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ISN=68880

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# **MICRO CREDIT; A FINANCIAL INTERMEDIARY FOR THE INFORMAL SECTOR**

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*Bureau for Private Enterprise  
U.S. Agency for International Development*

*Prepared by: Jeffery Ashe*

*Sponsored by: Financial Markets Project  
Project Number 940-2005  
Prime Contractor: ArthurYoung*

*November 1986*



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

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## ACKNOWLEDGMENTS

This report, "Micro Credit, a Financial Intermediary for the Informal Sector", responds to the inquiry of Herbert Wegner of the Private Enterprise Bureau of USAID. He asked me to design a commercially viable "generic" credit intermediary for developing countries that would reach significant numbers of informal sector "micro-entrepreneurs." I would like to thank Herb for asking me to carry out this assignment. I would also like to thank my liaison person at Arthur Young, Robert J. Rourke. Laird Johnson at Arthur Young labored many hours creating the early versions of the Micro Credit financial model. In Cambridge, I would like to thank Mark Flaming who prepared the later versions of the financial model.

The author is, of course, responsible for the content.

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## EXECUTIVE SUMMARY

One of the most critical factors for developing local economies is access to credit for productive purposes at all levels. While credit is available for large and medium scale manufacturers, commercial businesses and farms, it is rarely available to the owners of businesses and farms at the smallest level. These "informal sector" enterprises make up the great majority of the economic activities in developing countries. They often absorb half or more of the urban work force, and represent half or more of the farming units. In the rural areas of many countries, micro scale manufacturing and trading is the primary economic activity for a third or more of the families.

The case for assisting businesses and farms at the "micro" level is a strong one. These enterprises will generate the majority of new jobs over the coming decades, especially for youth, the disadvantaged, recent migrants and women. They will provide a major source of entrepreneurial and job skills training. They are also labor intensive and capital and resource efficient. Perhaps the most powerful argument for assisting this sector is that micro businesses and small farms provide basic goods - shoes, clothing, furniture and food - for the local economy. In difficult times when large businesses close for lack

of sophisticated inputs and declining international markets, micro scale businesses often survive and thrive.

### Characteristics of Successful Programs

(Recognizing the importance of small businesses) government agencies, non-government organizations and banks have set up programs to extend them credit and other assistance. If success is measured by loan payback, cost per client served, reaching significant numbers and self-sufficiency, most of these efforts have failed.

A handful of programs have, however, been highly successful. Two examples are the Grameen Bank of Bangladesh and the Badam Kredit Kecamatan of Indonesia, each serving well over 150,000 micro businesses and small farm clients through networks of decentralized branch offices. These successful programs have kept losses under two percent and have generated savings for their revolving loan funds while covering costs through interest charges. The Badam Kredit Kecamatan made a substantial profit lending to this sector.

Programs such as the Grameen Bank, Badam Kredit Kecamatan and others developed in Latin American, Asia and Africa, although they were developed independently on different continents, are remarkably similar indicating that needs of micro-entrepreneurs

cross geographic and cultural barriers. Services focus on extending very small short term loans, often under \$100 and seldom over \$500, sometimes with simple business training. Most dispense with traditional collateral and loan guarantees and use mechanisms that hold a small group of business-owning peers responsible for loan payback, or use some other form of community based selection.

They provide services seen as immediately advantageous by their small farmer, micro manufacturing, and street peddling borrowers. Programs combine the rapid access to appropriate sized loans and personal contact of the traditional moneylender, with the administrative savvy of the best of the private sector.

Services are scaled to the needs of the borrowers, and program staff take the clients' ideas for improving their businesses seriously. They provide services such as business orientation when requested rather than when program staff thinks they are appropriate and specialize in doing one or two things well. They neither confuse their business programs with social welfare efforts, nor do they demand that micro businesses adopt the bookkeeping and management tools appropriate to larger businesses.

The staff of the best programs recognize that the competitive edge of informal businesses is their "informality" -



basing their business in the home or on the street, using unpaid family labor, filling niches in the local market and working in a highly interactive context with customers, suppliers, middlemen and competitors. They also recognize that although these businesses function well in the local economy, there are only a few "micro-entrepreneurs" who have the vision and skills necessary to move their informal businesses into the formal sector. Reflecting that reality programs emphasize slowly improving the profitability, sales, and output of businesses that will very likely remain very small.

A business-like attitude is demanded from clients no matter how poor. Loans scaled to their needs are expected to be repaid on time. Although borrowers are very poor, often illiterate, have heavy family responsibilities and little experience with institutions, program staff expect their borrowers' businesses to prosper. And they do prosper with increases in business income of 20% to 60% or more common, and an average of one new job created for each two to three micro enterprises assisted.

### **The Micro Credit Model**

This paper explores the creation of a "generic" specialized financial intermediary for the informal sector. "Micro Credit" borrows ideas from innovative programs worldwide and outlines the general parameters of a large scale, potentially profitable

program that could be set up in any country. The financial projection spreadsheets created for Micro Credit are perhaps the first complete model of a functioning micro lending program. Users with access to Lotus 1,2,3 software and an IBM or IBM compatible computer can easily modify the assumptions detailed here to fit local conditions.

Micro Credit is designed to reach significant numbers of small farmers and micro businesses (both urban and rural), and generate enough savings to fund unit revolving loan funds while eventually becoming profitable. It will hopefully demonstrate to local government and commercial credit sources that assisting tiny businesses not only serves the country, it represents a wise investment of scarce resources.

In this paper Micro Credit is set up as an independent, specialized financial intermediary. It could also be set up as a special program within already existing branch banks. If Micro Credit were set up in branch banks, its function would be to lend savings collected locally to the tiny enterprises in the community. Small savers rarely have access to productive credit from their banks and their savings are invested in large enterprises or are transferred to the cities.

Micro Credit is made up of three types of branch offices:

- o Urban units serving micro manufacturers and services,

and market vendors and peddlers in areas of cities with a concentration of informal sector activity;

- o Urban market units based in large markets and serving principally market stall holders; and,
- o Rural units serving small farmers and micro-entrepreneurs in towns and scattered villages.

The urban and urban market units will average 1,200 active clients each by the end of the second year of operation; the rural units working in areas with scattered population will average 720 clients. Many small units rather than a few large units are set up because management is frequently a problem when units have more than seven or eight employees. Larger units also tend to be impersonal and intimidating to clients.

Extending small amounts of short term credit will be the principal activity of the Micro Credit units. Credit through the short term loan fund will be offered through "micro" loans starting at \$60 and slowly increasing to \$220 and "small" loans starting at \$150 and building to \$525. Micro loans are for market stall holders, street traders and the smallest of micro industries and services - prepared food makers, one stall beauty salons, and one man shoe repair shops. Small loans are for businesses with one to three or four workers, principally small farms, industries and services. Micro loans are granted for

three months, small loans for six. Payback is either weekly or monthly.

Credit will be extended through "solidarity groups" of five members who are jointly responsible for repaying the loan to the group. If one member does not pay, the others must make up the payment or none of the five are eligible for the next loan. Mechanisms like the solidarity group have proved very effective to ensure good loan repayment.

In addition to the short term fund, a long term loan fund financed through borrower savings will be created. While the short term loans will be used principally for working capital, the long term loans will be used for fixed assets - equipment, machinery, or upgrading and furnishing the shop or stall. Loans will be given to individuals from groups with excellent repayment records and a demonstrated need.

Unit staff will also provide simple business orientation when they meet with groups in the field. Also, on a regular basis, groups of borrowers will meet in the unit office to discuss how they resolved problems in their businesses. Peers often have more useful advice to provide to each other than educated outsiders. Formal business training will be minimized since it is costly and is difficult to present in a useful manner to business owners at this level.

The typical urban unit will have a staff of seven: a director, an accountant, four field staff, and a guard/messenger. The rural units will have five to six staff members. Each of the field staff will serve 60 solidarity groups with five members each, or 300 clients.

Field staff will have the major responsibility for training the groups, looking into repayment problems and orienting new borrowers. The accountant will track loan and savings accounts with the field staff doing double duty as cashiers and bookkeepers when payments are being made. The director will coordinate other unit staff, help field staff with difficult repayment problems, and take a major role in running training sessions in the unit office. A key factor for the eventual success of Micro Credit will be systematizing Micro Credit units so they can be run by locally recruited staff with limited education.

### **Financing The Units**

Units will receive a start up loan to purchase equipment - desks, chairs, calculators, a typewriter, a safe, file cabinets, folding chairs for client meetings, a large table and motorcycles for field staff to efficiently visit groups in the field. Units will also receive loans to initially fund the revolving loan fund

and to cover unit costs while the client base builds and interest income increases. Loans will be channeled through the Micro Credit Central Office from funds lent to the Central Office from local banks and other financial institutions. Equipment loans and loans for operational subsidies will be repaid through interest charges. The loan for the revolving loan fund will be repaid through client savings.

The interest charged on client loans is two percent per month, or 24% per annum. With loans made to the unit from commercial banks at 8% per annum the unit has a 16% spread to cover costs. (This is close to the spread of most successful programs.) While a 16% percent spread may seem high, it includes the cost of repaying the start-up loans made to the unit within 6 to 8 years and the costs of orienting and training borrowers. Serving micro clients is costly since loans are a tenth to a hundredth the size of the average commercial bank loan and clients are often illiterate and live in scattered rural areas. An interest charge of two percent a month will be seen as low by borrowers who pay five to twenty times that rate to informal money lenders and suppliers.

In addition to the 2% a month charged for loans, clients will be asked to save an amount equal to 3% of their current loan each month which will be invested in the unit loan funds. Since

clients have free access to their savings, it is assumed that 75% of the cumulative savings will be available for investment in the unit loan funds. The three percent a month "forced savings" rate might be reduced if the savings of non-borrowers can be mobilized locally, or if some clients choose to save in addition to the required amount. In this model savers receive 5% per annum on their savings.

### The Micro Credit Program in a Country

The ultimate goal of Micro Credit is not to set up a few scattered projects, but to create a network of units coordinated through a central office. A network of units will serve a significant number of clients and create a "critical mass" great enough to influence the extension of credit to the informal sector. An ambitious plan of expansion was projected to see what the financial requirements of a program might cost, a program which after 10 years of steady growth served the needs of 135,000 clients. It was assumed that each year three urban units, two urban market units and 10 rural units would be set up. With fifteen new units a year there would be 150 units by the tenth year. This level of expansion was exceeded by two of the programs profiled in this report, the Badam Kredit Kecamatan program in Indonesia, and the Grameen Bank program in Bangladesh. (While the projections here are for a 150 unit operation, the

program would be equally viable financially at the 75 unit or smaller level).

The Micro Credit Central Office is key to the performance of the program. The Central Office, financed by a levy of \$300 per month for the urban units and \$200 per month for the rural offices would have these functions:

- o Selecting sites for new units;
- o Recruiting and training staff;
- o Creating a structure of incentives for staff;
- o Maintaining relations with government, donors and sources of institutional credit such as banks and cooperatives;
- o Managing Micro Credit funds;
- o Monitoring and reporting unit performance;
- o Supervising units in the field;
- o Arranging for unit audits;
- o Providing ongoing staff training;
- o Evaluating systems and administrative procedures to upgrade the Micro Credit methodology; and,
- o Providing a sense of mission and direction to the Micro Credit program.

Maintaining a balance between centralizing decision-making in the Central Office and delegating it to the units will be



vital for Micro Credit's long term success. The clients of the Central Office are the units, not the individual loan clients. While the Central Office sets the parameters for who should receive loans, and the categories of loan sizes, the unit staff decides who will be granted a loan.

The work of the Central Office will be carried out largely by the Central Office field staff. Each field representative will be responsible for approximately 10 offices, more in urban areas where there is easy access, less in rural areas. Each unit will be visited at least one day a month. More time will be spent with units with difficulties. As new Micro Credit units are created staff will be added to the Central Office, regional offices will be created, the financial management department will be strengthened, and a research department will be established.

The importance of a well functioning Central Office is underscored by the experiences of the Rural Banks of Ghana and the BKK in Indonesia. Both programs expanded faster than the capacity of their central offices to adequately supervise the local units, and in both programs many units are either failing or are barely functioning. The rehabilitation of failed or failing units is a very slow administration-intensive process. The financial performance of individual Micro Credit units and the Micro Credit program is briefly summarized below.

## Financial Performance of the Micro Credit Units

Within the parameters outlined above, a typical urban office could be expected to achieve these results over the projected 10 year period: (The performance of the urban market units and rural units would be similar to the urban model with the amounts of savings, financing and profits revised downward.)

- o The urban model would have 600 clients by the end of the first year and 1,200 by the end of the second. Borrowers would be divided equally between "micro" and "small".
- o The short term loan fund to serve these clients would reach \$80,000 the first year, build to \$433,000 the fifth year and level off at the \$453,000 level when the maximum loan levels for clients were reached.. It would be funded through a combination of loans extended through the Central Office, and the investment of 65% of borrower savings.
- o The long term loan fund, built through investing an additional 30% of available savings, would total \$3,000 the first year, \$110,000 the fifth year, and reach its maximum value of \$300,000 by the end of the eighth year.
- o The unit would develop cash reserves of \$5,000 through the investment of the remaining 5% of borrower savings.

Amounts in excess of \$5,000 would be lent to the Central Office, constituting the secondary reserves of the unit.

- o Borrower savings available for investment in the short term and long term funds and the reserve account would total 10,000 the first year. By the end of the fifth year this fund would have grown rapidly to \$344,000. (By the end of the tenth year it will have built to \$887,000.)
- o External financing will be required to fund the unit in the initial years before borrower savings and income from loans are sufficient to insure unit self-sufficiency. The short term loan fund would require a \$73,000 loan from financial services outside the unit first year and an additional \$135,000 loan the second year. The external financial requirement would decrease to \$72,000 of new financing the third year and \$7,000 the fourth year, reflecting the increase in internally generated savings. The \$287,000 loaned to the unit in the first four years would be repaid from borrower savings by the eighth year.
- o External funding for operational subsidies total \$30,000 the first year, \$23,000 the second year and decrease to \$1,000 the third year. The \$54,000 loan to

the unit would be repaid by the eighth year from the interest charged on loans.

- o Income will exceed costs in the fifth year. The profits retained by the unit amount will reach \$24,000 a year in the sixth through the tenth year, with profits in excess of this amount lent to the Micro Credit Central Office for investment in new units. Retained profits would be used for increasing salaries, providing incentives for performance, adding new staff, providing new services, re-equipping the office, and improving the unit offices.
- o Savings in excess of the amount required to fund the short term and long term loan fund, and profits not retained by the unit, will be lent to the Micro Credit Central Office to invest in the expansion of the program. These amounts become significant in the eighth through tenth years and are a major factor for financing the continued expansion of the Micro Credit program.

### **Financial Performance of the Micro Credit Program**

The Micro Credit model assumes the creation of 150 units by the tenth year; these projections are based on the creation of 15 new units a year. During that period:

- o The number of clients will have increased from 6,600 in year one to 59,400 in year five to 125,400 by year ten;
- o The short term loan portfolio of all the units will have increased from close to \$17 million in year five to \$40,846 million in year ten;
- o The long term loan fund will have increased from \$2,563,000 in year five to \$15,840,000 in year ten; and,
- o By the end of the fifth year borrowers will have saved over \$13 million. By year ten borrower savings will have increased to close to \$46,000,000.

From the perspective of an aid agency or potential commercial credit source, however, the most significant statistic is the amount of external financing required to achieve this level of growth. This is the amount that the Micro Credit Central Office must borrow from local banks at commercial interest rates to continue the expansion of the program at the rate of 15 new units per year less the investment of savings and profits loaned to the Central Office by the units.

In the first year the external funding required for the short term loan fund for the first 15 units is \$782,000; for the thirty units in the second year it is \$2,233,000; for the 45 units in the third year it is \$2,990,000. From year four through

year ten as the program builds from 60 to 150 units, \$3,070,000 in new funds is required each year. This stable level of funding reflects the increasing investment of client savings in the short term loan fund as the program expands. Savings invested in the fund increase from \$1,392,000 in year three to \$8,754,000 in year six to \$17,516,000 in year eight to \$29,235,000 in year ten.

In addition to the client savings invested in the short term loan fund, loans to the Central Office from the units cover an increasing part of the \$3,070,000 in new investment needed each year. These transfers from the units to the Central Office cover only 2% of the \$3,070,000 in year four, and that amount increases slightly to 6% in year six. As the individual units that have been with the program the longest reach their portfolio limits for the short and long term loan funds and begin to earn profits above the \$2,000 per month to be retained locally, the amount loaned to the Central Office increases rapidly. In year nine 43% of the \$3,070,000 is covered by funds loaned to the Central Office by the units. In year ten this amount increases to 98%; in year ten the external funding requirements for the short term loan fund are only \$54,000. The program can finance its own expansion from eleventh year on.

The other requirement for external funding is the shortfall between unit income and costs, or the "operational subsidy" loans

increase from \$447,000 in year one to \$784,000 in year two. In years three through ten external funding for operational subsidies stabilizes at \$861,000 per year and remains at that level. The units should generate enough per year internally to cover the amount by year eleven.

### Conclusions and Implications for USAID

This report has drawn together the most encouraging micro lending experiences worldwide to demonstrate that a large scale, potentially profitable financial intermediary for the informal sector is a possibility that should be seriously explored. According to the projections summarized above, Micro Credit should be almost entirely self sufficient by year ten.

For the short term loan fund short term expansion will have required a total of \$22,164,000 in loans from local banks and other credit sources over the ten year period. It will have required an additional \$8,119,000 in loans for operational subsidies. This is a fairly modest short term investment for a program that will serve 135,000 business clients, that will repay this investment by the tenth year and be able to finance all of its own expansion from funds saved locally in the eleventh year of operations.

The Micro Credit model is our best guess of where a planner should begin the design process for starting such a program in a specific country. There will be, without a doubt, many modifications reflecting the legal structure, the availability of funds from local banks, the inputs donors were willing to contribute and local interest, leadership and opportunities. The scale could be larger than one hundred and fifty offices, or a half or even a third this size and still be financially viable.

The most likely option would be to stage the implementation of the program. Working with a few units, the methodology and leadership would be developed. The ministries, bankers and international donors would base their decisions to fund a full scale program based on the results of the pilot program.

In conclusion, this report has suggested that a methodology for creating a financial intermediary for the informal sector exists; the general approach of incorporating very small loans guaranteed through small groups has proven itself in a variety of cultural settings. The Micro Credit model provides a starting point for realistic project design in a specific country.



**CHAPTER I**

**INTRODUCTION**

Recent research and project experience has shown that the smallest economic activities of the poor can be reached effectively and efficiently. A small sample of such businesses include:

- o the seamstress with her sewing machine who makes clothing to sell to her neighbors;
- o the street food seller who cooks inexpensive meals for those too poor to buy firewood;
- o the trader who purchases the produce of a few farmers to sell on the street in a neighboring town;
- o the small farmer who produces for the local market and sells in the provincial capital; or,
- o the market vendor, the sandal maker, the tool maker.

The list is infinite.

Simple inputs - most notably, almost inconceivably small amounts of credit - from \$10 to \$500, extended for one month to a year - can lead to significant increases in income, production and employment. The best of these direct assistance programs combine the quick access to credit of traditional moneylenders with the good management techniques of the best of the private sector reaching significant numbers of "micro-entrepreneurs" efficiently and at a low cost.

This paper presents a model financial intermediary designed to reach micro businesses in significant numbers and combines elements from the most successful programs worldwide. This financial intermediary, called "Micro Credit" in this paper, is designed to cover its operational costs. This includes the cost of the loan fund, an operational subsidy to cover costs while the client base develops, equipping the branch units and covering potential losses. Each unit will be self financing through client savings in 5 to 7 years.

Micro Credit is also designed to make a profit. It will demonstrate to government policy makers, local banks and cooperatives that investing in the informal sector represents a wise investment of scarce resources while serving the country.

### Micro-enterprise Sector

The businesses of the poor - what are coming to be called micro-enterprises because of their extremely small size and

minimal capital investment - are too important an economic force to be ignored. They represent from 30% to 70% of the labor force in the sprawling cities of the Third World - an estimated 300,000 to 500,000 businesses initiatives in Lima, Peru alone with its population of five and a half million (Ashe, 1985). In rural areas the percentage of the rural labor force with primary employment in off farm activities ranges from 18% to 20% in countries like Thailand, Sierra Leone and Pakistan; from 24% to 34% in Indonesia, Venezuela, Kenya and Malaysia, to as high as 47% in Northern Nigeria (Chuta, Liedholm, 1979). These businesses:

- o will generate a majority of the 120,000 jobs a day needed in the developing world between now and the year 2,000; and,
- o will represent an even larger percentage of the jobs needed for women, recent immigrants from rural areas, the uneducated, youth and the poorest.

In addition, they:

- o provide goods and services often in small quantities to the poor - inexpensive shoes and farming tools, prepared foods - at low cost and often on credit;
- o provide skills and entrepreneurial training - the typical shoemaker has a decade of experience as a apprentice and master craftsman before opening a tiny shop;
- o represent the best mix of capital, labor and energy in a poor society - in Nairobi, the investment in tools and equipment of tinsmiths, mattress makers and cobblers averages \$14; and,
- o provide a vital link to modern enterprises distributing their products and producing finished goods for resale and export.

The micro-enterprise sector is growing in importance in most countries, but it is growing in the face of obstacles that affect the growth, profitability and even the existence of these smallest economic initiatives, namely:

- o an almost total lack of access to institutional credit from banks and other lending institutions;

- o a dependence on money lenders and suppliers who charge rates ranging from 20% a month to 20% a day in many countries; and,
- o a hostile policy environment that considers most of these enterprises as outside the law.

### What Doesn't Work

Although the need is great and extending credit to these tiny businesses and small farmers has a positive effect, assisting micro-enterprises is not easy. The legacy of failed programs, under-utilized communal workshops and non-viable enterprises capitalized through seemingly endless subsidies, is evidence enough of this difficulty. Crippling default rates, soaring administrative costs and distressing delays in the delivery of services give little encouragement to practitioners starting such ventures. Poor performance is not always the case, however. In analyzing these failed efforts, a common pattern emerges. They simply do not reflect the realities and needs of this "street, backyard and front porch" economy.

When direct assistance efforts are run by banks and other financial institutions, they typically:

- o present obstacles - legal registration, guarantees, co-signers, property titles, collateral requirement, etc., effectively barring most of the potential borrowers at the smallest level;
- o intimidate poor people, many of whom have never stepped inside a bank;
- o are expensive to micro-business owners because of the excessive documentation, repeated visits and endless waits, and expensive to banks because the criteria for larger loans are applied to tiny ones; and,
- o provide credits ill-suited to the needs of business owners at this level; default and late payments often emerge as problems later.

Unless banks have a department to attend to the micro-enterprise sector with simplified procedures, a trained staff and a sense of mission to reach the poor, they are generally unable to reach these businesses efficiently.

On the other hand, when programs are run by social agencies, another set of problems tends to emerge:

- o staff have good outreach in poor communities, but little business experience;
- o there is little capacity to manage revolving loan funds; welfare and business goals are often mixed; and,
- o projects are often too complex - involving international marketing and collective production, for example - overwhelming the poor people they are trying to reach.

Projects run by social agencies tend to be expensive, highly subsidized and reach very few, unless they are businesslike, with clear goals and well defined performance standards.

### What Does Work

As intimated earlier, effective and efficient programs are possible and do-able, and properly designed programs will often result in significant increases in income, employment and mutual assistance. These programs work remarkably well: their objectives for both their clients and staff are clear; the services needed are delivered in a timely fashion; and, clients actively participate because the services provided reflect their needs.

Generally speaking, staff of the more successful programs assume micro-business owners are capable people who have shown initiative in putting together their economic activity, no matter how small, and that running such a business requires considerable skill, motivation and hard work.

The staff of successful programs ask themselves who these micro-entrepreneurs are, what they need, and how can the program address these needs. Project services are geared towards the very poor - often recent immigrants who have little education, heavy family responsibilities, little experience with institutions and none of the traditional guarantees banks require. On the other hand, the staff recognizes their clients as experts in doing business within the context of the street economy. Their businesses are viable, they are highly motivated, have considerable skills and, above all, have good ideas on how to make their businesses grow.

Reflecting these constraints and opportunities, successful programs:

- Work directly in the poor community.
  - "Banks" may be no more than a wooden plank, two calculators and record books.
- Simplify applications to the maximum.
  - One or two pages with no literacy required.
- Extend credit quickly.
  - Less than two weeks for first loans and less than two days for subsequent loans.
- Do not require books or record keeping initially.
  - A demand for record keeping emerges as businesses start to grow.
- Do not require co-signers, legal registration or property titles.
  - Loans are guaranteed through credit guarantee or "solidarity" groups where five business owners are mutually responsible for the loan extended to the group.
- Work with existing businesses, no matter how small.
  - and encourage the creation of new micro-scale businesses common in that community.
- Focus on the local market.
  - Niches can be found in local markets where an outsider thought none existed.
- Base credit extended on the owners plans, which experience has shown are generally realistic.
- Extend small short term loans initially, mainly for working capital.
- Charge interest rates higher than the market rate.
  - From the perspective of clients quick credit is more important than a low interest rate.

**CHAPTER II**

**GENERAL CHARACTERISTICS OF THE MODEL**

Micro Credit is designed to assist small scale economic activities in rural and urban areas and incorporates the characteristics of the successful projects outlined in Chapter I. Businesses receiving loans will range from the smallest farmers, petty traders and vendors to more established small farmers and artisan manufacturers with up to five workers. Any type of enterprise that can productively use small short term credit will be financed. Micro Credit will also mobilize savings to be invested locally and in other Micro Credit units.

Depending on the interest of other financial institutions, Micro Credit will work through special windows in bank branches or cooperatives, establish a network of freestanding offices in association with other financial institutions, or be set up as an independent specialized financial intermediary. An important consideration will be the regulatory climate within each country. The design presented here assumes Micro Credit will be set up as an independent financial intermediary.

The objective of each Micro Credit unit will be to reach 20% of the families in its target area. A typical office will serve 1,000 families in an area with 25,000 inhabitants. A major city might have ten or more Micro Credit units located strategically in areas where there is a concentration of informal sector economic activity. A rural unit might serve an area as large as 30 square miles.

Micro Credit units are designed to make a profit and will be capitalized initially through seed loans granted at commercial interest rates. Within eight years the loan portfolio of each unit should be financed through savings generated locally. After the eighth year funds not invested locally will be lent to other Micro Credit units through the Central Office so the network of offices can be expanded with funds generated internally. Loans for equipping the unit and subsidizing operational costs as the client base develops will be repaid through interest charged on client loans.

Over a ten year period a network of Micro Credit units within a country will be set up, supervised through the Micro Credit Central Office. The projections for Micro Credit assume 15 Micro Credit offices the first year building to 150 units by the tenth year. In a typical year three of the offices will be urban units set up in areas where there is a concentration of formal sector activities, two will be based in urban markets, and ten will be located in rural areas. The two types of urban units will serve 1,200 clients at any one time with old clients leaving and new ones arriving continually. The rural units, located in



areas with scattered population will reach on the average 720 clients. When the 150 units are in full operation they will be serving 135,000 clients.

A critical mass of units is needed to achieve economies of scale and a significant change in access to credit at the smallest enterprise level. Over several years Micro Credit can demonstrate that credit programs for economic activities at this level do not need to be small scale, heavily subsidized or dependent indefinitely on donor agencies.

### Clients Served

Micro Credit will loan exclusively to very small scale "micro" economic activities. For small farmers, loans could be given for plots of vegetables or other short term crops, harvesting orchards, fattening livestock, or beehives; high profit short term activities that would have a six months payback or shorter. Also in the rural areas loans would be given to traders, often women, people who buy the produce of a few local farmers to resell in the market, or who sell goods brought from the city. Other activities financed would be those of processors of agricultural goods at the smallest scale, craft workers, carpenters, tool makers, mechanics, barbers, prepared food sellers and others.

In the urban areas activities financed would include petty commerce, including market stall holders, street food sellers and peddlers, and micro industry and services such as seamstresses, shoemakers, furniture makers, mechanics and owners of repair shops of all types, among others.

Although loans would be provided initially to individuals who already have an ongoing activity, no matter how small, over time interest may develop in group enterprises, for example a group of five women working together to produce banana chips. The emphasis on loaning to already existing businesses reflects the experiences of many micro-enterprise programs. Loaning to those who have invested their own resources in their businesses is far less risky than loaning to those who only have an idea of a business they would like to start.

### Underlying Assumptions of the Micro Credit Model

The Micro Credit design reflects the breakthroughs in small scale credit delivery that emerged in the past few years. Several innovative programs have shown that the owners of businesses as small as a vendor with a basket of produce on a

curbside, or a seamstress with a single sewing machine, or a village blacksmith with a charcoal fired forge can be extended credit and other services while the financial intermediary covers its costs, or in some cases even turns a profit.

The often repeated assertions that extending credit to tiny enterprises is necessarily expensive, that loans will not be repaid, that the poor are unwilling or unable to save, and that their businesses are not profitable enough to sustain high interest rates have proved inaccurate. The beliefs that these businesses are unimportant to the economy, or that they cannot create more profits or jobs, have also been challenged. Before profiling the most successful programs and describing the functioning of the Micro Credit units and Central Office in detail, these assertions will be examined.

#### Reaching informal sector businesses is necessarily expensive

If a bank accustomed to large loans attempts to provide loans a hundredth this size and still requires the same documentation, collateral and loan approval procedures, loaning to tiny businesses will of necessity be prohibitively expensive. This is not to say that banks cannot lend to the informal sector. Effective bank programs wherever they are found have three characteristics in common:

- o Greatly simplified and streamlined procedures including making loan decisions at the unit level;
- o A staff recruited and trained to assist these businesses with no other responsibilities in the bank; and,
- o A real interest and commitment to reach this sector.

#### The poor will not pay their loans

Many small enterprise programs are characterized by very poor loan repayment, with half (or frequently more) of the portfolio in arrears. Poor payback reflects poor management and poor program design. Clients of well designed and well managed programs pay their loans and losses should be under two percent.

A structure encouraging prompt payment must be built into a micro credit program. This includes providing appropriate sized loans (small short term loans generally work better), providing subsequent loans immediately on repayment of the previous loan, tracking loans carefully, taking immediate action on overdue loans, and creating a sense of participant ownership of the program.

### The poor are unwilling or unable to save

If a program is to be self financing over time it must generate its own loan capital through savings; but will the poor save, especially in rural areas? The evidence here is positive as well. An example: the Rural Banks of Ghana mobilized 1,200,000,000 cedis in ten years ( over \$13,000,000 ) from 221,000 small farmers, cottage artisans and traders. Locally generated savings cover virtually all of the investment in loans. Similar results are reported from Indonesia, Bangladesh, the Philippines and Latin America.

### Businesses are not profitable enough to pay high interest rates

The interest rate charged by informal lenders shows that informal sector businesses can be very profitable. In Santo Domingo the most common interest rate charged to a vendor is 10% a day. The best available interest rate with secured loans from pawn shops is 20% a month.

Evaluations of micro lending programs have repeatedly shown that easy availability of credit is more important than the interest rate, even when the interest charged is considerably higher than the commercial rate. Since borrowers at this level have virtually no access to commercial credit, and depend on very high interest informal credit, the apparently high rates charged by these programs are often seen by clients as very low.

While a few percent spread makes sense for larger loans, the administrative costs per \$10,000 are much higher when the \$10,000 is divided into as many as a hundred loans, often provided to illiterate clients in disbursed rural areas with additional costs for orientation and informal training.

Low interest rates deny the poor access to credit. Since financial institutions have no motivation to lend at this level they do not bother to learn how.

## **CHAPTER III**

### **PROFILES OF SUCCESSFUL MICRO CREDIT LENDING PROGRAMS**

The Micro Credit model is based largely on the experience of several highly successful, large scale micro-credit efforts, and draws from each of them. These programs are the ACCION International assisted projects throughout Latin America, the Money Stores of the Philippine Commercial and Industrial Bank, the Rural Banks of Ghana, the Grameen Bank of Bangladesh, and the Badam Kredit Kecamatan program in Indonesia. Although these programs are located in three continents, their underlying approach is remarkably similar with emphasis on very small loans, community based selection, group based loan guarantees, and a streamlined highly efficient approach for supervising in some cases hundreds of small branch offices. The "generic" Micro Credit program since it draws its methodology from all these programs should be widely applicable, with relatively minor adjustments made for operational costs, loan sizes, and interest rates.

Each of these programs will be presented briefly and its relevance to the Micro Credit model discussed. Components of these programs will be referred to more in detail as specific elements of the Micro Credit program are presented.

### ACCION International

ACCION International is a non-profit consulting firm providing assistance to nearly 20 local foundations extending credit and other assistance to urban micro-entrepreneurs. ACCION works in 10 Latin American countries and is a pioneer in adapting cost effective approaches developed worldwide to the Latin American context. These projects assisted 17,235 businesses from early 1983 through March 1986.

Seventy four percent of the clients, most of them market stall holders and street traders, and most of them women, are organized into "solidarity groups". The solidarity group of five members guarantees the loans made to each individual business. If one member does not pay, the rest must make up the payment or all members will be denied access to credit. Payback is monthly or weekly. Loans are generally short term - from one month to six months, and build slowly as the business' capacity for absorbing credit increases. Receiving the next loan is contingent on paying the previous loan on time.

The rest of the clients, most of them the owners of artisan manufacturing shops with two or three workers, receive their loans individually. Loans are guaranteed with collateral and cosigners.

## Assessment

The differences between the two credit lines are significant. Even though the solidarity group loans are much smaller (averaging \$95 per client compared to \$517 for the individual loans) operational costs for the solidarity group loans average .11 per dollar lent (.04 in Peru) compared to .30 per dollar lent in the individual loan programs. The solidarity groups are also better about loan repayment. Considering all projects, late payment for solidarity group loans was 9.7%; it was 16.1% for individual loans.

One explanation for the difference in repayment could be that the two types of credit lines reach different clients (petty commerce versus micro manufacturing). This hypothesis was put to the test in Peru where most of the individual loans were converted to group loans, the result: late payment dropped from well over 10% to 3,5%. Group pressure for repayment works.

Projects using the group methodology can cover their operational costs if they are permitted to charge an adequate interest rate. PROGRESO of ACCION Comunitaria del Peru was profitable at a time of triple digit inflation, and when funds for the loan fund were borrowed from local commercial banks at 80% per anum. PROGRESO charged two percent a week to its vendor clients.

ACCION assisted programs also provide training and business orientation. Most training is informal with meetings called among business owners so they can tell each other how they have resolved problems. Field staff also talk with business owners during small group and individual meetings in the communities.

The impact on income and employment of these projects has been considerable, although impact varies with local conditions (economy worsening or improving, the degree of saturation of the local market, etc.). An increase of one to two dollars a day in income is typical for market vendors who were making from 3 to 4 dollars a day before they entered the program. Loans to micro industries and services typically generate between one half and 1.5 jobs per business assisted at a cost from a few hundred to \$1,000 or less in credit extended per job. This is one tenth to one twentieth the cost of creating a job in the formal sector (ACCION Internacional, 1986).

## Relevance for Micro Credit

The ACCION assisted programs in Latin America show the great demand for credit at the micro-enterprise level. A program like Micro Credit could easily find a place in the market in Latin

America. These programs also indicate the appropriate size for loans to informal sector businesses - from \$50 to two or three hundred dollars for micro-commerce and the smallest micro-industries, and from \$100 to \$1,000 for micro-industries and services. These loan size limits are built into the Micro Credit design. The ACCION experience has also shown the importance of starting with short term loans, at least initially.

The solidarity group as a way to guarantee loans without using traditional collateral has found wide acceptance in many Latin American countries despite initial skepticism. It will be built in as the primary guarantee mechanism in all Micro Credit programs. Informal business training and orientation will also be included. This kind of training is not costly, helps insure good payback, and helps micro-business owners manage their businesses as they expand.

### The Money Stores of the Philippine Commercial and Industrial Bank

The Philippine Commercial and Industrial Bank (PCIB) is one of the oldest and largest in the Philippines. The Money Shops of PCIB are a mechanism through which it can make small loans of between \$125 and \$1,250 to market stall holders at a reasonable profit. The first two Money Shops were opened in May 1973. By August 1979 there were 70 shops scattered throughout the Philippines. In setting up the Money Shops PCIB identified its objectives as two-fold:

- o to provide a unique credit mechanism that is relevant to the needs of market stall holders; and,
- o to disperse the concept of credit use to as wide a popular base as possible.

Money Shops are located either within, or on the fringe of, private or public markets and meet the short-term-30 to 60 day-credit needs of commercial customers. Facilities are extraordinarily simple often consisting of nothing more than a wooden stall of a sufficient size to accommodate four employees. The Money Shops usually function in fairly large urban markets, as they feel there must be 400 businesses in the immediate market site to justify placement.

Money Shops accept deposits and also make loans. The average yearly operating cost is \$13,600. To reach its yearly income goal, now set at \$18,500 per Shop, it must have deposits of \$59,219 and make loans totalling \$47,375 (80% of deposits).

Money Shop staff typically includes a Junior Officer, an experienced teller and two teller/collectors. All are college graduates. They are paid between \$1,500 and \$1,750 per year. Their duty is to accept savings deposits, appraise loans and accept loan payments.

To qualify for the minimum loan of \$125, a stall owner must have a daily sales volume of \$7.50 to \$8.75 and profits of 10 to 50 percent. The terms are 14% for one year plus a 2% monthly service charge. Repayment is daily. Historically, 2% of all loans made have not been recoverable. Depositors receive 9% interest compounded quarterly.

While the loans are very small, the Money Shops have proved important for the PCIB. While they account for only 5.75% of all PCIB branch deposits, these deposits made up 23% of the increase in deposits.

#### Assessment

The PCIB experience with its Money Shops indicates that extremely small loans can be made at a profit to market stall holders, in the right circumstances. One important element in the success of the Money Shops seems to be its proximity to, and daily interaction with, its clients. Markets seldom extend beyond one or two city blocks. Thus, it is unlikely that any borrower will be more than five minutes from the Money Shop. Merchants are known to each other and to Money Shop staff on a very personal basis. Quite often, PCIB hires as a Money Shop staff person a member of the family of the informal leader of the market. In the case someone fails to come in for several days to repay, he can be contacted easily. If necessary, social and economic sanctions can be applied through the informal market leadership.

#### Relevance for Micro Credit

The PCIB Money Shops show that the major urban markets of the developing world are good potential clients of a micro-enterprise credit program. Specialized urban market units drawing from the Philippine experience are one of the three types of units contemplated in the Micro Credit design. Like the Money Shops, the Micro Credit market units will be located within the markets. Their clients will be no further than a block or two from the unit office making the extension and repayment of loans convenient. Micro Credit will also use the Money Shop idea of



hiring at least one employee from the traditional market leadership. Unlike the Money Stores, loans will be extended through solidarity groups rather than individually. (PISCES, 1981)

### The Rural Banks of Ghana

July 1986 marks the tenth anniversary of the creation of the first rural bank in Ghana. Now there are 106 independent, community-run financial institutions whose mandate is to provide a place to save and to make loans, principally to small farmers and also to the owners of cottage industries and businesses. Rural Banks are located in areas not serviced by other financial institutions.

Growth has been extremely rapid. Locally mobilized deposits of 147,639 cedis in 1977 grew to 861,989,982 cedis by June 1985. The 802 savings accounts holders in 1977 grew to 220,653 by the end of 1984. This demonstrates that rural, often illiterate peasants and village dwellers will save if they have confidence in the bank, find it convenient and have ready access to their savings. Since the Rural Banks started, 553,861,280 cedis have been loaned, virtually all from funds saved locally with most loans averaging 12,000 to 18,000 cedis (\$200 to \$300 at the 1985 exchange rate). The total number of loan clients through December 1984 was 31,952. Showing the spreading enthusiasm for the Rural Bank idea, by the end of 1984 there were 213 applications to the Bank of Ghana for the creation of new banks.

### Assessment

Why have the Rural Banks been successful, while traditional agricultural credit programs, often funded with millions of dollars from donor agencies, have reached only 5% of African farmers - mostly the largest and most sophisticated producers?

These are some of the principal lessons learned:

1. Catalyzing local initiative is vital. The directors of the banks are local leaders who are committed to their community's development.
2. The basic principal must be that funds mobilized locally are used locally.
3. There is far greater potential for savings in the rural areas of Ghana than was thought possible. Savings mobilized locally represent well over 90% of the loan fund from the first year of operation.

4. Loan selection is based on the producer's reputation in the community, not abstract formula and collateral requirements that eliminate most potential borrowers.
5. Administrative costs can be kept low if procedures are simple and standardized.
6. The owners of the smallest farms and smallest businesses are good candidates for productive loans.

This is not to say there have not been problems. Loan payback, averaging 95% in the first years, had slipped to 38% by 1985. The system expanded faster than staff and local boards could be adequately trained and a major restructuring and recovery effort is needed.

Despite these problems, what has been demonstrated is an African model of decentralized, locally responsive banking.

#### Relevance for Micro Credit

The Rural Banks of Ghana have demonstrated the amount of savings that can be mobilized locally. This is the only program where savings are mobilized before loans are extended and, consequently, it is the model which requires the least external financing. A high level of savings mobilization is built into the Micro Credit model based on the Rural Bank experience. The Rural Banks also use group loan guarantees showing this mechanism works well in Latin America, Asia and Africa.

The Rural Banks have successfully made small loans to farmers, who at the same time have been added to the typical clients of micro lending programs - petty commerce, micro industries and services.

The most important lesson from the Ghana experience is the importance of proper supervision from a central office. Problems the Rural Banks face now are largely due to inadequate supervision. The majority of the local banks do not have Bank of Ghana representation, training is inadequate and local staff have little incentive to be productive. The Micro Credit Central Office has been designed to provide adequate supervision for the rapidly growing network of unit offices and incentives that encourage productivity. (Ashe testimony, House Select Committee on Hunger, 1986)

## Grameen Bank, Bangladesh

The Grameen Bank was started as an "action research project" in 1976 by Dr. Muhammad Yunus, Economics Professor at Chittagong University in Bangladesh. The project was to determine whether financial resources made available to the poor on reasonable terms and conditions could generate productive self-employment without external assistance. The first bank opened in 1979 with financial support from the Bangladesh Bank. Encouraged by its initial success, the project was expanded to other districts in Bangladesh with the assistance of the International Fund for Agricultural Development in April 1982. In 1984, the Grameen Bank had its first full year of operation independent of the national government bank. It began the year with 86 branches in 1,249 villages with loans to 58,000 borrowers. By the year end, the bank had 153 branches in 2,268 villages with loans to 121,051 borrowers. Currently the bank has 226 branches and operates in 3,600 villages assisting approximately 156,000 borrowers. A plan to expand the program to 500 branches is currently being considered.

Sixty five percent of the borrowers are landless women. The average loan size is \$60. The largest loan is approximately \$200. Loan recovery record is near 99%.

Borrowers must organize themselves into groups to receive loans for which no collateral is required. The Grameen Bank workers go to the villages to transact banking operations. The branch is established in the community within easy reach of the potential target population. The bank workers go into the villages to talk about the Grameen Bank and promote the formation of groups of five like-minded persons with similar economic backgrounds. Before loans are given to eligible borrowers, they must complete an extensive training program (one to two weeks). Each member of the group must attend weekly meetings and save one taka (U.S. \$.08) every week as part of the group savings.

Several groups in the same area are federated into a "center" and elect a center chief and deputy center chief. They conduct weekly meetings, recommend loan proposals and supervise loan activities. Initially two members in the group are given loans and upon successful compliance with the regulations, additional group members become eligible for loans. The loans are repaid over a year in fifty weekly installments of equal amounts. Interest is 16% percent and is repaid in the last two weeks of the year. Interest charges cover the direct Grameen Bank expenses, the cost of subsidized capital, and losses. There is a premium on maintaining a low interest rate over making a profit.

In addition to weekly meetings, weekly installment payments and weekly personal savings of 1 taka per person, each borrower is required to pay a group tax of five percent of the loan received. The weekly savings and the group tax constitute the "group funds". Individual members can borrow from the group fund for consumption and investment purposes with the consent of the group. Additionally, group members are required to contribute to an "emergency fund" consisting of a quarter of the total interest charged. The use of these funds is for the development of health, life and asset insurance for group members.

### Economic impact

The investments made by Grameen Bank borrowers have been extremely productive and have contributed to significant improvements in household output, income and consumption. Three separate surveys of Grameen Bank borrowers concluded that the loans contributed to significant increases in income levels of 73%, 58% and 68% respectively.

### Relevance for Micro Credit

The Grameen Bank has dramatically shown that the poorest rural inhabitants can receive extended business credits and that they will repay their loans. As in the ACCION and Rural Bank models, loans are extended in small groups. Also, as in the ACCION model, there is training provided along with credit, although training in the Grameen Bank branches is much more intensive. The Grameen Bank also shows that micro credit programs can be taken to the rural areas. Micro Credit, reflecting that insight, is designed to extend more credit in the rural areas than the urban areas (House Select Committee on Hunger, 1986).

### The Badan Kredit Kecamatan Program, Indonesia

The motto of the BKK is "fast, cheap, and productive credit" and its primary objective is to supply convenient capital to the rural poor in Central Java for off-farm income-generating activities.

The program is composed of 486 BKK, each of which is an independent sub-district credit institution that is locally administered and financially autonomous. BKK's are subject to instructions and guidelines from the provincial government.

The key components of the BKK program are to:

- o Rely on character references from local officials for loan eligibility, rather than on the availability of collateral or lengthy staff analyses of a proposed enterprise's feasibility;
- o Reduce risk by making small initial loans to a new borrower, and then gradually raising that client's credit ceiling as his or her repayment record warrants;
- o Use repeat loans as the borrower's primary incentive for fully and timely repayment dictate;
- o Charge interest rates high enough to cover operating expenses, including the cost of funds; and,
- o Blend local autonomy with overall program quality and control, by stressing a highly decentralized organizational structure with villages as the focus of operations, together with central program supervision.

The BKK program is one of the few publicly funded and administered credit programs in the world that makes money from providing loans to small enterprises. The interest rates of BKK, high in comparison with other programs but low by most informal sector standards, can cover their cost of funds, administrative expenses, capital erosion due to inflation, and any reasonable bad debt losses. They can also allow substantial reinvestment of retained earnings. The BKK program has blended the speed and convenience of traditional moneylenders with the operating philosophy and profit margin of a commercial bank.

#### Economic impact

Survey results show that BKK loans have promoted the expansion of most borrowers' businesses. In addition to improving ongoing activities, about one-fourth of BKK clients have begun new economic activities since receiving their first BKK loan. BKK loans have had a positive, although moderate effect on employment. Underemployment has been reduced since over 60% of BKK borrowers now spend more time at their businesses since they received their first BKK loan. Moreover, 17% have hired new full - and/or part-time workers. The average sampled BKK client created 0.3 new full-time workers and 0.4 part time jobs.

#### Assessment

The BKK, unlike the Grameen Bank, is more an economic venture than a social movement. As such it is probably

easier to replicate. The BKK has also shown that micro-lending can be profitable, and that clients can sustain high interest rates. The most common loans are given for 12 weeks and charge 3.6% interest per month in addition to 3.3% per month in forced savings. Despite these high rates, the businesses assisted through the program have prospered. (Goldmark and Rosengard, 1983)

#### Relevance for Micro Credit

Micro Credit will base its credit structure on the BKK model with short term loans provided at 2% a month interest plus 3% in forced savings. This will permit Micro Credit to be largely self financing in 10 years. Micro Credit will also reflect the BKK's experience in supervising this network of 486 offices using a monitoring system that ranks units according to their performance, and a well organized cadre of field workers, each of whom is responsible for 10 BKK offices.

**CHAPTER IV**

**THE MICRO CREDIT UNITS AND THE ROLE OF THE CENTRAL OFFICE**

## The Micro Credit Central Office

The Micro Credit Central Office is an integral part of the Micro Credit model. Although the Central Office does not grant loans or collect savings, it performs a number of functions:

- o Selecting sites for new Units;
- o Recruiting and training staff;
- o Providing incentives for staff;
- o Maintaining relations with government, donors and sources of institutional credit such as banks and cooperatives;
- o Managing Micro Credit funds;
- o Monitoring and reporting Unit performance;
- o Supervising Units in the field;
- o Arranging for Unit audits;
- o Providing ongoing staff training;
- o Evaluating systems and administrative procedures to upgrade the Micro Credit methodology;
- o Providing a sense of mission and direction to the Micro Credit program.

Maintaining a balance between centralizing decision making in the Central Office and delegating it to the Units is vital for Micro Credit's long term success. The clients of the Central Office are the Units, not the individual loan clients. While the Central Office sets the parameters for who should receive loans, and the categories of loan sizes, the Unit staff decides who will be granted a loan.

This is important for several reasons; the most obvious are reducing paperwork in the Central Office and speeding the loan approval process. More subtly micro enterprise programs work well when they have a personal relationship with their clients and have a mechanism for selection based on the community's knowledge of who is reliable or not. Solidarity group members select those whom they feel confident will repay their loans, often based on years of personal knowledge and experience. The Central Office (or even the Unit staff) cannot efficiently make these decisions.



Decentralizing much of the decision making to the Units has these added advantages. It develops the local staff's identification with the local clients, places responsibility for the success or failure of the Unit squarely on their shoulders, improves their decision making ability and makes the work more challenging.

The work of the Central Office will be carried out largely by the Central Office field staff. Each field representative will be responsible for approximately 10 offices, more in urban areas with easy access, less in rural areas. Each office will be visited at least one day each month. More time will be spent with Units with difficulties.

Field representatives could carry out activities as varied as carrying out an informal audit, training local staff, discussing management problems with the Unit director, identifying problems, accompanying the Unit staff on their visits to clients, and participating in training activities with clients. Ideally Central Office field staff would be recruited from the best unit directors who will be able to share their expertise with the directors of the newer units.

As more Micro Credit Units are created (the model projects the creation of fifteen new units a year) new staff will be added, regional offices will be created, the financial management department will be strengthened, and a research department will be set up. A major effort will be made to keep the office small and responsive to the needs of the Units.

The Central Office will be funded through a monthly levy of \$300 charged to each urban unit. The smaller rural units will pay \$200 per month. An alternative to a monthly levy would be charging a fee on the money lent to the units through the Micro Credit Central office. The BKK adopted this system and found that once units were self-sufficient through client savings the BDP (the bank which supervises the BKKs) no longer had a source of income.

The importance of a well functioning Central Office is underscored by the experiences of the Rural Banks of Ghana and the BKK. Both programs expanded faster than their central offices could adequately supervise the local units, and in both programs many units are either failing or barely functioning. The rehabilitation of failed or failing units is a very slow administration-intensive process.

## Central Office Activities

### o Recruiting and training staff

Clerical and field staff should be selected from the area where the unit is based, people who have a good knowledge of the community, and who are committed to living in the area. Unit directors and accountants would be university educated and recruited nationwide. Field and clerical staff would have completed their secondary education.

Training would start with an orientation to Micro Credit and a grounding in the systems the Micro Credit units use. After they had a good theoretical understanding they would be assigned to Micro Credit units to learn the practical aspects of performing their jobs. The apprenticeships would also be a chance to observe how the trainees interacted with staff and clients. At the end of the training period they would be tested for their competency and certified.

### o Providing incentives for staff

The experience of the Rural Banks in Ghana point out the importance of incentives for motivating staff. One problem is the lack of upward mobility. Unlike the competing commercial banks where there are opportunities to be transferred to the main office after serving in the rural areas, once a person becomes a director of a rural bank there is little chance of promotion. Other disincentives are lower salaries than the commercial banks, and the lack of financial rewards for doing a better than average job. As a consequence, in the last group of bank directors trained by the Rural Banks Department of the Bank of Ghana, over half left within two years, and most of the rest are planning to leave as soon as possible. With this experience in mind Micro Credit will promote some of the best unit directors to serve as Central office field representatives responsible for supervising local units.

Unit directors will evaluate their local staff based on performance measures. Basing evaluations on an objective and agreed upon measures of performance contributes to higher morale. Efficient performance is rewarded, employees who are not performing well are let go.

Other incentives will be paying competitive salaries, and distributing a portion of the profits to supplement staff salaries. The BKK units distribute 10% of unit profits quarterly to the local BKK staff. Staff, realizing that their income depends on their performance, are

motivated to work harder. This type of incentive might be built into Micro Credit over time.

o Maintaining relations with government, donors and sources of institutional credit

Relations with government, donors and banks and cooperatives will be centralized in the headquarters office. Government, donors and institutional credit sources will deal with Micro Credit and all its units as a single entity.

o Monitoring and reporting unit performance

A good monitoring system will provide the Central Office with the information it needs to determine which units are doing well and which are doing poorly. Choosing the proper indicators will "red flag" units in trouble, predict the amount of funds that need to be transferred to the units and identify general patterns and trends. The BDP (the bank that supervises the BKK) ranks the BKK units into five classes on the basis of six factors, and this list might serve as a basis for Micro Credit:

- Total equity: Total equity is computed using cash on hand plus total loans outstanding, minus loans overdue more than six months, loans to the BKK and borrower savings.

- Ratio of villages to villages posts: This ratio is monitored with the goal of extending coverage to more villages.

- Number of new borrowers: Does the unit merely serve the increasing credit needs of its old clients, or is it incorporating new borrowers?

- Portfolio quality: Portfolio quality is measured using the ratio of the number of payments made to the number of payments due.

- Total savings: Total savings will indicate the units' current liquidity.

- Capital circulation: Is the units' equity primarily stockpiled cash or is it in outstanding loans and servicing clients. (Goldmark and Rosengard, 1983. page 28, 29)

o Providing ongoing staff training

Another important function of the Central Office will be to provide ongoing training for staff, probably on a

quarterly basis. The quarterly meetings will be an opportunity for unit directors and other key staff to exchange experiences, in addition to learning more about the technical side of administering a Micro Credit unit.

The meetings held by the ACCION staff in Colombia for the eight affiliated Colombian programs provide a useful model. Every three months a three day meeting is held focusing on a specific topic - administering the loan portfolio, training, evaluation and selection, for example. The importance of these meetings was pointed up in an assessment of the Rural Banks program. Many of the units were experimenting on their own with new ways of extending loans, mobilizing savings or collecting overdue payments, but there was little opportunity to exchange this information with the other units.

o Evaluating systems and administrative procedures to upgrade the Micro Credit methodology

The methodology Micro Credit will use in its first years in a country will evolve considerably a few years later. An important function of the Central Office will be to continually upgrade the methodology and "package" these new insights into improved administrative procedures.

o Providing a sense of mission and direction to the Micro Credit program

This is one of the least obvious but most important functions of the Micro Credit program director. All the programs profiled in Chapter III have outstanding leadership, directors who are able to clearly and forcefully state the mission of the program and who work tirelessly to see that the program successfully carries out that mission. This sense of mission and dedication is transmitted to the rest of the staff.

### Micro Credit Unit

In this part of the chapter, the reader will be taken sequentially through the process of implementing a Micro Credit unit. This begins with selecting a target area where the unit will be based and describes the reasoning behind the design of each component of the unit -- outreach and promotion, selection, credit, training and unit management. Management at the Micro Credit unit level is given special emphasis since observation has shown that most micro-enterprise efforts fail, not because the services provided are poorly designed nor even because they do

not produce good results with the clients. They generally fail because they are poorly managed.

### Selecting a Target Area

Three types of Micro Credit units are contemplated, one for rural areas, a second for urban areas, and a third specialized unit to extend credit principally to stall holders in large urban markets. Critical for the success of a unit is selecting a viable location, one where there is sufficient population, economic activity and local interest. Competition from other credit sources also needs to be considered.

### Rural Micro Credit Units

Selecting a viable site for a rural unit presents perhaps the greatest challenge. The experience of the Rural Banks of Ghana shows how important good selection is. Many units were created in areas that were too small or isolated or impoverished. While no unit has closed yet, many are not viable.

A typical rural unit would have a population base of at least 15,000 (approximately 3,000 families) to justify a minimum Micro Credit unit of four. If a family of four or optimistically one family out of every three received a loan, the unit would serve between 700 and 1,000 clients. (The rural Micro Credit units are projected to reach 720 clients). Perhaps five hundred families would live in the main town in the area, and there might be four smaller towns with the rest of the clients living in villages and scattered settlements.

Ideally the target area would be a stable or growing area with good markets in the provincial capital or capital city. To minimize transportation costs the towns should be close to each other with the most distant small town no more than 15 miles from the center.

A unit would begin operations in the main town, and over time expand services to the outlying smaller towns on a one day per week basis. The BKK discovered that it was necessary to go to the small towns on a weekly basis to attract small borrowers and savers outside the center.

Target areas that lacked sufficient population, or were sparsely populated, very isolated, or suffering from declining markets will not be selected as sites for Micro

Credit units. Although a good case could be made for the need of credit facilities in these areas, units could not be expected to make a profit and would have had to depend on subsidies for operational costs. Another major problem of declining areas is that small farms and businesses are likely to fail, so loan default and collection become major costs.

### Urban Units

Selecting a site for a unit in a major urban area is less difficult. There should be no lack of potential clients at the smallest level. In a typical Third World urban area of a million inhabitants there are 470,000 in the active labor force and of these between 30% and 70% will be engaged in informal sector activities. Assuming 50% were working in the informal sector and the average business employs the owner and one worker, there should be close to 118,000 business units within the city and most of these would be very small.

In a major city it is better to have several smaller units located in areas where there is a concentration of micro scale activity than a large central office that is difficult for clients to reach. Units with more than a few employees also tend to have more management problems and are too large and impersonal. Clients have a difficult time developing a personal relationship with staff.

Major urban areas in developing countries are generally growing and often thriving. The major concern is possible competition from other credit sources.

### Urban Market Units

Specialized units serving market stall holders and the peddlers surrounding the market could be set up when there were at least 1,000 such businesses within a two or three block radius. Loans for stall holders and peddlers would tend to be smaller, with more frequent payback. Many in the market are accustomed to receiving loans on a daily or weekly basis from moneylenders or suppliers and stock often turns over daily or in a few days. Smaller markets might be served by Micro Credit posts open one or two days a week.

### Promotion and Outreach

Once a target area was selected, operations would begin. Staff would be recruited, from the local area if

possible, so they have a commitment to the area and the people living there (and would hopefully not be working grudgingly in an isolated outpost with the hope that they would be transferred to the city).

Given the goal of assisting the owners of extremely small informal sector businesses (who may not even conceive of their activities as "businesses" or as "enterprises" and who have little experience with institutions), direct promotion in communities is necessary. If a Micro Credit unit simply opens an office or advertises in the newspapers or on the radio, the owners of larger, better established businesses who are more experienced with institutions will be attracted, inundating the unit with requests for services from those who are not priority clients.

ACCION's experience in Latin America has shown that the active promotion tends to be brief and that clients will quickly spread the word. If word does not spread, it provides good feedback. It may be that the services offered are simply not attractive from the client's perspective. Business owners size up credit projects, at least initially, in terms of the time and effort it takes to receive credit. Whatever the services provided, clients will almost invariably describe the program to new people in terms of the loans.

The proper entree will vary from country to country and from site to site. Ideally an advisory committee of local leaders will be set up to help the staff promote the program. In other communities village chiefs or mayors may be appropriate "bridges" between the Micro Credit unit and the people it wants to reach.

#### Selection.

Once people hear about the project and start coming in for loans, how are those who will prove reliable selected? Whatever the type of clients, there are good and bad risks. A major reason programs fail is that they are unable to select good clients. Responding to political requests to give loans to unqualified borrowers (who have little intention of paying), has also destroyed many good programs. Micro Credit must be insulated from political pressure from the beginning. Politicians need to understand that a well functioning network of offices that provides credit to a significant number of clients has its own longer term political payoff.

The first selection filters are the parameters Micro Credit uses for deciding who is qualified to receive a loan. These could include personal criteria such as age, sex, family income and recommendations from peers or community leaders. They could also include business characteristics such as years in business, legal status, number of employees, assets, type of business, etc.

Parameters need to be established with care to avoid inadvertently selecting out those whom Micro Credit hopes to assist -- e.g., if the business must be legalized to receive assistance, or the farmer must have title to the land, in most countries this would mean that the great majority of the potential clients Micro Credit hopes to reach would be ineligible.

Criteria that are too broad -- providing credit to businesses ranging from vendors to small-scale manufactures with 20 employees, or from sharecroppers with a small vegetable plot to well established small farmers -- work against poor clients, because the more articulate, better-prepared owners of the larger businesses and farms will tend to monopolize credit resources.

With these cautions in mind what should be the general parameters for selection. These cautions might provide a starting point to first express what Micro Credit does not require for receiving a loan:

- o Land titles or in the case of a business, legal registration. (Businesses tend to become registered after they have been with the program and begin to prosper.)
- o Wealthy co-signers. (Micro Credit's mechanism of guaranteeing loans through credit guarantee or "solidarity" groups will be described later.)
- o Detailed financial analysis of the business or small farm. A financial analysis is expensive and inaccurate, since businesses at this level do not keep written records. It has also proved to be an unreliable forecaster of future business success.

Micro Credit will require that the credit recipient:

- o Live in the target area.



- o Be a member of a solidarity group.
- o Have an economic activity -- commerce, manufacturing, service, agricultural -- that has been underway for at least one year. (In some cases solidarity groups may sponsor one or more members starting up an economic activity.)
- o Have a need for short term (less than six months) credit no greater than \$60 initially at the micro level and \$150 initially at the small level. (The maximum loan is \$750. This will insure that the unit does not make a few very large loans which has proved disastrous micro-enterprise projects that lack the capacity to analyze these larger loans.)
- o Have five employees or less. (Many will work alone, most of the rest will have one other person, often family members, working with them).
- o Have a locally determined maximum amount of land under cultivation and/or livestock.

After insuring that clients fit general program parameters Micro Credit will use two mechanisms to select clients, delegating selection largely to one's peers through the solidarity group mechanism, and selection through the internal structure of the program. The reliability of clients will be proved over time by starting first with very small "test loans" and increasing loan size gradually as the group's capacity to pay is demonstrated. As each loan is paid back, the solidarity group can remove members who have proved unreliable and replace them with new members. Both mechanisms will be described in some detail.

#### The Solidarity Group Mechanism

The solidarity group as a mechanism to guarantee loans has been tested in thousands of groups in several Latin American countries through the projects assisted by ACCION International. A similar mechanism using groups of five has been used with equal success in Bangladesh in the Grameen Bank project.

Solidarity groups reduce operational costs (one loan to the group rather than five individual loans need to be tracked) and insure high payback. (As noted in Chapter III, ACCION projects using the group mechanism have less than

ACCION projects using the group mechanism have less than half the late payments as individual loan programs in Latin America). The group mechanism also serves to encourage clients who would have never dared to take out a loan individually to participate in the program.

These factors have proved important to the success of solidarity group programs:

- o Groups are self-formed: Those who organize the groups know who is responsible and who is not. Staff from outside will find it virtually impossible to select clients without getting to know them very well.
- o The best size for a group seems to be five: Groups larger than five tend to be unwieldy, making it difficult for the group leader to collect payments from each member. Also larger groups can break into factions that can pull a group apart. In groups under five, non-payment by one group member is too costly for the other members to absorb.
- o Groups receive orientation before they complete the selection process: A common error of the first solidarity group programs was to rush the formation of groups to get loans out as quickly as possible. Members did not know each other well or fully understand their obligations, and paying back the loans quickly became a major problem. In the newer programs, orientation sessions are required before groups receive their loans -- including a clear explanation of the obligations of the group members to each other. The sessions are also an opportunity for the group to remove those they consider unreliable, or who are unwilling to commit themselves to the others. For this reason the group is considered a "pre-group" until after the orientation and the final selection process has occurred.
- o Groups are made up of neighbors or work-mates who see each other daily in the markets, the shops, in the streets or in the village: Making sure group members know each other and live close to each other has proved more important than members sharing the same types of businesses or be of the same sex. When members do not live close to each other repayment to the group leader is difficult.

- o Groups have the opportunity to remove unreliable members at the end of each loan: Selection is an ongoing process and members that are reliable initially sometimes prove to be unreliable later on. Even following these general guidelines there have been problems with the group mechanism that the staff of the Micro Credit units need to be aware of. The person responsible for making the loan payment for the group might pocket the payment. Unscrupulous "organizers" have formed groups for a fee and group leaders have formed groups with the prior agreement that they will receive the loan for all five members themselves. These problems can be largely overcome through proper orientation, ongoing training and periodic visits of the staff to the businesses.

The unit director and key staff person involved with the group has the final word on whether or not a group receives a loan. Groups will not receive loans if in the opinion of the unit staff the group will not reliably pay their loan.

#### Selection Through the Structure of the Micro Credit Unit

Selection is a continuing process but it is done by the groups, not the program. In the Micro Credit units, those groups who do not pay their loans are ineligible for new ones. If an individual does not pay the group has two options: to not make the complete payment, which means none of the five is eligible for a new loan and that the loan will be turned over to collections, or to make the payment and be eligible for the next loan. At this point the group may choose to remove the unreliable member and add a new person to the group.

Access to this line of credit is tremendously important for business owners and farmers at this level. There will rarely be an alternative source of credit (except from money lenders and suppliers who will charge an interest rate five to twenty times higher than Micro Credit). Another incentive is receiving progressively larger loans if the larger loan can be justified by the success of the business.

With this type of credit model, the job of the field staff is not to select, but to document that the person has a business, that it is within the size parameters of the

project and that the owner understands the project and has a plan for the use of the loan.

### Extending Credit

A major accomplishment of programs such as those affiliated with ACCION, the Grameen Bank, the BKK, and the Philippine Commercial and Industrial Bank, is that they have demonstrated that businesses traditionally written off as too costly or too risky to extend credit to, have proven themselves, in well-structured programs, by paying back reliably.

The credit mechanism used by Micro Credit is a synthesis of the best ideas from these innovative efforts. The credit strategy will be described below.

### Credit Before Training

Considerable experimentation has shown that loans can be disbursed responsibly before training when existing businesses are reached, and where initial loans are very small. The risk to the business and the project is minimal. Larger loans would require more up-front (pre-loan) analysis and training.

### Scaling of Loans to the Needs of the Clients

The first element of an effective credit component is scaling the size of the loan and the payback period to the needs of the clients. The better the fit, the better loan repayment will be. The logical point for determining the appropriate size of the loan are the client's own plans. These are generally realistic and well considered, and are doubly important because they reflect the business owner's own thinking rather than pre-conceived formula or the field staff's perception of how much credit is needed.

Even though the client's needs for credit may be comparatively large - from a few hundred to over a thousand dollars - this does not mean the initial loan should meet all these needs. A series of short-term loans enabling the business to build gradually to meet the expansion plans of the owner is often the most prudent course. Projects are more likely to err in making loans too big rather than too small. In general, in planning a revolving loan fund, the best advice seems to be to "go slow" and "think small."

### Granting Short Term Loans and Frequent Payback

Loans with short payback were found to be a crucial element in achieving high payback rates. Year-long initial loans proved difficult for clients to pay. Their experience with moneylenders involves repayment in a day or a week and a year for them stretches interminably. (The Grameen Bank is an exception granting one year loans but with weekly payback. The high degree of solidarity and group development in the Grameen program helps encourage the very high rate of loan payback. This level of commitment and intensive contact with clients is unrealistic in a more commercially oriented effort like Micro Credit).

The frequency of payback is another area that needs to be monitored and adjusted to client needs. Monthly payback generally works best, but loans to vendors whose capital turns over daily might be best paid back every week. While the staff may justify a single lump payment at the end of the loan to reduce administrative costs, and give clients access to the entire amount of the loan throughout the payback period, experience has shown this requires an ability to put aside money to pay the loan that is beyond the abilities of most micro-business owners.

### Charging Non-subsidized Interest Rates

In the micro-enterprise field, one of the most debated issues is whether clients should be charged a subsidized interest rate, or a rate that covers the full costs of the project. The case for a non-subsidized interest rate is convincing:

- Before they had access to Micro Credit some were paying five to 20 times the commercial rate from moneylenders and suppliers.
- Charging a subsidized rate encourages dependence that makes it even more difficult to break into regular credit channels.
- The interest rate is rarely considered an important factor by project clients.
- Highly subsidized rates attract those who are already accommodated through credit lines from other programs. The interest rate for the smallest loans should be the highest and then decline with larger loans.

Charging an interest rate that will make these programs profitable is not a major problem for clients. The problem stems from government policies that peg interest rates at an artificially low rate in the name of protecting borrowers. By making loaning to them unprofitable they are disenfranchising those whom they hoped to help.

#### Building in positive incentives for loan payback

The best incentive for high loan payback is a well-administered project. If staff are not available as scheduled or if group representatives need to spend half a day waiting in line to make their payments, payback will sag. Ideally, loan payback should be convenient, simple and quick.

A major incentive for high loan payback is the immediate availability of a second loan. Clients should think not in terms of an individual loan but of their access to a line of credit that increases in size as their businesses prosper. If the Micro Credit unit has insufficient resources to make new loans, clients will feel they have little reason to pay their current loans other than commitment or wanting to maintain a good credit record.

This underscores the need for good financial management in the Micro Credit units. New clients should be added at a rate no greater than the unit has resources to serve.

#### Develop Well Defined Procedures for Non-payment or Late Payment

The structure of the loan program is essential, but good management of the loan fund is also important, starting with a system that immediately informs the appropriate field staff when a loan has not come in on time. Once the field staff know about a repayment problem, they should take prompt action and this action should be backed up by the Micro Credit unit director. The consequences of late payment and non-payment should be explained as clearly as possible, and a plan for repayment should be worked out with the group. These steps will typically be taken:

- o In their promotional work the field staff will emphasize the importance of prompt payback. A feeling of ownership of the unit by the clients will be emphasized because it is their saving that

are financing their loans and eventually other investments in the community.

- o Group leaders of well performing groups will be encouraged to pressure groups that are falling behind.
- o Field staff will meet with individual solidarity groups to understand why the group is late in their payments and to work as a mediator in working out a repayment plan. In some cases the loan may have to be rescheduled so the loan payments will not be so burdensome, but there will be an extra one percent interest charge per month for the extra time.
- o If all these measures fail, Micro Credit will repossess any equipment purchased with the loan. And as an ultimate resort repossess personal possessions up to the value of the loan.

These measures may seem drastic, and that an inordinate effort is being put into insuring good loan repayment. Experience has shown, however, that unless there is an expectation of 100% loan repayment and quick action taken when repayment problems occur, loan repayment can sag drastically within months. Once one group gets away with not paying their loan, other groups quickly begin to question why they should pay.

These measures for dealing with non-payment are only the last step in Micro Credit unit design that includes providing the right sized loan guaranteed through the solidarity group structure.

#### Provide Cash Loans Rather Than in Kind Loans

Many micro enterprise programs feel they have better control over loan repayment if loans are provided in kind - specific raw materials, equipment, etc.- rather than in cash. The clients, however -- especially those with some business experience --generally prefer cash. The truth is that clients can often work out a better deal than project staff can. For example, a pillow manufacturer in Costa Rica used his loan to cut his operational costs by having a friend bring in remnants from cloth manufacturers in Panama and then using the waste material from a foam mattress factory for stuffing, shredding the foam rubber in a modified coffee grinder. Using pawn shops, odd pieces and recycled materials to build their equipment by hand,

business owners can often save half or more of the price of new equipment.

### Simple, Agile Credit Administration

Simplicity, agility and good follow-up are the most essential components of a well-administered credit component. One goal should be a one to two-page application form, a credit committee that meets weekly, and the issuing of a first loan within two weeks of the application. Subsequent loans should be approved on the cancelation of the previous one.

### Management Assistance

#### o Is management assistance needed?

There are many millions of informal sector businesses and small farms in developing countries and of these, only a small percentage keep records or are formally trained in what are considered the indispensable tools of running a business. This indicates the viability of informal management mechanisms and the way they are transmitted among business owners.

#### o Is management assistance required at all?

Since Micro Credit units will be working with viable businesses at the very smallest level - street vendors, the smallest of cottage manufactures, small farmers - and is concerned with modest expansion to the local market, a case can be made for simply extending credit at least initially.

The best strategy seems to be to provide short-term credit first, and as the size of the loans strains the capacity of the owner to manage the business properly, provide simple management assistance. By that time the demand for training is generated by the business owners, who have come to see this as a real need rather than an imposed requirement. As the businesses expand beyond the owner's ability to manage, the risk of failure and loan default increases.

#### o How should management assistance be provided?

How can business concepts be translated into a form usable by the typical clients of the Micro Credit units? The four mechanisms for providing management assistance will be built in.



- Informal orientation: When the field staff fill out a loan application and return to supervise the loan, or prepare a request for a subsequent loan with a group, he or she repeatedly asks questions about sales, profits, production and the owner's specific plans for the expansion of the business as the solidarity group meets together. This does two things: it develops the client's awareness of a conceptual framework - profits, sales, future plans, etc. - that provide bench-marks to measure progress, and it internalizes the promoter's expectation that the businesses of each group member will progress. Group meetings also provide an opportunity for members to evaluate each other's businesses, and to offer suggestions or help.
- Exchange of experiences among peers: The informal orientation of the field staff can be structured through group discussion, once again with the staff acting not so much as a provider of information, but as the facilitator of discussion. From four to six times a year groups of small farmers, cobblers, seamstresses, market vendors and others, cutting across all the solidarity groups serviced by the Micro Credit unit, will meet to discuss how they have dealt with problems such as keeping records, producing and marketing goods and finding sources of raw materials. Those with more experience will advise the others.
- Business training: Part of the same meeting will be used to teach simple business techniques that will help the business owners conceptualize the ongoing discussion. Examples of these could be targeting your market, improving displays, bookkeeping and so forth. If this approach is to be effective, careful consideration must be given to scaling the material to this level and the concrete and immediate needs of the micro-entrepreneurs.
- One-on-one management assistance: A fourth approach is to visit businesses individually to provide advice, help set up a bookkeeping system, and discuss new product lines and production techniques. The difficulties presented by one-on-one visits are the expense and the level of skills

the field staff needs to provide useful advice. Generally speaking Micro Credit will provide this kind of one-on-one assistance only if requested, and when the business owner is willing to pay.

To sum up, a good management assistance effort will probably combine all four approaches -- informal orientation, promoting the active exchange of information between clients, some formal training during group meetings and one-on-one management assistance.

### Micro Credit Unit Management

Some agencies have developed micro-enterprise credit programs that provide quality services but find that staff are torn apart by internal bickering, low morale and low productivity. Good management is particularly important for micro-enterprise programs because of the large number of clients reached, the volume of loan transactions to be accurately recorded and the ongoing nature of the supervision.

Good management of these projects has two components: a structure that facilitates rather than hinders the unit for achieving its objectives and the hiring, training and motivating of staff that promotes their active and enthusiastic participation. The way the Micro Credit unit can be structured will be discussed first, since a properly structured unit management system will lessen many of the problems of poorly motivated staff and internal bickering that sap the effectiveness of programs.

#### o Management

The effective management of a Micro Credit unit includes seven major elements:

##### 1. Well focused goals and objectives:

Too many programs have foundered because they did not clearly define what it was they were trying to accomplish. Even a project that focuses exclusively on enterprise development such as Micro Credit can lose its focus. Goals of reaching the poor and making as large a profit as possible can contradict each other, for example. Making a profit needs to be balanced with criteria on the size of the loans, the number of clients to be reached, and the number of new clients that should be incorporated into the unit each month. It is the task of the Micro Credit Central Office to establish the goals and objectives of the units, and the means they are to use to achieve them.

2. Commitment to these goals by the Micro Credit unit staff:

The goals, objectives and strategies of the unit need to be internalized by all the staff. To the degree the staff share a common vision and are not working at cross purposes, the unit will tend to work smoothly.

3. Streamlines administrative procedures:

Decisions need to be taken rapidly and moved through channels with as little delay as possible.

4. Good internal controls:

Good internal controls flow from clearly defined objectives and an agile, smoothly working administrative structure. Records of loan applications, loan payback, and other statistics need to be tallied daily. The responsible field staff needs to know immediately if a loan payment has not come in.

It is also important to keep track of the portfolio of each field staff person in terms of the number of clients and payback. In this way, one promoter's performance can be compared to that of others along commonly agreed upon objective criteria.

5. Goals for staff to encourage efficiency:

The incentives for staff to encourage efficiency are a direct outgrowth of the previous steps. If data is kept on each staff member in terms of numbers of clients, payback and other criteria, then the staff who do comparatively better can be rewarded. Those who fall behind can be encouraged to do better and those who are simply not productive can be let go. When the staff feel there are agreed upon criteria for their performance and that the management structure of the unit enables them to do their jobs adequately, they tend to do well. In this type of project, what is remarkable is the degree to which the staff identifies itself with the work they are doing. It is simply more interesting and gratifying than other job opportunities for educated local residents.

6. The inclusion of field staff in the decision making process:

It is the field staff -- who spend most of every day talking to clients, providing management assistance and dealing with payback problems -- who know how the unit is functioning. Yet a major complaint of field

staff is that decisions are made at the top and the ideas of the field staff are rarely taken into consideration. Being involved in decision making improves staff morale and provides a valuable additional source of information for improving the project.

7. The ongoing design and fine tuning of the methodology to make it better fit client needs:

The learning process between units needs to be encouraged by the Micro Credit Central Office. Each Rural Bank unit in Ghana had something to offer as far as ideas it had tried in mobilizing savings or granting loans, but there was little opportunity for units to learn from each other. Micro Credit units should meet each three to six months to encourage this learning process.

o Improving Staff Efficiency and Effectiveness

A well administered project -- one that reflects the seven principles mentioned above -- has taken the most important step to improve staff functioning: providing a structure and a climate that facilitates and encourages their work rather than hinders it. Within this context, how should staff be selected and trained?

1. Staff selection

The most important criteria for staff selection is attitude -- staff that identifies with the mission of Micro Credit and are committed to working with this level of clients. If the staff member believes it is beneath their level of skills to work with micro-businesses, they will probably be condescending and arrogant. Similarly, if they see these clients as poor, dependent people with little potential for improving themselves, they will be unlikely to promote business growth.

Ideally, a staff person would have a willingness to serve, a desire to provide a necessary service without being intrusive, a willingness to work long hours, often outside the usual office hours, an ability to communicate with people at the social level of micro-entrepreneurs, as well as an appreciation for the business owners and the activities they are engaged in. Typically the field staff will be young, often from the educated class, with a strong sense of social mission.

2. Staff training

Once staff are selected, they must be trained. Training starts with a good understanding of the project and the staff person's role. Training will begin at the Micro Credit Central Office, but staff will be apprenticed fairly quickly to units where they can learn their job.

Training is an ongoing process. The field staff need to have the opportunity to come together to share ideas at regular intervals. This is especially important in decentralized programs such as Micro Credit.

3. Staff management

The first rule is that ineffective workers should be let go. Uninterested, arrogant and trouble making staff lead to the demoralization of the others. Making these decisions as quickly as possible helps the rest of the staff recognize they are rewarded for their good efforts. Another general guideline is keeping the staff busy. Often morale sags when staff does not have enough to do or when what they have to do is not well organized. New staff should be hired only when there is a crying need.

**CHAPTER V**

**STAFFING AND PROJECTED FINANCIAL PERFORMANCE  
OF THE  
MICRO CREDIT PROGRAM**

## Staffing the Micro Credit Units and Central Office

### Costs of Staffing, Operating and Equipping the Central Office

The table below shows the staffing pattern of the Central Office over the ten year period. In the first year the Central Office has a staff of six to supervise the first 15 Micro Credit units. The director and the field supervisor share the supervision of the units in the field and the chief accountant handles the financial accounts assisted by a bookkeeper. As the Micro Credit program expands to 30 and 45 units in years two and three, two more field supervisors are added.

In the fourth year the first regional office opens with a deputy director (likely the best field supervisor at the Central Office) a field supervisor, an accountant, a secretary/bookkeeper and a messenger. The regional office adds another field supervisor in the fifth year to supervise the newly created units in the region. In the sixth year the second regional office opens and is staffed the same as the first regional office. A third regional office is opened in the ninth year. The number of Central Office and Regional Office staff increases from 6 the first year to 17 the fourth year to 24 the sixth year and to 33 the ninth year.

TABLE I  
STAFFING OF CENTRAL AND REGIONAL OFFICES

POSITION	YEAR									
	1	2	3	4	5	6	7	8	9	10
<u>Central Off.</u>										
Director	1	1	1	1	1	1	1	1	1	1
Deputy Direct.					1	1	1	1	1	1
Field Super.	1	2	3	4	4	4	4	4	4	4
Chief Account.	1	1	1	1	1	1	1	1	1	1
Accountant				1	1	1	2	2	2	2
Bookkeeper	1	1	1	2	2	2	3	3	3	3
Researcher					1	1	1	1	1	1
Research Ass.							1	1	1	1
Secretary	1	1	1	2	2	2	3	3	3	3
Messenger	1	1	1	1	1	1	1	1	1	1
<u>Total</u>	6	7	8	13	14	14	18	18	18	18
<u>Regional Offices</u>										
Dept. Dir.				1	1	1	2	2	2	3
Field Sup.					1	2	3	4	5	6
Accountant				1	1	2	2	2	3	3
Sec/Book				1	1	2	2	2	3	3
Messenger				1	1	2	2	2	3	3
<u>Total</u>				4	5	9	11	12	16	18



The costs of the Central and Regional Offices are covered by a levy of \$300 per month from the urban offices and \$200 per month from the rural offices. Each group of 15 units contributes \$3,500 per month or \$42,000 per year. This provides sufficient income to cover the costs of staffing and operating the Central and regional offices and for equipping them, including computers, cars and motorcycles.

Staff costs are \$31,000 per year the first year. (Salaries plus 30% benefits). They increase to \$89,000 the fourth year, \$132,000 the sixth year and \$212,000 the tenth year. "Other costs" - rent, electricity, telephone, materials and supplies, printing, transport, maintenance of vehicles, insurance, publicity and training of the staff in the units are \$32,000 the first year, \$42,000 the fourth, \$62,000 the sixth year and reach \$82,000 the tenth year.

The initial loan granted for equipping the Central Office and purchasing computers and vehicles is \$30,000, with new cars and equipment totalling \$39,000 purchased in the fourth and sixth years. Each of the regional offices receives a \$17,000 loan for equipment and vehicles. Loans for equipment are repaid in four years.

Assuming that 15 new units are added to the network each year with each 15 units paying a yearly levy of \$42,000, income should exceed expenses after the third year, with a \$100,000 plus surplus generated after the sixth year.

Starting salaries in the Central Office reflect Latin American pay scales. Salaries will increase 5% per year (calculated in the yearly expenses) for five years. It is assumed that the majority of the staff will turn over in five years to be replaced with new workers who enter at the lowest wage level. The salaries of key staff, the Director, the Deputy Directors and the Chief Accountant who is in charge of the financial department increase 5% per year for the ten year period to help insure key staff remain with the program.

TABLE II  
MONTHLY STARTING SALARIES

POSITION			
Director	\$650	Researcher	\$425
Deputy Director	475	Ass. Research	300
Chief Accountant	475	Secretary	200
Accountant	300	Messenger	100
Bookkeeper	200		

TABLE III  
CENTRAL AND REGIONAL OFFICES  
COST PER YEAR  
(In thousands of dollars)

COSTS	YEAR									
	1	2	3	4	5	6	7	8	9	10
Staff	31	40	46	89	104	132	159	170	188	210
Other costs	32	32	32	42	52	62	71	71	82	82
Equip. Loan	7	7	7	16	8	18	18	10	15	7
<u>Total Costs</u>	70	79	85	147	164	212	248	251	285	299
INCOME	42	84	126	168	210	252	294	336	378	420
Cumulative	(28)	(23)	18	39	85	125	171	256	349	470

## Costs of Staffing, Operating and Equipping The Unit Offices

The typical urban unit will have a staff of seven: a director, an accountant, four field staff and a guard/messenger. One or two of the field staff will be trainees preparing themselves to work in the new units being created. The rural units will have five to six staff. Each of the field staff will be responsible for approximately 60 solidarity groups with five members each, or approximately 300 clients.

Field staff will have the major responsibility for training the groups, looking into repayment problems and orienting new borrowers. The accountant will track the loan and the savings accounts with the field staff doing double duty as cashiers and bookkeepers when payments are being made. The director will coordinate the other unit staff, help the field staff with difficult repayment problems and take a major role in running the training sessions in the unit office.

Reflecting typical Latin American salary levels, at the unit level the starting salary for the director is \$325 per month, the head accountant receives \$250, the senior field workers \$250, the junior field workers \$200 and, to complete the team, the messenger/guard receives \$100 per month. Trainee salaries will average \$175 per month. (30% social benefits are in addition).

Other operational costs - the fee to the Central Office, rent, electricity, telephone, materials and supplies, transport, maintenance of vehicles, insurance - vary with the type of unit. These costs total \$900 a month for the rural units. These costs are slightly less for the urban market units that do not have transportation costs but pay higher rent. They are somewhat higher for the urban units that also have to pay more for rent and have motorcycles to maintain.

The basic cost for equipping a unit office is approximately \$4,000. This includes desks, chairs, calculators, file cabinets, a typewriter, a large table, fifty folding chairs for clients, a safe and other miscellaneous items. Motorcycles cost an additional \$1,200 each (the rural units have three, the urban units two and the urban market none) and are replaced after four years of use.

## Financial Performance of the Micro Credit Program

To review briefly, Micro Credit is designed to reach significant numbers of small farmers and urban and rural micro-business owners, generate enough savings to fund unit revolving

loan funds, and by streamlining operational costs and charging a high enough interest on loans, make a profit. These goals are achieved by the individual units after seven or eight years of successful operation (depending on the type of unit). They are achieved in large part by the network of Micro Credit units as it builds 15 units a year to 150 offices by the end of the tenth operational year.

Each unit will receive initial loans (at the local commercial interest rate here assumed to be 8%) channeled through the Micro Credit Central Office to fund their revolving loan funds, to subsidize operational costs while their client base builds, and to purchase equipment. They will repay the loans made for the short term loan fund from borrower savings. The operational subsidy and equipment loans will be repaid through the interest charged on loans.

Savings are invested in part (65%) in the short term loan fund that provides loans principally for working capital. Part of the savings (30%) are also invested in a long term loan fund that is granted to individuals from groups who have a successful track record with the unit and a demonstrated need to purchase fixed assets - machinery, equipment, installations. The third use of borrower savings (the remaining 5%) is to build cash and secondary reserves to cover requests for savings withdrawals and other short term needs.

Savings are mobilized from four sources: forced savings - a percentage of the face value of the loan deposited with the interest and principal payment on the loan each month -, the voluntary savings of borrowers above the required amount, the savings left on deposit by clients who left the program and other savings mobilized in the community. For the projections these three sources of savings are assumed to total three percent of the active loan portfolio.

Of the "savings available for investment" (the actual savings less withdrawals here assumed to be 25% of total savings), 65% is invested in the short term loan fund, 30% in the long term loan fund and 5% in cash and secondary reserves.

As these accounts build to a maximum value, "excess savings" will be loaned to the Micro Credit Central Office for investment in new units. For the short term loan fund the maximum amount is \$453,000, \$382,200 and \$271,800 for the urban, urban market, and rural units respectively. For the long term loan fund the maximum is \$300,000, \$250,000 and \$200,000 respectively. The short term loan limits are reached the seventh year of the operation of each unit. The long term limits are reached between the eighth and ninth year. In addition, once the unit has \$5,000

of cash on hand, the excess accumulating in the fund is loaned to the Central Office to be invested in certificates of deposit or other highly liquid accounts that can be withdrawn on short notice. These are the secondary reserves of the unit.

Interest payments on loans are used to cover operations - staff salaries and the other costs of operating the office, the interest on loans provided by the Central Office to capitalize the short term loan fund, the repayment of the interest and principle on loans for equipment, the repayment of interest and principle on the operational subsidy loan, and the interest paid on short term savings. Interest is collected on short term and long term loans at 2% of the face value of the loan per month. Funds loaned by the unit to the Central Office earn 8% per annum.

For the typical rural office the amount lent to the Central Office (interbank lending) is fairly insignificant until the eighth and ninth year. By the tenth year the rural units have lent \$109,000 to the Central Office. For the urban units by the tenth year this amount totals \$436,000 and for the urban market units \$307,000. According to this model the interbank lending accounts of the earliest units created by the program become a significant factor in funding the expansion of new Micro Credit units in the ninth and tenth years.

Showing the efficiency of the Micro Credit model, costs for staffing the office and other direct office expenses (including the levy to cover the costs of the Central Office) decrease from five cents per dollar lent at the end of year one, to one cent per dollar lent in years three through ten. The rest of the costs are to repay loans made to the unit and interest on savings.

With these low operational costs, the units become quite profitable after they have repaid their start up loans. The typical rural unit starts to make a profit in month one of year eight and retains the first \$2,000 per month to increase staff salaries, to provide incentives for good performance, add new staff, reequip the office, or purchase or improve the unit offices.

Profits in excess of \$2,000 per month are lent to the Central Office at 8% per annum to be invested in the expansion of the program. For the rural units this amount is nearly \$1,000 per month by the end of the eighth year, and \$2,000 a month the end of the ninth year and the tenth year. For the urban units this amount reaches \$7,000 a month in the tenth year and for the urban market units \$4,700 a month.

For the rural units the loan for equipping the office is completely repaid in month 10 of the sixth year, the operational subsidy loan is repaid in month 12 of the seventh year, and the last interest payment on the loan to fund the short term loan fund is repaid in month 2 of the ninth year. At this point the only costs are the direct operational costs and the interest on paid on savings deposited in the unit.

Within the parameters outlined above a typical urban office could be expected to achieve these results over the projected ten year period:

- o The unit would have 600 clients by the end of the first year and 1,200 by the end of the second year. Borrowers would be divided equally between "micro" and "small" clients.
- o The short term loan fund to serve these clients would be \$80,000 the first year, build to \$433,000 the fifth year and remain at the \$453,000 level through the tenth year. The fund would be financed through a combination of loans extended through the Central Office, and the investment of 65% of borrower savings.
- o The long term loan fund, built through investing 30% of the savings available for investment would total \$3,000 the first year, \$110,000 the fifth year and reach its maximum of \$300,000 the end of the eighth year.
- o The unit would develop cash reserves of \$5,000 through the investment of the remaining 5% of borrower savings. Amounts in excess of \$5,000 would be lent to the Central Office. These would constitute the secondary reserves.
- o Savings available for investment in the unit would reach \$10,000 the first year. By the end of the fifth year this fund would have built rapidly to \$344,000; it will have grown to \$887,000 by the end of the tenth year.

- o External financing will be required to see the unit through the early years while savings and interest income accumulate. The short term loan fund would require \$73,000 in outside dollars the first year and an additional \$135,000 the second year. The external financial requirement for the short term fund would decrease rapidly to \$72,000 of new financing the third year and \$7,000 the fourth year, reflecting the increase in internally generated savings. Borrower savings invested in the short term fund would repay the external loan to the unit by the eighth year.
- o External funding for operational subsidies would be \$30,000 the first year, \$23,000 the second year and decrease to \$1,000 the third year. This loan to the unit would also be repaid by the eighth year from the interest charged on loans.
- o Income will exceed costs in the fifth year and the unit will have an additional \$8,000 in retained profits to invest in the unit the fifth year. The profits retained by the unit will increase to \$24,000 a year in the sixth through the tenth year, with profits in excess of this amount loaned to the Micro Credit Central Office.
- o Savings in excess of the amount required to fund the short term and long term loan fund, and profits not retained in the unit, would be lent to the Micro Credit Central Office to invest in the expansion of the program. These amounts become significant in the eighth through the tenth years with \$55,000 lent to the Central Office in year eight, \$173,000 more in year nine and \$184,000 more in year ten. These funds become a major factor in financing the continued expansion of the Micro Credit program.



Tables 1a, 1b and 1c summarize the performance of the urban, urban market and rural units over the ten year period. The tables are largely self explanatory but a few clarifications might be useful:

- o The savings invested in the short term loan fund exceed the short term loan portfolio in years nine and ten. The "excess" is lent to the interbank lending account.
- o In the operational cash flow section, income, costs and profits retained by the local institution are yearly figures.

**MICRO-ENTERPRISE LOAN INSTITUTION PROFILE**

**TABLE 1a:  
LARGE URBAN FINANCIAL INSTITUTION  
SINGLE PROGRAM**

(In 0 Thousands)

	Year									
	1	2	3	4	5	6	7	8	9	10
<b>TOTAL CLIENTS</b>	600	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<b>SHORT TERM LOAN PORTFOLIO</b>	80	243	369	422	443	453	453	453	453	453
<b>LONG TERM LOAN FUND</b>	3	16	41	72	110	172	251	300	300	300
<b>SAVINGS AVAILABLE</b>										
-SHORT TERM LOAN FUND	7	35	89	157	229	302	374	445	514	582
-LONG TERM LOAN FUND	3	16	41	72	110	172	251	300	300	300
-CASH RESERVES	1	3	5	5	5	5	5	5	5	5
<b>FINANCING REQUIRED</b>										
-SHORT TERM LOAN PORTFOLIO	73	136	72	7	0	0	0	0	0	0
-OPERATIONAL SUBSIDY	30	23	1	0	0	0	0	0	0	0
<b>OPERATIONAL CASH FLOW</b>										
-INCOME	8	37	78	107	121	135	152	170	180	193
-COSTS	38	60	74	81	82	82	81	81	83	88
-PROFITS RETAINED BY LOCAL INSTITUTION	0	0	0	0	8	24	24	24	24	24
-MONIES SENT TO INTERBANK LENDING RESERVE ACCOUNT	0	0	2	5	6	6	6	55	173	184

**MICRO-ENTERPRISE LOAN INSTITUTION PROFILE**

**TABLE 1b:  
JORDAN MARKET FINANCIAL INSTITUTION  
SIMPLE PROGRAM**

(In \$ Thousands)

	Year 1	2	3	4	5	6	7	8	9	10
<b>TOTAL CLIENTS</b>	600	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
<b>SHORT TERM LOAN PORTFOLIO</b>	69	208	313	356	374	382	382	382	382	382
<b>LONG TERM LOAN FUND</b>	3	14	35	62	90	130	184	250	250	250
<b>SAVINGS AVAILABLE</b>										
-SHORT TERM LOAN FUND	6	30	76	134	194	256	317	377	435	492
-LONG TERM LOAN FUND	3	14	35	62	90	130	184	250	250	250
-CASH RESERVES	0	2	5	5	5	5	5	5	5	5
<b>FINANCING REQUIRED</b>										
-SHORT TERM LOAN PORTFOLIO	63	115	58	4	0	0	0	0	0	0
-OPERATIONAL SUBSIDY	27	23	3	0	0	0	0	0	0	0
<b>OPERATIONAL CASH FLOW</b>										
-INCOME	7	32	67	90	102	112	123	136	148	157
-COSTS	34	55	66	71	74	73	72	72	74	78
-PROFITS RETAINED BY LOCAL INSTITUTION	0	0	0	0	0	22	24	24	24	24
-MONIES SENT TO INTERBANK LENDING RESERVE ACCOUNT	0	0	1	4	5	5	5	11	134	142



**MICRO-ENTERPRISE LOAN INSTITUTION PROFILE**

**TABLE 1c:  
RURAL INSTITUTION MODEL  
SINGLE PROGRAM**

(In \$ Thousands)

	Year									
	1	2	3	4	5	6	7	8	9	10
<b>TOTAL CLIENTS</b>	360	720	720	720	720	720	720	720	720	720
<b>SHORT TERM LOAN PORTFOLIO</b>	48	146	221	253	266	272	272	272	272	272
<b>LONG TERM LOAN FUND</b>	2	10	25	43	63	84	104	131	200	200
<b>SAVINGS AVAILABLE</b>										
-SHORT TERM LOAN FUND	4	21	53	94	137	181	225	267	309	349
-LONG TERM LOAN FUND	2	10	25	43	63	84	104	131	200	200
-CASH RESERVES	0	2	4	5	5	5	5	5	5	5
<b>FINANCING REQUIRED</b>										
-SHORT TERM LOAN PORTFOLIO	44	81	43	4	0	0	0	0	0	0
-OPERATIONAL SUBSIDY	30	22	7	0	0	0	0	0	0	0
<b>OPERATIONAL CASH FLOW</b>										
-INCOME	5	22	47	64	72	78	83	88	98	109
-COSTS	35	44	54	59	61	60	56	55	57	60
-PROFITS RETAINED BY LOCAL INSTITUTION	0	0	0	0	0	0	0	24	24	24
-MONEY SENT TO INTERBANK LENDING RESERVE ACCOUNT	0	0	0	2	3	3	3	3	6	87

## Financial Performance of the Micro Credit Program

The Micro Credit model assumes the creation of 150 units by the tenth year, and these projections are based on the creation of 15 new units a year. During that period:

- o The number of clients will have increased from 6,600 in year one to 59,400 in year five to 125,400 by year ten;
- o The short term loan portfolio of all the units will have increased from close to \$17 million in year five to \$40.846 million in year ten;
- o The long term loan fund will have increased from 2.5 million in year five to 15.8 million in year ten; and,
- o By the end of the fifth year borrowers will have saved over \$13 million. This amount increases to close to \$46 million in year ten.

From the perspective of an aid agency or potential commercial credit source, however, the most significant statistic is the amount of external financing required to achieve this level of growth. This is the amount that the Micro Credit Central Office must borrow from local banks at commercial interest rates to continue the expansion of the program at the rate of 15 new units per year less the investment of savings and profits loaned to the Central Office by the units.

In the first year the external funding needs for the short term loan fund for the first 15 units is \$782,000, for the 30 units in the second year it is \$2,233,000, for the 45 units in the third year it is \$2,990,000. From year four through year ten, as the program builds from 60 to 150 units, the program requires a constant \$3,070,000 in new loan funds each year. This stable level of funding reflects the increasing investment of client savings in the short term loan fund. Savings in the fund increase from \$1,392,000 in year three to \$8,754,000 in year six to \$17,416,000 in year eight to \$29,235,000 in year ten.

In addition to the client savings invested in the short term loan fund, loans to the Central Office from the units cover an increasing amount of the \$3,070,000 in new investment needed each year. These transfers from the units to the Central Office cover only 2% of the \$3,070,000 in new investment in year four and that amount increases slightly to 6% in year six. As the individual units that have been with the program the longest reach their portfolio limits for the short and long term loan funds and begin to earn profits above the \$2,000 per month retained by the units, the amount loaned to the Central Office increases rapidly. In

year nine 43% of the \$3,070,000 is covered by funds loaned to the Central Office by the units, in year ten this amount increases to 98%. In this year the external funding requirements for the short term loan fund are only \$54,000 of the \$3,070,000 needed to fund the short term loan funds of the new units. The program should be able to finance its own expansion in year eleven.

The other requirement for external funding is the shortfall between unit income and costs. "Operational subsidy" loans increase from \$447,000 in year one to \$784,000 in year two. In years three through ten external funding for operational subsidies stabilizes at \$861,000 and remains at that level. The units should generate enough internally to cover this \$861,000 a year deficit by year eleven.

To sum up, for the short term loan fund this expansion will have required a total of \$22,164,000 in loans from local banks and other credit sources over the ten year period. It will have required an additional \$8,119,000 in loans for operational subsidies. This is a fairly modest short term investment in a program that will serve 135,000 business clients when it is fully developed, and that will be able to finance its own expansion from funds saved locally in the eleventh year of operations.

Table 2 summarizes the performance of a typical group of 15 new units - two urban market, 3 large urban and 10 rural - over ten years. Table 3 shows the development of the program to 150 units through year ten.

The month to month performance of the urban, urban market and rural units is included in Annex I. A careful study of these spreadsheets provides a much more detailed understanding of the model. The floppy disks that generate the spreadsheet provide a convenient tool for a program planner who wants to change the assumptions of the Micro Credit model to fit local conditions. The ways these spreadsheets can be modified by users with access to Lotus 1,2,3, or Mosaic Twin software and an IBM or IBM compatible computer are included in Annex II.

MICRO-ENTERPRISE LOAN INSTITUTION PROFILE

TABLE 2:  
 MIXED INSTITUTIONAL MODEL  
 15 PROGRAMS (2 URBAN MARKET, 3 LARGE URBAN, 10 RURAL)

(In \$ Thousands)

	Year									
	1	2	3	4	5	6	7	8	9	10
TOTAL CLIENTS	6,600	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200
SHORT TERM LOAN PORTFOLIO	854	2,603	3,946	4,506	4,730	4,841	4,841	4,841	4,841	4,841
LONG TERM LOAN FUND	34	171	438	776	1,144	1,614	2,158	2,706	3,400	3,400
SAVINGS AVAILABLE										
-SHORT TERM LOAN FUND	73	371	949	1,681	2,450	3,231	4,003	4,759	5,498	6,220
-LONG TERM LOAN FUND	34	171	438	776	1,144	1,614	2,158	2,706	3,400	3,400
-CASH RESERVES	6	29	66	75	75	75	75	75	75	75
FINANCING REQUIRED										
-SHORT TERM LOAN PORTFOLIO	782	1,451	765	73	0	0	0	0	0	0
-OPERATIONAL SUBSIDY	447	337	77	0	0	0	0	0	0	0
OPERATIONAL CASH FLOW										
-INCOME	86	396	839	1,143	1,288	1,413	1,532	1,656	1,819	1,984
-COSTS	533	733	891	974	1,008	991	951	939	963	1,019
PROFITS RETAINED BY LOCAL INSTITUTION	0	0	0	0	24	116	120	250	360	360
LOANS SENT TO INTERMEDIARY LENDING RESERVE ACCOUNT	0	0	0	49	59	60	59	220	851	1,711



CRO-ENTERPRISE LOAN INSTITUTION PROFILE

TABLE 3:  
FIXED INSTITUTIONAL MODEL  
50 PROGRAMS (20 URBAN MARKET, 30 LARGE URBAN, 100 RURAL)

(in \$ Thousands)

	Year									
	1	2	3	4	5	6	7	8	9	10
TOTAL CLIENTS	6,600	19,800	33,000	46,200	59,400	72,600	85,800	99,000	112,200	125,400
SHORT TERM LOAN PORTFOLIO	854	3,458	7,404	11,909	16,539	21,480	26,322	31,163	36,005	40,846
LONG TERM LOAN FUND	34	205	642	1,418	2,563	4,176	6,335	9,040	12,440	15,840
SAVINGS AVAILABLE										
SHORT TERM LOAN FUND	73	443	1,392	3,073	5,523	8,754	12,757	17,516	23,015	29,235
LONG TERM LOAN FUND	34	205	642	1,418	2,563	4,176	6,335	9,040	12,440	15,840
CASH RESERVES	6	34	100	175	250	325	400	475	550	625
FINANCING REQUIRED										
SHORT TERM LOAN PORTFOLIO	782	2,233	2,937	3,070	3,070	3,070	3,070	3,070	3,070	3,070
EXTERNAL FINANCING (NET INTERBANK LENDING)	782	2,233	2,990	3,014	2,955	2,895	2,835	2,615	1,764	54
OPERATIONAL SUBSIDY	447	784	861	861	861	861	861	861	861	861
OPERATIONAL CASH FLOW										
INCOME	86	483	1,322	2,465	3,753	5,166	6,698	8,354	10,173	12,157
COSTS	533	1,266	2,158	3,131	4,139	5,131	6,081	7,021	7,983	9,002
PROFITS RETAINED BY LOCAL INSTITUTION	0	0	0	0	24	140	260	620	980	1,340
LOANIES SENT TO INTERBANK LENDING RESERVE ACCOUNT	0	0	8	57	116	176	235	456	1,306	3,017
LOANIES IN INTERBANK ACCOUNT NET OF INTERNAL FINANCING (CUM.)										



**CHAPTER VI**

**IMPLICATIONS FOR USAID**

This report has drawn together the most encouraging micro lending experiences worldwide to demonstrate that a large scale, potentially profit making financial intermediary for the informal sector is possible and that this option should be seriously explored. According to the projections, micro credit should be almost entirely self-sufficient by the tenth year of operations.

Micro Credit is a "best guess" of where a planner could begin the design process for starting such a program in a specific country. Doubtless there will be many modifications reflecting the legal structure, the availability of funds from local banks, the inputs donors are willing to contribute and local interest, leadership and opportunities. In an operational program the scale could be larger than one hundred and fifty units, or a half or even a third this size and still be financially viable.

The most likely option would be to stage the implementation of the program. Working with a few units the methodology would be perfected and leadership developed. Providing the initial program were successful, the expanded program could be sold to the ministries, the bankers and the international donors.

USAID's relation with the program could take many forms. AID, hopefully in conjunction with local agencies, could underwrite the costs of the initial feasibility studies and the project design. It would also very likely be called on to support the costs of an advisor to the program who would get the program legalized and underway. Once the program was underway, AID could guarantee the loans made by private banks and other financial institutions to Micro Credit. It might also grant some of its own funds to the start up capital needs of the Central Office and the units for equipment and operational subsidies.

Whatever the relation AID has with the project, this paper represents only the first step. An operational plan to implement Micro Credit would involve these stages:

#### Continuing design phase

- o Perfect the initial design with inputs from the international financial community, AID and other potential donors.
- o Present the perfected design to AID, and other possibly interested donors.
- o Circulate the revised design to AID missions and appropriate AID/W offices.

- o Identify missions willing to explore supporting a Micro Credit type program.

Pre start-up phase (For the most interested countries)

- o Visit missions to further explore their interest in funding and supporting the program.
- o Within each country:
  - Identify the appropriate legal structure for Micro Credit.
  - Develop a specific proposal for establishing the Micro Credit program.
  - Obtain approvals from government, donor and commercial lending sources.
  - Legalize Micro Credit.
  - Receive initial funding from donors, commercial sources and others.

Start up phase (For a country that has completed the pre-start up steps)

- o Hire and train the nucleus of the Central Office staff.
- o Rent and equip the Central Office.
- o Develop operational procedures.
- o Perfect and install the computer system for monitoring the performance of the unit offices.
- o Select sites for the initial Micro Credit units.
- o Select and train staff for the unit offices.
- o Begin program operations.

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**ANNEX I**

**TEN YEAR MONTHLY PROJECTIONS FOR MICRO CREDIT UNITS**

## Explanation Of The Spreadsheet

Variables are presented in the order they appear on the spreadsheet:

### Types of Micro Credit Units

There are three types of Micro Credit presented in the spreadsheets:

- Large urban units serving the needs of micro industries, services and petty commerce in neighborhoods where there is a concentration of informal sector activity;
- Urban market units serving primarily the needs of market stall holders and peddlers working in major markets and secondarily the owners of micro industries and services working in or close to the market;
- Rural units serving the short term credit needs of small farmers, renters and sharecroppers, the off farm businesses of these farmers, and micro industries, services and petty businesses located in villages and small towns.

### Short Term Loans

#### Micro/Small Loan Clients Cumulative

In all units the number of clients builds to the end of the second year and levels off. The urban and urban market units are projected to grow to 1,200 clients, while rural units working in less densely populated areas are projected to grow to 720 clients. While the number of clients is assumed to be constant after the second year, the typical client will stay with the program three or four years and be replaced with new clients entering the unit.

#### Maximum Loan Value (Micro/Small)

Loans in the short term fund are provided in incremental amounts starting at \$60 and building to \$230 at the micro level and starting at \$150 and building to \$525 at the small loan level. After paying the loan on time the client is eligible for the next larger size loan, the same size or a smaller loan depending on the needs of the business.

In an operational unit the maximum loan might be larger than \$230 or \$525 for clients who had been with the program for more than two years. Maximum loan values have been kept low to approximate the effect of old clients leaving the program at higher loan levels and new clients entering the unit at the lowest loan levels.

### Average Micro/Small Loans

Since clients enter the unit at different times, they are at different loan levels. Average micro/small loans is a calculation of the average loan size of all borrowers of all loan sizes during a month.

### Total Loan Portfolio

The total loan portfolio is the cumulative amount lent to small and micro clients. For ease of calculation it was assumed clients would pay the principle of the previous loan as they received their next loan. (After three months with micro loans and after six months with small loans). In an operational program loans would be paid in monthly or weekly installments.

### Loan Losses

Well managed programs serving this level of clients will write off between one and two percent of their active loan portfolio each year. Loan losses are calculated at two percent per year and are recorded on the spreadsheet each month. In an operational unit loans would be written off in six months, so "loan losses" is closer to a loan loss reserve account. Loan losses are the sum of  $.0016 \times$  the monthly active loan portfolio during the month. ( $.0016 \times 12 = 2\%$ )

### Savings

Clients will be required to save a certain percentage of the value of their loan each month (forced savings). Clients may save in addition to this amount and savings may also be mobilized from community members who do not take out loans but who want a safe, convenient and accessible place to invest their savings. Savings per month and cumulative savings is an estimate of forced savings, voluntary savings of loan clients and the savings of non-borrowers mobilized in the community and was assumed to be equivalent to 3% of the total short term loan portfolio each month, minus losses.

## Savings Withdrawn/Savings Available For Investment

Clients have free access to their savings. The model assumes 25% of the savings deposited will have been withdrawn. The amount remaining is the savings available for the unit to invest.

## Sources of Funds

### Additional Monies Loaned This Month

Increase in the short term loan fund this month.

#### Savings/short term fund (cum)

Of the savings available for investment 65% is transferred to the short term loan fund. Savings are transferred to this fund until the funds loaned to the unit by the Micro Credit Central Office for the short term credit fund are repaid. After the Central Office loan is repaid, the excess is transferred to the long term loan fund, until the long term fund reaches the maximum values of \$300,000 in the large urban units, \$250,000 in the urban market units and \$200,000 in the rural units. Funds in excess of this amount will be transferred to interbank lending for investment in new units.

#### Savings/short term (monthly)

The amount entering this fund each month.

#### Net cash flow (monthly)

The amount invested in the funds mentioned above.

#### External financing (monthly)

Since savings will not cover the demand for loans in the first years, the balance is made up from loans from commercial sources extended through the Micro Credit Central Office. The amount invested builds to a maximum value and is then repaid as the savings invested in the short term loan fund continue to build. External financing (monthly) records the loan to the unit this month for the short term loan fund.

#### Principle repayment

The repayment of the external financing loan begins when the unit generates savings in excess of the amount needed to cover the increase in the short term loan fund.



### External financing (cumulative)

The cumulative amount of external financing (monthly). When this line reaches zero the loan to the unit for the short term loan fund has been canceled.

### Cash reserves

Five percent of the savings available for investment will be transferred to the cash reserve account to meet the demand for savings withdrawals, petty cash, etc. The first \$5,000 deposited in this account will be kept in cash at the unit. When this amount exceeds \$5,000 the excess will be placed in the interbank lending/reserve account and transferred to the Micro Credit Central Office where it will draw 8% per annum interest. These funds are available on demand and represent the unit's secondary reserves.

### Long term loan fund

The remaining thirty percent of the savings available for investment will be transferred to the long term loan fund for the use of clients with excellent repayment records and a demonstrated need. This fund will be invested in fixed assets such as equipment and machinery or for improving shops stalls and installations.

### From short term loan fund

Once the external financing loan is repaid, the excess of the short term repayment fund will be invested in the long term loan fund.

### Interbank lending/reserve account

Micro Credit's expansion into new areas will be funded in large part through savings generated locally in the established units. The interbank lending/reserve account is the savings transferred to this account once the external financing debt is canceled and the long term loan account builds to its maximum value. It also includes the profits over \$2,000 per month generated by the unit, and the cash reserves over \$5,000.

## Income

### Short Term/Long Term Loans

The interest charged on short term and long term loans to program clients is 2% per month.

### Interbank Lending

Savings and excess profits are loaned to the Micro Credit Central Office at the prevailing commercial interest rate considered here to be 8% per annum.

### Total Interest

The income from the three types of loans will cover costs including operations, repayment of loans to the unit and interest on savings.

### Costs

#### Operations

Staff salaries and social benefits, rent and utilities, office supplies, gasoline, insurance and maintenance of motorcycles, publicity, printing and a monthly \$300 fee (\$200 for rural units) to the Central Office to cover the costs of the services provided the unit.

#### External Financing Loan (interest)

Interest payments on the loans made to the unit for the short term loan fund.

#### Equipment Loans

Payments to the Central Office to cover the principal and interest charges on loans made to equip the unit office. This includes motorcycles, desks, chairs, calculators, a safe and other office furniture.

#### Interest On Operational Subsidy

Interest payments on loans to cover the operational subsidy of the unit before interest income is sufficient to cover unit costs.

#### Interest On Savings

Five percent per annum for funds on deposit.

### Operational Subsidy

The operational subsidy is the loan made to the unit each month to cover the costs of operating the unit. As interest income increases, the amount of monthly operational loan will decrease.

Once the cumulative operational subsidy has been paid the unit will begin to earn a profit. Each unit will retain the first \$2,000 of its profits each month and profits will be used to increase staff salaries, to provide salary bonuses as incentives for efficiency, add additional staff, purchase new equipment, or improve or purchase the unit offices. The remaining profits will be transferred to the interbank loan fund.

**PART I**

**URBAN UNITS**

LARGE URBAN FINANCIAL INSTITUTION MODEL	FIRST YEAR											
	1	2	3	4	5	6	7	8	9	10	11	12
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	5250	5250	5250	5750	5750	5750	7500	7500	7500	8000	8000	8000
Savings/Short Term Loan Fund (cum.)	0	153	383	696	1092	1572	2161	2858	3663	4584	5620	6772
Savings/short term (monthly)	0	153	230	313	397	480	589	697	805	921	1036	1151
Net cash flow (monthly)	-5250	-5097	-5020	-5437	-5353	-5270	-6911	-6803	-6695	-7079	-6964	-6849
External financing (monthly)	5250	5097	5020	5437	5353	5270	6911	6803	6695	7079	6964	6849
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	5250	10347	15367	20804	26158	31428	38339	45142	51837	58916	65880	72728
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	0	12	29	54	84	121	166	220	282	353	432	521
Long Term Loan Fund	0	71	177	321	504	725	997	1319	1691	2116	2594	3125
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	0	0	0	0	0
<b>INCOME</b>												
Short Term Loans	0	105	209	314	428	542	656	805	953	1101	1259	1417
Long Term Loans	0	1	4	6	10	15	20	26	34	42	52	63
Interbank Lending	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL INCOME FROM INTEREST</b>	<b>0</b>	<b>106</b>	<b>213</b>	<b>320</b>	<b>438</b>	<b>557</b>	<b>676</b>	<b>831</b>	<b>987</b>	<b>1144</b>	<b>1311</b>	<b>1479</b>
<b>COSTS</b>												
Operations	2623	2623	2623	2623	2623	2623	2623	2623	2623	2623	2623	2623
External Financing Loan (interest)	35	69	102	139	174	210	256	301	346	393	439	485
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	112	112	113	114	115	115	116	117	118	119	119	120
Interest Paid	43	43	42	41	40	40	39	38	37	36	36	35
Remaining Principal	6388	6276	6162	6049	5934	5818	5702	5585	5467	5349	5230	5109
Interest on operational subsidy	19	37	56	73	91	108	124	140	156	171	185	198
Interest on Short Term Savings	0	1	2	4	7	10	14	18	23	29	36	43
<b>TOTAL COSTS</b>	<b>2832</b>	<b>2885</b>	<b>2938</b>	<b>2995</b>	<b>3050</b>	<b>3105</b>	<b>3172</b>	<b>3238</b>	<b>3303</b>	<b>3371</b>	<b>3438</b>	<b>3505</b>
<b>NET CASH FLOW (income-costs)</b>	<b>-2832</b>	<b>-2779</b>	<b>-2725</b>	<b>-2674</b>	<b>-2612</b>	<b>-2549</b>	<b>-2496</b>	<b>-2406</b>	<b>-2316</b>	<b>-2227</b>	<b>-2127</b>	<b>-2025</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	2832	2779	2725	2674	2612	2549	2496	2406	2316	2227	2127	2025
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	2832	5611	8336	11011	13623	16171	18667	21073	23389	25616	27743	29769
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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LARGE URBAN FINANCIAL INSTITUTION MODEL	FIRST YEAR											
	1	2	3	4	5	6	7	8	9	10	11	12
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	25	50	75	100	125	150	175	200	225	250	275	300
Small Loan Clients (cum.)	25	50	75	100	125	150	175	200	225	250	275	300
TOTAL LOAN CLIENTS (cum.)	50	100	150	200	250	300	350	400	450	500	550	600
Maximum Loan Value (micro)	60	60	60	80	80	80	100	100	100	120	120	120
Maximum Loan Value (small)	150	150	150	150	150	150	200	200	200	200	200	200
Micro Loans this Month	1500	1500	1500	2000	2000	2000	2500	2500	2500	3000	3000	3000
Total Micro Loans (cum.)	1500	3000	4500	6500	8500	10500	13000	15500	18000	21000	24000	27000
Average Micro Loans	60	60	60	65	68	70	74	78	80	84	87	90
Small Loans this Month	3750	3750	3750	3750	3750	3750	5000	5000	5000	5000	5000	5000
Total Small Loans (cum.)	3750	7500	11250	15000	18750	22500	27500	32500	37500	42500	47500	52500
Average Small Loans	150	150	150	150	150	150	157	163	167	170	173	175
Micro Loan Portfolio	1500	3000	4500	6500	8500	10500	13000	15500	18000	21000	24000	27000
Small Loan Portfolio	3750	7500	11250	15000	18750	22500	27500	32500	37500	42500	47500	52500
<b>TOTAL SHORT TERM LOAN PORTFOLIO</b>	<b>5250</b>	<b>10500</b>	<b>15750</b>	<b>21500</b>	<b>27250</b>	<b>33000</b>	<b>40500</b>	<b>48000</b>	<b>55500</b>	<b>63500</b>	<b>71500</b>	<b>79500</b>
Micro loan losses	3	5	8	11	14	18	22	26	30	35	40	45
Micro Loan Portfolio (less losses)	1498	2993	4485	6474	8460	10443	12921	15395	17865	20830	23790	26745
Small loan losses	6	13	19	25	31	38	46	54	63	71	79	88
Small Loan Portfolio (less losses)	3744	7481	11213	14938	18656	22369	27323	32269	37206	42135	47056	51969
Total losses this month	9	18	26	36	45	55	68	80	93	106	119	133
Total losses (cumulative)	9	26	53	88	134	189	256	336	429	535	654	786
<b>TOTAL LOAN PORTFOLIO (less losses)</b>	<b>5241</b>	<b>10474</b>	<b>15698</b>	<b>21412</b>	<b>27116</b>	<b>32811</b>	<b>40244</b>	<b>47664</b>	<b>55071</b>	<b>62965</b>	<b>70846</b>	<b>78714</b>
<b>SAVINGS</b>												
Per Month		314	471	642	813	984	1207	1430	1652	1889	2125	2361
Cumulative		314	785	1427	2241	3225	4433	5863	7515	9404	11529	13890
Savings Withdrawn		79	196	357	560	806	1108	1466	1879	2351	2882	3473
Savings available for investment (cum.)		236	589	1071	1681	2419	3324	4397	5636	7053	8647	10418

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LARGE URBAN FINANCIAL INSTITUTION MODEL	SECOND YEAR											
	13	14	15	16	17	18	19	20	21	22	23	24
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	325	350	375	400	425	450	475	500	525	550	575	600
Small Loan Clients (cum.)	325	350	375	400	425	450	475	500	525	550	575	600
TOTAL LOAN CLIENTS (cum.)	650	700	750	800	850	900	950	1000	1050	1100	1150	1200
Maximum Loan Value (micro)	140	140	140	160	160	160	180	180	180	200	200	200
Maximum Loan Value (small)	300	300	300	300	300	300	450	450	450	450	450	450
Micro Loans this Month	3500	3500	3500	4000	4000	4000	4500	4500	4500	5000	5000	5000
Total Micro Loans (cum.)	30500	34000	37500	41500	45500	49500	54000	58500	63000	68000	73000	78000
Average Micro Loans	94	97	100	104	107	110	114	117	120	124	127	130
Small Loans this Month	7500	7500	7500	7500	7500	7500	11250	11250	11250	11250	11250	11250
Total Small Loans (cum.)	60000	67500	75000	82500	90000	97500	108750	120000	131250	142500	153750	165000
Average Small Loans	185	193	200	206	212	217	229	240	250	259	267	275
Micro Loan Portfolio	30500	34000	37500	41500	45500	49500	54000	58500	63000	68000	73000	78000
Small Loan Portfolio	60000	67500	75000	82500	90000	97500	108750	120000	131250	142500	153750	165000
TOTAL SHORT TERM LOAN PORTFOLIO	90500	101500	112500	124000	135500	147000	162750	178500	194250	210500	226750	243000
Micro loan losses	51	57	63	69	76	83	90	98	105	113	122	130
Micro Loan Portfolio (less losses)	30194	33638	37075	41006	44930	48848	53258	57660	62035	66342	71820	76690
Small loan losses	100	113	125	138	150	163	181	200	219	238	256	275
Small Loan Portfolio (less losses)	59369	66756	74131	81494	88844	96181	107250	118300	129331	140344	151338	162313
Total losses this month	151	169	188	207	226	245	271	298	324	351	378	405
Total losses (cumulative)	937	1106	1294	1500	1726	1971	2243	2540	2864	3215	3593	3995
TOTAL LOAN PORTFOLIO (less losses)	89563	100394	111206	122500	133774	145029	160308	175960	191386	207285	223158	239003
<b>SAVINGS</b>												
Per Month	2687	3012	3336	3675	4013	4351	4815	5279	5742	6219	6695	7170
Cumulative	16577	19589	22925	26600	30614	34964	39780	45058	50800	57019	63713	70883
Savings Withdrawn	4144	4857	5731	6650	7653	8741	9945	11265	12700	14255	15928	17721
Savings available for investment (cum.)	12433	14692	17194	19950	22960	26223	29835	33794	38100	42764	47785	53163

LARGE URBAN FINANCIAL INSTITUTION MODEL	SECOND YEAR											
	13	14	15	16	17	18	19	20	21	22	23	24
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	11000	11000	11000	11500	11500	11500	15750	15750	15750	16250	16250	16250
Savings/Short Term Loan Fund (cum.)	8081	9550	11176	12968	14824	17045	19393	21966	24765	27797	31060	34556
Savings/short term (monthly)	1310	1468	1626	1792	1956	2121	2347	2573	2799	3032	3264	3495
Net cash flow (monthly)	-9690	-9532	-9374	-9208	-9044	-8879	-13403	-13177	-12951	-13218	-12986	-12755
External financing (monthly)	9690	9532	9374	9208	9044	8879	13403	13177	12951	13218	12986	12755
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	82419	91950	101324	111032	120576	129955	143357	156534	169485	182703	195690	208444
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	622	735	860	998	1148	1311	1492	1690	1905	2138	2389	2658
Long Term Loan Fund	3730	4408	5158	5985	6888	7867	8950	10138	11430	12829	14335	15949
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	0	0	0	0	0
<b>INCOME</b>												
Short Term Loans	1574	1791	2008	2224	2450	2675	2901	3210	3519	3828	4146	4463
Long Term Loans	75	88	103	120	138	157	179	203	229	257	287	319
Interbank Lending	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL INCOME FROM INTEREST</b>	<b>1649</b>	<b>1879</b>	<b>2111</b>	<b>2344</b>	<b>2588</b>	<b>2833</b>	<b>3080</b>	<b>3413</b>	<b>3748</b>	<b>4084</b>	<b>4432</b>	<b>4782</b>
<b>COSTS</b>												
Operations	3466	3466	3466	3466	3466	3466	3466	3466	3466	3466	3466	3466
External Financing Loan (interest)	549	613	675	740	804	866	956	1044	1130	1218	1305	1390
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	121	122	123	123	124	125	126	127	128	128	129	130
Interest Paid	34	33	32	32	31	30	29	28	27	27	26	25
Remaining Principal	4988	4867	4744	4621	4497	4372	4246	4119	3991	3863	3734	3604
Interest on operational subsidy	217	235	251	267	282	296	309	320	330	338	345	351
Interest on Short Term Savings	52	61	72	83	96	109	124	141	159	178	199	222
<b>TOTAL COSTS</b>	<b>4439</b>	<b>4530</b>	<b>4620</b>	<b>4712</b>	<b>4803</b>	<b>4892</b>	<b>5010</b>	<b>5125</b>	<b>5240</b>	<b>5356</b>	<b>5470</b>	<b>5583</b>
<b>NET CASH FLOW (Income-costs)</b>	<b>-2790</b>	<b>-2651</b>	<b>-2509</b>	<b>-2368</b>	<b>-2215</b>	<b>-2060</b>	<b>-1930</b>	<b>-1712</b>	<b>-1492</b>	<b>-1271</b>	<b>-1038</b>	<b>-801</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	2790	2651	2509	2368	2215	2060	1930	1712	1492	1271	1038	801
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	32559	35210	37718	40086	42301	44360	46290	48003	49495	50766	51804	52604
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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LARGE URBAN FINANCIAL INSTITUTION MODEL	THIRD YEAR											
	25	26	27	28	29	30	31	32	33	34	35	36
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
Small Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	210	210	210	210	210	210	210	210	210	210	210	210
Maximum Loan Value (small)	475	475	475	475	475	475	475	475	475	475	475	475
Micro Loans this Month	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250	5250
Total Micro Loans (cum.)	61750	65500	69250	72500	75750	79000	82250	85500	88750	92000	95250	98500
Average Micro Loans	136	143	149	154	160	165	170	174	179	183	186	190
Small Loans this Month	11875	11875	11875	11875	11875	11875	11875	11875	11875	11875	11875	11875
Total Small Loans (cum.)	173125	161250	169375	197500	205625	213750	220625	227500	234375	241250	248125	255000
Average Small Loans	269	302	316	329	343	356	366	379	391	402	414	425
Micro Loan Portfolio	61750	65500	69250	72500	75750	79000	82250	85500	88750	92000	95250	98500
Small Loan Portfolio	173125	161250	169375	197500	205625	213750	220625	227500	234375	241250	248125	255000
TOTAL SHORT TERM LOAN PORTFOLIO	234875	226750	238625	290000	301375	312750	322375	332000	341625	350750	359875	369000
Micro loan losses	136	143	149	154	160	165	170	174	179	183	186	190
Micro Loan Portfolio (less losses)	60304	63911	67513	90606	93699	96784	99364	101940	104511	106579	106643	110703
Small loan losses	269	302	316	329	343	356	366	379	391	402	414	425
Small Loan Portfolio (less losses)	170149	177972	165761	193577	201359	209126	215635	222131	226616	235089	241550	246000
Total losses this month	425	445	464	483	502	521	537	553	569	585	600	615
Total losses (cumulative)	4422	4867	5331	5815	6317	6836	7375	7929	8496	9083	9683	10298
TOTAL LOAN PORTFOLIO (less losses)	250453	261883	273294	284165	295058	305912	315000	324071	333127	341667	350193	358703
<b>SAVINGS</b>												
Per Month	7514	7856	8199	8526	8852	9177	9450	9722	9994	10250	10506	10761
Cumulative	76397	86233	94452	102976	111830	121007	130457	140179	150173	160423	170929	181690
Savings Withdrawn	19599	21563	23613	25744	27957	30252	32614	35045	37543	40106	42732	45422
Savings available for investment (cum.)	56798	64690	70839	77233	83872	90755	97843	105134	112630	120317	128196	136267

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LARGE URBAN FINANCIAL INSTITUTION MODEL	THIRD YEAR											
	25	26	27	28	29	30	31	32	33	34	35	36
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	11875	11875	11875	11375	11375	11375	9625	9625	9625	9125	9125	9125
Savings/Short Term Loan Fund (cum.)	38219	42049	46045	50202	54517	58951	63598	68337	73209	78206	83328	88574
Savings/short term (monthly)	3663	3830	3997	4156	4315	4474	4607	4740	4872	4997	5122	5246
Net cash flow (monthly)	-8212	-8045	-7878	-7219	-7060	-6901	-5018	-4885	-4753	-4128	-4003	-3879
External financing (monthly)	8212	8045	7878	7219	7060	6901	5018	4885	4753	4128	4003	3879
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	216656	224701	232580	239798	246858	253759	258777	263663	268416	272544	276547	280426
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Reserves</b>												
Cash Reserves	2940	3235	3542	3862	4194	4538	4892	5000	5000	5000	5000	5000
Long Term Loan Fund	17639	19407	21252	23170	25162	27227	29353	31540	33789	36095	38459	40880
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	365	739	1124	1518	1921
<b>INCOME</b>												
Short Term Loans	4780	5009	5238	5466	5684	5901	6113	6300	6481	6663	6833	7004
Long Term Loans	353	368	425	463	503	545	587	631	676	722	769	818
Interbank Lending	0	0	0	0	0	0	0	2	5	7	10	13
<b>TOTAL INCOME FROM INTEREST</b>	<b>5133</b>	<b>5397</b>	<b>5663</b>	<b>5929</b>	<b>6187</b>	<b>6446</b>	<b>6705</b>	<b>6933</b>	<b>7162</b>	<b>7392</b>	<b>7613</b>	<b>7834</b>
<b>COSTS</b>												
Operations	3564	3564	3564	3564	3564	3564	3564	3564	3564	3564	3564	3564
External Financing Loan (Interest)	1444	1498	1551	1599	1646	1692	1725	1758	1789	1817	1844	1870
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	131	132	133	134	135	135	136	137	138	139	140	141
Interest Paid	24	23	22	21	20	20	19	18	17	16	15	14
Remaining Principal	3473	3341	3208	3075	2940	2805	2668	2531	2393	2253	2114	1973
Interest on operational subsidy	325	358	360	360	359	357	354	350	344	337	329	320
Interest on Short Term Savings	245	270	295	322	349	378	408	438	469	501	534	568
<b>TOTAL COSTS</b>	<b>5763</b>	<b>5844</b>	<b>5924</b>	<b>6000</b>	<b>6074</b>	<b>6146</b>	<b>6206</b>	<b>6264</b>	<b>6322</b>	<b>6374</b>	<b>6426</b>	<b>6476</b>
<b>NET CASH FLOW (income-costs)</b>	<b>-630</b>	<b>-447</b>	<b>-262</b>	<b>-70</b>	<b>113</b>	<b>299</b>	<b>499</b>	<b>669</b>	<b>840</b>	<b>1017</b>	<b>1187</b>	<b>1358</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	630	447	262	70	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	113	299	499	669	840	1017	1187	1358
Balance on Principle	53235	53662	53944	54014	53900	53601	53102	52433	51592	50575	49388	48030
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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LARGE URBAN FINANCIAL INSTITUTION MODEL	FOURTH YEAR											
	37	38	39	40	41	42	43	44	45	46	47	48
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	500	500	500	500	500	500	500	500	500	500	500	500
Small Loan Clients (cum.)	500	500	500	500	500	500	500	500	500	500	500	500
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	220	220	220	220	220	220	220	220	220	220	220	220
Maximum Loan Value (small)	500	500	500	500	500	500	500	500	500	500	500	500
Micro Loans this Month	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500
Total Micro Loans (cum.)	116000	118000	120000	121500	123000	124500	125500	126500	127500	128000	128500	129000
Average Micro Loans	193	197	200	203	205	208	209	211	213	213	214	215
Small Loans this Month	12500	12500	12500	12500	12500	12500	12500	12500	12500	12500	12500	12500
Total Small Loans (cum.)	250000	253000	270000	275000	280000	285000	286250	287500	288750	290000	291250	292500
Average Small Loans	433	442	450	456	467	475	477	479	481	483	485	488
Micro Loan Portfolio	116000	118000	120000	121500	123000	124500	125500	126500	127500	128000	128500	129000
Small Loan Portfolio	250000	253000	270000	275000	280000	285000	286250	287500	288750	290000	291250	292500
TOTAL SHORT TERM LOAN PORTFOLIO	376000	383000	390000	396500	403000	409500	411750	414000	416250	418000	419750	421500
Micro loan losses	193	197	200	203	205	208	209	211	213	213	214	215
Micro Loan Portfolio (less losses)	112569	114313	116113	117410	116705	119956	120788	121578	122365	122652	122938	123223
Small loan losses	433	442	450	456	467	475	477	479	481	483	485	488
Small Loan Portfolio (less losses)	252567	257125	251675	266217	270750	275275	276048	276819	277588	278354	279119	279881
Total losses this month	627	638	650	661	672	683	686	690	694	697	700	703
Total losses (cumulative)	10924	11563	12213	12873	13545	14228	14914	15604	16298	16994	17694	18396
TOTAL LOAN PORTFOLIO (less losses)	365076	371438	377788	383627	389455	395273	396836	398396	399953	401006	402056	403104
<b>SAVINGS</b>												
Per Month	10952	11143	11354	11509	11684	11858	11905	11952	11999	12030	12062	12093
Cumulative	192642	203785	215119	226628	238311	250169	262074	274026	286025	298055	310117	322210
Savings Withdrawn	48160	50946	53780	56657	59578	62542	65519	68507	71506	74514	77529	80552
Savings available for investment (cum.)	144481	152839	161339	169971	178733	187527	196556	205520	214519	223541	232588	241657

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LARGE URBAN FINANCIAL INSTITUTION MODEL	FOURTH YEAR											
	37	38	39	40	41	42	43	44	45	46	47	48
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	7000	7000	7000	6500	6500	6500	2250	2250	2250	1750	1750	1750
Savings/Short Term Loan Fund (cum.)	93913	99345	104670	110461	116177	121958	127761	133566	139437	145302	151182	157077
Savings/short term (monthly)	5335	5432	5525	5611	5696	5781	5804	5827	5849	5865	5880	5895
Net cash flow (monthly)	-1661	-1566	-1472	-865	-804	-719	3524	3577	3599	4115	4130	4145
External financing (monthly)	1661	1566	1472	865	804	719	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	3524	3577	3599	4115	4130	4145
External financing (cum)	282087	283655	285130	286019	286823	287542	283989	280412	276813	272698	268568	264423
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Reserves</b>												
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	43344	45652	46402	50951	53620	56268	58967	61656	64356	67062	69776	72497
Interbank Lending/Reserve Account	2332	2750	3175	3606	4045	4489	4936	5381	5834	6285	6737	7191
<b>INCOME</b>												
Short Term Loans	7174	7302	7429	7556	7673	7789	7905	7937	7968	7999	8020	8041
Long Term Loans	867	917	966	1020	1072	1126	1179	1233	1287	1341	1396	1450
Interbank Lending	16	16	21	24	27	30	33	36	39	42	45	48
<b>TOTAL INCOME FROM INTEREST</b>	<b>8056</b>	<b>8237</b>	<b>8418</b>	<b>8600</b>	<b>8772</b>	<b>8945</b>	<b>9118</b>	<b>9206</b>	<b>9294</b>	<b>9382</b>	<b>9461</b>	<b>9539</b>
<b>COSTS</b>												
Operations	3669	3669	3669	3669	3669	3669	3669	3669	3669	3669	3669	3669
External Financing Loan (interest)	1861	1851	1901	1907	1912	1917	1893	1869	1845	1818	1790	1763
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	142	143	144	145	146	147	148	149	150	151	152	153
Interest Paid	13	12	11	10	9	8	7	6	5	4	3	2
Remaining Principal	1831	1868	1845	1400	1254	1108	960	812	662	511	360	2607
Interest on operational subsidy	311	300	286	276	262	248	232	216	199	182	163	145
Interest on Short Term Savings	602	637	672	708	745	782	819	856	894	931	969	1007
<b>TOTAL COSTS</b>	<b>6617</b>	<b>6652</b>	<b>6686</b>	<b>6715</b>	<b>6743</b>	<b>6771</b>	<b>6768</b>	<b>6766</b>	<b>6762</b>	<b>6755</b>	<b>6747</b>	<b>6739</b>
<b>NET CASH FLOW (income-costs)</b>	<b>1439</b>	<b>1585</b>	<b>1732</b>	<b>1885</b>	<b>2029</b>	<b>2174</b>	<b>2349</b>	<b>2440</b>	<b>2532</b>	<b>2627</b>	<b>2713</b>	<b>2800</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	1439	1585	1732	1885	2029	2174	2349	2440	2532	2627	2713	2800
Balance on Principle	46591	45006	43274	41389	39360	37166	34837	32397	29866	27238	24525	21724
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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LARGE URBAN FINANCIAL INSTITUTION MODEL	FIFTH YEAR											
	49	50	51	52	53	54	55	56	57	58	59	60
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
Small Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750
Total Micro Loans (cum.)	129500	130000	130500	131000	131500	132000	132500	133000	133500	134000	134500	135000
Average Micro Loans	216	217	218	218	219	220	221	222	223	223	224	225
Small Loans this Month	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125
Total Small Loans (cum.)	293750	295000	296250	297500	298750	300000	301250	302500	303750	305000	306250	307500
Average Small Loans	490	492	494	495	496	500	502	504	506	508	510	513
Micro Loan Portfolio	129500	130000	130500	131000	131500	132000	132500	133000	133500	134000	134500	135000
Small Loan Portfolio	293750	295000	296250	297500	298750	300000	301250	302500	303750	305000	306250	307500
TOTAL SHORT TERM LOAN PORTFOLIO	423250	425000	426750	428500	430250	432000	433750	435500	437250	439000	440750	442500
Micro loan losses	216	217	218	218	219	220	221	222	223	223	224	225
Micro Loan Portfolio (less losses)	123507	123790	124073	124354	124635	124915	125194	125473	125750	126027	126303	126578
Small loan losses	490	492	494	495	496	500	502	504	506	508	510	513
Small Loan Portfolio (less losses)	280642	281400	282156	282910	283663	284413	285160	285906	286650	287392	288131	288869
Total losses this month	705	708	711	714	717	720	723	726	729	732	735	738
Total losses (cumulative)	19102	19610	20121	21235	21953	22673	23395	24121	24850	25582	26316	27054
TOTAL LOAN PORTFOLIO (less losses)	404148	405190	406229	407265	408298	409328	410355	411379	412400	413418	414434	415446
<b>SAVINGS</b>												
Per Month	12124	12156	12187	12218	12249	12280	12311	12341	12372	12403	12433	12463
Cumulative	334334	346490	358677	370895	383144	395424	407734	420076	432448	444850	457283	469747
Savings Withdrawn	83584	86623	89669	92724	95786	98856	101934	105019	108112	111213	114321	117437
Savings available for investment (cum.)	250751	259868	269008	278171	287358	296568	305801	315057	324336	333638	342962	352310

LARGE URBAN FINANCIAL INSTITUTION MODEL	FIFTH YEAR											
	49	50	51	52	53	54	55	56	57	58	59	60
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	1750	1750	1750	1750	1750	1750	1750	1750	1750	1750	1750	1750
Savings/Short Term Loan Fund (cum.)	162568	168914	174855	180811	186763	192769	198770	204787	210818	216864	222926	229001
Savings/short term (monthly)	5911	5926	5941	5956	5971	5986	6001	6016	6031	6046	6061	6076
Net cash flow (monthly)	4161	4176	4191	4206	4221	4236	4251	4266	4281	4296	4311	4326
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	4161	4176	4191	4206	4221	4236	4251	4266	4281	4296	4311	4326
External financing (cum)	260262	256066	251895	247683	243467	239231	234980	230713	226432	222136	217824	213499
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH RESERVES</b>												
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	75225	77960	80702	83451	86207	88970	91740	94517	97301	101505	105814	110230
Interbank Lending/Reserve Account	7645	8101	8556	9016	9476	9936	10398	10861	11325	11790	12256	12723
<b>INCOME</b>												
Short Term Loans	8062	8063	8104	8125	8145	8166	8187	8207	8228	8248	8268	8289
Long Term Loans	1505	1555	1614	1669	1724	1779	1835	1890	1946	2030	2116	2205
Interbank Lending	51	54	57	60	63	66	69	72	75	79	82	85
<b>TOTAL INCOME FROM INTEREST</b>	<b>9618</b>	<b>9672</b>	<b>9775</b>	<b>9854</b>	<b>9933</b>	<b>10012</b>	<b>10091</b>	<b>10170</b>	<b>10249</b>	<b>10357</b>	<b>10465</b>	<b>10578</b>
<b>COSTS</b>												
Operations	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819
External Financing Loan (interest)	1735	1707	1679	1651	1623	1595	1567	1536	1510	1481	1452	1423
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	138	139	139	140	141	142	143	144	145	146	147	148
Interest Paid	17	15	16	15	14	13	12	11	10	9	8	7
Remaining Principal	2470	2351	2192	2051	1910	1768	1624	1480	1335	1189	1042	894
Interest on operational subsidy	127	106	66	68	46	27	5	0	0	0	0	0
Interest on Short Term Savings	1045	1063	1121	1159	1197	1236	1274	1313	1351	1390	1429	1468
<b>TOTAL COSTS</b>	<b>6860</b>	<b>6872</b>	<b>6863</b>	<b>6853</b>	<b>6842</b>	<b>6831</b>	<b>6819</b>	<b>6825</b>	<b>6835</b>	<b>6845</b>	<b>6855</b>	<b>6865</b>
<b>NET CASH FLOW (income-costs)</b>	<b>2758</b>	<b>2800</b>	<b>2912</b>	<b>3001</b>	<b>3090</b>	<b>3181</b>	<b>3271</b>	<b>3345</b>	<b>3414</b>	<b>3512</b>	<b>3611</b>	<b>3713</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	2737	2624	2912	3001	3090	3181	3271	3345	0	0	0	0
Balance on Principle	18967	16163	13251	10249	7159	3976	707	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3414</b>	<b>3512</b>	<b>3611</b>	<b>3713</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	2000	4000	6000	8000

LARGE URBAN FINANCIAL INSTITUTION MODEL	SIXTH YEAR											
	61	62	63	64	65	66	67	68	69	70	71	72
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	500	500	500	500	500	500	500	500	500	500	500	500
Small Loan Clients (cum.)	600	500	500	500	500	600	600	600	600	600	600	600
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750
Total Micro Loans (cum.)	135250	135500	135750	136000	136250	136500	136750	137000	137250	137500	137750	138000
Average Micro Loans	225	226	226	227	227	228	226	228	229	229	230	230
Small Loans this Month	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125
Total Small Loans (cum.)	308125	308750	309375	310000	310625	311250	311875	312500	313125	313750	314375	315000
Average Small Loans	514	515	516	517	518	519	520	521	522	523	524	525
Micro Loan Portfolio	135250	135500	135750	136000	136250	136500	136750	137000	137250	137500	137750	138000
Small Loan Portfolio	308125	308750	309375	310000	310625	311250	311875	312500	313125	313750	314375	315000
TOTAL SHORT TERM LOAN PORTFOLIO	443375	444250	445125	446000	446875	447750	448625	449500	450375	451250	452125	453000
Micro loan losses	225	226	226	227	227	228	228	228	229	229	230	230
Micro Loan Portfolio (less losses)	126602	126626	126650	126673	126696	126719	126741	126763	126784	126805	126825	126845
Small loan losses	514	515	516	517	518	519	520	521	522	523	524	525
Small Loan Portfolio (less losses)	288580	289091	289200	289308	289416	289522	289627	289731	289834	289936	290038	290138
Total losses this month	739	740	742	743	745	746	748	749	751	752	754	755
Total losses (cumulative)	27793	28533	29275	30018	30763	31509	32257	33006	33757	34509	35263	36018
TOTAL LOAN PORTFOLIO (less losses)	415582	415717	415850	415982	416112	416241	416368	416494	416618	416741	416863	416983
<b>SAVINGS</b>												
Per Month	12467	12472	12476	12479	12483	12487	12491	12495	12499	12502	12506	12509
Cumulative	482214	494666	507161	519640	532124	544611	557102	569597	582095	594598	607104	619613
Savings Withdrawn	120554	123671	125790	129910	133031	136153	139276	142399	145524	148649	151776	154903
Savings available for investment (cum.)	361661	371014	380371	389730	399093	408458	417827	427198	436572	445948	455328	464710

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LARGE URBAN FINANCIAL INSTITUTION MODEL	SIXTH YEAR											
	61	62	63	64	65	66	67	68	69	70	71	72
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	875	875	875	875	875	875	875	875	875	875	875	875
Savings/Short Term Loan Fund (cum.)	235075	241155	247241	253325	259410	265496	271567	277678	283772	289866	295963	302061
Savings/short term (monthly)	6078	6060	6062	6064	6066	6068	6089	6091	6093	6095	6097	6098
Net cash flow (monthly)	5263	5205	5207	5209	5211	5213	5214	5216	5218	5220	5222	5223
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	5203	5205	5207	5209	5211	5213	5214	5216	5218	5220	5222	5223
External financing (cum)	206296	203091	197664	192675	187465	182252	177038	171822	166603	161364	156162	150939
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Reserves</b>												
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	114748	115376	124100	128520	133639	136659	143996	149379	154871	160476	166195	172030
Interbank Lending/Reserve Account	13151	13635	14126	14594	15063	15531	15999	16466	16936	17405	17874	18343
<b>INCOME</b>												
Short Term Loans	8309	8312	8314	8317	8320	8322	8325	8327	8330	8332	8335	8337
Long Term Loans	2295	2366	2462	2578	2677	2777	2860	2968	3097	3210	3324	3441
Interbank Lending	68	51	54	57	100	104	107	110	113	116	119	122
<b>TOTAL INCOME FROM INTEREST</b>	<b>10692</b>	<b>10790</b>	<b>10691</b>	<b>10953</b>	<b>11097</b>	<b>11203</b>	<b>11311</b>	<b>11425</b>	<b>11540</b>	<b>11656</b>	<b>11778</b>	<b>11900</b>
<b>COSTS</b>												
Operations	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819
External Financing Loan (interest)	1389	1354	1319	1282	1250	1215	1180	1145	1111	1076	1041	1006
Equipment Loans	155	155	155	155	155	140	0	0	0	0	0	0
Principal Paid	149	150	151	152	153	139	0	0	0	0	0	0
Interest Paid	6	5	4	3	2	1	0	0	0	0	0	0
Remaining Principal	745	595	444	292	135	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	1507	1546	1585	1624	1663	1702	1741	1780	1819	1858	1897	1936
<b>TOTAL COSTS</b>	<b>6870</b>	<b>6874</b>	<b>6876</b>	<b>6862</b>	<b>6867</b>	<b>6876</b>	<b>6740</b>	<b>6744</b>	<b>6749</b>	<b>6753</b>	<b>6757</b>	<b>6762</b>
<b>NET CASH FLOW (income-costs)</b>	<b>3622</b>	<b>3916</b>	<b>4012</b>	<b>4110</b>	<b>4210</b>	<b>4327</b>	<b>4571</b>	<b>4680</b>	<b>4791</b>	<b>4905</b>	<b>5021</b>	<b>5139</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>3622</b>	<b>3916</b>	<b>4012</b>	<b>4110</b>	<b>4210</b>	<b>4327</b>	<b>4571</b>	<b>4680</b>	<b>4791</b>	<b>4905</b>	<b>5021</b>	<b>5139</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	10000	12000	14000	16000	18000	20000	22000	24000	26000	28000	30000	32000

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LARGE URBAN FINANCIAL INSTITUTION MODEL	SEVENTH YEAR											
	73	74	75	76	77	78	79	80	81	82	83	84
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
Small Loan Clients (cum.)	500	600	500	500	600	600	600	600	600	600	600	600
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	5750	3750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750
Total Micro Loans (cum.)	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125
Total Small Loans (cum.)	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000
Small Loan Portfolio	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000
TOTAL SHORT TERM LOAN PORTFOLIO	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000
Micro loan losses	230	230	230	230	230	230	230	230	230	230	230	230
Micro Loan Portfolio (less losses)	126615	126385	126155	125925	125695	125465	125235	125005	124775	124545	124315	124085
Small loan losses	525	525	525	525	525	525	525	525	525	525	525	525
Small Loan Portfolio (less losses)	285613	289088	288563	288038	287513	286988	286463	285938	285413	284888	284363	283838
Total losses this month	755	755	755	755	755	755	755	755	755	755	755	755
Total losses (cumulative)	36773	37528	38283	39038	39793	40548	41303	42058	42813	43568	44323	45078
TOTAL LOAN PORTFOLIO (less losses)	416228	415473	414718	413963	413208	412453	411698	410943	410188	409433	408678	407923
<b>SAVINGS</b>												
Per Month	12467	12464	12442	12419	12396	12374	12351	12328	12306	12283	12260	12238
Cumulative	632100	644364	657006	669424	681821	694194	706545	718873	731179	743462	755722	767960
Savings Withdrawn	156025	161141	164251	167356	170455	173549	176636	179718	182795	185866	188931	191990
Savings available for investment (cum.)	474075	483423	492754	502068	511365	520646	529909	539155	548384	557597	566792	575970

LARGE URBAN FINANCIAL INSTITUTION MODEL	SEVEN YEAR											
	73	74	75	76	77	78	79	80	81	82	83	84
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	308149	314225	320290	326344	332368	338420	344441	350451	356450	362438	368415	374381
Savings/short term (monthly)	6067	6076	6065	6054	6043	6032	6021	6010	5999	5988	5977	5966
Net cash flow (monthly)	6067	6076	6065	6054	6043	6032	6021	6010	5999	5988	5977	5966
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	6067	6076	6065	6054	6043	6032	6021	6010	5999	5988	5977	5966
External financing (cum)	144851	138775	132710	126656	120612	114560	108559	102549	96590	90562	84585	78619
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH RESERVES</b>												
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	177976	184047	190222	196505	202896	209403	216023	222760	229616	236593	243694	250922
Interbank Lending/Reserve Account	18812	19279	19745	20211	20676	21140	21603	22066	22527	22988	23447	23906
<b>INCOME</b>												
Short Term Loans	8340	8325	8309	8294	8279	8264	8249	8234	8219	8204	8189	8174
Long Term Loans	3560	3661	3804	3930	4058	4168	4320	4455	4592	4732	4874	5016
Interbank Lending	125	125	132	132	136	141	144	147	150	153	156	159
<b>TOTAL INCOME FROM INTEREST</b>	<b>12025</b>	<b>12134</b>	<b>12246</b>	<b>12359</b>	<b>12475</b>	<b>12593</b>	<b>12714</b>	<b>12836</b>	<b>12961</b>	<b>13089</b>	<b>13219</b>	<b>13351</b>
<b>COSTS</b>												
Operations	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819
External Financing Loan (interest)	966	925	885	844	804	764	724	684	644	604	564	524
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	1975	2014	2053	2092	2131	2169	2208	2246	2285	2323	2362	2400
<b>TOTAL COSTS</b>	<b>6760</b>	<b>6758</b>	<b>6757</b>	<b>6755</b>	<b>6754</b>	<b>6752</b>	<b>6751</b>	<b>6749</b>	<b>6748</b>	<b>6746</b>	<b>6745</b>	<b>6743</b>
<b>NET CASH FLOW (income-costs)</b>	<b>5265</b>	<b>5376</b>	<b>5489</b>	<b>5604</b>	<b>5721</b>	<b>5841</b>	<b>5963</b>	<b>6087</b>	<b>6214</b>	<b>6343</b>	<b>6474</b>	<b>6608</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>5265</b>	<b>5376</b>	<b>5489</b>	<b>5604</b>	<b>5721</b>	<b>5841</b>	<b>5963</b>	<b>6087</b>	<b>6214</b>	<b>6343</b>	<b>6474</b>	<b>6608</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	34000	36000	38000	40000	42000	44000	46000	48000	50000	52000	54000	56000

LARGE URBAN FINANCIAL INSTITUTION MODEL	EIGHTH YEAR											
	85	86	87	88	89	90	91	92	93	94	95	96
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
Small Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750
Total Micro Loans (cum.)	136000	136000	136000	136000	136000	136000	136000	138000	138000	138000	138000	138000
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125
Total Small Loans (cum.)	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	136000	136000	136000	136000	136000	136000	136000	138000	138000	138000	138000	138000
Small Loan Portfolio	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000
TOTAL SHORT TERM LOAN PORTFOLIO	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000
Micro loan losses	230	230	230	230	230	230	230	230	230	230	230	230
Micro Loan Portfolio (less losses)	123855	123625	123395	123165	122935	122705	122475	122245	122015	121785	121555	121325
Small loan losses	525	525	525	525	525	525	525	525	525	525	525	525
Small Loan Portfolio (less losses)	263313	262768	262263	261738	261213	260688	260163	279638	279113	278588	278063	277538
Total losses this month	755	755	755	755	755	755	755	755	755	755	755	755
Total losses (cumulative)	45833	46588	47343	48098	48853	49608	50363	51118	51873	52628	53383	54138
TOTAL LOAN PORTFOLIO (less losses)	407168	406413	405658	404903	404148	403393	402638	401883	401128	400373	399618	398863
<b>SAVINGS</b>												
Per Month	12215	12192	12170	12147	12124	12102	12079	12056	12034	12011	11989	11966
Cumulative	780175	732367	684537	636664	588809	540910	492990	445046	397080	349091	301080	253045
Savings Withdrawn	195044	198092	201134	204171	207202	210228	213247	216262	219270	222273	225270	228261
Savings available for investment (cum.)	585131	594275	603403	612513	621606	630683	639742	648785	657810	666818	675810	684784

LARGE URBAN FINANCIAL INSTITUTION MODEL	EIGHTH YEAR											
	85	86	87	88	89	90	91	92	93	94	95	96
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	380335	386279	392212	396134	404044	409944	415832	421710	427576	-33432	439275	445110
Savings/short term (monthly)	5955	5944	5933	5922	5911	5900	5889	5878	5866	5855	5844	5833
Net cash flow (monthly)	5955	5944	5933	5922	5911	5900	5889	5878	5866	5855	5844	5833
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	5955	5944	5933	5922	5911	5900	5889	5878	5866	5855	5844	5833
External financing (cum)	72665	66721	60766	54866	48956	43056	37168	31290	25424	19568	13724	7890
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH RESERVES</b>												
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	256279	265767	273390	281149	285048	297089	300000	300000	300000	300000	300000	300000
Interbank Lending/Reserve Account	24364	24822	25278	25734	26188	26642	35261	44017	52791	61604	70456	79348
<b>INCOME</b>												
Short Term Loans	6156	6143	6128	6113	6098	6083	6068	6053	6038	6023	6007	7992
Long Term Loans	5166	5315	5468	5623	5761	5942	6000	6000	6000	6000	6000	6000
Interbank Lending	162	165	169	172	175	176	235	293	352	411	470	529
<b>TOTAL INCOME FROM INTEREST</b>	<b>13466</b>	<b>13624</b>	<b>13765</b>	<b>13906</b>	<b>14054</b>	<b>14202</b>	<b>14303</b>	<b>14346</b>	<b>14390</b>	<b>14433</b>	<b>14477</b>	<b>14521</b>
<b>COSTS</b>												
Operations	3619	3619	3619	3619	3619	3619	3619	3619	3619	3619	3619	3619
External Financing Loan (interest)	484	445	405	366	326	287	248	209	169	130	91	53
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	2438	2476	2514	2552	2590	2628	2666	2703	2741	2778	2816	2853
<b>TOTAL COSTS</b>	<b>6741</b>	<b>6740</b>	<b>6736</b>	<b>6737</b>	<b>6735</b>	<b>6734</b>	<b>6732</b>	<b>6731</b>	<b>6729</b>	<b>6728</b>	<b>6726</b>	<b>6725</b>
<b>NET CASH FLOW (income-costs)</b>	<b>6745</b>	<b>6884</b>	<b>7026</b>	<b>7171</b>	<b>7316</b>	<b>7468</b>	<b>7571</b>	<b>7615</b>	<b>7660</b>	<b>7705</b>	<b>7751</b>	<b>7796</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>6745</b>	<b>6884</b>	<b>7026</b>	<b>7171</b>	<b>7316</b>	<b>7468</b>	<b>7571</b>	<b>7615</b>	<b>7660</b>	<b>7705</b>	<b>7751</b>	<b>7796</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	58000	60000	62000	64000	66000	68000	70000	72000	74000	76000	78000	80000

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LARGE URBAN FINANCIAL INSTITUTION MODEL	NINTH YEAR											
	97	98	99	100	101	102	103	104	105	106	107	108
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
Small Loan Clients (cum.)	600	600	600	600	600	600	600	600	600	600	600	600
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750
Total Micro Loans (cum.)	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125
Total Small Loans (cum.)	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000
Small Loan Portfolio	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000
TOTAL SHORT TERM LOAN PORTFOLIO	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000
Micro loan losses	230	230	230	230	230	230	230	230	230	230	230	230
Micro Loan Portfolio (less losses)	121095	120865	120635	120405	120175	119945	119715	119485	119255	119025	118795	118565
Small loan losses	525	525	525	525	525	525	525	525	525	525	525	525
Small Loan Portfolio (less losses)	277013	276488	275963	275438	274913	274388	273863	273338	272813	272288	271763	271238
Total losses this month	755	755	755	755	755	755	755	755	755	755	755	755
Total losses (cumulative)	58893	58648	58403	57158	57913	58668	59423	60178	60933	61688	62443	63198
TOTAL LOAN PORTFOLIO (less losses)	398106	397353	396598	395843	395088	394333	393578	392823	392068	391313	390558	389803
<b>SAVINGS</b>												
Per Month	11943	11921	11898	11875	11853	11830	11807	11785	11762	11739	11717	11694
Cumulative	924989	936909	948807	960682	972535	984365	996172	1007957	1019719	1031458	1043175	1054869
Savings Withdrawn	231247	234227	237202	240171	243134	246091	249043	251989	254930	257865	260794	263717
Savings available for investment (cum.)	693741	702682	711565	720512	729401	738274	747129	755968	764789	773594	782381	791152

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LARGE URBAN FINANCIAL INSTITUTION MODEL	NINTH YEAR											
	97	98	99	100	101	102	103	104	105	106	107	108
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	450932	456743	462543	468333	474111	479876	485634	491379	497113	502836	508548	514249
Savings/short term (monthly)	5822	5811	5800	5789	5778	5767	5756	5745	5734	5723	5712	5701
Net cash flow (monthly)	5822	5811	5800	5789	5778	5767	5756	5745	5734	5723	5712	5701
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	5822	5811	0	0	0	0	0	0	0	0	0	0
External financing (cum)	2068	0	0	0	0	0	0	0	0	0	0	0
Short term loan fund net amortization	0	3743	5800	5789	5778	5767	5756	5745	5734	5723	5712	5701
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000
Interbank Lending/Reserve Account	66260	163063	117665	132744	147825	162945	177490	192467	207474	222513	237583	252684
<b>INCOME</b>												
Short Term Loans	7577	7562	7547	7532	7517	7502	7487	7472	7456	7441	7426	7411
Long Term Loans	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000
Interbank Lending	589	667	766	865	964	1064	1183	1283	1383	1483	1584	1685
TOTAL INCOME FROM INTEREST	14566	14649	14733	14817	14901	14985	15070	15155	15240	15325	15410	15496
<b>COSTS</b>												
Operations	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819
External Financing Loan (interest)	14	0	0	0	0	0	0	0	0	0	0	0
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	2851	2926	2955	3002	3035	3076	3113	3150	3187	3223	3260	3296
TOTAL COSTS	6723	6747	6764	6821	6858	6895	6932	6969	7006	7042	7079	7115
NET CASH FLOW (income-costs)	7842	7902	7945	7956	8043	8090	8138	8186	8234	8282	8331	8380
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW (with oper. subsidy)	7842	7902	7945	7956	8043	8090	8138	8186	8234	8282	8331	8380
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	62000	64000	66000	68000	90000	92000	94000	96000	98000	100000	102000	104000

LARGE URBAN FINANCIAL INSTITUTION MODEL	TENTH YEAR											
	109	110	111	112	113	114	115	116	117	118	119	120
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	500	500	500	500	500	500	500	500	500	500	500	500
Small Loan Clients (cum.)	500	500	500	500	500	500	500	500	500	500	500	500
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750	5750
Total Micro Loans (cum.)	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125	13125
Total Small Loans (cum.)	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000	138000
Small Loan Portfolio	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000	315000
TOTAL SHORT TERM LOAN PORTFOLIO	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000	453000
Micro loan losses	230	230	230	230	230	230	230	230	230	230	230	230
Micro Loan Portfolio (less losses)	118335	118105	117875	117645	117415	117185	116955	116725	116495	116265	116035	115805
Small loan losses	525	525	525	525	525	525	525	525	525	525	525	525
Small Loan Portfolio (less losses)	270713	270163	269613	269138	268613	268088	267563	267038	266513	265988	265463	264938
Total losses this month	755	755	755	755	755	755	755	755	755	755	755	755
Total losses (cumulative)	63993	64708	65463	66218	66973	67728	68483	69238	69993	70748	71503	72258
TOTAL LOAN PORTFOLIO (less losses)	389048	388293	387538	386783	386028	385273	384518	383763	383008	382253	381498	380743
<b>SAVINGS</b>												
Per Month	11571	11649	11626	11503	11581	11558	11536	11513	11490	11468	11445	11422
Cumulative	1065541	1078189	1089816	1101419	1113000	1124558	1136094	1147606	1159097	1170564	1182009	1193431
Savings Withdrawn	266635	269547	272454	275355	278250	281140	284023	286902	289774	292641	295502	298358
Savings available for investment (cum.)	799905	808642	817362	826064	834750	843419	852070	860705	869322	877923	886507	895074

LARGE URBAN FINANCIAL INSTITUTION MODEL	TENTH YEAR											
	109	110	111	112	113	114	115	116	117	118	119	120
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	519935	525617	531285	536942	542587	548222	553846	559456	565060	570650	576229	581798
Savings/short term (monthly)	5690	5675	5666	5657	5646	5635	5624	5613	5601	5590	5579	5568
Net cash flow (monthly)	5690	5679	5668	5657	5646	5635	5624	5613	5601	5590	5579	5568
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	0	0	0	0	0	0	0	0	0	0	0	0
Short term loan fund net amortization	5690	5679	5666	5657	5646	5635	5624	5613	5601	5590	5579	5568
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000	300000
Interbank Lending/Reserve Account	267818	282964	296163	313415	326686	343978	359310	374676	390077	405512	420982	436488
<b>INCOME</b>												
Short Term Loans	7796	7761	7765	7751	7735	7721	7705	7690	7675	7660	7645	7630
Long Term Loans	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000	6000
Interbank Lending	1785	1867	1966	2065	2191	2253	2355	2498	2601	2703	2807	2910
TOTAL INCOME FROM INTEREST	15562	15666	15754	15840	15927	16014	16101	16188	16276	16364	16452	16540
<b>COSTS</b>												
Operations	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819	3819
External Financing Loan (interest)	0	0	0	0	0	0	0	0	0	0	0	0
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	3353	3369	3406	3442	3478	3514	3550	3586	3622	3658	3694	3729
TOTAL COSTS	7152	7166	7225	7261	7297	7333	7369	7405	7441	7477	7513	7548
NET CASH FLOW (income-costs)	8430	8479	8529	8575	8630	8680	8732	8783	8835	8887	8939	8991
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW (with oper. subsidy)	8430	8479	8529	8575	8630	8680	8732	8783	8835	8887	8939	8991
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	106000	108000	110000	112000	114000	116000	118000	120000	122000	124000	126000	128000

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**PART II**

**URBAN MARKET UNITS**

URBAN MARKET FINANCIAL INSTITUTION	FIRST YEAR											
	1	2	3	4	5	6	7	8	9	10	11	12
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	35	70	105	140	175	210	245	280	315	350	385	420
Small Loan Clients (cum.)	15	30	45	60	75	90	105	120	135	150	165	180
TOTAL LOAN CLIENTS (cum.)	50	100	150	200	250	300	350	400	450	500	550	600
Maximum Loan Value (micro)	60	60	50	60	60	60	100	100	100	120	120	120
Maximum Loan value (small)	150	150	150	150	150	150	200	200	200	200	200	200
Micro Loans this Month	2100	2100	2100	2800	2800	2800	3500	3500	3500	4200	4200	4200
Total Micro Loans (cum.)	2100	4200	6300	9100	11900	14700	18200	21700	25200	29400	33600	37800
Average Micro Loans	60	60	60	65	68	70	74	78	80	84	87	90
Small Loans this Month	2250	2250	2250	2250	2250	2250	3000	3000	3000	3000	3000	3000
Total Small Loans (cum.)	2250	4500	6750	9000	11250	13500	16500	19500	22500	25500	28500	31500
Average Small Loans	150	150	150	150	150	150	157	163	167	170	173	175
Micro Loan Portfolio	2100	4200	6300	9100	11900	14700	18200	21700	25200	29400	33600	37800
Small Loan Portfolio	2250	4500	6750	9000	11250	13500	16500	19500	22500	25500	28500	31500
TOTAL SHORT TERM LOAN PORTFOLIO	4350	8700	13050	18100	23150	28200	34700	41200	47700	54900	62100	69300
Micro loan losses	4	7	11	15	20	25	30	36	42	49	56	63
Micro Loan Portfolio (less losses)	2097	4193	6289	9085	11880	14675	18170	21664	25158	29351	33544	37737
Small loan losses	4	8	11	15	19	23	28	33	38	43	48	53
Small Loan Portfolio (less losses)	2246	4492	6739	8985	11194	13421	16394	19361	22324	25281	28234	31181
Total losses this month	7	15	22	30	39	47	58	69	80	92	104	116
Total losses (cumulative)	7	22	44	74	112	159	217	286	365	457	560	676
TOTAL LOAN PORTFOLIO (less losses)	4343	8685	13007	18026	23038	28041	34483	40914	47335	54443	61540	68624
<b>SAVINGS</b>												
Per Month		260	390	541	691	841	1034	1227	1420	1633	1846	2059
Cumulative		260	551	1191	1882	2724	3758	4986	6406	8039	9885	11944
Savings Withdrawn		65	153	258	471	681	940	1246	1601	2010	2471	2986
Savings available for investment (cum.)		195	438	933	1411	2043	2819	3739	4804	6029	7414	8958

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URBAN MARKET FINANCIAL INSTITUTION	FIRST YEAR											
	1	2	3	4	5	6	7	8	9	10	11	12
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	4350	4350	4350	5050	5050	5050	6500	6500	6500	7200	7200	7200
Savings/Short Term Loan Fund (cum.)	0	127	317	561	918	1328	1832	2430	3123	3919	4819	5823
Savings/short term (monthly)	0	127	190	264	337	410	504	598	692	796	900	1004
Net cash flow (monthly)	-4350	-4223	-4160	-4766	-4713	-4640	-5996	-5902	-5808	-6404	-6300	-6196
External financing (monthly)	4350	4223	4160	4766	4713	4640	5996	5902	5808	6404	6300	6196
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	4350	3573	12733	17515	22232	26872	32858	38770	44577	50981	57281	63477
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	0	10	24	45	71	102	141	187	240	301	371	448
Long Term Loan Fund	0	59	145	268	424	613	846	1122	1441	1809	2224	2587
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	0	0	0	0	0
<b>INCOME</b>												
Short Term Loans	0	87	174	260	361	461	561	690	818	947	1089	1231
Long Term Loans	0	1	3	2	8	12	17	22	29	36	44	54
Interbank Lending	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME FROM INTEREST	0	66	176	265	369	473	576	712	847	983	1133	1285
<b>COSTS</b>												
Operations	2353	2353	2353	2353	2353	2353	2353	2353	2353	2353	2353	2353
External Financing Loan (interest)	29	57	85	117	146	179	219	256	297	340	382	423
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	127	126	129	130	131	132	132	133	134	135	136	137
Interest Paid	26	27	26	25	24	23	23	22	21	20	19	18
Remaining Principal	4033	3905	3776	3646	3515	3364	3251	3118	2964	2849	2713	2576
Interest on operational subsidy	17	34	50	66	82	98	113	128	142	155	168	181
Interest on Short Term Savings	0	1	2	4	6	9	12	16	20	25	31	37
TOTAL COSTS	2554	2600	2645	2695	2744	2793	2852	2910	2967	3028	3089	3149
NET CASH FLOW (income-costs)	-2554	-2512	-2469	-2429	-2375	-2320	-2274	-2197	-2120	-2045	-1956	-1865
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	2554	2512	2469	2429	2375	2320	2274	2197	2120	2045	1956	1865
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	2554	5066	7534	9964	12339	14660	16934	19131	21251	23296	25252	27117
NET CASH FLOW (with oper. subsidy)	0	0	0	0	0	0	0	0	0	0	0	0
PROFITS RETAINED BY LOCAL INSTITUTION	0	0	0	0	0	0	0	0	0	0	0	0
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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URBAN MARKET FINANCIAL INSTITUTION	SECOND YEAR											
	13	14	15	16	17	18	19	20	21	22	23	24
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	455	490	525	560	595	630	665	700	735	770	805	840
Small Loan Clients (cum.)	195	210	225	240	255	270	285	300	315	330	345	360
TOTAL LOAN CLIENTS (cum.)	650	700	750	800	850	900	950	1000	1050	1100	1150	1200
Maximum Loan Value (micro)	140	140	140	150	160	160	160	180	180	200	200	200
Maximum Loan Value (small)	300	300	300	300	300	300	450	450	450	450	450	450
Micro Loans this Month	4900	4900	4900	5600	5600	5600	6300	6300	6300	7000	7000	7000
Total Micro Loans (cum.)	42700	47500	52500	58100	63700	69300	75600	81900	88200	95200	102200	109200
Average Micro Loans	94	97	100	104	107	110	114	117	120	124	127	130
Small Loans this Month	4500	4500	4500	4500	4500	4500	5750	6750	6750	6750	6750	6750
Total Small Loans (cum.)	36000	40500	45000	49500	54000	58500	65250	72000	78750	85500	92250	99000
Average Small Loans	165	173	200	205	212	217	229	240	250	259	267	275
Micro Loan Portfolio	42700	47500	52500	58100	63700	69300	75600	81900	88200	95200	102200	109200
Small Loan Portfolio	36000	40500	45000	49500	54000	58500	65250	72000	78750	85500	92250	99000
TOTAL SHORT TERM LOAN PORTFOLIO	78700	88100	97500	107600	117700	127800	140850	153900	166950	180700	194450	208200
Micro loan losses	71	79	88	97	106	116	126	137	147	159	170	182
Micro Loan Portfolio (less losses)	42272	47053	51905	57408	62902	68387	74561	80724	86877	93718	100548	107366
Small loan losses	60	68	75	83	90	98	109	120	131	142	154	165
Small Loan Portfolio (less losses)	35621	40054	44479	48896	53306	57709	64350	70980	77599	84206	90803	97388
Total losses this month	131	147	163	179	195	213	235	257	278	301	324	347
Total losses (cumulative)	807	954	1115	1295	1492	1705	1940	2196	2474	2775	3100	3447
TOTAL LOAN PORTFOLIO (less losses)	77893	87146	96384	106304	116208	126095	138911	151704	164476	177925	191351	204754
<b>SAVINGS</b>												
Per Month	2337	2614	2892	3169	3446	3783	4167	4551	4934	5338	5741	6143
Cumulative	14281	16895	19767	22976	26462	30245	34412	38963	43898	49235	54976	61118
Savings Withdrawn	3570	4224	4947	5744	6615	7561	8603	9741	10974	12309	13744	15280
Savings available for investment (cum.)	10710	12671	14840	17232	19846	23684	28809	35222	42923	52026	62732	75338

URBAN MARKET FINANCIAL INSTITUTION	SECOND YEAR											
	13	14	15	16	17	18	19	20	21	22	23	24
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	9400	9400	9400	10100	10100	10100	13050	13050	13050	13750	13750	13750
Savings/Short Term Loan Fund (cum.)	6962	8236	9646	11201	12900	14744	16776	18995	21400	24002	26801	29795
Savings/short term (monthly)	1139	1275	1410	1555	1700	1844	2032	2219	2405	2602	2799	2995
Net cash flow (monthly)	-8261	-8125	-7950	-8545	-8400	-8256	-11018	-10831	-10645	-11148	-10951	-10755
External financing (monthly)	8261	8125	7950	8545	8400	8256	11018	10831	10645	11148	10951	10755
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	71736	79664	87854	96399	104800	113056	124074	134905	145350	156698	167649	178405
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	536	634	742	862	992	1134	1290	1461	1646	1846	2062	2292
Long Term Loan Fund	3213	3861	4452	5170	5954	6805	7743	8767	9877	11078	12370	13752
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	0	0	0	0	0
<b>INCOME</b>												
Short Term Loans	1372	1556	1743	1926	2126	2324	2522	2776	3034	3290	3558	3827
Long Term Loans	64	76	89	103	119	136	155	175	198	222	247	275
Interbank Lending	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL INCOME FROM INTEREST</b>	<b>1437</b>	<b>1634</b>	<b>1832</b>	<b>2031</b>	<b>2245</b>	<b>2460</b>	<b>2677</b>	<b>2954</b>	<b>3232</b>	<b>3511</b>	<b>3806</b>	<b>4102</b>
<b>COSTS</b>												
Operations	3195	3195	3195	3195	3195	3195	3195	3195	3195	3195	3195	3195
External Financing Loan (interest)	478	532	586	643	699	754	827	899	970	1045	1118	1189
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	138	139	140	141	142	142	143	144	145	146	147	148
Interest Paid	17	16	15	14	13	13	12	11	10	9	8	7
Remaining Principal	2438	2259	2160	2019	1877	1735	1552	1447	1302	1155	1008	860
Interest on operational subsidy	196	215	231	246	261	274	287	298	308	317	325	331
Interest on Short Term Savings	45	53	62	72	83	95	106	122	137	154	172	191
<b>TOTAL COSTS</b>	<b>4071</b>	<b>4150</b>	<b>4229</b>	<b>4311</b>	<b>4392</b>	<b>4472</b>	<b>4571</b>	<b>4669</b>	<b>4766</b>	<b>4866</b>	<b>4965</b>	<b>5062</b>
<b>NET CASH FLOW (income-costs)</b>	<b>-2634</b>	<b>-2516</b>	<b>-2397</b>	<b>-2280</b>	<b>-2147</b>	<b>-2012</b>	<b>-1895</b>	<b>-1716</b>	<b>-1534</b>	<b>-1355</b>	<b>-1159</b>	<b>-960</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	2634	2516	2397	2280	2147	2012	1895	1716	1534	1355	1159	960
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
balance on Principle	29751	32266	34664	36944	39051	41103	42997	44713	46247	47602	48761	49721
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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URBAN MARKET FINANCIAL INSTITUTION	THIRD YEAR											
	25	26	27	28	29	30	31	32	33	34	35	36
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	840	840	840	840	840	840	840	840	840	840	840	840
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	210	210	210	210	210	210	210	210	210	210	210	210
Maximum Loan Value (small)	475	475	475	475	475	475	475	475	475	475	475	475
Micro Loans this Month	7350	7350	7350	7350	7350	7350	7350	7350	7350	7350	7350	7350
Total Micro Loans (cum.)	114450	119700	124950	130200	134050	138500	142450	146300	150150	153300	156450	159600
Average Micro Loans	136	143	149	154	150	165	170	174	179	183	166	190
Small Loans this Month	7125	7125	7125	7125	7125	7125	7125	7125	7125	7125	7125	7125
Total Small Loans (cum.)	103875	106750	113625	118500	123375	128250	132375	136500	140625	144750	148875	153000
Average Small Loans	289	302	316	329	343	356	368	379	391	402	414	425
Micro Loan Portfolio	114450	119700	124950	130200	134050	138600	142450	146300	150150	153300	156450	159600
Small Loan Portfolio	103875	106750	113625	118500	123375	128250	132375	136500	140625	144750	148875	153000
TOTAL SHORT TERM LOAN PORTFOLIO	218325	226450	238575	248700	257425	266850	274825	282800	290775	298050	305325	312600
Micro loan losses	151	210	296	316	223	231	237	244	250	256	261	266
Micro Loan Portfolio (less losses)	112425	117475	122516	126852	131178	136497	139110	142716	146316	149210	152100	154584
Small loan losses	173	151	169	198	205	214	221	228	234	241	248	255
Small Loan Portfolio (less losses)	102069	105763	111469	115146	120815	125477	129381	133279	137169	141053	144930	148800
Total losses this Month	364	361	396	413	429	445	458	471	485	497	509	521
Total losses (cumulative)	3810	4151	4589	5002	5431	5876	6334	6805	7290	7787	8296	8817
TOTAL LOAN PORTFOLIO (less losses)	214515	224259	233566	242958	251994	260974	268491	275995	283485	290263	297030	303784
<b>SAVINGS</b>												
Per Month	5435	5728	7020	7290	7560	7829	8055	8280	8505	8708	8911	9114
Cumulative	57554	74282	81301	88551	96151	103980	112035	120315	128819	137527	146438	155552
Savings Withdrawn	16668	16570	20325	22148	24038	25995	26009	30079	32205	34382	36610	38888
Savings available for investment (cum.)	50665	55711	60975	66403	72113	77965	84026	90236	96614	103145	109829	116664

URBAN MARKET FINANCIAL INSTITUTION	THIRD YEAR											
	25	26	27	28	29	30	31	32	33	34	35	36
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	10125	10125	10125	9425	9425	9425	7975	7975	7975	7275	7275	7275
Savings/Short Term Loan Fund (cum.)	32935	36212	39634	43166	46874	50690	54617	58653	62799	67044	71389	75831
Savings/short term (monthly)	3137	3260	3422	3554	3665	3617	3927	4036	4146	4245	4344	4443
Net cash flow (monthly)	-6966	-6842	-6703	-5671	-5740	-5606	-4048	-3939	-3829	-3030	-2931	-2832
External financing (monthly)	6966	6842	6703	5671	5740	5606	4048	3939	3829	3030	2931	2832
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	185353	192236	196941	204812	210551	216160	220208	224147	227976	231006	233936	236769
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Reserves</b>	<b>2533</b>	<b>2766</b>	<b>3045</b>	<b>3322</b>	<b>3606</b>	<b>3895</b>	<b>4201</b>	<b>4512</b>	<b>4831</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>
Long Term Loan Fund	15200	16713	18253	19533	21634	23356	25206	27071	28984	30944	32949	34999
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	0	0	327	661	1002
<b>INCOME</b>												
Short Term Loans	4095	4290	4465	4660	4660	5040	5219	5370	5520	5670	5805	5941
Long Term Loans	304	334	366	395	433	466	504	541	580	619	659	700
Interbank Lending	0	0	0	0	0	0	0	0	0	2	4	7
<b>TOTAL INCOME FROM INTEREST</b>	<b>4399</b>	<b>4624</b>	<b>4831</b>	<b>5076</b>	<b>5293</b>	<b>5506</b>	<b>5724</b>	<b>5911</b>	<b>6100</b>	<b>6291</b>	<b>6469</b>	<b>6647</b>
<b>COSTS</b>												
Operations	3295	3295	3295	3295	3295	3295	3295	3295	3295	3295	3295	3295
External Financing Loan (interest)	1235	1262	1325	1365	1404	1441	1466	1494	1520	1540	1560	1576
Equipment Loans	155	155	155	155	155	104	0	0	0	0	0	0
Principal Paid	149	150	151	152	153	103	0	0	0	0	0	0
Interest Paid	6	5	4	3	2	1	0	0	0	0	0	0
Remaining Principal	711	560	405	227	111	0	0	0	0	0	0	0
Interest on operational subsidy	337	342	345	347	349	345	347	344	341	336	331	324
Interest on Short Term Savings	211	232	254	277	300	325	350	376	403	430	458	486
<b>TOTAL COSTS</b>	<b>5234</b>	<b>5305</b>	<b>5375</b>	<b>5440</b>	<b>5503</b>	<b>5514</b>	<b>5460</b>	<b>5310</b>	<b>5158</b>	<b>5001</b>	<b>4843</b>	<b>4684</b>
<b>NET CASH FLOW (income-costs)</b>	<b>-835</b>	<b>-681</b>	<b>-544</b>	<b>-361</b>	<b>-210</b>	<b>-6</b>	<b>263</b>	<b>401</b>	<b>541</b>	<b>690</b>	<b>826</b>	<b>963</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	635	661	524	361	210	6	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	263	401	541	690	826	963
Balance on Principle	50556	51236	51761	52122	52332	52339	52075	51674	51133	50443	49617	48654
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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URBAN MARKET FINANCIAL INSTITUTION	FOURTH YEAR											
	37	38	39	40	41	42	43	44	45	46	47	48
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	840	840	840	840	840	840	840	840	840	840	840	840
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	220	220	220	220	220	220	220	220	220	220	220	220
Maximum Loan value (small)	500	500	500	500	500	500	500	500	500	500	500	500
Micro Loans this Month	7700	7700	7700	7700	7700	7700	7700	7700	7700	7700	7700	7700
Total Micro Loans (cum.)	152400	152200	158000	170100	172200	174300	175700	177100	178500	179200	179900	180600
Average Micro Loans	193	197	200	203	205	208	209	211	213	213	214	215
Small Loans this Month	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500
Total Small Loans (cum.)	156000	159000	162000	165000	168000	171000	171750	172500	173250	174000	174750	175500
Average Small Loans	433	442	450	458	467	475	477	479	481	483	485	488
Micro Loan Portfolio	152400	152200	158000	170100	172200	174300	175700	177100	178500	179200	179900	180600
Small Loan Portfolio	156000	159000	162000	165000	168000	171000	171750	172500	173250	174000	174750	175500
TOTAL SHORT TERM LOAN PORTFOLIO	318400	324200	330000	335100	340200	345300	347450	349600	351750	353200	354650	356100
Micro loan losses	271	275	280	284	287	291	293	295	298	299	300	301
Micro Loan Portfolio (less losses)	157513	160038	162558	164374	166187	167997	169104	170209	171311	171712	172113	172512
Small loan losses	260	265	270	275	280	285	286	288	289	290	291	293
Small Loan Portfolio (less losses)	151540	154275	157005	159730	162450	165165	165629	166091	166553	167013	167471	167929
Total losses this month	531	540	550	559	567	576	579	583	586	589	591	594
Total losses (cumulative)	9247	9688	10438	10996	11563	12139	12718	13300	13887	14475	15066	15660
TOTAL LOAN PORTFOLIO (less losses)	309053	314313	319563	324104	328637	333162	337732	336300	337864	338725	339584	340440
<b>SAVINGS</b>												
Per Month	9272	9429	9587	9723	9859	9995	10042	10089	10136	10162	10188	10213
Cumulative	154623	174253	183839	193563	203422	213416	223456	233547	243683	253845	264033	274246
Savings Withdrawn	41206	43563	45950	48391	50855	53354	55865	58387	60921	63461	66008	68561
Savings available for investment (cum.)	123617	130689	137980	145172	152566	160062	167594	175161	182762	190384	198024	205684

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URBAN MARKET FINANCIAL INSTITUTION	FOURTH YEAR											
	37	38	39	40	41	42	43	44	45	46	47	48
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	5800	5800	5800	5100	5100	5100	2150	2150	2150	1450	1450	1450
Savings/Short Term Loan Fund (cum.)	80351	84946	89622	94362	99168	104041	108936	113854	118796	123749	128716	133695
Savings/short term (monthly)	4520	4557	4674	4740	4806	4872	4895	4518	4941	4954	4966	4979
Net cash flow (monthly)	-1280	-1203	-1126	-360	-254	-228	2745	2768	2791	3504	3516	3529
External financing (monthly)	1260	1203	1126	360	254	228	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	2745	2768	2791	3504	3516	3529
External financing (cum)	236045	239252	240378	240738	241032	241259	238514	235746	232954	229451	225934	222405
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	37065	35207	41364	43222	45770	48015	50276	52548	54829	57115	59407	61705
Interbank Lending/Reserve Account	1320	1704	2053	2428	2758	3172	3549	3927	4307	4686	5070	5453
<b>INCOME</b>												
Short Term Loans	6075	6181	6266	6351	6432	6573	6663	6695	6726	6757	6774	6792
Long Term Loans	742	764	827	871	915	960	1006	1051	1097	1142	1188	1234
Interbank Lending	9	11	14	16	19	21	24	26	29	31	34	36
<b>TOTAL INCOME FROM INTEREST</b>	<b>6826</b>	<b>6977</b>	<b>7107</b>	<b>7238</b>	<b>7446</b>	<b>7554</b>	<b>7692</b>	<b>7772</b>	<b>7851</b>	<b>7931</b>	<b>7996</b>	<b>8062</b>
<b>COSTS</b>												
Operations	3429	3429	3429	3429	3429	3429	3429	3429	3429	3429	3429	3429
External Financing Loan (interest)	1587	1592	1603	1605	1607	1606	1590	1572	1553	1530	1506	1483
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	2400
Interest on operational subsidy	316	311	302	293	284	273	262	250	237	224	211	197
Interest on Short Term Savings	515	545	574	605	636	667	696	730	762	793	825	857
<b>TOTAL COSTS</b>	<b>5645</b>	<b>5679</b>	<b>5908</b>	<b>5932</b>	<b>5955</b>	<b>5977</b>	<b>5979</b>	<b>5960</b>	<b>5981</b>	<b>5976</b>	<b>5971</b>	<b>5966</b>
<b>NET CASH FLOW (income-costs)</b>	<b>977</b>	<b>1057</b>	<b>1219</b>	<b>1346</b>	<b>1461</b>	<b>1577</b>	<b>1713</b>	<b>1792</b>	<b>1870</b>	<b>1955</b>	<b>2025</b>	<b>2097</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	977	1057	1219	1346	1461	1577	1713	1792	1870	1955	2025	2097
Balance on Principle	47676	46575	45360	44014	42553	40576	39263	37471	35601	33646	31621	29524
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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URBAN MARKET FINANCIAL INSTITUTION	FIFTH YEAR											
	49	50	51	52	53	54	55	56	57	58	59	60
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	840	840	840	840	840	840	840	840	840	840	840	840
Small Loan Clients (cum.)	350	350	350	350	350	350	350	350	350	350	350	350
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050
Total Micro Loans (cum.)	181300	182000	182700	183400	184100	184800	185500	186200	186900	187600	188300	189000
Average Micro Loans	216	217	218	218	219	220	221	222	223	223	224	225
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	176250	177000	177750	178500	179250	180000	180750	181500	182250	183000	183750	184500
Average Small Loans	490	492	494	495	496	500	502	504	506	508	510	513
Micro Loan Portfolio	181300	182000	182700	183400	184100	184800	185500	186200	186900	187500	188300	189000
Small Loan Portfolio	176250	177000	177750	178500	179250	180000	180750	181500	182250	183000	183750	184500
TOTAL SHORT TERM LOAN PORTFOLIO	357550	359000	360450	361900	363350	364800	366250	367700	369150	370600	372050	373500
Micro loan losses	302	303	305	305	307	308	309	310	312	313	314	315
Micro Loan Portfolio (less losses)	172909	173306	173702	174096	174489	174881	175272	175662	176050	176437	176824	177209
Small loan losses	294	295	296	296	299	300	301	303	304	305	306	308
Small Loan Portfolio (less losses)	158385	158640	158924	159245	160158	160648	171056	171544	171990	172435	172879	173321
Total losses this month	596	598	601	603	606	608	610	613	615	618	620	623
Total losses (cumulative)	15256	15654	17455	18056	18664	19272	19882	20495	21110	21728	22348	22970
TOTAL LOAN PORTFOLIO (less losses)	341294	342146	342995	343842	344687	345529	346368	347205	348040	348872	349702	350530
<b>SAVINGS</b>												
Per Month	10239	10264	10290	10315	10341	10366	10391	10416	10441	10466	10491	10516
Cumulative	284485	294749	305039	315354	325695	336061	346452	356868	367309	377775	388266	398782
Savings Withdrawn	71121	73687	76250	78839	81424	84015	86613	89217	91827	94444	97067	99696
Savings available for investment (cum.)	213363	221062	228779	236516	244271	252045	259839	267651	275482	283331	291200	299087

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URBAN MARKET FINANCIAL INSTITUTION	FIFTH YEAR											
	49	50	51	52	53	54	55	56	57	58	59	60
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	1450	1450	1450	1450	1450	1450	1450	1450	1450	1450	1450	1450
Savings/Short Term Loan Fund (cum.)	138686	143690	148706	153735	158776	163830	168895	173973	179063	184165	189280	194406
Savings/short term (monthly)	4951	5004	5016	5029	5041	5053	5066	5078	5090	5102	5114	5126
Net cash flow (monthly)	3541	3574	3566	3579	3551	3603	3616	3628	3640	3652	3664	3676
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	3541	3574	3566	3579	3551	3603	3616	3628	3640	3652	3664	3676
External financing (cum)	218664	215310	211744	208155	204574	200970	197355	193727	190087	186435	182770	179094
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Reserves</b>												
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	64005	66319	68634	70955	73261	75614	77952	80295	82645	84995	87360	89726
Interbank Lending/Reserve Account	5637	6222	6606	6995	7363	7772	8161	8552	8943	9336	9729	10124
<b>INCOME</b>												
Short Term Loans	6803	6825	6843	6860	6877	6894	6911	6927	6944	6961	6977	6994
Long Term Loans	1260	1325	1373	1419	1465	1512	1559	1606	1653	1700	1747	1795
Interbank Lending	25	41	44	47	49	52	54	57	60	62	65	67
<b>TOTAL INCOME FROM INTEREST</b>	<b>8128</b>	<b>8191</b>	<b>8260</b>	<b>8326</b>	<b>8392</b>	<b>8458</b>	<b>8524</b>	<b>8590</b>	<b>8657</b>	<b>8723</b>	<b>8790</b>	<b>8856</b>
<b>COSTS</b>												
Operations	3545	3545	3545	3545	3545	3545	3549	3549	3549	3549	3549	3549
External Financing Loan (Interest)	1455	1435	1412	1388	1364	1340	1316	1292	1267	1243	1218	1194
Equipment Loans	150	150	150	150	150	150	150	150	150	150	150	150
Principal Paid	134	132	136	137	136	139	139	140	141	142	143	144
Interest Paid	16	18	14	13	12	11	11	10	9	8	7	6
Remaining Principal	2256	2121	1996	1895	1781	1563	1443	1303	1162	1019	876	732
Interest on operational subsidy	164	171	157	143	129	114	98	82	66	49	31	13
Interest on Short Term Savings	865	521	923	965	1016	1050	1063	1115	1148	1181	1213	1245
<b>TOTAL COSTS</b>	<b>6231</b>	<b>6227</b>	<b>6221</b>	<b>6216</b>	<b>6209</b>	<b>6203</b>	<b>6196</b>	<b>6188</b>	<b>6180</b>	<b>6171</b>	<b>6162</b>	<b>6152</b>
<b>NET CASH FLOW (income-costs)</b>	<b>1897</b>	<b>1967</b>	<b>2036</b>	<b>2110</b>	<b>2182</b>	<b>2255</b>	<b>2328</b>	<b>2402</b>	<b>2477</b>	<b>2552</b>	<b>2627</b>	<b>2704</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	1657	1567	2038	2110	2162	2255	2328	2402	2477	2552	2627	2704
Balance on Principle	27626	25661	23622	21512	19330	17075	14747	12345	9868	7316	4689	1985
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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URBAN MARKET FINANCIAL INSTITUTION	SIXTH YEAR											
	61	62	63	64	65	66	67	68	69	70	71	72
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	840	840	840	840	840	840	840	840	840	840	840	840
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050
Total Micro Loans (cum.)	189350	189700	190050	190400	190750	191100	191450	191800	192150	192500	192850	193200
Average Micro Loans	225	226	226	227	227	228	228	228	229	229	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	184875	185250	185625	186000	186375	186750	187125	187500	187875	188250	188625	189000
Average Small Loans	514	515	516	517	518	519	520	521	522	523	524	525
Micro Loan Portfolio	189350	189700	190050	190400	190750	191100	191450	191800	192150	192500	192850	193200
Small Loan Portfolio	184875	185250	185625	186000	186375	186750	187125	187500	187875	188250	188625	189000
TOTAL SHORT TERM LOAN PORTFOLIO	374225	374950	375675	376400	377125	377650	378575	379300	380025	380750	381475	382200
Micro loan losses	315	316	317	317	318	319	319	320	320	321	321	322
Micro Loan Portfolio (less losses)	177343	177277	177310	177343	177375	177406	177437	177468	177497	177526	177555	177583
Small loan losses	308	309	309	310	311	311	312	313	313	314	314	315
Small Loan Portfolio (less losses)	173368	173454	173520	173565	173649	173713	173776	173839	173901	173962	174023	174063
Total losses this month	624	625	626	627	629	630	631	632	633	635	636	637
Total losses (cumulative)	23554	24219	24845	25472	26101	26731	27362	27994	28627	29262	29898	30535
TOTAL LOAN PORTFOLIO (less losses)	350631	350731	350830	350928	351024	351119	351213	351306	351398	351488	351578	351666
<b>SAVINGS</b>												
Per Month	10519	10522	10525	10528	10531	10534	10536	10539	10542	10545	10547	10550
Cumulative	465301	466823	468348	469876	471406	472940	474476	476016	477558	479102	480650	482199
Savings Withdrawn	102325	104955	107587	110219	112852	115485	118119	120754	123389	126026	128662	131300
Savings available for investment (cum.)	305975	314667	322761	330657	338555	346455	354357	362262	370168	378077	385987	393900

URBAN MARKET FINANCIAL INSTITUTION	SIXTH YEAR											
	61	62	63	64	65	66	67	68	69	70	71	72
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	725	725	725	725	725	725	725	725	725	725	725	725
Savings/Short Term Loan Fund (cum.)	199334	204664	205795	214927	220061	225196	230332	235470	240609	245750	250892	256035
Savings/short term (monthly)	5128	5129	5131	5132	5134	5135	5136	5138	5139	5141	5142	5143
Net cash flow (monthly)	4403	4404	4406	4407	4409	4410	4411	4413	4414	4416	4417	4418
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	4403	4404	4405	4407	4409	4410	4411	4413	4414	4416	4417	4418
External financing (cum)	174651	170266	165667	161473	157064	152654	148243	143830	139416	135000	130583	126165
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH RESERVES</b>												
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	52053	54450	57657	100519	104246	107646	111263	114954	118720	122564	126466	130467
Interbank Lending/Reserve Account	10518	10513	11307	11702	12057	12492	12867	13262	13678	14073	14469	14864
<b>INCOME</b>												
Short Term Loans	7011	7013	7015	7017	7019	7020	7022	7024	7026	7028	7030	7032
Long Term Loans	1842	1865	1922	2016	2062	2153	2222	2295	2374	2451	2530	2610
Interbank Lending	70	73	75	78	81	83	86	89	91	94	96	99
<b>TOTAL INCOME FROM INTEREST</b>	<b>8923</b>	<b>8951</b>	<b>9012</b>	<b>9113</b>	<b>9164</b>	<b>9257</b>	<b>9334</b>	<b>9412</b>	<b>9492</b>	<b>9573</b>	<b>9656</b>	<b>9740</b>
<b>COSTS</b>												
Operations	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549
External Financing Loan (interest)	1165	1132	1106	1076	1047	1016	966	955	929	900	871	841
Equipment Loans	150	150	150	150	150	0	0	0	0	0	0	0
Principal Paid	145	146	147	146	149	0	0	0	0	0	0	0
Interest Paid	5	4	3	2	1	0	0	0	0	0	0	0
Remaining Principal	507	441	294	146	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	1275	1312	1345	1376	1411	1444	1476	1509	1542	1575	1606	1641
<b>TOTAL COSTS</b>	<b>6143</b>	<b>6146</b>	<b>6150</b>	<b>6153</b>	<b>6157</b>	<b>6010</b>	<b>6014</b>	<b>6017</b>	<b>6021</b>	<b>6024</b>	<b>6026</b>	<b>6031</b>
<b>NET CASH FLOW (income-costs)</b>	<b>2780</b>	<b>2805</b>	<b>2862</b>	<b>2960</b>	<b>3027</b>	<b>3246</b>	<b>3320</b>	<b>3395</b>	<b>3471</b>	<b>3549</b>	<b>3628</b>	<b>3705</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	2760	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>2826</b>	<b>2862</b>	<b>2960</b>	<b>3027</b>	<b>3246</b>	<b>3320</b>	<b>3395</b>	<b>3471</b>	<b>3549</b>	<b>3628</b>	<b>3705</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	2000	4000	6000	8000	10000	12000	14000	16000	18000	20000	22000

URBAN MARKET FINANCIAL INSTITUTION	SEVENTH YEAR											
	73	74	75	75	77	78	79	80	81	82	83	84
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	840	840	840	840	840	840	840	840	840	840	840	840
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050
Total Micro Loans (cum.)	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200
Small Loan Portfolio	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
TOTAL SHORT TERM LOAN PORTFOLIO	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200
Micro loan losses	322	322	322	322	322	322	322	322	322	322	322	322
Micro Loan Portfolio (less losses)	177251	175939	176617	176255	175973	175551	175329	175007	174685	174363	174041	173719
Small loan losses	315	315	315	315	315	315	315	315	315	315	315	315
Small Loan Portfolio (less losses)	173769	173453	173138	172823	172508	172193	171878	171563	171248	170933	170618	170303
Total losses this month	637	637	637	637	637	637	637	637	637	637	637	637
Total losses (cumulative)	31172	31809	32445	33083	33720	34357	34994	35631	36268	36905	37542	38179
TOTAL LOAN PORTFOLIO (less losses)	351029	350392	349755	349118	348481	347844	347207	346570	345933	345296	344659	344022
<b>SAVINGS</b>												
Per Month	10531	10512	10493	10474	10454	10435	10416	10397	10378	10359	10340	10321
Cumulative	935730	546242	556735	567208	577663	588098	598514	608911	619289	629648	639988	650308
Savings Withdrawn	133953	136361	139184	141802	144416	147024	149629	152228	154822	157412	159997	162577
Savings available for investment (cum.)	401758	409582	417551	425406	433247	441073	448886	456683	464467	472236	479991	487731

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URBAN MARKET FINANCIAL INSTITUTION	SEVENTH YEAR											
	73	74	75	76	77	78	79	80	81	82	83	84
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	261169	266293	271408	276514	281511	286598	291776	296844	301903	306953	311994	317025
Savings/short term (monthly)	5134	5124	5115	5106	5097	5087	5078	5069	5059	5050	5041	5031
Net cash flow (monthly)	5134	5124	5115	5106	5097	5087	5078	5069	5059	5050	5041	5031
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	5134	5124	5115	5106	5097	5087	5078	5069	5059	5050	5041	5031
External financing (cum)	121031	115507	110752	105666	100529	95502	90424	85356	80297	75247	70206	65175
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	134566	132727	142929	147262	151638	156069	160615	165219	169901	174665	179510	184439
Interbank Lending/Reserve Account	15229	15653	16047	16440	16832	17223	17614	18003	18393	18781	19169	19556
<b>INCOME</b>												
Short Term Loans	7033	7021	7008	6995	6982	6970	6957	6944	6931	6919	6906	6893
Long Term Loans	2591	2775	2859	2942	3033	3122	3212	3304	3398	3493	3590	3689
Interbank Lending	102	104	107	110	112	115	117	120	123	125	126	130
<b>TOTAL INCOME FROM INTEREST</b>	<b>9825</b>	<b>9899</b>	<b>9874</b>	<b>9947</b>	<b>10017</b>	<b>10095</b>	<b>10167</b>	<b>10269</b>	<b>10352</b>	<b>10437</b>	<b>10524</b>	<b>10612</b>
<b>COSTS</b>												
Operators	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549
External Financing Loan (interest)	807	772	739	705	671	637	602	569	535	502	466	434
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	1574	1707	1740	1773	1805	1836	1870	1903	1935	1966	2000	2032
<b>TOTAL COSTS</b>	<b>6030</b>	<b>6029</b>	<b>6027</b>	<b>6026</b>	<b>6025</b>	<b>6023</b>	<b>6022</b>	<b>6021</b>	<b>6020</b>	<b>6018</b>	<b>6017</b>	<b>6016</b>
<b>NET CASH FLOW (income-costs)</b>	<b>3795</b>	<b>3871</b>	<b>3947</b>	<b>4024</b>	<b>4103</b>	<b>4183</b>	<b>4264</b>	<b>4348</b>	<b>4432</b>	<b>4519</b>	<b>4607</b>	<b>4697</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>3795</b>	<b>3871</b>	<b>3947</b>	<b>4024</b>	<b>4103</b>	<b>4183</b>	<b>4264</b>	<b>4348</b>	<b>4432</b>	<b>4519</b>	<b>4607</b>	<b>4697</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	24000	26000	28000	30000	32000	34000	36000	38000	40000	42000	44000	46000

URBAN MARKET FINANCIAL INSTITUTION	EIGHTH YEAR											
	85	86	87	88	89	90	91	92	93	94	95	96
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	840	840	840	840	840	840	840	840	840	840	840	840
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this month	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050
Total Micro Loans (cum.)	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200
Small Loan Portfolio	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
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TOTAL SHORT TERM LOAN PORTFOLIO	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200
Micro loan losses	322	322	322	322	322	322	322	322	322	322	322	322
Micro Loan Portfolio (less losses)	173397	173075	172878	172878	172878	171767	171465	171143	170821	170499	170177	169855
Small loan losses	315	315	315	315	315	315	315	315	315	315	315	315
Small Loan Portfolio (less losses)	189988	189673	189358	189043	188728	188413	188098	187783	187468	187153	186838	186523
Total losses this month	637	637	637	637	637	637	637	637	637	637	637	637
Total losses (cumulative)	38816	39453	40090	40727	41364	42001	42638	43275	43912	44549	45186	45823
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TOTAL LOAN PORTFOLIO (less losses)	343355	342748	342141	341534	340927	340320	339713	339106	338499	337892	337285	336678
<b>SAVINGS</b>												
Per Month	10302	10262	10223	10184	10145	10106	10167	10168	10149	10130	10110	10091
Cumulative	560610	570692	581125	591400	601625	711631	722018	732186	742334	752464	762574	772666
Savings Withdrawn	155153	157783	160389	162950	165405	167958	180504	183045	185584	188116	190644	193166
Savings available for investment (cum.)	405458	412909	419736	426550	433365	533673	541513	549139	556751	564348	571931	579499

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URBAN MARKET FINANCIAL INSTITUTION	EIGHTH YEAR											
	85	86	87	88	89	90	91	92	93	94	95	96
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	322047	327069	332063	337057	342042	347018	351584	356941	361888	366826	371795	376674
Savings/short term (monthly)	5022	5013	5003	4994	4985	4975	4966	4957	4947	4938	4929	4920
Net cash flow (monthly)	5022	5013	5003	4994	4985	4975	4966	4957	4947	4938	4929	4920
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	5022	5013	5003	4994	4985	4975	4966	4957	4947	4938	4929	4920
External financing (cum)	60153	55140	50137	45143	40156	35162	30216	25259	20312	15374	10445	5500
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	165453	154555	159745	205025	210400	215868	221431	227093	232855	238719	244687	250000
Interbank Lending/Reserve Account	19542	20326	20713	21057	21460	21863	22242	22626	23007	23387	23766	30218
<b>INCOME</b>												
Short Term Loans	6650	6655	6655	6642	6629	6617	6604	6751	6779	6766	6753	6740
Long Term Loans	3789	3591	3992	4101	4208	4317	4429	4542	4657	4774	4894	5000
Interbank Lending	133	136	136	141	143	146	146	151	153	156	158	201
<b>TOTAL INCOME FROM INTEREST</b>	<b>10602</b>	<b>10684</b>	<b>10986</b>	<b>11063</b>	<b>11181</b>	<b>11260</b>	<b>11361</b>	<b>11464</b>	<b>11589</b>	<b>11696</b>	<b>11805</b>	<b>11942</b>
<b>COSTS</b>												
Operations	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549
External Financing Loan (interest)	401	356	334	301	268	235	201	166	135	102	70	37
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	2054	2057	2125	2161	2193	2224	2256	2288	2320	2351	2383	2415
<b>TOTAL COSTS</b>	<b>6014</b>	<b>6013</b>	<b>6012</b>	<b>6011</b>	<b>6009</b>	<b>6008</b>	<b>6007</b>	<b>6005</b>	<b>6004</b>	<b>6003</b>	<b>6002</b>	<b>6000</b>
<b>NET CASH FLOW (income-costs)</b>	<b>4786</b>	<b>4661</b>	<b>4976</b>	<b>5073</b>	<b>5171</b>	<b>5272</b>	<b>5374</b>	<b>5476</b>	<b>5585</b>	<b>5693</b>	<b>5804</b>	<b>5941</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>4786</b>	<b>4661</b>	<b>4976</b>	<b>5073</b>	<b>5171</b>	<b>5272</b>	<b>5374</b>	<b>5476</b>	<b>5585</b>	<b>5693</b>	<b>5804</b>	<b>5941</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>
cumulative	48000	50000	52000	54000	56000	58000	60000	62000	64000	66000	68000	70000

URBAN MARKET FINANCIAL INSTITUTION	NINTH YEAR											
	97	98	99	100	101	102	103	104	105	106	107	108
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	840	840	840	840	840	840	840	840	840	840	840	840
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050
Total Micro Loans (cum.)	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200
Small Loan Portfolio	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
TOTAL SHORT TERM LOAN PORTFOLIO	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200
Micro loan losses	322	322	322	322	322	322	322	322	322	322	322	322
Micro Loan Portfolio (less losses)	189878	189878	189878	189878	189878	189878	189878	189878	189878	189878	189878	189878
Small loan losses	315	315	315	315	315	315	315	315	315	315	315	315
Small Loan Portfolio (less losses)	185845	185845	185845	185845	185845	185845	185845	185845	185845	185845	185845	185845
Total losses this month	637	637	637	637	637	637	637	637	637	637	637	637
Total losses (cumulative)	42450	47057	47734	48371	49008	49645	50282	50919	51556	52193	52830	53467
TOTAL LOAN PORTFOLIO (less losses)	335741	335104	334467	333830	333193	332556	331919	331282	330645	330008	329371	328734
<b>SAVINGS</b>												
Per Month	10072	10053	10034	10015	9996	9977	9958	9938	9919	9900	9881	9862
Cumulative	782738	752791	722845	692898	662836	632812	602770	572708	542628	512528	482409	452271
Savings Withdrawn	195664	198198	200706	203216	205709	208203	210692	213177	215657	218132	220602	223068
Savings available for investment (cum.)	587053	594393	592113	593630	597127	594609	592077	639531	646971	654395	661807	669203

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URBAN MARKET FINANCIAL INSTITUTION	NINTH YEAR											
	57	96	99	100	101	102	103	104	105	106	107	108
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	361585	366486	391377	395259	401132	405996	410650	415695	420531	425357	430174	434982
Savings/short term (monthly)	4910	4901	4852	4862	4873	4864	4854	4845	4836	4826	4817	4808
Net cash flow (monthly)	4910	4901	4852	4862	4873	4864	4854	4845	4836	4826	4817	4808
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	4910	4901	0	0	0	0	0	0	0	0	0	0
External financing (cum)	615	0	0	0	0	0	0	0	0	0	0	0
Short term loan fund net amortization	0	4286	4852	4862	4873	4864	4854	4845	4836	4826	4817	4808
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000
Interbank Lending/Reserve Account	36804	46317	55823	71465	82951	94573	106184	117814	129463	141132	152821	164530
<b>INCOME</b>												
Short Term Loans	6728	6715	6702	6689	6677	6664	6651	6638	6625	6613	6600	6587
Long Term Loans	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Interbank Lending	245	322	399	476	553	630	708	785	863	941	1019	1097
TOTAL INCOME FROM INTEREST	11973	12037	12101	12165	12230	12294	12359	12424	12489	12554	12619	12684
<b>COSTS</b>												
Operations	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549
External Financing Loan (interest)	4	0	0	0	0	0	0	0	0	0	0	0
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principle Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principle	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	2445	2477	2509	2540	2571	2603	2634	2665	2696	2727	2758	2788
TOTAL COSTS	5995	6025	6056	6085	6120	6152	6183	6214	6245	6276	6307	6337
NET CASH FLOW (income-costs)	5978	6010	6043	6076	6105	6143	6176	6210	6244	6278	6312	6347
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW (with oper. subsidy)	5978	6010	6043	6076	6105	6143	6176	6210	6244	6278	6312	6347
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	72000	74000	76000	78000	80000	82000	84000	86000	88000	90000	92000	94000

URBAN MARKET FINANCIAL INSTITUTION	TENTH YEAR											
	109	110	111	112	113	114	115	116	117	118	119	120
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	840	840	840	840	840	840	840	840	840	840	840	840
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050	8050
Total Micro Loans (cum.)	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200	193200
Small Loan Portfolio	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
TOTAL SHORT TERM LOAN PORTFOLIO	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200	382200
Micro loan losses	322	322	322	322	322	322	322	322	322	322	322	322
Micro Loan Portfolio (less losses)	155669	155347	155025	154703	154381	154059	153737	153415	153093	152771	152449	152127
Small loan losses	315	315	315	315	315	315	315	315	315	315	315	315
Small Loan Portfolio (less losses)	152428	152113	151798	151483	151168	150853	150538	150223	149908	149593	149278	148963
Total losses this month	637	637	637	637	637	637	637	637	637	637	637	637
Total losses (cumulative)	54104	54741	55378	56015	56652	57289	57926	58563	59200	59837	50474	61111
TOTAL LOAN PORTFOLIO (less losses)	328097	327460	326823	326186	325549	324912	324275	323638	323001	322364	321727	321090
<b>SAVINGS</b>												
Per Month	9843	9824	9805	9786	9766	9747	9728	9709	9690	9671	9652	9633
Cumulative	902114	911938	921762	931586	941410	951234	961058	970882	980706	990530	999954	1009128
Savings withdrawn	225528	227384	230436	232882	235328	237775	240192	242620	245042	247460	249873	252281
Savings available for investment (cum.)	576585	583553	591307	598646	705971	713281	720577	727859	735127	742380	749619	756843

URBAN MARKET FINANCIAL INSTITUTION	TENTH YEAR											
	109	110	111	112	113	114	115	116	117	118	119	120
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	439760	444570	449345	454120	458881	463633	468375	473109	477832	482547	487252	491948
Savings/short term (monthly)	4758	4769	4780	4770	4761	4752	4743	4733	4724	4715	4705	4696
Net cash flow (monthly)	4758	4769	4760	4770	4761	4752	4743	4733	4724	4715	4705	4696
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	0	0	0	0	0	0	0	0	0	0	0	0
Short term loan fund net amortization	4758	4769	4760	4770	4761	4752	4743	4733	4724	4715	4705	4696
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000	250000
Interbank Lending/Reserve Account	175255	186005	195779	211570	223381	235214	247069	258944	270842	282761	294703	306667
<b>INCOME</b>												
Short Term Loans	6272	6362	6449	6532	6524	6511	6498	6485	6473	6460	6447	6435
Long Term Loans	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Interbank Lending	1172	1252	1332	1410	1489	1568	1647	1726	1806	1885	1965	2044
TOTAL INCOME FROM INTEREST	12750	12615	12681	12947	13013	13079	13145	13212	13278	13345	13412	13479
<b>COSTS</b>												
Operations	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549	3549
External Financing Loan (interest)	0	0	0	0	0	0	0	0	0	0	0	0
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	2819	2850	2880	2911	2942	2972	3002	3033	3063	3093	3123	3154
TOTAL COSTS	6368	6399	6429	6460	6491	6521	6551	6582	6612	6642	6672	6703
NET CASH FLOW (income-costs)	6382	6417	6452	6487	6522	6556	6594	6630	6666	6703	6740	6776
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW (with oper. subsidy)	6382	6417	6452	6487	6522	6556	6594	6630	6666	6703	6740	6776
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	25000	50000	100000	150000	200000	250000	300000	350000	400000	450000	500000	550000

**PART III**

**RURAL UNITS**

RURAL FINANCIAL INSTITUTION	FIRST YEAR											
	1	2	3	4	5	6	7	8	9	10	11	12
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	15	30	45	60	75	90	105	120	135	150	165	180
Small Loan Clients (cum.)	15	30	45	60	75	90	105	120	135	150	165	180
TOTAL LOAN CLIENTS (cum.)	30	60	90	120	150	180	210	240	270	300	330	360
Maximum Loan value (micro)	50	60	50	60	50	60	100	100	100	120	120	120
Maximum Loan Value (small)	150	150	150	150	150	150	200	200	200	200	200	200
Micro Loans this Month	900	900	900	1200	1200	1200	1500	1500	1500	1800	1800	1800
Total Micro Loans (cum.)	900	1800	2700	3900	5100	6300	7800	9300	10800	12600	14400	16200
Average Micro Loans	60	60	60	65	68	70	74	78	80	84	87	90
Small Loans this Month	2250	2250	2250	2250	2250	2250	3000	3000	3000	3000	3000	3000
Total Small Loans (cum.)	2250	4500	6750	9000	11250	13500	16500	19500	22500	25500	28500	31500
Average Small Loans	150	150	150	150	150	150	157	163	167	170	173	175
Micro Loan Portfolio	900	1800	2700	3900	5100	6300	7800	9300	10800	12600	14400	16200
Small Loan Portfolio	2250	4500	6750	9000	11250	13500	16500	19500	22500	25500	28500	31500
TOTAL SHORT TERM LOAN PORTFOLIO	3150	6300	9450	12900	16350	19800	24300	28800	33300	38100	42900	47700
Micro Loan losses	2	3	5	7	9	11	13	15	18	21	24	27
Micro Loan Portfolio (less losses)	898	1797	2695	3893	5091	6289	7787	9285	10782	12479	14276	16073
Small loan losses	4	6	11	15	19	23	28	33	38	43	48	53
Small Loan Portfolio (less losses)	2246	4494	6739	8985	11131	13421	16392	19367	22322	25281	28232	31181
Total losses this month	5	11	16	22	27	33	41	48	56	64	72	80
Total losses (cumulative)	5	16	32	53	80	113	154	202	257	321	392	472
TOTAL LOAN PORTFOLIO (less losses)	3145	6284	9434	12847	16270	19687	24146	28598	33043	37779	42508	47228
<b>SAVINGS</b>												
Per Month		169	263	365	468	591	724	858	991	1133	1275	1417
Cumulative		169	471	836	1304	1935	2660	3518	4509	5642	6917	8334
Savings Withdrawn		47	118	216	336	464	605	779	1127	1411	1729	2084
Savings available for investment (cum.)		141	353	620	968	1471	1955	2538	3382	4232	5188	6250

RURAL FINANCIAL INSTITUTION	FIRST YEAR											
	1	2	3	4	5	6	7	8	9	10	11	12
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	3150	3150	3150	450	3450	3450	4500	4500	4500	4800	4800	4800
Savings/Short Term Loan Fund (cum.)	0	92	230	418	652	943	1257	1715	2198	2751	3372	4063
Savings/short term (monthly)	0	92	136	186	238	286	353	418	483	553	622	691
Net cash flow (monthly)	-3150	-3058	-3012	-3262	-3212	-3162	-4147	-4082	-4017	-4247	-4178	-4109
External financing (monthly)	3150	3058	3012	3262	3212	3162	4147	4082	4017	4247	4178	4109
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	3150	6208	9220	12482	15694	18857	23003	27085	31102	35349	39528	43637
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	0	7	16	32	50	73	100	132	169	212	259	313
Long Term Loan Fund	0	42	105	193	303	435	596	791	1014	1269	1556	1875
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	0	0	0	0	0
<b>INCOME</b>												
Short Term Loans	0	63	125	196	227	325	394	483	572	661	756	850
Long Term Loans	0	1	2	4	6	9	12	16	20	25	31	36
Interbank Lending	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME FROM INTEREST	0	64	127	200	233	334	406	499	592	686	787	886
<b>COSTS</b>												
Operations	2506	2506	2506	2506	2506	2506	2506	2506	2506	2508	2508	2508
External Financing Loan (interest)	21	41	61	83	108	126	153	181	207	235	264	291
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principle Paid	110	111	111	112	113	114	114	115	116	117	117	118
Interest Paid	45	44	44	43	42	41	41	40	39	38	38	37
Remaining Principle	6600	6549	6436	6326	6213	6100	5982	5870	5754	5638	5520	5402
Interest on operational subsidy	16	36	54	71	88	105	122	139	155	171	187	202
Interest on Short Term Savings	0	1	1	3	4	6	8	11	14	18	22	26
TOTAL COSTS	2702	2741	2779	2820	2860	2910	2947	2994	3040	3088	3135	3182
NET CASH FLOW (income-costs)	-2702	-2677	-2652	-2626	-2597	-2566	-2541	-2495	-2448	-2401	-2348	-2295
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	2702	2677	2652	2626	2597	2566	2541	2495	2448	2401	2348	2295
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	2702	2375	6021	10659	13256	15822	18363	20856	23306	25707	28056	30350
NET CASH FLOW (with oper. subsidy)	0	0	0	0	0	0	0	0	0	0	0	0
<b>PROFITS RETAINED BY LOCR. INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0



RURAL FINANCIAL INSTITUTION	SECOND YEAR											
	13	14	15	16	17	18	19	20	21	22	23	24
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	195	210	225	240	255	270	285	300	315	330	345	360
Small Loan Clients (cum.)	133	210	225	240	255	270	285	300	315	330	345	360
TOTAL LOAN CLIENTS (cum.)	329	420	450	480	510	540	570	600	630	660	690	720
Maximum Loan Value (micro)	140	140	140	150	150	150	150	150	150	200	200	200
Maximum Loan Value (small)	300	300	300	300	300	300	450	450	450	450	450	450
Micro Loans this Month	2100	2100	2100	2400	2400	2400	2700	2700	2700	3000	3000	3000
Total Micro Loans (cum.)	18300	20400	22500	24900	27300	29700	32400	35100	37800	40800	43800	46800
Average Micro Loans	94	97	100	104	107	110	114	117	120	124	127	130
Small Loans this Month	4500	4500	4500	4500	4500	4500	5750	5750	5750	5750	5750	5750
Total Small Loans (cum.)	35000	40500	45000	49500	54000	58500	62250	72000	78750	85500	92250	99000
Average Small Loans	132	153	200	215	212	217	229	240	250	259	267	275
Micro Loan Portfolio	18300	20400	22500	24900	27300	29700	32400	35100	37800	40800	43800	46800
Small Loan Portfolio	35000	40500	45000	49500	54000	58500	62250	72000	78750	85500	92250	99000
TOTAL SHORT TERM LOAN PORTFOLIO	53300	60900	67500	74400	81300	88200	97650	107100	116550	126300	136050	145800
Micro loan losses	31	34	36	42	45	50	54	59	63	68	73	78
Micro Loan Portfolio (less losses)	18117	20163	22243	24504	26958	29309	31955	34596	37233	40165	43092	46014
Small loan losses	50	68	75	83	90	98	109	120	131	142	154	165
Small Loan Portfolio (less losses)	35621	40054	44479	48695	53306	57709	64350	70980	77599	84206	90803	97388
Total losses this month	91	102	111	124	136	147	163	179	194	210	227	243
Total losses (cumulative)	562	654	775	900	1036	1183	1346	1524	1718	1929	2156	2399
TOTAL LOAN PORTFOLIO (less losses)	53738	60236	66724	73500	80254	87017	95305	105576	114832	124371	133895	143402
<b>SAVINGS</b>												
Per Month	1512	1607	1692	1776	2408	2511	2689	3167	3445	3731	4017	4302
Cumulative	9546	11753	13755	15560	18368	20979	23868	27035	30480	34211	38228	42530
Savings Withdrawn	2487	2938	3439	3990	4592	5245	5967	6759	7620	8531	9557	10633
Savings available for investment (cum.)	7460	8815	10316	11970	13776	15734	17901	20276	22860	25631	28671	31898

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RURAL FINANCIAL INSTITUTION	SECOND YEAR											
	13	14	15	16	17	18	19	20	21	22	23	24
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	6600	6600	6600	6900	6900	6900	9450	9450	9450	9750	9750	9750
Savings/Short Term Loan Fund (cum.)	4849	5730	6706	7761	8954	10227	11636	13180	14859	16678	18636	20733
Savings/short term (monthly)	766	861	976	1075	1174	1273	1406	1544	1675	1819	1956	2097
Net cash flow (monthly)	-5814	-5719	-5624	-5825	-5726	-5627	-6042	-7906	-7771	-7931	-7792	-7653
External financing (monthly)	5614	5715	5624	5825	5726	5627	6042	7906	7771	7931	7792	7653
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum)	45421	55170	64794	66619	72346	77973	86014	93920	101691	109622	117414	125067
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH RESERVES</b>												
Cash Reserves	373	441	516	595	669	767	895	1014	1143	1263	1434	1592
Long Term Loan Fund	2236	2645	3055	3551	4133	4720	5370	6063	6856	7658	8601	9569
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	0	0	0	0	0
<b>INCOME</b>												
Short Term Loans	945	1075	1205	1334	1470	1602	1740	1926	2112	2297	2467	2678
Long Term Loans	42	53	62	72	83	94	107	122	137	154	172	191
Interbank Lending	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME FROM INTEREST	987	1128	1267	1406	1553	1700	1848	2048	2249	2451	2659	2869
<b>COSTS</b>												
Operations	2620	2620	2620	2620	2620	2620	2620	2620	2620	2620	2620	2620
External Financing Loan (interest)	330	358	408	444	482	520	573	626	678	731	763	834
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	119	120	121	121	122	123	124	125	126	126	127	128
Interest Paid	35	35	34	34	33	32	31	30	30	29	26	27
Remaining Principal	5263	5163	5043	4921	4799	4676	4552	4428	4302	4176	4049	3921
Interest on operational subsidy	216	232	248	263	276	289	301	313	324	334	343	351
Interest on Short Term Savings	31	37	43	50	57	66	75	84	95	107	119	133
TOTAL COSTS	3354	3413	3471	3531	3590	3649	3724	3795	3872	3946	4020	4093
NET CASH FLOW (income-costs)	-2367	-2285	-2205	-2125	-2036	-1949	-1677	-1751	-1623	-1496	-1361	-1223
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	2362	2282	2202	2122	2036	1949	1877	1751	1623	1496	1361	1223
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	32715	35000	37245	39330	41367	43317	45193	46944	48568	50063	51424	52647
NET CASH FLOW (with oper. subsidy)	0	0	0	0	0	0	0	0	0	0	0	0
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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RURAL FINANCIAL INSTITUTION	THIRD YEAR											
	25	26	27	28	29	30	31	32	33	34	35	36
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	360	360	360	360	360	360	360	360	350	360	360	360
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	350	360
TOTAL LOAN CLIENTS (cum.)	720	720	720	720	720	720	720	720	710	720	710	720
Maximum Loan value (micro)	210	210	210	210	210	210	210	210	210	210	210	210
Maximum Loan value (small)	475	475	475	475	475	475	475	475	475	475	475	475
Micro Loans this Month	3150	3150	3150	3150	3150	3150	3150	3150	3150	3150	3150	3150
Total Micro Loans (cum.)	49050	51300	53550	55800	57450	59400	61050	62700	64350	65700	67050	68400
Average Micro Loans	136	143	149	154	160	165	170	174	179	183	186	190
Small Loans this Month	7125	7125	7125	7125	7125	7125	7125	7125	7125	7125	7125	7125
Total Small Loans (cum.)	103675	106750	113525	118500	123375	128250	132375	136500	140625	144750	148875	153000
Average Small Loans	269	262	316	329	343	356	356	379	391	402	414	425
Micro Loan Portfolio	49050	51300	53550	55800	57450	59400	61050	62700	64350	65700	67050	68400
Small Loan Portfolio	103675	106750	113525	118500	123375	128250	132375	136500	140625	144750	148875	153000
TOTAL SHORT TERM LOAN PORTFOLIO	152725	158050	167075	174300	180825	187650	193425	199200	204975	210450	215925	221400
Micro loan losses	62	65	68	69	66	69	102	105	107	110	112	114
Micro Loan Portfolio (less losses)	48188	50347	52516	54365	56219	58070	59619	61164	62707	63947	65186	66422
Small loan losses	173	161	169	166	216	214	221	228	234	241	248	255
Small Loan Portfolio (less losses)	102069	106763	111469	116146	120816	125477	129381	133279	137169	141053	144930	148800
Total losses this month	235	267	279	230	301	313	322	332	342	351	360	369
Total losses (cumulative)	2553	2920	3199	3439	3790	4103	4425	4757	5099	5450	5810	6179
TOTAL LOAN PORTFOLIO (less losses)	150272	157130	163976	170511	177035	183547	189000	194443	199876	205000	210116	215222
<b>SAVINGS</b>												
Per Month	4508	4714	4919	5115	5311	5506	5670	5833	5996	6150	6303	6457
Cumulative	47038	51752	56671	61767	67056	72504	78274	84107	90104	96254	102557	109014
Savings Withdrawn	11760	12938	14166	15447	16774	18151	19569	21027	22526	24063	25639	27253
Savings available for investment (cum.)	35279	38814	42604	46840	50323	54453	58706	63081	67578	72190	76918	81760

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RURAL FINANCIAL INSTITUTION	THIRD YEAR											
	25	26	27	28	29	30	31	32	33	34	35	36
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	7125	7125	7125	6625	6825	6825	5775	5775	5775	5475	5475	5475
Savings/Short Term Loan Fund (cum.)	22931	25229	27627	30121	32710	35395	38159	41002	43926	46924	49957	53144
Savings/short term (monthly)	2156	2256	2356	2454	2569	2684	2764	2844	2921	2956	3073	3148
Net cash flow (monthly)	-4927	-4627	-4727	-4331	-4236	-4141	-3011	-2931	-2852	-2477	-2402	-2327
External financing (monthly)	4527	4627	4727	4331	4236	4141	3011	2931	2852	2477	2402	2327
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum.)	129994	134621	139248	143875	148510	152225	155266	156196	161049	163526	165928	168236
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	1754	1941	2128	2317	2516	2723	2935	3154	3379	3610	3845	4088
Long Term Loan Fund	10264	11644	12721	13502	15057	16336	17512	18524	20273	21657	23075	24526
Interbank Lending/Reserve Account	0	0	0	0	0	0	0	0	0	0	0	0
<b>INCOME</b>												
Short Term Loans	2666	3022	3143	3263	3410	3541	3671	3786	3885	3998	4100	4202
Long Term Loans	212	233	255	276	302	327	352	376	402	433	462	491
Interbank Lending	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL INCOME FROM INTEREST</b>	<b>3160</b>	<b>3256</b>	<b>3398</b>	<b>3558</b>	<b>3712</b>	<b>3867</b>	<b>4023</b>	<b>4158</b>	<b>4294</b>	<b>4431</b>	<b>4562</b>	<b>4693</b>
<b>COSTS</b>												
Operations	2695	2695	2695	2695	2695	2695	2695	2695	2695	2695	2695	2695
External Financing Loan (Interest)	667	899	930	959	987	1012	1032	1052	1074	1090	1106	1122
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	129	130	131	131	132	133	134	135	135	137	138	139
Interest Paid	26	25	24	24	23	22	21	20	19	18	17	16
Remaining Principal	3752	3662	3521	3400	3266	3134	3000	2865	2725	2593	2455	2316
Interest on operational subsidy	355	366	372	377	382	386	389	392	394	395	396	396
Interest on Short Term Savings	147	162	177	192	210	227	245	263	282	301	320	341
<b>TOTAL COSTS</b>	<b>4222</b>	<b>4276</b>	<b>4329</b>	<b>4379</b>	<b>4429</b>	<b>4476</b>	<b>4519</b>	<b>4560</b>	<b>4599</b>	<b>4636</b>	<b>4673</b>	<b>4709</b>
<b>NET CASH FLOW (income-costs)</b>	<b>-1143</b>	<b>-1036</b>	<b>-932</b>	<b>-822</b>	<b>-717</b>	<b>-611</b>	<b>-496</b>	<b>-401</b>	<b>-305</b>	<b>-206</b>	<b>-111</b>	<b>-16</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	1143	1036	932	822	717	611	496	401	305	206	111	16
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	53790	54826	55759	56561	57258	57905	58404	58806	59111	59316	59428	59443
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

RURAL FINANCIAL INSTITUTION	FOURTH YEAR											
	37	38	39	40	41	42	43	44	45	46	47	48
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	350	350	350	350	350	350	360	360	360	360	360	360
Small Loan Clients (cum.)	350	350	350	350	350	350	360	360	360	360	360	350
TOTAL LOAN CLIENTS (cum.)	720	720	720	720	720	720	720	720	720	720	720	720
Maximum Loan Value (micro)	220	220	220	220	220	220	220	220	220	220	220	220
Maximum Loan Value (small)	500	500	500	500	500	500	500	500	500	500	500	500
Micro Loans this Month	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300
Total Micro Loans (cum.)	63600	70800	72000	72900	73200	74700	75300	75900	75900	75800	77100	77400
Average Micro Loans	193	187	200	203	205	208	209	211	213	213	214	215
Small Loans this Month	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500
Total Small Loans (cum.)	152000	159000	162000	162000	162000	171000	171750	172500	173250	174000	174750	175500
Average Small Loans	433	442	450	456	457	475	477	479	481	483	485	488
Micro Loan Portfolio	63600	70800	72000	72900	73200	74700	75300	75900	75900	75800	77100	77400
Small Loan Portfolio	152000	159000	162000	162000	162000	171000	171750	172500	173250	174000	174750	175500
TOTAL SHORT TERM LOAN PORTFOLIO	222500	229500	234000	237900	241200	245700	247050	248400	249750	250800	251650	252900
Micro Loan Losses	115	115	120	122	123	125	126	127	128	128	129	129
Micro Loan Portfolio (less losses)	67506	69568	69866	70446	71223	71999	72473	72947	73419	73591	73763	73934
Small Loan Losses	260	265	270	275	280	285	286	288	289	290	291	293
Small Loan Portfolio (less losses)	151240	158275	159005	159720	162430	165165	165629	166091	166553	167013	167471	167929
Total losses this month	375	363	390	397	403	410	412	414	416	418	420	422
Total losses (cumulative)	5553	5928	7328	7724	8127	8537	8948	9362	9779	10197	10616	11038
TOTAL LOAN PORTFOLIO (less losses)	219046	222853	226673	230175	233573	237154	236102	239038	239972	240604	241234	241662
<b>SAVINGS</b>												
Per Month	5571	5366	5600	5805	7010	7115	7143	7171	7199	7216	7237	7256
Cumulative	115265	122271	129071	135577	142987	150102	157245	164415	171515	178833	186070	193226
Savings Withdrawn	38896	30568	32258	33394	35747	37525	39311	41104	42904	44708	46518	48331
Savings available for investment (cum.)	66669	91703	96813	102182	107240	112575	117934	123312	128711	134125	139553	144994

RURAL FINANCIAL INSTITUTION	FOURTH YEAR											
	37	38	39	40	41	42	43	44	45	46	47	48
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	4200	4200	4200	3900	3900	3900	1350	1350	1350	1050	1050	1050
Savings/Short Term Loan Fund (cum.)	56346	59647	62542	66269	69766	73175	76657	80153	83662	87161	90709	94246
Savings/short term (monthly)	3204	3259	3315	3365	3417	3469	3482	3496	3510	3519	3528	3537
Net cash flow (monthly)	-955	-941	-625	-534	-463	-431	2132	2146	2160	2469	2478	2487
External financing (monthly)	956	941	625	534	463	431	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	2132	2146	2160	2469	2478	2487
External financing (cum)	165252	170151	171076	171611	172094	172525	170393	162247	166086	163619	161141	158654
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Reserves</b>	<b>4334</b>	<b>4525</b>	<b>4640</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>
Long Term Loan Fund	26007	27511	29441	30592	32172	33773	35360	36954	38613	40237	41866	43496
Interbank Lending/Reserve Account	0	0	0	259	522	785	1057	1325	1595	1866	2137	2410
<b>INCOME</b>												
Short Term Loans	4304	4361	4427	4523	4604	4673	4743	4762	4761	4799	4812	4825
Long term Loans	520	520	561	613	643	675	706	740	772	805	837	870
Interbank Lending	0	0	0	2	3	5	7	9	11	12	14	16
<b>TOTAL INCOME FROM INTEREST</b>	<b>4824</b>	<b>4901</b>	<b>5008</b>	<b>5147</b>	<b>5250</b>	<b>5354</b>	<b>5456</b>	<b>5511</b>	<b>5564</b>	<b>5617</b>	<b>5664</b>	<b>5711</b>
<b>COSTS</b>												
Operations	2766	2766	2766	2766	2766	2766	2766	2766	2766	2766	2766	2768
External Financing Loan (interest)	1126	1135	1141	1144	1147	1150	1135	1122	1107	1091	1074	1058
Equipment Loans	155	155	155	155	155	155	155	155	155	155	155	155
Principal Paid	140	140	141	142	143	144	145	146	147	148	149	150
Interest Paid	15	15	14	13	12	11	10	9	8	7	6	5
Remaining Principal	2177	2035	1895	1752	1609	1465	1320	1173	1026	876	723	479
Interest on operational subsidy	395	395	394	393	390	367	364	380	376	372	367	362
Interest on Short Term Savings	361	362	403	425	447	469	491	514	536	559	581	604
<b>TOTAL COSTS</b>	<b>4805</b>	<b>4825</b>	<b>4861</b>	<b>4885</b>	<b>4907</b>	<b>4930</b>	<b>4934</b>	<b>4939</b>	<b>4943</b>	<b>4944</b>	<b>4946</b>	<b>4947</b>
<b>NET CASH FLOW (income-costs):</b>	<b>19</b>	<b>96</b>	<b>177</b>	<b>262</b>	<b>343</b>	<b>424</b>	<b>524</b>	<b>572</b>	<b>621</b>	<b>672</b>	<b>718</b>	<b>764</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	15	96	177	262	343	424	524	572	621	672	718	764
Balance on Principle	59426	59330	59155	58992	58849	58725	57601	57029	56408	55736	55018	54254
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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RURAL FINANCIAL INSTITUTION	FIFTH YEAR											
	49	50	51	52	53	54	55	56	57	58	59	60
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	350	350	350	350	350	350	360	350	360	360	360	360
Small Loan Clients (cum.)	360	350	350	360	350	360	350	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	720	720	720	720	720	720	720	720	720	720	720	720
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450
Total Micro Loans (cum.)	77700	78000	78300	78600	78900	79200	79500	79800	80100	80400	80700	81000
Average Micro Loans	216	217	218	218	219	220	221	222	223	223	224	225
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	176250	177000	177750	178500	179250	180000	180750	181500	182250	183000	183750	184500
Average Small Loans	490	492	494	495	496	500	502	504	506	508	510	513
Micro Loan Portfolio	77700	78000	78300	78600	78900	79200	79500	79800	80100	80400	80700	81000
Small Loan Portfolio	176250	177000	177750	178500	179250	180000	180750	181500	182250	183000	183750	184500
TOTAL SHORT TERM LOAN PORTFOLIO	253950	255000	256050	257100	258150	259200	260250	261300	262350	263400	264450	265500
Micro loan losses	130	130	131	131	132	132	133	133	134	134	135	135
Micro Loan Portfolio (less losses)	74104	74274	74444	74513	74781	74949	75117	75284	75450	75616	75782	75947
Small loan losses	294	295	296	298	299	300	301	303	304	305	306	306
Small Loan Portfolio (less losses)	166365	166890	166994	167445	170198	175548	171695	171544	171990	172435	172679	173321
Total losses this month	423	425	427	429	430	432	434	436	437	439	441	443
Total losses cumulative	11461	11885	12313	12741	13172	13604	14037	14473	14910	15349	15790	16232
TOTAL LOAN PORTFOLIO (less losses)	242469	243114	243737	244359	244979	245597	246213	246827	247440	248051	248660	249268
<b>SAVINGS</b>												
Per Month	7275	7253	7312	7331	7349	7358	7365	7405	7423	7442	7460	7478
Cumulative	200601	207894	215206	222537	229886	237254	244641	252045	259469	266910	274370	281848
Savings withdrawn	50150	51974	53802	55634	57472	59314	61160	63011	64867	66728	68592	70462
Savings available for investment (cum.)	150450	155921	161405	166903	172413	177941	183480	189034	194601	200183	205777	211386

RURAL FINANCIAL INSTITUTION	FIFTH YEAR											
	45	50	51	52	53	54	55	56	57	58	59	60
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	1050	1050	1050	1050	1050	1050	1050	1050	1050	1050	1050	1050
Savings/Short Term Loan Fund (cum.)	97753	101348	104913	108487	112070	115661	119262	122872	126491	130119	133755	137401
Savings/short term (monthly)	3545	3555	3565	3574	3583	3592	3601	3610	3619	3628	3637	3646
Net cash flow (monthly)	2496	2505	2515	2524	2533	2542	2551	2560	2569	2578	2587	2596
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	2496	2506	2515	2524	2533	2542	2551	2560	2569	2578	2587	2596
External financing (cum)	156157	153652	151137	148613	146089	143525	140966	138428	135889	133361	130839	128295
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>Cash Reserves</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>
Long Term Loan Fund	45125	45775	46421	50071	51724	53382	55044	56710	58380	60055	61733	63416
Interbank Lending/Reserve Account	2662	2956	3250	3545	3761	4057	4334	4612	4890	5169	5449	5729
<b>INCOME</b>												
Short Term Loans	4637	4650	4662	4675	4687	4700	4712	4724	4737	4749	4761	4773
Long Term Loans	903	936	968	1001	1034	1068	1101	1134	1166	1201	1235	1268
Interbank Lending	18	20	22	23	25	27	29	31	33	34	36	38
<b>TOTAL INCOME FROM INTEREST</b>	<b>5758</b>	<b>5606</b>	<b>5652</b>	<b>5700</b>	<b>5747</b>	<b>5794</b>	<b>5842</b>	<b>5890</b>	<b>5937</b>	<b>5984</b>	<b>6032</b>	<b>6080</b>
<b>COSTS</b>												
Operations	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858
External Financing Loan (interest)	1041	1034	1027	991	974	957	940	923	906	889	871	854
Equipment Loans	220	220	220	220	220	220	220	220	220	220	220	220
Principal Paid	152	152	152	152	152	152	152	152	152	152	152	152
Interest Paid	26	27	28	24	23	21	20	19	17	16	15	13
Remaining Principal	368	372	379	343	335	307	267	268	243	219	193	178
Interest on operational subsidy	357	353	348	342	337	331	325	318	311	304	297	289
Interest on Short Term Savings	627	651	673	695	716	741	765	786	811	834	857	881
<b>TOTAL COSTS</b>	<b>5103</b>	<b>5105</b>	<b>5106</b>	<b>5107</b>	<b>5107</b>	<b>5107</b>	<b>5107</b>	<b>5107</b>	<b>5106</b>	<b>5105</b>	<b>5103</b>	<b>5101</b>
<b>NET CASH FLOW (income-costs)</b>	<b>655</b>	<b>701</b>	<b>746</b>	<b>793</b>	<b>640</b>	<b>687</b>	<b>735</b>	<b>783</b>	<b>831</b>	<b>880</b>	<b>929</b>	<b>978</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	655	700	746	793	640	687	735	783	831	880	929	978
Balance on Principle	23959	23899	23839	23779	23719	23659	23599	23539	23479	23419	23359	23299
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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RURAL FINANCIAL INSTITUTION	SIXTH YEAR											
	61	62	63	64	65	66	67	68	69	70	71	72
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	720	720	720	720	720	720	720	720	720	720	720	720
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450
Total Micro Loans (cum.)	81150	81300	81450	81600	81750	81900	82050	82200	82350	82500	82650	82800
Average Micro Loans	225	225	225	227	227	228	228	228	229	229	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	184375	185250	186125	187000	187875	188750	189625	190500	191375	192250	193125	194000
Average Small Loans	514	515	515	517	518	519	520	521	522	523	524	525
Micro Loan Portfolio	31150	31300	31450	31600	31750	31900	32050	32200	32350	32500	32650	32800
Small Loan Portfolio	184375	185250	186125	187000	187875	188750	189625	190500	191375	192250	193125	194000
TOTAL SHORT TERM LOAN PORTFOLIO	215525	216550	217575	218600	219625	220650	221675	222700	223725	224750	225775	226800
Micro loan losses	135	135	135	135	135	137	137	137	137	138	138	138
Micro Loan Portfolio (less losses)	75961	75975	75950	75964	75913	75931	75945	75958	75970	75983	75995	75107
Small loan losses	308	309	309	310	311	311	312	313	313	314	314	315
Small Loan Portfolio (less losses)	173366	173454	173530	173585	173649	173713	173776	173839	173901	173962	174023	174083
Total losses this month	443	444	445	446	447	448	449	450	450	451	452	453
Total losses (cumulative)	16675	17120	17565	18011	18458	18906	19354	19804	20254	20705	21158	21611
TOTAL LOAN PORTFOLIO (less losses)	249349	249430	249510	249589	249667	249744	249821	249896	249971	250045	250118	250190
<b>SAVINGS</b>												
Per Month	7480	7483	7485	7488	7490	7492	7495	7497	7499	7501	7504	7506
Cumulative	389328	396811	404297	411784	419274	426767	434261	441758	449257	456759	464262	471768
Savings withdrawn	73332	74203	75074	75945	76819	81592	83555	85440	87314	89190	91066	92942
Savings available for investment (cum.)	216996	222608	228222	233833	239455	245075	250696	256319	261943	267569	273197	278826

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RURAL FINANCIAL INSTITUTION	SIXTH YEAR											
	61	62	63	64	65	66	67	68	69	70	71	72
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	525	525	525	525	525	525	525	525	525	525	525	525
Savings/Short Term Loan Fund (cum.)	141045	144655	148345	151995	155645	159295	162952	166607	170263	173920	177578	181237
Savings/short term (monthly)	3647	3646	3649	3650	3651	3653	3654	3655	3656	3657	3658	3659
Net cash flow (monthly)	3122	3123	3124	3125	3126	3126	3129	3130	3131	3132	3133	3134
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	3122	3123	3124	3125	3125	3126	3129	3130	3131	3132	3133	3134
External financing (cum)	124577	121854	116730	115605	112475	109351	106223	103093	99962	96830	93697	90563
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH RESERVES</b>												
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	55059	62763	68467	70151	71637	73522	75209	76856	78563	80271	81955	83646
Interbank Lending/Reserve Account	6010	6259	6571	6652	7133	7414	7595	7976	8257	8538	8820	9101
<b>INCOME</b>												
Short Term Loans	4955	4957	4959	4960	4962	4963	4965	4966	4968	4969	5001	5002
Long Term Loans	1342	1336	1335	1433	1437	1470	1304	1536	1572	1605	1639	1673
Interbank Lending	40	42	44	46	46	49	51	53	55	57	59	61
<b>TOTAL INCOME FROM INTEREST</b>	<b>6337</b>	<b>6335</b>	<b>6338</b>	<b>6439</b>	<b>6445</b>	<b>6513</b>	<b>6550</b>	<b>6567</b>	<b>6625</b>	<b>6662</b>	<b>6699</b>	<b>6736</b>
<b>COSTS</b>												
Operations	2856	2856	2856	2856	2856	2856	2856	2856	2856	2856	2856	2856
External Financing Loan (interest)	631	612	752	771	759	729	708	667	666	646	625	604
Equipment Loans	220	220	220	220	220	220	220	220	220	0	0	0
Principal Paid	206	205	211	212	214	215	217	216	219	0	0	0
Interest Paid	12	11	9	6	6	5	3	2	1	0	0	0
Remaining Principal	1579	1365	1156	946	732	517	301	63	0	0	0	0
Interest on operational subsidy	260	272	263	254	245	235	225	215	204	192	179	166
Interest on Short Term Savings	904	926	921	974	958	1021	1045	1068	1091	1115	1138	1162
<b>TOTAL COSTS</b>	<b>5056</b>	<b>5050</b>	<b>5084</b>	<b>5077</b>	<b>5070</b>	<b>5063</b>	<b>5056</b>	<b>5046</b>	<b>5040</b>	<b>4810</b>	<b>4800</b>	<b>4790</b>
<b>NET CASH FLOW (Income-costs)</b>	<b>1232</b>	<b>1275</b>	<b>1258</b>	<b>1362</b>	<b>1405</b>	<b>1450</b>	<b>1495</b>	<b>1529</b>	<b>1585</b>	<b>1851</b>	<b>1895</b>	<b>1946</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	1232	1275	1258	1362	1405	1450	1495	1539	1585	1821	1895	1946
Balance on Principle	42056	40751	35473	38111	36705	35255	33761	32221	30637	26765	26687	24941
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

RURAL FINANCIAL INSTITUTION	SEVENTH YEAR											
	73	74	75	76	77	78	79	80	81	82	83	84
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	720	720	720	720	720	720	720	720	720	720	720	720
Maximum Loan Value (micro)	250	250	250	250	250	250	250	250	250	250	250	250
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450
Total Micro Loans (cum.)	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800
Small Loan Portfolio	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
TOTAL SHORT TERM LOAN PORTFOLIO	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800
Micro loan losses	138	138	138	138	138	138	138	138	138	138	138	138
Micro Loan Portfolio (less losses)	75569	75569	75569	75569	75417	75279	75141	75003	74865	74727	74589	74451
Small loan losses	315	315	315	315	315	315	315	315	315	315	315	315
Small Loan Portfolio (less losses)	173768	173453	173138	172823	172506	172193	171878	171563	171248	170933	170618	170303
Total losses this month	453	453	453	453	453	453	453	453	453	453	453	453
Total losses (cumulative)	22064	22517	22970	23423	23876	24329	24782	25235	25688	26141	26594	27047
TOTAL LOAN PORTFOLIO (less losses)	249737	249354	248951	248378	247925	247472	247019	246566	246113	245660	245207	244754
<b>SAVINGS</b>												
Per Month	7492	7479	7465	7451	7438	7424	7411	7397	7383	7370	7356	7343
Cumulative	373260	366739	360203	401533	405092	418517	423927	431324	438707	446077	453433	460776
Savings withdrawn	94815	96535	98251	100414	102273	104129	105982	107831	109577	111519	113358	115194
Savings available for investment (cum.)	284445	280004	285522	301241	302819	312387	317945	323493	329031	334558	340075	345582

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RURAL FINANCIAL INSTITUTION	SEVENTH YEAR											
	73	74	75	76	77	78	79	80	81	82	83	84
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	164825	166331	192174	195607	199433	203052	206664	210270	213870	217463	221049	224628
Savings/short term (monthly)	3652	3645	3639	3633	3626	3619	3613	3606	3599	3593	3586	3580
Net cash flow (monthly)	3652	3645	3639	3633	3626	3619	3613	3606	3599	3593	3586	3580
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	3652	3645	3639	3633	3626	3619	3613	3606	3599	3593	3586	3580
External financing (cum.)	86911	83265	79622	75973	72327	68746	65136	61530	57930	54337	50751	47172
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	82333	67015	82621	90372	92045	93716	95384	97046	96709	100367	102023	103675
Interbank Lending/Reserve Account	9362	5653	9542	10222	10501	10775	11057	11334	11611	11886	12164	12439
<b>INCOME</b>												
Short Term Loans	5004	4952	4905	4977	4926	4956	4949	4940	4931	4922	4913	4904
Long Term Loans	1707	1740	1774	1807	1841	1874	1908	1941	1974	2007	2040	2073
Interbank Lending	63	64	65	66	70	72	74	76	77	79	81	83
TOTAL INCOME FROM INTEREST	6773	6755	6625	6852	6876	6905	6931	6957	6963	7005	7035	7061
<b>COSTS</b>												
Operations	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858
External Financing Loan (interest)	575	552	531	507	482	458	434	410	386	362	338	314
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	153	135	125	111	97	82	67	52	35	21	5	0
Interest on Short Term Savings	1161	1205	1232	1255	1278	1302	1322	1348	1371	1394	1417	1440
TOTAL COSTS	4776	4751	4745	4731	4716	4700	4684	4668	4652	4635	4618	4612
NET CASH FLOW (income-costs)	1957	2036	2060	2121	2163	2204	2247	2289	2331	2374	2417	2446
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	1957	2036	2060	2121	2163	2204	2247	2289	2331	2374	2417	2446
Balance on Principle	22943	20905	16825	16704	14541	12337	10090	7801	5470	3096	679	0
NET CASH FLOW (with oper. subsidy)	0	0	0	0	0	0	0	0	0	0	0	0
PROFITS RETAINED BY LOCAL INSTITUTION	0	0	0	0	0	0	0	0	0	0	0	0
cumulative	0	0	0	0	0	0	0	0	0	0	0	0

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RURAL FINANCIAL INSTITUTION	EIGHTH YEAR											
	85	86	87	88	89	90	91	92	93	94	95	96
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	720	720	720	720	720	720	720	720	720	720	720	720
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450
Total Micro Loans (cum.)	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800
Small Loan Portfolio	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
TOTAL SHORT TERM LOAN PORTFOLIO	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800
Micro loan losses	138	138	138	138	138	138	138	138	138	138	138	138
Micro Loan Portfolio (less losses)	74313	74175	74037	73669	73761	73623	73485	73347	73209	73071	72933	72795
Small loan losses	315	315	315	315	315	315	315	315	315	315	315	315
Small Loan Portfolio (less losses)	169588	169573	169258	169043	169728	168413	168098	167783	167468	167153	166838	166523
Total losses this month	453	453	453	453	453	453	453	453	453	453	453	453
Total losses (cumulative)	27500	27523	28406	28859	29312	29765	30218	30671	31124	31577	32030	32483
TOTAL LOAN PORTFOLIO (less losses)	244301	243848	243395	242942	242489	242036	241583	241130	240677	240224	239771	239318
<b>SAVINGS</b>												
Per Month	7329	7315	7302	7288	7275	7261	7247	7234	7220	7207	7193	7180
Cumulative	468105	475420	482732	490041	497355	504665	511974	519288	526608	533925	540648	547827
Savings Withdrawn	117025	118555	120081	121613	123121	124637	127948	129757	131562	133364	135162	136957
Savings available for investment (cum.)	351079	356863	362642	368426	374204	379984	385765	389271	394685	400091	405486	410870

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RURAL FINANCIAL INSTITUTION	EIGHTH YEAR														
	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96
<b>SOURCES OF FUNDS</b>															
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fuzr (cum.)	226201	231767	237327	236860	242427	245966	249499	253026	256546	260059	263566	267066	263566	267066	267066
Savings/short term (monthly)	3573	3566	3560	3553	3546	3540	3533	3527	3520	3513	3507	3500	3507	3507	3500
Net cash flow (monthly)	3573	3566	3560	3553	3546	3540	3533	3527	3520	3513	3507	3500	3507	3507	3500
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	3573	3566	3560	3553	3546	3540	3533	3527	3520	3513	3507	3500	3507	3507	3500
External financing (cum)	43995	40033	36473	32920	29373	25834	22301	18774	15254	11741	8234	4734	8234	4734	4734
Short term loan fund net amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CASH RESERVES</b>															
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	105324	107444	109556	111766	114006	116265	118557	120866	123253	125657	128100	130582	128100	130582	130582
Interbank Lending/Reserve Account	12714	12566	13552	12555	13616	14060	14352	14623	14894	15164	15434	15703	15164	15434	15703
<b>INCOME</b>															
Short Term Loans	4852	4866	4877	4888	4899	4910	4921	4932	4943	4954	4965	4976	4987	4998	5009
Long Term Loans	2105	2145	2185	2225	2265	2305	2345	2385	2425	2465	2505	2545	2585	2625	2665
Interbank Lending	65	67	69	70	72	74	76	78	80	82	84	86	88	90	92
<b>TOTAL INCOME FROM INTEREST</b>	<b>7066</b>	<b>7111</b>	<b>7157</b>	<b>7204</b>	<b>7251</b>	<b>7299</b>	<b>7346</b>	<b>7394</b>	<b>7442</b>	<b>7490</b>	<b>7538</b>	<b>7586</b>	<b>7634</b>	<b>7682</b>	<b>7730</b>
<b>COSTS</b>															
Operations	2856	2859	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858
External Financing Loan (Interest)	291	267	243	219	195	172	149	125	102	78	55	32	32	32	32
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	1463	1486	1509	1531	1554	1577	1599	1622	1645	1667	1690	1712	1667	1690	1712
<b>TOTAL COSTS</b>	<b>4611</b>	<b>4611</b>	<b>4610</b>	<b>4609</b>	<b>4608</b>	<b>4607</b>	<b>4606</b>	<b>4605</b>	<b>4604</b>	<b>4603</b>	<b>4602</b>	<b>4601</b>	<b>4600</b>	<b>4599</b>	<b>4598</b>
<b>NET CASH FLOW (income-costs)</b>	<b>2475</b>	<b>2511</b>	<b>2548</b>	<b>2595</b>	<b>2642</b>	<b>2690</b>	<b>2738</b>	<b>2786</b>	<b>2834</b>	<b>2882</b>	<b>2930</b>	<b>2978</b>	<b>3026</b>	<b>3074</b>	<b>3122</b>
<b>OPERATIONAL SUBSIDY</b>															
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>2475</b>	<b>2511</b>	<b>2548</b>	<b>2595</b>	<b>2642</b>	<b>2690</b>	<b>2738</b>	<b>2786</b>	<b>2834</b>	<b>2882</b>	<b>2930</b>	<b>2978</b>	<b>3026</b>	<b>3074</b>	<b>3122</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>															
cumulative	2000	3000	4000	5000	6000	7000	8000	9000	10000	11000	12000	13000	14000	15000	16000

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RURAL FINANCIAL INSTITUTION	NINTH YEAR											
	97	98	99	100	101	102	103	104	105	106	107	108
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	350	350	350	350	350	350	350	350	360	360	360	360
Small Loan Clients (cum.)	350	350	350	350	350	350	350	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	720	720	720	720	720	720	720	720	720	720	720	720
Maximum Loan Value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan Value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450
Total Micro Loans (cum.)	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800	82800
Small Loan Portfolio	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
TOTAL SHORT TERM LOAN PORTFOLIO	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800
Micro loan losses	138	138	138	138	138	138	138	138	138	138	138	138
Micro Loan Portfolio (less losses)	72557	72559	72361	72243	72105	71957	71829	71691	71553	71415	71277	71139
Small loan losses	315	315	315	315	315	315	315	315	315	315	315	315
Small Loan Portfolio (less losses)	156268	156293	156275	156263	156248	156233	156218	156203	156188	156173	156158	156143
Total losses this month	453	453	453	453	453	453	453	453	453	453	453	453
Total losses (cumulative)	32936	33389	33842	34295	34748	35201	35654	36107	36560	37013	37466	37919
TOTAL LOAN PORTFOLIO (less losses)	238865	238412	237959	237506	237053	236600	236147	235694	235241	234788	234335	233882
<b>SAVINGS</b>												
Per Month	7166	7152	7139	7125	7112	7098	7084	7071	7057	7044	7030	7016
Cumulative	554953	562146	569384	576409	583521	590519	597703	604774	611831	618875	625905	632922
Savings Withdrawn	138748	140236	142321	144112	145980	147555	149426	151194	152958	154719	156476	158230
Savings available for investment (cum.)	416205	421910	425963	432307	437541	442564	448278	453581	458874	464156	469429	474691

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RURAL FINANCIAL INSTITUTION	NINTH YEAR											
	57	58	59	100	101	102	103	104	105	106	107	108
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this year	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	270255	274046	277536	281000	284466	287937	291380	294827	298268	301702	305129	308549
Savings/short term (monthly)	3453	3467	3480	3474	3467	3460	3454	3447	3440	3434	3427	3421
Net cash flow (monthly)	3453	3467	3480	3474	3467	3460	3454	3447	3440	3434	3427	3421
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	3453	3467	0	0	0	0	0	0	0	0	0	0
External financing (cum)	1241	0	0	0	0	0	0	0	0	0	0	0
Short term loan fund net amortization	0	2245	3460	3474	3467	3460	3454	3447	3440	3434	3427	3421
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	133105	137514	141923	146326	150712	155081	159439	163787	168127	172461	176790	181115
Interbank Lending/Reserve Account	15972	16240	16508	16775	17042	17308	17574	17839	18104	18368	18631	18895
<b>INCOME</b>												
Short Term Loans	4766	4777	4766	4755	4750	4741	4732	4723	4714	4705	4696	4687
Long Term Loans	2662	2758	2851	2905	2930	2958	2987	3016	3045	3075	3102	3130
Interbank Lending	106	106	110	112	114	115	117	119	121	122	124	146
<b>TOTAL INCOME FROM INTEREST</b>	<b>7534</b>	<b>7641</b>	<b>7727</b>	<b>7672</b>	<b>7694</b>	<b>7714</b>	<b>7736</b>	<b>7760</b>	<b>7785</b>	<b>7812</b>	<b>7842</b>	<b>7873</b>
<b>COSTS</b>												
Operations	2852	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858	2858
External Financing Loan (interest)	6	0	0	0	0	0	0	0	0	0	0	0
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principle Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principle	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	1734	1757	1775	1801	1824	1845	1868	1890	1912	1934	1956	1978
<b>TOTAL COSTS</b>	<b>4592</b>	<b>4615</b>	<b>4627</b>	<b>4655</b>	<b>4682</b>	<b>4704</b>	<b>4726</b>	<b>4748</b>	<b>4770</b>	<b>4792</b>	<b>4814</b>	<b>4836</b>
<b>NET CASH FLOW (income-costs)</b>	<b>2942</b>	<b>3026</b>	<b>3100</b>	<b>3017</b>	<b>3012</b>	<b>3010</b>	<b>3010</b>	<b>3012</b>	<b>3015</b>	<b>3020</b>	<b>3028</b>	<b>3037</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>2942</b>	<b>3026</b>	<b>3100</b>	<b>3017</b>	<b>3012</b>	<b>3010</b>	<b>3010</b>	<b>3012</b>	<b>3015</b>	<b>3020</b>	<b>3028</b>	<b>3037</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	25000	28000	30000	32000	34000	36000	38000	40000	42000	44000	46000	48000

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RURAL FINANCIAL INSTITUTION	TENTH YEAR											
	109	110	111	112	113	114	115	115	117	118	119	120
<b>SHORT TERM LOANS</b>												
Micro Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
Small Loan Clients (cum.)	360	360	360	360	360	360	360	360	360	360	360	360
TOTAL LOAN CLIENTS (cum.)	720	720	720	720	720	720	720	720	720	720	720	720
Maximum Loan value (micro)	230	230	230	230	230	230	230	230	230	230	230	230
Maximum Loan value (small)	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loans this Month	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450	3450
Total Micro Loans (cum.)	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800
Average Micro Loans	230	230	230	230	230	230	230	230	230	230	230	230
Small Loans this Month	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875	7875
Total Small Loans (cum.)	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
Average Small Loans	525	525	525	525	525	525	525	525	525	525	525	525
Micro Loan Portfolio	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800	62800
Small Loan Portfolio	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000	189000
TOTAL SHORT TERM LOAN PORTFOLIO	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800	271800
Micro loan losses	138	138	138	138	138	138	138	138	138	138	138	138
Micro Loan Portfolio (less losses)	70091	70663	70725	70667	70449	70311	70173	70035	69897	69759	69621	69483
Small loan losses	315	315	315	315	315	315	315	315	315	315	315	315
Small Loan Portfolio (less losses)	182428	182113	181758	181463	181158	180853	180538	180223	179908	179593	179278	178963
Total losses this month	453	453	453	453	453	453	453	453	453	453	453	453
Total losses (cumulative)	38372	38825	39278	39731	40184	40637	41090	41543	41996	42449	42902	43355
TOTAL LOAN PORTFOLIO (less losses)	233429	232975	232523	232070	231617	231164	230711	230258	229805	229352	228899	228446
<b>SAVINGS</b>												
Per Month	7003	6989	6975	6962	6948	6935	6921	6908	6894	6881	6867	6853
Cumulative	632924	646914	653689	659951	667300	674735	681355	688154	695128	702339	709205	716059
Savings withdrawn	159581	151728	153472	155213	156950	158684	170414	172141	173864	175585	177301	179015
Savings available for investment (cum.)	475943	495186	500217	495639	500650	505661	511242	516423	521593	526754	531904	537044

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RURAL FINANCIAL INSTITUTION	TENTH YEAR											
	109	110	111	112	113	114	115	116	117	118	119	120
<b>SOURCES OF FUNDS</b>												
Additional monies loaned this month	0	0	0	0	0	0	0	0	0	0	0	0
Savings/Short Term Loan Fund (cum.)	311963	315379	316771	322165	325552	326938	332307	335675	339036	342390	345738	349079
Savings/short term (monthly)	3414	3407	3401	3354	3327	3321	3374	3368	3361	3354	3348	3341
Net cash flow (monthly)	3414	3407	3401	3354	3327	3321	3374	3368	3361	3354	3348	3341
External financing (monthly)	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
External financing (cum.)	0	0	0	0	0	0	0	0	0	0	0	0
Short term loan fund net amortization	3414	3407	3401	3354	3327	3321	3374	3368	3361	3354	3348	3341
Cash Reserves	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Long Term Loan Fund	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000
Interbank Lending/Reserve Account	29161	36417	43661	50952	58236	65516	72809	80111	87420	94737	102062	109395
<b>INCOME</b>												
Short Term Loans	4678	4559	4660	4551	4541	4532	4623	4614	4602	4596	4587	4578
Long Term Loans	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Interbank Lending	154	242	291	340	388	437	485	534	583	632	680	729
<b>TOTAL INCOME FROM INTEREST</b>	<b>6672</b>	<b>6511</b>	<b>6551</b>	<b>6991</b>	<b>9030</b>	<b>9069</b>	<b>9109</b>	<b>9146</b>	<b>9188</b>	<b>9221</b>	<b>9267</b>	<b>9307</b>
<b>COSTS</b>												
Operations	2856	2856	2856	2856	2856	2856	2856	2856	2856	2856	2856	2856
External Financing Loan (Interest)	0	0	0	0	0	0	0	0	0	0	0	0
Equipment Loans	0	0	0	0	0	0	0	0	0	0	0	0
Principal Paid	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Principal	0	0	0	0	0	0	0	0	0	0	0	0
Interest on operational subsidy	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Short Term Savings	2000	2022	2043	2055	2067	2109	2130	2152	2173	2195	2216	2238
<b>TOTAL COSTS</b>	<b>4856</b>	<b>4860</b>	<b>4901</b>	<b>4923</b>	<b>4945</b>	<b>4967</b>	<b>4968</b>	<b>5010</b>	<b>5031</b>	<b>5053</b>	<b>5074</b>	<b>5096</b>
<b>NET CASH FLOW (income-costs)</b>	<b>4014</b>	<b>4032</b>	<b>4049</b>	<b>4067</b>	<b>4065</b>	<b>4103</b>	<b>4120</b>	<b>4139</b>	<b>4157</b>	<b>4175</b>	<b>4193</b>	<b>4212</b>
<b>OPERATIONAL SUBSIDY</b>												
Principle borrowed	0	0	0	0	0	0	0	0	0	0	0	0
Principle repayment	0	0	0	0	0	0	0	0	0	0	0	0
Balance on Principle	0	0	0	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW (with oper. subsidy)</b>	<b>4014</b>	<b>4032</b>	<b>4049</b>	<b>4067</b>	<b>4065</b>	<b>4103</b>	<b>4120</b>	<b>4139</b>	<b>4157</b>	<b>4175</b>	<b>4193</b>	<b>4212</b>
<b>PROFITS RETAINED BY LOCAL INSTITUTION</b>												
cumulative	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
	50000	52000	54000	56000	58000	60000	62000	64000	66000	68000	70000	72000

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**ANNEX II**

**A NOTE ON THE SPREADSHEET PROGRAM**

## A Note On The Spreadsheet Program

One of the most important outcomes of this contract has been the creation of a spreadsheet model that reflects how micro credit programs perform financially. The model (with some modifications and refinements) will be an invaluable tool for designers of micro-enterprise programs. Managers of programs can use the model to project the effect of policy options such as changing interest rates or decreasing loan losses. Using this model requires an IBM or IBM compatible computer and Lotus 1,2,3 or Mosaic Twin software. The following changes can be made with minimal knowledge of spreadsheet programming:

- Number of clients entering the program each month. The design of the model requires that the same number of clients enter the program each month.
- Maximum loan value. Each change in the loan value represents the payback period of the loan.
- Loan losses as a percentage of the active loan portfolio each month.
- Savings rate per month when this is calculated as a percentage of the total loan portfolio less losses.
- The percentage of cumulative savings that will be withdrawn.
- The percentage of savings available for investment to be transferred to the short term loan fund, cash reserves and the long term loan fund. (If these accounts do not exist simply enter 0 for the percentage rate).
- The interest charged on short term and long term loans to clients and for funds loaned to other banks.
- Monthly operational costs.
- The interest rate of external financing loans.
- The interest rate charged on loans for the operational subsidy.
- The amount of the loan required for equipping the office and the interest charged on that loan.
- The interest paid on savings.

- The percentage of losses each year.

Since there is "circularity" built into some of these formulas with calculations tied to a string of other calculations, the CALC command will have to be repeated and the user will have to wait until the recalculation is complete until there are no further changes in the numbers (usually five times).

Other changes in the spreadsheet will require a more sophisticated knowledge of the operation of the Lotus 1,2,3 or Mosaic Twin programs, and should not be attempted until the user has a good grounding in spreadsheet construction.