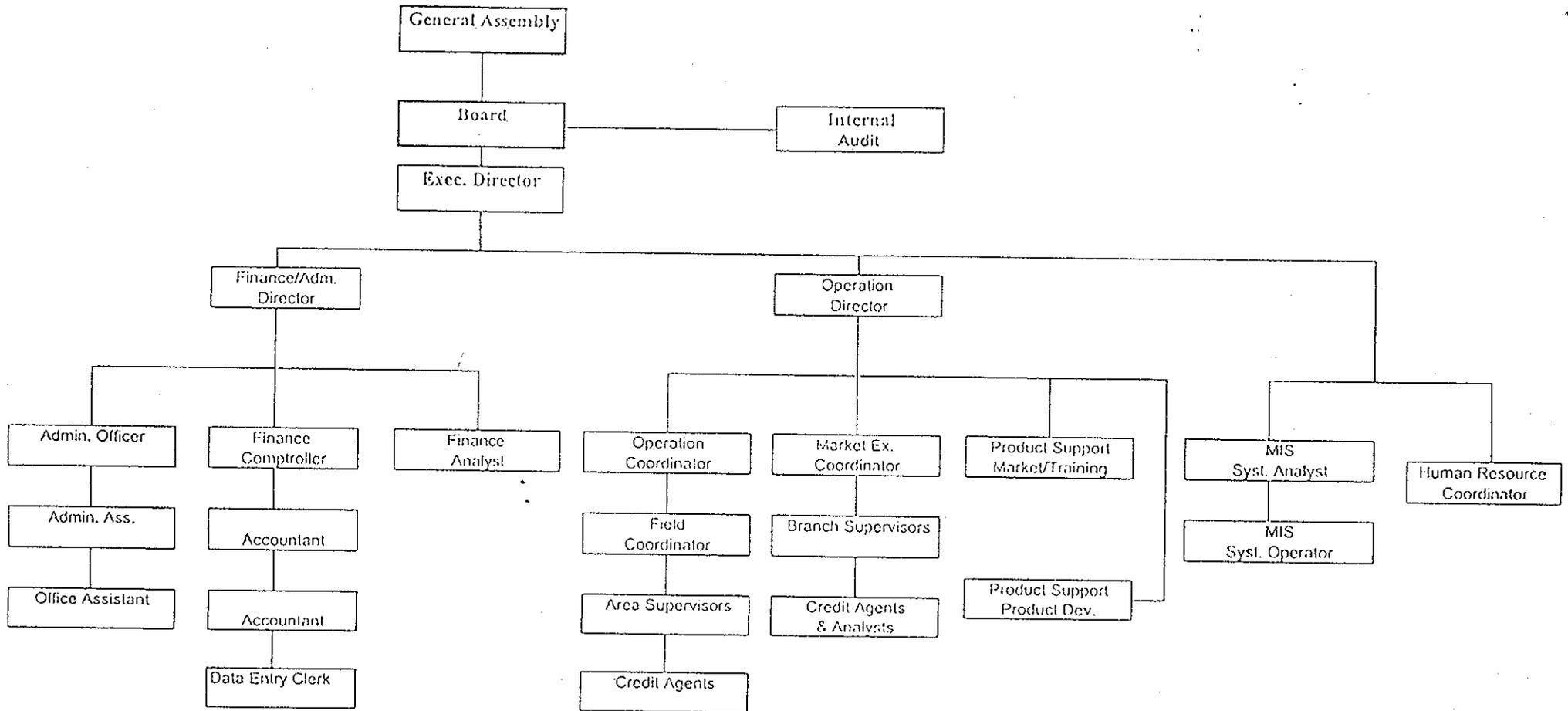
(e) Cost Loan made = (Operational Expenses + Amortization expenses) / Number of clients issued to (during the month)

(f) Return on Assets = ((Operational Income + Loan Loss write-backs) - (Oper. Costs)) / (Assets - Outstanding Portfolio (GGLS & PP)) + Ledger Cash Balance at end of month)

*** This formula is applicable starting August 99 - Prior to Aug 99 = (Op. Income / Assets)

(g) This Figure is for indicators purposes only

ANNEX 2- AL MAJMOUA'S ORGANOGRAM



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