

**EVALUATION OF FINCA
INTERNATIONAL FOR
PROPOSED USAID/MSED
DIRECT LOAN**

Final Report

U.S. Agency for International Development

Prepared for: USAID/G/EG/CIS

Prepared by: Coopers & Lybrand, LLP

**Sponsored by: Private Enterprise Development
Support Project III
Contract No. PCE-0026-Q-00-3031-00
Delivery Order No. 27
Prime Contractor: Coopers & Lybrand, LLP**

August 1995

**Coopers
&Lybrand**

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EVALUATION OF FINCA INTERNATIONAL FOR PROPOSED USAID/MSED LOAN

EXECUTIVE SUMMARY

USAID's Credit and Investment Staff requested an analysis of the Foundation for International Community Assistance (FINCA International) and its affiliates to help determine: (i) whether the organization is a sound candidate to receive direct loan funds from USAID through its Micro and Small Enterprise Development Program (MSED); and, if so, (ii) how the loan should be structured to impart financial discipline and sound management.

FINCA International is seeking a \$1 million loan from USAID's MSED Program in order to capitalize a credit enhancement mechanism to be known as the FINCA Village Bank Capital Fund. The Capital Fund, designed to commence or increase FINCA affiliates' access to local commercial capital sources, will provide Letter of Credit-backed guarantees to local commercial banks selected by FINCA affiliates participating in the Capital Fund, to encourage the banks to extend credit to these affiliates. The affiliates would borrow funds from the commercial banks, secured by the Letters of Credit, for lending to village banks which will lend to their members.

FINCA International has recently used letters of credit from U.S. banks to secure access to local commercial bank funds for its affiliates in Costa Rica and Ecuador. FINCA International views the Capital Fund as a means to institutionalize and build upon this credit enhancement approach. The Capital Fund will help to rectify market imperfections which impede microenterprises from obtaining necessary credit for the growth and expansion of their businesses. It will enable FINCA International to expand its ability to provide market rate loans to village banks.

The main risk involved in the proposed project is the possibility of default by FINCA International on the MSED loan. This operational risk could result from defaults from village banks on their loans from FINCA affiliates. While a default could possibly occur, it is unlikely, due to the layers of protection comprised of the institutional capital, loan loss reserves and retained earnings of the village banks (which are ultimately responsible for members' repayments), affiliates and FINCA International.

The USAID loan will enable FINCA International to establish an effective and proven Letter of Credit-backed guarantee mechanism. Furthermore, the loan will have a substantial financial and operational impact on all levels of the FINCA operation. The proposed loan will reinforce and encourage the types of management tools FINCA International is in the process of implementing in anticipation of the establishment of the Village Bank Capital Fund. For example, FINCA International is in the process of identifying criteria for participation in the Village Bank Capital Fund, which will be included in a credit manual. The manual should identify specific criteria and performance indicators for participating affiliates. These and other measures are designed to ensure financial and programmatic efficiency as well as financial safety and soundness for FINCA International, its affiliates and, ultimately, the village banks.

Explicit goals for increasing the institutional capital of FINCA International over the next five years should constitute an important element of its strategic planning. Specifically, capitalization goals should include the maintenance of a prudential level of capital adequacy.

EVALUATION OF FINCA INTERNATIONAL
FOR
FOR PROPOSED USAID/MSED DIRECT LOAN

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EVALUATION OF FINCA INTERNATIONAL FOR PROPOSED USAID/MSED LOAN

I. INTRODUCTION

USAID's Credit and Investment Staff (CIS) requested an evaluation of the Foundation for International Community Assistance (FINCA International) and its affiliates to help determine: (i) whether the organization is a sound candidate to receive direct loan funds from USAID through its Micro and Small Enterprise Development Program (MSED); and, if so, (ii) how the loan should be structured to impart financial discipline and sound management. The evaluation was conducted during June and July of 1995.

FINCA International is seeking a \$1 million loan from USAID's MSED Program in order to capitalize a credit enhancement mechanism to be known as the FINCA Village Bank Capital Fund (VBCF or Capital Fund). The Capital Fund, designed to commence or increase FINCA affiliates' access to local commercial capital sources, will provide Letter of Credit-backed guarantees¹ to local commercial banks selected by FINCA affiliates participating in the Capital Fund. The affiliates would borrow funds from these local commercial banks, secured by the Letters of Credit, for lending to village banks which, in turn, will lend to their individual members.

FINCA International has recently used Letters of Credit from U.S. banks to secure access to local commercial bank funds for its affiliates in Costa Rica and Ecuador. FINCA International views the Capital Fund as a means to institutionalize and build upon this credit enhancement approach. The Capital Fund will help to rectify market imperfections which impede microenterprises from obtaining necessary credit for the growth and expansion of their businesses. It will enable FINCA International to expand its ability to provide market rate loans to groups of microentrepreneurs who comprise the village banks.

FINCA International initially proposed to USAID that the Capital Fund be used to support loan financing and emergency liquidity needs of affiliates in Guatemala, Costa Rica, Nicaragua and Malawi before incorporating other affiliates into the program. Based on preliminary analysis, however, FINCA International has indicated that the most appropriate affiliates for the VBCF guarantee mechanism, based on projected loan demand, operational/management capacity and financial viability, include these four affiliates plus Honduras and the Dominican Republic. These six affiliates would comprise the group expected to make the earliest and most efficient use of the guarantee mechanism. The number of affiliates in this group is expected to fluctuate over time as additional affiliates qualify for participation in the Capital Fund and others advance to a level where a Capital Fund guarantee is no longer necessary to access commercial sources of credit.

FINCA International is also seeking support from the USAID Microenterprise Implementation Grant Program to finance the technical assistance and management costs of the Capital Fund.

¹ The use of a letter of credit-backed guarantees has been successfully adapted to microenterprise intermediary borrowing by ACCION International for its Bridge Fund.

II. BACKGROUND

A. Description of FINCA and Village Banking Approach to Poverty Lending

FINCA International, a U.S.-based non-governmental organization (NGO), was founded in 1984. FINCA International's most recent annual report states that its mission is "to support the economic and human development of families trapped in severe poverty." This is accomplished by creating "village banks," which are informal groups of 20 to 50 members, mostly women, who receive what FINCA International views as three critical services: working capital loans to finance self-employment activities; an effective mechanism for promoting family savings; and a community-based system which provides mutual support and encourages self-worth.

While the village banking model has been adapted in several ways in different countries, all village bank programs, including FINCA International's, have ten characteristics in common: focus on poor communities; loans not donations; loans to groups, not individuals; autonomy in selection of members; autonomy in selection of investments; initial small loans; obligatory savings; requirement of 100 percent recovery per cycle; positive interest rates; and democratic control, self-management and self-supervision. Appendix A contains a description of the village banking methodology. Following the group lending principle, FINCA affiliates provide loans to village banks, which in turn give loans to their members. In this way, the village bank is responsible for each member's payment. According to the methodology, this allows for increased savings in administrative costs, and also creates a community pressure for each member to meet his or her financial obligations.

FINCA International currently has 15 active NGO affiliates in the following 14 countries: Honduras; Guatemala; Costa Rica; Haiti; Nicaragua; El Salvador (two); Mexico; Dominican Republic; Peru; Uganda; Ecuador; Malawi; Kyrgyzstan; and the United States. Each of these affiliates operates a village banking program which offers loans ranging in size from \$50 to \$300 to members of village banks. The Centro de Apoyo a la Microempresa (CAM), which is one of FINCA's two affiliates in El Salvador, also has a microenterprise program, which offers larger loans directly to individual microentrepreneurs. An affiliate in Kazakhstan is soon to be established and while it is not yet active, FINCA International plans to finance its activities, and those of the Kyrgyzstan affiliate, with grant funds for the next few years prior to seeking commercial sources of credit.

During the 1980s, FINCA International implemented its village banking methodology by building a clientele of 11,000 poor borrowers (mostly women) in several Latin American countries. According to FINCA International's records, the borrowers successfully repaid commercially-priced loans (maintained a relatively low average default rate) while generating significant levels of savings. Most FINCA affiliates extend 16-week loans to village banks at a flat interest rate while collecting principal and interest payments on a weekly, monthly or end-of-cycle basis. As established in the village banking methodology, each village bank passes through nine 16-week cycles. Loans are increased at each cycle based on the level of accumulated savings as well as the repayment history. Interest rate policy is set according to local macroeconomic conditions.

B. Previous and Proposed USAID Assistance to FINCA International

USAID Matching Grant-1. Beginning in 1991, FINCA International received a three-year Matching Grant (MG-1) from USAID's Office of Private and Voluntary Cooperation. Under MG-1, FINCA International raised \$1.1 million from private donors over the three year term of the grant, \$1 million of which was matched by USAID. This grant was used to "support the expansion of its village banks and to build its own capacity to coordinate and fund FINCA International's growing international network of affiliates." According to an independent evaluation², a major accomplishment of the grant was the negotiation and signing of an agreement of affiliation between FINCA International and local programs which specifies the rights and responsibilities of an affiliate and defines budget and technical support services from FINCA International to each program. Appendix B contains a copy of the standard affiliation agreement. FINCA International records indicate that the number of borrowers during the three year period increased from 11,000 to 50,000, while repayment rates stayed above 95 percent and default rates remained relatively low³.

USAID Matching Grant-2. FINCA International obtained a second Matching Grant (MG-2) from USAID's Office of Private and Voluntary Cooperation in September 1994 designed to "build and refine administrative and management systems and structures" at FINCA International and its affiliates. It is directed at affiliates in Ecuador, the Dominican Republic, Guatemala and Uganda, as well as a regional technical assistance hub to expand the programs in Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Nicaragua. The grant is intended to strengthen the administrative and technical functions of the Headquarters office (FINCA International) and establish a Technical Assistance Hub in Central America, in order to satisfy FINCA affiliates' demand for technical support. In order to be eligible for the \$5 million in grant funds from USAID, FINCA International must raise \$3 million in grant funds from private sources and \$7 million in interest income, savings and borrowed capital from private sources. FINCA International is authorized to draw down \$1 million of the USAID grant per year and must report grant compliance to USAID on an annual basis.

A key element of the administrative and management improvements relates to the enhancement of FINCA International's management information systems (MIS), including the installation of Delttek (government contracting software for fund accounting) at FINCA International in March 1995. A problem which occurred in a regional office of its CAM affiliate in El Salvador in 1994 led FINCA International to adjust the focus of this grant to include the development of an internal control and standardized accounting package for its affiliates. Until recently, accounting systems used throughout the affiliate network varied widely in technique and sophistication. By

² "Building Institutions for Poverty Lending: An Evaluation of FINCA's First Matching Grant and Diagnosis of Future Development Needs." Prepared by Cheryl A. Lasseu. December 1993.

³ This excludes the defalcation in FINCA-CAM's San Miguel regional office.

enabling FINCA International and its affiliates to speak the same financial language, the standardized accounting system will significantly improve the efficiency of FINCA programs by, among other things, automating all accounting, much of which is still being done manually.

The Hub will serve as a base for four microcredit specialists who will provide support to "mature" FINCA affiliates in the form of expertise in the fields of credit delivery, savings mobilization, internal controls, strategic planning, institutional development and training. The Hub is intended to help the Central American affiliates establish the financial and programmatic standards they will need to access non-donor sources of capital and, subsequently, guide them through their next growth stages. The Hub's efforts will allow the staff of FINCA International to focus on creating the systems and methods necessary to support the FINCA network worldwide. Furthermore, the Hub is a key element of the strategy to make sure the affiliates are ready to use the proposed VBCF guarantee mechanism.

USAID-funded projects in specific countries. Appendix C contains summary information on USAID and private donor grants for FINCA programs in specific countries.

USAID Microenterprise Implementation Grant Program. In April 1995, FINCA International submitted a proposal to USAID which included a request for assistance in: the development of prudential financial management systems throughout FINCA International and its affiliate network; and the establishment of a guarantee/liquidity facility at FINCA International with incentive structures to move FINCA affiliates to commercial sources of financing. In response to the proposal, USAID's Office of Microenterprise approved grant funds in the amount of \$750,000, to be used over a three year period for the implementation of comprehensive internal control and management information systems in six affiliates (Guatemala, Malawi, Mexico, Honduras, Costa Rica and Nicaragua) identified by FINCA International. This is to include the implementation of a portfolio management system and the standardized accounting system designed under Matching Grant-2. Funding for the remaining affiliates' accounting and MIS implementation will come from other donors.

The unauthorized diversion of village banking funds by employees of the San Miguel regional office of FINCA's CAM affiliate in El Salvador in 1994 exposed the need for FINCA International to create a more comprehensive prudential financial management system consisting of the appropriate internal controls and monitoring systems. The Implementation Grant Program will enable FINCA International to strengthen its MIS capabilities so that each affiliate produces system-generated reports that will serve as prudential financial management tools and indicators for affiliate and FINCA International management. The Implementation Grant Program will also enable FINCA International to establish a comprehensive set of internal controls and to produce an accounting manual for the organization. Since this grant was only recently approved by USAID, FINCA International has not yet (as of July 1995) received the funds.

Possible USAID Grant Support for Fund Management. FINCA International has received assurance from USAID's Office of Microenterprise that, if it receives the MSED loan from USAID, it will receive a grant, probably ranging in size from \$500,000 to \$650,000, for the

costs associated with the management of the Village Bank Capital Fund and related technical assistance, for at least five years. If the \$1 million USAID loan is approved, USAID's Office of Microenterprise will amend the Implementation Grant to include the grant for the management of this fund. FINCA International intends to hire an experienced fund manager to ensure that it will have the internal capacity to manage the Capital Fund. The fund manager will also provide training and support for the affiliates as they move toward commercial sources of capital. FINCA International is in the process of identifying this person's specific responsibilities as well as how he or she will interact with other departments and the affiliates.

III. CURRENT AND PROPOSED GUARANTEE STRUCTURE

A. Description and Characteristics of Existing FINCA Lending Mechanism

FINCA International's primary source of funding for village banking programs is currently low- or no-cost funds provided by international donors. As part of FINCA International's plan to encourage its affiliates to move toward private sector sources of funds, it recently established Letter of Credit-backed guarantee programs in Costa Rica and Ecuador. These programs represent examples of FINCA International's experience with this form of guarantee mechanism.

Although FINCA Costa Rica is FINCA's oldest affiliate, the Costa Rica guarantee mechanism was established only recently (1994), when FINCA International placed donor funds on deposit with Citibank in the United States. These deposits are used to support stand-by Letters of Credit in favor of Banco Popular, a local bank in Costa Rica which uses the Letters of Credit as security for loans made to the FINCA affiliate. The affiliate, in turn, uses the loan funds from the local bank to make loans to village banks which, in turn, make loans⁴ to their members. The FINCA affiliate in Ecuador was established in June 1994 and opened its first village bank in September 1994. A Letter of Credit-backed guarantee program similar to that of Costa Rica was recently established there.

FINCA International's existing guarantee structure, as negotiated in Ecuador and Costa Rica, possesses the following characteristics:

- ***increased financial costs for the local FINCA affiliate.*** A loan is negotiated with a local bank, based on the FINCA International guarantee. The bank disburses the entire loan in one or several tranches, yet the local affiliate needs time to re-invest these funds in the village banks. During the term of the loan, the affiliate pays interest on the full amount of the loan disbursed from the bank, yet earns interest only on the amounts invested in the village banks. An exception is FINCA Ecuador, which recently renegotiated the terms of its loan so that it is now receiving monthly disbursements;

⁴ The program in FINCA Costa Rica is an anomaly in that the loan sizes and maturities offered are greater than the \$50 to \$300 range offered by village banks in other FINCA programs.

- ***increased administrative and opportunity costs for the affiliate and the local bank.*** Each loan must be negotiated separately, meaning increased paperwork. The bank's monitoring function and costs are the same as with any loan. The relatively small size of the FINCA loans, however, limits profit opportunities for the bank. More significant is the repayment schedule: the affiliate must manage its cash-flow with numerous village banks so that sufficient funds are available whenever an installment must be repaid to the bank. Funds previously disbursed using the guarantee mechanism must be recovered and repaid to the bank, at which point the entire process must begin anew;
- ***short-term orientation.*** The relationship is of a short-term nature, focusing on one separate loan, with specific and inflexible disbursement and repayment schedules. The business relationship ends with the payment of the final installment. While there is the possibility of renewal, this does not necessarily contribute to the strategy of pursuing leverage.

Despite these characteristics, FINCA International's experience in Costa Rica and Ecuador provides some assurance that FINCA International is developing its capacity to manage guarantee schemes. It has already recognized the need to improve its creditworthiness assessment and financial management capabilities in order to properly evaluate and monitor affiliates interested in accessing the Village Bank Capital Fund. The guarantee mechanism of FINCA International should be structured in such a way as to promote the development of a positive working relationship between the affiliate and the local bank.

B. Description and Characteristics of Proposed FINCA Lending Mechanism

The proposed guarantee mechanism addresses the above issues. In summary, the proposed mechanism is structured around pre-authorized overdraft privileges. First, a checking account is opened in the name of the local affiliate with a zero balance. Loans disbursed by the local affiliate to village banks are drawn from this account, generating an overdraft. The overdraft is guaranteed by a FINCA International Letter of Credit, up to the negotiated limit (i.e. the local currency equivalent of the U.S. dollar-denominated value of the Letter of Credit). Computer systems already operating in the local commercial banks automatically calculate the daily interest charges on the overdrawn amounts and collect the accumulated interest charge by debiting the same overdraft account at the end of each month. Therefore, the local FINCA affiliate pays interest only on the amounts invested as loans in the village banks. Amounts collected from the village banks by the FINCA affiliate are deposited in the overdraft account, thereby reducing the daily interest charge.

This mechanism also is financially efficient for the local affiliate and the local commercial bank. Administrative expenses are minimized for the local commercial bank since its computer system calculates the interest charges automatically. The overdraft may swell and decline according to village bank loan demand and repayments, yet the tendency will be for a gradual increase in the overdraft. As the pre-authorized overdraft limit is approached, and assuming a village bank loan portfolio of high quality, the local affiliate may advise FINCA International of the need for

additional guarantees which may then be used to increase the approved overdraft limit. This mechanism could also reduce the administrative costs of the affiliate since it will be able to use the overdraft facility rather than negotiate a new loan each time it needs funds.

From the local bank's perspective, the proposed mechanism permits effective analysis of the affiliate's bank account. Of particular interest for the bank will be the substantial cash flow through the account as the affiliate makes loans and collects village bank installments. This monitoring function is important for each affiliate's medium-term strategy of obtaining leverage from the bank. At the start of operations, it is reasonable for a bank, risking depositor funds, to require a full guarantee from the FINCA affiliate, particularly given the novelty of the lending operation. As time passes, however, the bank will be able to observe the affiliate's operations and, assuming successful operations, increase its confidence about the safety of its money at risk. At this point, negotiations for securing additional overdraft privileges, without requiring new FINCA International guarantees, will have a greater probability of success. The local bank's costs will decrease because the overdraft mechanism means it will not have to negotiate a new loan each time the affiliate requests loan funds.

In summary, the proposed guarantee mechanism is cost-effective, flexible, financially efficient and compatible with the objective of eventually obtaining leverage from the local banks. The Letter of Credit mechanism between the U.S.-based financial institution and the local bank is straightforward and minimizes currency risk. The strategy itself will contribute to the goal of guiding the local affiliates toward locally-available commercial funds and their own institutional development as financial intermediaries.

IV. INSTITUTIONAL CAPABILITIES

In order to determine whether FINCA International is a sound candidate to receive direct loan funds from USAID through its Micro and Small Enterprise Development Program (MSED), some institutional strengths and weaknesses of FINCA International, as well as steps being taken to address these weaknesses (described below in italics), were identified. This information provides an introduction to the issues and recommendations relating to the approval of the loan and its structure.

A. FINCA International

1. Strengths

- Large and diverse donor base, including churches, foundations, corporations, private voluntary organizations, individuals and numerous regional Rotary Clubs.
- Experienced staff and management team. A majority of the headquarters' staff have considerable amounts of overseas experience in microenterprise and related activities, especially international poverty lending. In recent years, FINCA International has

expanded its technical staff to augment the FINCA network's village banking experience with new expertise in microenterprise institutional development, sustainability management, commercial banking and international management consulting.

2. Weaknesses

- Lack of sufficient mechanisms to monitor affiliates' activities.

With the recent establishment of Letter of Credit-backed guarantee programs in Costa Rica and Ecuador, FINCA International began organizing an ad hoc credit committee of department directors on an as-needed basis. This was acceptable for the early stages of these programs but would not be sufficient for supporting the anticipated level of activity associated with the proposed guarantee fund. FINCA International will therefore establish a credit manual which outlines policies and procedures, including the establishment of a formal credit committee, for the effective management of the Fund.

- Lack of fund management experience and procedures necessary to evaluate the creditworthiness of affiliates and related requests from affiliates for Letters of Credit. Most FINCA affiliates rely on grants and other donor assistance to finance their lending activities and cover varying amounts of their operational expenses. While FINCA International has helped its affiliates develop loan approval policies and procedures (attached as Appendix D), it did not develop its own policies and procedures because it has mainly been in the position of passing grant funds from donors to its affiliates.

FINCA International has begun to actively implement a strategy designed to ensure a high level of safety and soundness in its own operations and those of its affiliates. For example, it has decided not to open new affiliates or expand into new countries in this and next fiscal year in order to allow its present operations to achieve greater efficiency. This will also allow ample time for the implementation of the MIS plan.

The safety and soundness strategy focuses on several management and financial policy issues. Strategic decisions relating to management issues include: the hiring of MIS professionals to design and implement a standardized accounting system for the entire organization; and the hiring of experienced financial and development professionals at the headquarters and affiliate level. Strategic decisions relating to financial policy issues include the decision to establish policies, to be included in a credit manual, designed to ensure that affiliates maintain the appropriate level of loan loss reserves and capital.

- Autonomous affiliation structure in some countries creates the potential for problems. Currently, a FINCA International representative sits on the board of directors of each affiliate and a separate contract is signed with each affiliate which formalizes the rights and responsibilities of each party. Appendix B contains a copy of the standard affiliate agreement. However, affiliates retain an autonomous status, which limits their accountability and could expose FINCA International to excessive levels of risk.

In order to ensure the adherence to prudential financial management procedures, FINCA International management is reviewing the possibility of strengthening the links with affiliates by amending their status to enhance their level of accountability. For example, new affiliates, such as FINCA Ecuador, are starting out with more accountability requirements. This and other options under review in FINCA International's strategic planning process are expected to address most of the issues associated with countries where an autonomous affiliation structure exists.

- Reliance on donor grants exposes FINCA International to uncertain periods when existing grants and other donor commitments expire before replacement funds are identified. A funding gap occurred in the fiscal year ending August 1994, when an existing grant expired several months before a new grant was received.

FINCA International is increasing its efforts to coordinate timing of grants and other donor commitments. Plans implemented during the past three years by FINCA International's Development Department have increased the repeat donor rate to 95 percent and further extended its funding base.

B. FINCA AFFILIATES

In order to assess the managerial and operational viability of FINCA affiliates, it is necessary to identify existing strengths and weaknesses of these affiliates, as well as steps being taken to address these weaknesses (described below in italics). The growth of FINCA's activities has accelerated the need for it to formalize a set of prudential financial policies and procedures as well as substantially improve its financial efficiency. Though this evaluation did not include in-depth reviews of each affiliate, the following points relate to affiliate characteristics which could have the most impact on FINCA International's effectiveness and financial viability.

1. Strengths

- High quality loan portfolio, with low overall default rate. Appendix E, which contains statistics on FINCA International's global village banking loan portfolio, includes the recovery rate (total loans outstanding, less loans past-due, divided by total loans outstanding) for each of the active programs. More than half of the FINCA affiliates also report on-time repayment rates in excess of 95 percent.
- Interest rate policy consistent with a goal of attaining self-sufficiency.
- Making substantial improvements in MIS capabilities which will allow for improved accounting and reporting procedures.

2. Weaknesses

- Limited loan loss reserves and capital.

Once the planned improvements to the MIS capabilities have been made, FINCA International and its affiliates will be able to track relevant loan portfolio characteristics, such as defaults, more closely and on a consistent basis. This factor, in combination with the creation of a credit manual and accompanying credit guidelines, will enable FINCA International and its affiliates to more accurately determine the necessary level of loan loss reserves and capital, as well as ways to raise funds for these purposes.

- Not completely financially self-sufficient (some are heavily reliant on subsidized donor funding for loan capital and operating costs, especially in the early stages of affiliate development).

FINCA International is encouraging each affiliate to develop a plan to become self-sufficient within a reasonable amount of time. The Village Bank Capital Fund is designed to be a major tool for moving affiliates toward long-term sustainability.

- Accounting systems in most affiliates need to be automated and/or up-graded. Current systems inhibit portfolio management efficiency and limit accountability of affiliates to FINCA International. Affiliates have had relatively little reporting requirements in the past, due in part to the nature of the information needed by FINCA International and the varying levels of sophistication of the affiliate recordkeeping systems.

The implementation of a common accounting system throughout the FINCA affiliate network is expected to dramatically improve the transparency of affiliate operations and allow for better decision-making at the network level. The information generated by the new accounting system will enable FINCA International and its affiliate managers to evaluate the financial and programmatic status of FINCA affiliates. The system will be a major component of a prudential financial management system of checks and balances designed to increase financial efficiencies and the accountability of affiliate managers.

V. FINANCIAL SECTOR RISKS

A. Types of Financial Sector Risks

The principal types of financial sector risks facing FINCA International in relation to the proposed guarantee mechanism are summarized below:

- **Interest Rate Risk.** This refers to the mismatch of the maturities for obligations and assets. For the proposed guarantee mechanism, the primary risk is found at the level of the affiliates, which are exposed to increases in the cost of the bank loans. Any such

increases go into effect immediately and will have a detrimental impact on affiliate net earnings. The most common solution for this type of exposure is to approve loans with variable interest rates. In the case of FINCA International, however, this may complicate the financial transaction, perhaps hindering the effectiveness of the village bank methodology and thereby inhibiting the developmental impact of the USAID loan. Given that the affiliates enjoy a healthy spread between their cost of funds and the interest they charge to the village banks, it may be possible for them simply to absorb the increased cost until they recycle outstanding loans with new interest rates reflecting the higher bank charges. Although interest rates are not often changed during the term of each loan, they can adjust the rate every cycle (four month period) -- therefore, most interest rate risk is within the loan cycle.

- **Exchange Rate Risk.** With the proposed guarantee mechanism, there is nominal exchange rate risk, since the USAID loan funds would be deposited in a U.S.-based financial institution. As such, fluctuations in exchange rates vis-a-vis the United States and the country in which the affiliate operates do not pose a threat to the USAID resources. In fact, since it is usual to observe gradual devaluations of local currencies vis-a-vis the U.S. dollar, the proposed guarantee mechanism will allow the local affiliate to either maintain the real value of its loan portfolio without having to renegotiate with the bank, or decrease the value of the guarantee required from FINCA International.

The only instance in which exchange rate risk may threaten the USAID capital is with a fairly sudden revaluation of the local currency vis-a-vis the U.S. dollar. In such a case, the local bank might find itself with inadequate protection against its loan to the local FINCA affiliate, and demand an increase in the guarantee. The threat would exist if, at the same time, the local affiliate were experiencing unacceptably high levels of default which would have to be covered by the guarantee. It is reasonable to assume that this risk is minimal.

- **Liquidity Risk.** Liquidity refers to the ability to easily convert assets to money with little or no loss in value. The most liquid asset is money. Liquidity risk for FINCA affiliates would occur if they were unable to raise funds to meet operational expenses or finance lending activities. The administrative response to liquidity concerns of affiliates is well presented in the FINCA International proposal for the guarantee mechanism. Also, FINCA International has maintained a healthy ratio of current assets to current liabilities (1.6) in its own balance sheet. This liquidity will be important as FINCA International works to bolster its institutional capital over the next several years.
- **Operating Risk.** Operating losses will jeopardize the integrity of the guarantee mechanism. Goals for the institutional sustainability of the local affiliates should therefore be established and formally approved to qualify for participation in the

guarantee mechanism. Conservative policies to cover potential defaults⁵ will increase affiliate costs and make self-sufficiency goals that much more difficult to attain, yet these are necessary to protect the guarantee fund. An additional layer of protection is the institutional capital of the affiliate, which is augmented by retained net earnings. The financial safety and soundness of the entire FINCA system should be incorporated into the implementation design of this program.

Since the creditworthiness of each affiliate depends to a large extent on the quality of the credit management, monitoring and control systems of FINCA International and its affiliates, FINCA International has begun to develop and improve these systems in parallel with the development of the Capital Fund. FINCA International has indicated it is aware that, although the Capital Fund is a vehicle to enhance the creditworthiness of the affiliates, it is not a substitute for the inherent creditworthiness of the affiliates, which will be based on a sound system of layers of credit protection with appropriate monitoring and controls.

- ***Fraud Risk.*** The risk of internal fraud would be higher today if FINCA International had not experienced the problems encountered in El Salvador. FINCA International is in the process of implementing a series of actions designed to ensure effective control measures throughout the affiliate and village bank network. The risk of fraud, however, exists in all financial intermediaries and occurs even under the best policies. When such unexpected losses occur, however, the amount of institutional protection depends on the level of capital adequacy.

In summary, the main risk involved in the proposed project is the possibility of default by FINCA International on the USAID/MSED loan. This operational risk could result from defaults by village banks on their loans from FINCA affiliates. While a default could possibly occur, it is unlikely, due to the layers of protection comprised of: the institutional capital, loan loss reserves and retained earnings of the village banks, which are ultimately responsible for members' repayments; the institutional capital, loan loss reserves and retained earnings of the affiliates; the training, technical support and supervision offered by FINCA International to its affiliates and by the affiliates to the village banks; and the institutional capital, loan loss reserves and retained earnings of FINCA International. It will be the responsibility of FINCA International to ensure that each of these layers maintains sufficient levels of capital and reserves.

⁵ Central Banks (or bank regulators) must balance conflicting objectives with their policies on loan loss reserves. On the one hand, higher levels of reserves provide increased protection to depositors. However, the additional expense this represents will depress net earnings on which taxes are calculated, a result which may not sit well with a government experiencing deficits. FINCA affiliates do not pay taxes and so may freely establish higher reserves than those required by local authorities. In this case, FINCA International and, less directly, USAID itself must then find an appropriate balance between protecting the integrity of the guarantee fund and the desire to achieve affiliate self-sufficiency.

B. Credit Risk Analysis

Credit risk analysis and subsidy calculation for the proposed loan are contained in Appendix F.

VI. ISSUES AND RECOMMENDATIONS

A. Issues

This section will address questions provided by USAID and those developed during the evaluation process.

1. *Should a loan be made to FINCA International?*

The response to this question is based on the analysis of FINCA International's financial statements.

Analysis of Financial Statements The major finding concerns the adequacy of institutional capital. Although a developmental institution, FINCA International is, in effect, a financial intermediary and should be evaluated as such.

The Bank for International Settlements (BIS) has established a standard capital adequacy goal of 8 percent⁶ for financial intermediaries, at least half of which should be what is termed Tier One capital⁷. An analysis of FINCA International's balance sheets presents the following:

Net Assets	Aug. '91	Aug. '92	Aug. '93	Aug. '94	May '95
Unrestricted	21,629	33,402	65,261	(180,211)	21,674
Temporarily Restricted	0	101,493	174,642	293,119	281,821
Total	21,629	134,895	239,903	112,908	303,495

⁶ For the purposes of this assessment, capital adequacy is calculated in the following manner: Capital/Total Assets. BIS-defined capital adequacy calculations are based on the "risk-weighting" of assets, which requires varying amounts of capital according to the relative risk associated with each asset. For example, cash on hand is said to have zero risk. However, for NGOs dependent on donor funding, a conservative approach considers total assets rather than a risk-adjusted (lower) figure for the denominator.

⁷ Tier 1 capital in the case of an NGO would consist of any retained earnings from previous periods, as well as loan loss reserves and all unrestricted donations. The definition of Tier 2 capital varies a bit between countries and could include subordinated debt. A loan from USAID to FINCA International, conceivably could be structured as subordinated debt.

Audited balance sheets for the years 1991 and 1992 required minor adjustments due to the adoption of Statements of Financial Accounting Standards (SFAS) Nos. 116 and 117, "Accounting for Contributions Received and Contributions Made," and "Financial Statements of Not-for-Profit Organizations," respectively. Of the two standards, SFAS No. 117 is the more significant for FINCA International, since it affects how restricted contributions are managed. Previously, they appeared on FINCA International's balance sheet as a liability, i.e., contributions which had to be spent in a specific country or program.⁸ As a result of SFAS No. 117, they no longer appear as a liability, but rather as part of FINCA International's net assets, the NGO equivalent of institutional capital.

On the one hand, it is reasonable that these resources not be considered as a liability in the strictest sense of the term: they are not owed to an individual the way traditional liabilities represent debt, but rather reflect an institutional commitment to spend the funds as per mutual agreement with the donor. However, it is not entirely reasonable to include these resources as either Tier One or Tier Two capital, since the true intent is for these funds to be spent without undue delay, as per FINCA International's commitment to the respective contributor. As a result, the capital adequacy analysis (Table 3 of Appendix G) of FINCA International excludes temporarily restricted funds in the capital adequacy calculation included in the projections.

Institutional capital has many roles but its use as a cushion against unexpected losses is the primary concern of regulators and insurers. It should also be the primary concern of USAID when analyzing institutional indebtedness. FINCA International experienced losses in its fiscal year ending August 1994, due primarily to a funding hiatus for its program in El Salvador. FINCA International's institutional capital was inadequate to cover the operating loss of \$245,472, causing its fiscal year to end, net of temporarily restricted net assets, with negative institutional capital of \$180,211. In effect, FINCA International's obligations exceeded its assets and, therefore, FINCA International was not necessarily in a position to acquire additional debt.

During the current fiscal year, however, FINCA International has apparently fully recovered: unaudited May 1995 financial statements show an unrestricted net asset balance of \$21,674, resulting from retained earnings of over \$200,000 during the first three quarters of this fiscal year. This figure matches the \$21,629 unrestricted balance which FINCA International had in August 1991. In 1991, however, total assets were \$445,050, whereas the corresponding figure for May 1995 is \$1,240,008. Dividing the current unrestricted net assets by these total assets, the resulting capital adequacy figure is 1.7 percent, which is substantially below the 8 percent target identified in the capital adequacy assessment.

⁸ In the case of the August 1994 balance sheet for example, temporarily restricted net assets referred to \$10,000 available for Chile, \$36,476 for Ecuador; \$40,515 for Haiti; etc. Occasionally, restrictions on contributions are removed. In these instances, the funds convert to institutional capital.

An additional way to assess FINCA International's capital adequacy is to compare it with the operational cash flow information drawn from Table 1 of Appendix G. For temporarily restricted net assets, the figures are as follows:

Temporarily Restricted Net Assets

	Aug. '91	Aug. '92	Aug. '93	Aug. '94	May '95	
Inflows	N/A	N/A	639,723	930,669	438,702	*
Outflows	N/A	N/A	566,574	812,192	450,000	*
Balance	0	101,493	174,642	293,119	281,821	
Adequacy			22.9%	26.8%	64.7%	

* Estimates

Adequacy calculation: Average Balance/Average Cash Flow

Example: $((174,642 + 101,493)/2) / ((639,723 + 566,574)/2) = 22.9 \text{ percent}$

The results of the adequacy formula contained in the above table indicate that the average balance of FINCA International's temporarily restricted net assets has increased substantially as a percentage of the average cash flow of these assets. The results of the adequacy formula contained in the following table, however, show that the average balance of FINCA International's unrestricted net assets is quite small in relation to the average cash flow of these assets. While the May 1995 figures show some improvement from 1994, the information in these two tables supports the case that FINCA International needs to improve its capital adequacy by maintaining a higher level of unrestricted net assets.

Unrestricted Net Assets

	Aug. '91	Aug. '92	Aug. '93	Aug. '94	May '95
Inflows	N/A	3,446,838	4,748,980	3,767,494	2,842,485
Outflows	N/A	3,435,065	4,717,121	4,012,966	2,716,497
Balance	21,629	33,402	65,261	(180,211)	21,674
Adequacy		0.8%	1.0%	-1.5%	5.1%

In its description of its Microenterprise Implementation Grant Program, FINCA International makes reference to "layers of credit protection"⁹ as one element to enhance the inherent creditworthiness of its affiliates. The creditworthiness of FINCA International would be enhanced by higher levels of unrestricted net assets since these resources provide an additional layer of protection against losses to the USAID funds requested for the guarantee mechanism. Explicit goals for increasing the institutional capital of FINCA International over the next five years should constitute an important element in the implementation design of the proposed loan from USAID. Incorporating additional assumptions discussed in later sections, capitalization goals for FINCA International should approach the following levels to maintain a capital adequacy ratio of at least 8 percent over the next five years:

	May 95	Year 1	Year 2	Year 3	Year 4	Year 5
Institutional Capital ¹⁰	\$21,674	\$178,868	\$215,725	\$269,178	\$316,849	\$370,176

The institutional capital figures contained in the above chart include the following estimated loan loss reserves: Year 1 \$24,868; Year 2 \$37,725; Year 3 \$56,178; Year 4 \$72,849; and Year 5 \$91,176. In calculating the capital adequacy projections included in Appendix G, the approximately \$2 million private resources projected to be raised over the five year period are included with the USAID loan in the asset and liability accounts called "Guarantee Fund." This assumes that the funds raised from the private sources will be classified as liabilities if they are in the form of loans to the Capital Fund, which are clearly liabilities. If they are in the form of donations to the Capital Fund, they would be considered institutional capital, under the capital adequacy methodology described earlier. Although such donated funds may be designated for the Capital Fund by the particular donors, they would not be considered temporarily restricted net assets because they would be intended by the donor to be deposited in the Capital Fund rather than spent on operations.

The Capital Fund will not only expand the amount of capital available to FINCA International for microenterprise lending. It will also promote the sustainability of the organization and its affiliates. For example, if the proposed USAID loan causes specific capitalization goals to be incorporated into the financial planning of FINCA International over the next five years, the loan will have a profound and extremely positive impact on the institution and should therefore be approved. The operational impact at the level of the local affiliates would provide additional important benefits. While the guarantee mechanism is a straightforward financial operation, gaining access to it will require that FINCA affiliates maintain high levels of creditworthiness and financial prudence.

⁹ Page 18, Implementation Grant proposal.

¹⁰ Unrestricted net assets plus the loan loss reserve (see Appendix G) to be generated for the Capital Fund.

2. *What size of loan is appropriate?*

The response to this question depends on three elements: (i) the demand analysis from the FINCA affiliates; (ii) the portion of this demand expected to be covered by the USAID loan; and (iii) the desire, as expressed by FINCA International, to cover all financial costs generated by the guarantee facility via revenue generated by the same.

a. *Demand analysis*

FINCA International's Microenterprise Implementation Grant Program application (page 15) presents the following projected capitalization (from U.S. Government and private sources) for the Village Bank Capital Fund:

FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
\$1,000,000	\$1,225,000	\$1,500,000	\$2,000,000	\$3,000,000

The \$1 million loan from USAID will be used to capitalize the fund. These figures are supplemented by growth projections (Table 2 of Appendix G) of the initial six affiliates identified, which portray portfolio growth over the next five years with the potential to be substantially greater than \$3 million. To augment this information, a simple questionnaire (Appendix H) was sent to all affiliates, generating the following responses:

Survey Results of Affiliate Demand for Guarantee/Liquidity Mechanism

	Guarantee Facility			Liquidity Facility				
	Are you interested ?	Demand?	Are you willing to pay a fee of 3% to 5%?	Are you interested?	Purpose?	How often during the past 12 months?	How much?	Term? (months)
Nicaragua	Yes	Moderate	Yes	Yes	Operations and Loans	2 times	\$50,000	1
CAM	Yes	Moderate	Yes	No				
Mexico	No			No				
Malawi	Yes	Moderate	Yes	Yes	Loans	1 time	\$10,000	2
Ecuador	Yes	High	Yes	Yes	Loans	N/A		
Rep. Dom.	Yes	Moderate	Yes	Yes	Loans	1 time	\$50,000	1 to 5
El Salvador	Yes	High	Yes	Yes	Operations	2 times	\$16,000	12
Honduras	Yes	Moderate	Yes	No				
Uganda	Yes	Moderate	Maybe	Maybe	Operations and Loans	> 3 times	\$100,000	3 to 6
Guatemala	Yes	Moderate	Yes	No		1 time	\$20,000	2
Peru	Yes	Moderate	Yes	Yes	Loans	2 times	\$25,000	2 to 3

Demand for the service appears to exist, including a willingness to pay FINCA International a fee to help cover operating costs. If all affiliates indicating demand for the guarantee fund were to obtain access, the total demand for the facility will exceed the projected \$3 million. This would accelerate the access to commercial sources of capital for more affiliates, providing FINCA International can maintain a sufficient level of capital to support the loan portfolio growth.

b. *Portion of total loan to be covered by USAID loan*

In the Implementation Grant Program document, FINCA International proposes the following strategy for capitalizing the Village Bank Capital Fund:

*FINCA is in the process of applying for a \$1 million loan from USAID's Microenterprise and Small Business Loan Portfolio Guarantee Program to capitalize the Capital Fund. In addition, FINCA will raise capital from other sources, including donor grants, concessional loans, and corporate sponsors. This will diversify the risk of loss to capital fund sources, give FINCA flexibility in the percent of guarantee provided, and keep the cost of funding the capital fund as low as possible.*¹¹

USAID benefits from this position; for every dollar disbursed to FINCA International for this guarantee facility, FINCA International will raise approximately two dollars. FINCA International will benefit from this strategy since donated funds raised for the Village Bank Capital Fund will have the added advantage of enhancing its institutional capital position. Therefore, USAID should assume that over the initial five year period its loan will equal, on average, approximately 33 percent of the total guarantee facility to be managed by FINCA International.

c. Cost coverage of fund management

While the costs associated with fund management will be covered, at least for the first five years, by grant funds from USAID, FINCA International will be expected to develop a plan during this period which outlines funding projections for management of the fund beyond this five year period. This plan should demonstrate FINCA International's efforts to cover increasing amounts of the specific fund management costs with interest and fees earned on the Capital Fund's activities. FINCA International expects its affiliates to cover all financial costs associated with their participation in the Capital Fund.

FINCA International has presented the following budget projections for the management of the guarantee facility¹²:

	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries/Benefits	37,500	78,750	82,688	86,822	91,163
Travel	8,000	10,000	10,500	11,025	11,576
Consultants	30,000	20,000	21,000	22,050	34,153
Total	\$75,500	\$108,750	\$114,188	\$119,897	\$136,892

¹¹ Page 15 of Microenterprise Implementation Grant Program application, April 10, 1995.

¹² Microenterprise Implementation Grant Program application, April 10, 1995, Section E: Budget Tables.

FINCA International has subsequently indicated that the above figures are preliminary estimates of the costs associated with fund management and will vary depending on the specific role and travel schedule (both to be determined) of the manager. Although USAID is expected to cover the operational costs associated with management of the Capital Fund, the team undertook an exercise to provide an indication of how such costs could be covered. The exercise, outlined below, does not take the expected five year grant from USAID into consideration. Table 4 in Appendix G shows the results of the exercise. FINCA International can use the model to develop projections of the portion of Capital Fund management expenses to be covered by internally-generated and externally-generated sources.

The proposed USAID loan to FINCA International is designed to be deposited in a U.S. financial institution. The assumed cost equals the yield on 6-month Treasury bills (currently 5.25 percent) plus 75 basis points. The assumed yield on these funds equals that of 60-day commercial paper (currently 5.76 percent)¹³. FINCA International needs to generate a loan loss reserve in case local capital and reserves prove inadequate to cover portfolio defaults. For the projections contained in Tables 3 and 4 of Appendix G, 3 percent is budgeted for this purpose, as per the precedent established for the similar guarantee fund operated by ACCION International. Finally, for projection purposes, the fee charged to local affiliates for accessing the guarantee facility is assumed to be 3 percent.

When the financial assumptions described above are combined with the five-year projections for guarantee demand (which are based on program targets included in Appendix K), the resulting revenue covers the costs (financial and operating) of providing the guarantee service as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Guarantee Demand	\$828,932	\$1,257,509	\$1,872,601	\$2,428,312	\$3,039,212
Self-Sufficiency ¹⁴	49.3%	57.0%	68.3%	76.8%	80.4%

d. Recommended loan size

Based on the capital adequacy analysis and the approximately \$3 million projected demand for the guarantee facility over the next five years, the proposed \$1 million appears to be an appropriate amount to be loaned by USAID to FINCA International.

¹³ Source for yield figures: New York Times; Friday, July 7, 1995; page D-15.

¹⁴ Self-sufficiency = Total Revenue/(Financial + Operating Costs)

3. Should FINCA International be allowed to make direct loans from the Capital Fund to its affiliates?

The guarantee facility approved by USAID for ACCION International permits direct lending to local affiliates. USAID prefers, and the team agrees, that the proposed loan to FINCA International be used solely to support the guarantees offered by the Capital Fund, which will support loan portfolio growth. FINCA International could use a portion of the funds raised from the private sector to make direct loans to its affiliates for short-term liquidity needs, if the particular private sector lenders/donors authorize the use of their funds for this purpose. In any case, caution must be exercised, and penalty rates employed, to ensure that liquidity loans do not inadvertently hide more serious financial difficulties.

4. Should the guarantee mechanism be used to secure short-term liquidity loans to affiliates?

Since temporary liquidity shortages are not unusual in growing concerns, FINCA International has some options regarding the use of the guarantee mechanism to secure short-term liquidity loans to FINCA affiliates. As in the case of direct loans to its affiliates, FINCA International could use a portion of the funds raised from the private sector to meet (using Letter of Credit-backed guarantees) the short-term liquidity needs of its affiliates, if the particular private sector lenders/donors authorize the use of their funds for this purpose. FINCA International could also discuss with USAID the possibility of using Letters of Credit supported by the proposed USAID loan to secure occasional short-term liquidity loans to affiliates. As stated in the response to the above question, caution must be exercised, and penalty rates employed, to ensure that liquidity loans do not inadvertently hide more serious financial difficulties. This is an additional reason why the MIS should be installed in affiliates prior to accessing the guarantee mechanism.

5. Should 100 percent guarantees be allowed?

FINCA International would like the Capital Fund to initially provide 100 percent guarantees, where necessary, for participating affiliates. This would allow the affiliates to develop track records with local commercial banks to the point where the banks are willing to assume some of the risk of each loan by reducing the amount of guarantee coverage required. Since the Capital Fund will be a new concept for most FINCA affiliates, it is reasonable to assume that local commercial banks in several of these countries will require 100 percent guarantee coverage for at least the first Letter of Credit negotiated with the particular FINCA affiliate. FINCA International should, therefore, be allowed to offer 100 percent guarantee coverage through the Capital Fund with the understanding that affiliates should be encouraged to reduce the amount of guarantee coverage during subsequent loan negotiations with local commercial banks. As FINCA International prepares its credit policy and procedures manual for the Capital Fund, it should identify reduced guarantee coverage targets which affiliates should be encouraged to follow as they negotiate with local commercial banks.

An important justification for the guarantee mechanism is to promote the development of an institutional relationship between the FINCA affiliate and the local commercial bank. Given the nature of village banking, however, it is reasonable to assume that it will take a considerable length of time before the commercial banks become comfortable with risking funds in such a venture. In these instances, a 100 percent guarantee will be required, allowing the commercial bank to become familiar with the portfolio quality of village banking without placing its funds at risk. Over time, and assuming successful performance on the part of the local affiliate, it should be possible to negotiate a lesser percentage. In the case of FINCA International, the guarantee coverage could follow targets similar to those shown below, with the understanding that, depending on a number of factors, some affiliates will be able to negotiate guarantee coverage which meets these targets while others may need more time. The Investment Proposal for the USAID loan will indicate, therefore, that FINCA International should use its best efforts to reduce the level of its LOC guarantees, over time, according to the following schedule:

Years	Guarantee
Initial Year	100%
End of Year 1	90%
End of Year 3	70%
End of Year 5	50%

The structure of the guarantee mechanism, as proposed by FINCA International, provides an inherent incentive to the local affiliate to negotiate such leverage as soon as possible. Without the leverage, the cost of funds (bank loan plus FINCA International fee) will increase together with increases in loan revenue as the value of the portfolio increases. Once leverage is successfully negotiated, however, the financial margin generated by the local affiliate will increase: although the cost of the bank loan will continue to increase, the FINCA International fee will fall, proportionally. In effect, the ability to achieve leverage will help the local affiliate achieve its targets of self-sustainability.

Although a 100 percent guarantee may be permitted, it will not always be necessary. Some affiliates have access to supplemental sources of guarantees, which will reduce the total demand for USAID resources. These alternate sources should be used wherever possible.

6. Are the recommended affiliates the appropriate ones?

The six affiliates (Guatemala, Costa Rica, Nicaragua, Honduras, Dominican Republic and Malawi) identified by FINCA International as the most appropriate initial participants in the Village Bank Capital Fund were selected based on projected loan demand and capacity to properly manage this type of guarantee mechanism. For each of these affiliates, the following factors were reviewed with FINCA International management: loan demand projections;

anticipated implementation dates of standardized accounting system; management capability and experience; financial viability; and financial track record. Appendix I contains financial statements of these affiliates.

While these affiliates appear at first glance to be appropriate participants, they will need to meet the criteria to be established for participation in the Village Bank Capital Fund, the first of which is the employment of prudential financial management systems. The new standardized accounting system is expected to be implemented throughout the FINCA network by the end of fiscal year 1996. Of the six affiliates identified, Honduras has had the new accounting system installed and Guatemala is in the process of installing the system. Additional preliminary criteria are described below but a more complete list will be included in the credit manual to be prepared for the Capital Fund by FINCA International.

7. How would affiliates qualify for participation in the Capital Fund? What criteria should be used? Mutual agreement of USAID and FINCA International?

FINCA International is in the preliminary stages of identifying criteria for participation in the Village Bank Capital Fund. While FINCA International senior management is determined to establish and maintain high standards for participating affiliates, it has not yet established specific criteria relating to, among other things, loan loss reserves, capital adequacy, asset quality and reporting requirements. The managers expressed a willingness to work with USAID to develop a set of criteria that, without becoming onerous or unreachable by financially viable affiliates, will be sufficient to enable the Capital Fund to achieve its desired results.

All programs affiliated with FINCA International will be eligible to submit a request for participation in the Village Bank Capital Fund. FINCA International may wish to follow the lead of other microenterprise credit NGOs which have established application procedures based upon the type of request: (1) first time participation; (2) renewal of an existing facility; or (3) expansion of fund participation. This may include, for example: the format for the application to the fund manager; specific financial information on the affiliate; identification of the affiliate's recent banking relationships; loan portfolio information; and the annual report of the commercial bank with whom the affiliate is proposing to establish a credit facility.

Some recommended criteria for FINCA affiliates seeking to participate in the Capital Fund are outlined below. Adherence to these criteria, including performance indicators, should be a prerequisite for ongoing participation in the Capital Fund. The specific criteria and performance indicators identified are included here for illustrative purposes. These recommendations are intended to serve as guidelines for FINCA International as it prepares a credit manual for the Capital Fund. FINCA International may seek additional guidance from USAID during the preparation of the credit manual. In order to ensure that the credit manual contains information and criteria which are acceptable to both FINCA International and USAID, FINCA International

should consult with USAID following the completion of the preparation of this manual. Conditions precedent and subsequent for the loan to FINCA International will be included in the Investment Proposal prepared by USAID.

- (i) **Prudential financial management system.** The standardized accounting system designed by FINCA International must be in place at the particular affiliate and be fully operational.
- (ii) **Creditworthiness and financial viability of the affiliate.**

Loan Portfolio Quality

Past-due loans: not to exceed 10 percent of total loans, at any time.

Loan losses: affiliate will not have experienced loan losses exceeding 5 percent of the portfolio during each of the prior two years.

Loan loss reserve: sufficient loan loss reserve (based on historical loan loss experience) should be maintained by the affiliate, but such reserve should not be lower than 3 percent of total loans.

Financial Viability

Interest income: must exceed cost of funds.

Liquidity standards

Financial statements should reflect good liquidity management.

Capital adequacy

Leverage: total debt divided by total net worth should not exceed 10:1.

- (iii) **Creditworthiness of local commercial bank with whom the affiliate is seeking to establish a credit facility will be assessed.**
- (iv) **Funding sources.** Since funding diversity is important, the availability of funding sources other than this mechanism will be considered by the Village Bank Capital Fund Credit Committee.
- (v) **Leverage.** Those programs that can obtain a larger degree of leverage vis-a-vis other programs applying for Capital Fund guarantees will be given priority, provided the applicant and local commercial bank have met the financial requirements discussed in (i) and (ii) above.

8. Should financial management systems be in place before the loan is accessed? What level of progress?

USAID is providing financial support to FINCA International to design and implement management information systems (MIS) in its headquarters and local affiliates. This includes the installation of the Deltek accounting software at headquarters as well as a new standardized accounting system for its affiliates known as FINCA Affiliates Financial System (FAFS). FINCA International has hired a computer systems specialist to implement this plan. Given the importance of accurate and timely reports for protecting the integrity of the guarantee principal, the accounting and portfolio management systems should be in full operation before an affiliate may gain access to the guarantee fund.

As indicated earlier in this report, the new accounting system will automate all accounting functions, much of which is currently done manually. This will expedite bookkeeping tasks and enhance affiliates' ability to track funds and forecast growth. To complement this system, a system of checks and balances, involving credit committees and on-site internal auditors, will provide greater managerial control over the loan approval and reconciliation process. FINCA International has indicated that the most important aspect of the new accounting system is that it will provide a standard system for all FINCA affiliates that integrates the accounting and credit portfolio systems, thereby providing consistency in financial reporting.

The FAFS has, to date, been implemented in Honduras and will soon be implemented in Guatemala. It is scheduled to be implemented in all affiliates by the end of FINCA International's fiscal year ending August 31, 1996. Earlier this year, FINCA International held a seminar in Guatemala to introduce the system to local affiliates and to allow them to take part in the final stages of its design. It was attended by representatives of FINCA affiliates in Guatemala, Nicaragua, Honduras and Mexico. Since the size of FINCA programs varies, FAFS has been adapted to accommodate the needs of small, medium and large programs. A second seminar was held in Guatemala in May to provide hands-on training in the operation of the system.

FINCA International has indicated that an MIS specialist will be available to travel to countries to provide on-site support and to help ensure a smooth transition to the new system.

9. How do we control the use of funds by the affiliates?

If USAID limits the use of its loan to the support of loan portfolio growth only, rather than allowing it to support loans for liquidity purposes, it should require that FINCA International report on the dollar amount and purpose of each Letter of Credit issued with the backing of the loan. If a portion of the USAID loan is allowed to be used to support the liquidity needs of FINCA affiliates, information on this activity should be added to reports provided to USAID.

10. Which of the affiliates, if any, have overdraft accounts or have borrowed from banks before?

The FINCA affiliates in Ecuador and Costa Rica have borrowed from local commercial banks using Letter of Credit-backed guarantee mechanisms. The FINCA affiliate in the Dominican Republic has received loans from FINCA International which were funded by loans from private sector donors.

11. What is the appropriate tenor of our loan to FINCA International?

It is recommended that the USAID loan take the form of a seven year loan with a grace period of two or three years. This is a sufficient amount of time for the loan to ensure the success of the Capital Fund and to enable FINCA International to attract increasing amounts of private sector funding. The interest rate should be set at a spread (such as 50 or 75 basis points) over the six month T-Bill.

12. What restrictions should be placed on investments of the fund?

Any funds disbursed to the U.S.-based bank account chosen by FINCA International should only be used for Letters of Credit for qualifying affiliates. Any idle funds in the bank account should be invested in short-term liquid investments.

13. How do we deal with the Regional Inspector General's audit of FINCA's CAM affiliate in El Salvador?

Two audits, relating to the unauthorized diversion of village banking funds by employees of the San Miguel regional office of FINCA's CAM affiliate in El Salvador in 1994, are currently underway. The first is a Quality Control Review of the external auditors for the CAM affiliate. The second is the audit being conducted by the Regional Inspector General's Office of USAID. The completion date of this audit and the date of the expected release of a report are not known at this time. Appendix J contains a letter from FINCA International to USAID explaining the details of the problem and identifying its efforts to prevent similar occurrences in the future. USAID's Credit and Investment Staff should monitor the status of these reports and consult with the appropriate USAID offices to determine how USAID will respond to the reports' findings.

14. Describe the current credit review process used by FINCA International.

Appendix D includes some loan approval guidelines for FINCA affiliates. However, due to the nature of their financing mechanism for affiliates (passing donor funds on to affiliates), FINCA International was rarely faced with the need to develop a credit appraisal and monitoring capability. Its recent establishment of Letter of Credit-backed guarantee programs in Costa Rica and Ecuador has led FINCA International to establish an ad hoc credit committee, but it uses few formal credit policies and procedures to assess the creditworthiness of its affiliates.

An additional benefit related to the creation of the Village Bank Capital Fund is that its anticipated launch has led FINCA International to decide to develop a formal credit policy and procedures manual. This will include the creation of a Village Bank Capital Fund Credit Committee to assess specific credit issues, including the determination of which affiliates qualify for participation in the fund and the level of that participation.

15. In addition to facilitating the creation of the Village Bank Capital Fund, what are the developmental benefits of the USAID direct loan?

Access to this guarantee mechanism will significantly expand the credit available for the poverty lending activities of FINCA affiliates. The USAID loan will enable FINCA International to establish an effective and proven Letter of Credit-backed guarantee mechanism. Furthermore, due to the factors outlined below, the loan will have a very positive financial and operational impact on all levels of the FINCA operation.

The proposed loan, with appropriate conditions precedent and subsequent, will cause FINCA International and its affiliates to develop institutionally. An important impact of any loan is the financial discipline required to protect the principle which must be repaid. This discipline will reinforce and encourage the types of management tools FINCA International is in the process of implementing in anticipation of the establishment of the Village Bank Capital Fund. These measures are designed to ensure financial and programmatic efficiency as well as financial safety and soundness for FINCA International, its affiliates and, ultimately, the village banks. These tools include: implementation of the Deltek (government contracting software for fund accounting) at headquarters; design and implementation of a standardized accounting system for FINCA affiliates; development of a credit manual which will contain credit related guidelines for the operation of, and criteria for affiliate participation in, the Capital Fund; and improved internal control capabilities.

The proposed USAID loan will require capitalization goals to be incorporated into the financial planning of FINCA International over the next five years. This will have a profound and extremely positive impact on the institution. The operational impact of maintaining prudential levels of loan loss reserves and capital at the local affiliate level will be extremely positive, in that it will enhance the financial efficiency and soundness of these affiliates.

The improvements in the management information systems (MIS) at FINCA International and its affiliates will significantly enhance the financial monitoring and reporting capabilities of the organization which will, in turn, augment the level of accountability and efficiency. The MIS improvements will also better enable FINCA International to establish and monitor financial and programmatic benchmarks of its affiliates.

B. Recommendations

1. Loan Decision

FINCA International is a sound candidate to receive direct loan funds from USAID through its Micro and Small Enterprise Development Program. This recommendation is based on the analysis included in this evaluation.

2. Loan Structure

The amount of the loan should be \$1 million. The recommended term of the loan is seven years, with a three year grace period on the payment of principal. The interest rate should be a 50 or 75 basis point spread over the six-month U.S. Treasury Bill, payable semi-annually.

While conditions precedent and subsequent for the loan to FINCA International will be included in the Investment Proposal prepared by USAID, the loan should be structured to impart financial discipline and sound management on FINCA International. For this reason, conditions for disbursement of funds should include satisfactory progress in the following areas:

Capital Adequacy. Explicit goals for increasing the institutional capital of FINCA International over the next five years, should constitute an important element in the implementation design of the proposed loan from USAID. Incorporating additional assumptions discussed in this report, capitalization goals for FINCA International should include the maintenance of a capital adequacy ratio of at least 8.0 percent over the next five years.

Credit Manual. FINCA International is in the preliminary stages of identifying criteria for participation in the Village Bank Capital Fund. FINCA International should accelerate the preparation of the credit manual for the Capital Fund, seeking guidance from USAID in order to ensure that the manual contains information and criteria which are acceptable to both FINCA International and USAID. The credit manual should identify specific criteria and performance indicators relating to, among other things, loan loss reserves, capital adequacy, asset quality (including default rates, repayment rates), operational/financial self-sufficiency, leverage, liquidity and financial reporting requirements.

APPENDICES

- A** Information on Village Banking Methodology.
- B** Standard FINCA International Affiliation Agreement.
- C** Listing of Current USAID and Private Donor Grants for FINCA Projects in Specific Countries.
- D** Loan Approval Procedures Developed by FINCA International for its Affiliates.
- E** FINCA International Global Portfolio Statistics (August 1992 - April 1995).
- F** Credit Risk Analysis and Subsidy Calculation of Project.
- G** Historical and Projected Financial Data of FINCA International.
- H** Guarantee Demand Questionnaire Sent to FINCA Affiliates.
- I** Recent Financial Statements and Reports Submitted by Six FINCA Affiliates.
- J** FINCA International Letter to USAID Explaining Unauthorized Diversion of Funds in El Salvador.
- K** Five-Year Program Targets for the First Six FINCA Affiliates Expected to Participate in the Village Bank Capital Fund.
- L** FINCA International Organizational Chart.

**EVALUATION OF FINCA
INTERNATIONAL FOR
PROPOSED USAID/MSED
DIRECT LOAN:**

APPENDICES

Final Report

U.S. Agency for International Development

Prepared for: USAID/G/EG/CIS

Prepared by: Coopers & Lybrand, LLP

**Sponsored by: Private Enterprise Development
Support Project III
Contract No. PCE-0026-Q-00-3031-00
Delivery Order No. 27
Prime Contractor: Coopers & Lybrand, LLP**

August 1995

**Coopers
& Lybrand**

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Final Report

U.S. Agency for International Development

Prepared for: USAID/G/EG/CIS

**Prepared by: Dennis M. Smyth, Coopers & Lybrand, LLP
William R. Tucker, Consultant to Coopers & Lybrand, LLP**

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APPENDIX A

Information on Village Banking Methodology.



FINCA INTERNATIONAL, INC.

Foundation for International Community Assistance

Fact Sheet

Today and everyday, 40,000 children worldwide—before their fifth birthday—will die from chronic malnutrition or a hunger-related disease. They are the victims of severe poverty. Most of these children could be saved if their mothers were able to earn an extra \$5 per week in food purchases.*

Entrepreneurs With Aprons-

Through its powerful self-help technology known as "village banking", FINCA is making business loans which make it possible for tens of thousands of destitute mothers to double their food purchases with the increased income generated from self-employment. Most of FINCA's clients are women street vendors, or women with baskets on their heads, or mothers with tiny stores operated out of a window. Village banks are now financing some of the smallest businesses ever created--women who sell tortillas, tamales, beverages, pastries, candies, fruits, vegetables, used clothing, school supplies, ceramics, woven goods, paper bags, recycled bottles, firewood, and hundreds more!

What Is A Village Bank?-

A village bank is a peer support group of 20-50 low-income women. The group selects its own members, elects a management team, drafts their own bylaws, keeps their own books, handles all cash transactions, makes and supervises loans...in sum, they operate their own bank, a bank that only serves poor people who need to be self-employed.

Three Key Services Offered-

A FINCA village bank offers impoverished mothers three key services:

1. Access to self-employment loans of \$50-300, with no collateral required and a reasonable rate of interest;
2. A safe and profitable place to accumulate savings, and a plan to create \$300 of their own working capital within three years;
3. Group support for personal empowerment, which FINCA defines as the critical shift in attitude from "I can't" to "I can."

About The Program-

Founded in 1984, FINCA is a nonprofit, tax-exempt agency headquartered in Alexandria, Virginia. It presently coordinates a network of 14 affiliated agencies in 12 countries. Collectively these affiliates are rapidly evolving into a **World Bank for the Poor** which already serves over 42,000 borrowers through at least 1,600 village banks. On total current lending of \$4.5 million, FINCA's on-time loan repayment rate is an astonishing 99%. It's average loan per borrower is only \$105. More remarkable still, the accumulated savings of FINCA village bank members already exceeds \$1.5 million.**

* State of the World's Children Report, 1990, UNICEF

** At the end of FY 1992

Principles That Dignify And Empower The Poor-

Trusting the Poor

Village bank members are fully responsible for their own success. They choose their own investments, disburse and collect all loans, manage their own savings, elect their own officers, write their own by-laws, and keep their own books.

A Self-Employment Loan, Not a Gift

Unlike handouts, which only weaken the dignity of the recipient, FINCA loans build discipline, responsibility, and the self-confidence of creating one's own business. However, FINCA also believes that credit without savings only creates dependency. A person who never saves will always be dependent on credit. But a person who saves will someday stop borrowing and self-finance their own business expansion.

Self-sufficiency Through Savings

Village banks provide all first-time borrowers with a \$50 loan. For each subsequent loan, the borrower's credit line will be increased by an amount equal to her accumulated savings. Thus, access to ever-larger loans—up to \$300 or even higher— is a privilege that can only be earned through the act of savings.

Perfect Loan Repayment

One reason the poor never qualify for commercial bank loans is because they have insufficient collateral to guarantee their credit. But in village banking, every loan by an individual borrower is guaranteed by the "moral" collateral of the membership as a whole. If a village banker fails to fully repay her loan, her debt becomes the responsibility of the group. Nobody can receive a new loan until 100% of all previous loans have been repaid.

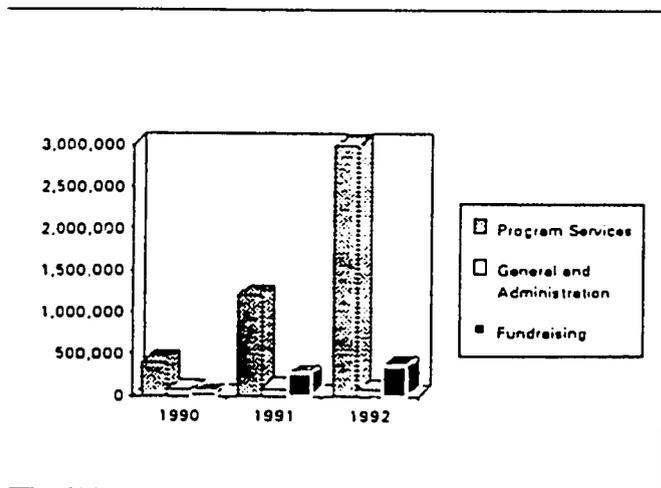
Lending to Women

Nearly half of all impoverished families in the Third World depend on income generated by women. When given the opportunity, women are responsible borrowers, diligent savers, and competent managers who use their income almost exclusively to benefit their children.

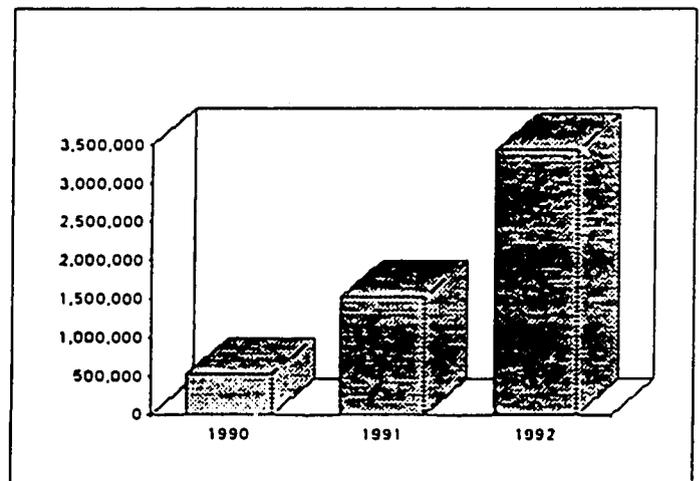
Individual and Group Empowerment

A village bank is foremost a support group. Within its weekly meetings each member is inspired to strive higher and further to reach her full potential. But as crucibles for capital formation and self-reliance, village banks also provide the leadership necessary to energize whole communities to undertake other community improvement projects.

COMPARED EXPENDITURES OVER THREE YEARS



COMPARED FUNDING SUPPORT OVER THREE YEARS



GLOBAL PORTFOLIO STATISTICS

	FY 1992 (9/01/91 to 8/30/92)	FY 1993 (9/01/92 to date)
Number of Village Banks	703	1,758
Number of Members	19,300	42,928
Loan Portfolio	\$1,947,748	\$4,512,187
Members' Savings	\$423,047	\$1,527,435

FINCA is a non-profit, private voluntary organization exempt from income tax under section 501(c)(3) of the United States Internal Revenue Code. At least 87 cents of every dollar FINCA receives are devoted to village banking activities in the field.

THE VILLAGE BANKING METHODOLOGY

A. GENERAL DESCRIPTION AND PRINCIPLES

A community bank is an informal support group of about 20 to 50 men and women of extremely low income. Although the model has been adapted in several ways in different countries, all the village bank programs have ten characteristics, or principles in common:

1. Poorest community approach -- The common denominator among all the FINCA programs is that they try to target the poorest families: generally, those who have a per capita income below 50 percent of the country's population. In reality, the poorer the borrower the better the methodology works because they do not have any other alternatives.
2. Loans not Donations -- Lending to a poor person shows confidence in his capacity for self enhancement through his own effort. On the contrary, to give again and again means to have pity toward that person; in other words, it is a way of destroying their dignity and work ethic, creating a permanent dependency. For this reason, FINCA does not give gifts.
3. Loans to Groups, not Individuals -- FINCA gives the loan to the village bank, which in turn gives loans to the members. In this way, the bank is responsible for each member's payment. This allows for escalating savings in administrative costs, and also creates a community pressure for each member to meet his financial obligations.
4. Autonomy in Selection of Members -- The group, not FINCA, decides who can become a member. This allows for a group to be formed of only neighbors who are known to be responsible and eliminates those who are not.
5. Autonomy in Selection of Investments -- The individual, not FINCA, decides how to invest the loan. The purpose is that the person knows the local economy better thus is more capable of deciding which investment would be most profitable.
6. Initial Small Loans -- Although the amount varies between countries, the majority of the initial loans are for \$50 per borrower. The purpose is to exhibit to the members who can or cannot manage a loan. If some members do not pay, the bank can cover the deficit with its savings.
7. Obligatory Savings -- The model requires that all members save at least 20 percent of the total loan. The increase in the line of credit for each member is linked to the amount of savings. The goal being, at the end of the third year each member has

saved his own capital for operating the business, without a need for external capital. The savings could be withdrawn but are generally kept in the bank as a part of the "internal account" (See "Variations on this Subject").

8. One-Hundred Percent Recovery per Cycle -- To qualify for a new loan, the bank has to repay 100 percent of the previous loan, plus interest. This creates pressure on members whose payments are in default, as it implies that none of the bank members will be able to obtain more credit until the first loan is paid back in full.

9. Positive Interest Rate -- The interest charged to the bank varies according to the economic conditions of each country. This covers capital costs, inflation, and administrative costs. The experience demonstrates that to pay a commercial interest is a genuine bargain for the subjects of credit, because they are used to paying higher interest rates to the usurers.

10. Democratic Control, Self-Management, Self-Supervision -- The bank democratically elects a Board of Directors, or Credit Committee, responsible for executing all the functions of the credit cycle: analysis and approval of applications, disbursements, supervision, recovery, and bank records. FINCA trains the committee in all these functions, but does not intervene in committee decisions, unless it is against the loan agreement. This reduces the program's administrative costs, and allows for the possibility of self-management of the bank, independent of FINCA's support or the sponsoring organization.

B. VILLAGE BANK RESULTS

In the impact evaluations conducted to date, the following changes have been found in the life of the beneficiaries:

1. Increase in their Cash Income -- Because the initial loans are small, many of the beneficiaries easily generate net incomes equivalent to 100 percent of the amount invested. In Honduras, an AID study found net returns (deducting family labor costs paid in kind) above 200 percent. Particularly in the countries with high unemployment, where the "opportunity cost" of labor is practically zero, and the cash capital very scarce, the small loans could mean a unique opportunity to generate additional cash income.

2. Own Capital Creation -- Besides the cash savings that the members have in the bank, the more successful members create additional capital in their business, or make improvements to their houses or farms financed with their earnings.

3. "Empowerment" -- Perhaps the most notable change in all the program participants is a psychological one; they start to believe that they can overcome poverty by their own efforts. This is due to their business success being related to their own efforts, with minimal external support from FINCA. Once the pessimistic, fatalistic

mentality is broken ("I am poor, my father was poor, my children will be poor"), the participants start to experiment with more ambitious projects, and a development process, at an individual irreversible level, starts.

C. VARIATIONS ON THIS SUBJECT

Although there are certain "non-waivering" principles that guide the village bank programs, the methodology in itself is not static, but has experienced substantial changes in many aspects since the beginning. Some of the main variations are described below.

1. The Beneficiaries

a. Female, Masculine, and Mixed Banks

In the majority of the programs, although the men are not excluded as beneficiaries, the women are given higher priority. The argument to focus on women is that: (1) they are more responsible than men in making their payments, (2) invest their profits in their family, and (3) in general, the women are excluded from the traditional credit programs.

Some programs have the policy that in the first loan cycle, the bank members have to be 100 percent female, to guarantee that they will have control of the Board of Directors. The men, then, will be able to join starting in the second cycle, or through loans made from the "internal account".

In other programs, such as Costa Rica, the majority of the beneficiaries are men. Although the belief is that men are more risky than women, the high recovery rate in the Costa Rican program shows that men can also be honest and responsible with credit, if the rules of the game are well designed.

In summary, the methodology has functioned well with women, men or mixed groups. It is a matter of emphasizing on social and economic objectives.

b. Existent Microentrepreneurs or Those Establishing Their First Business

The majority of the programs take care of both existent microentrepreneurs, and people who are willing to start a new activity for generating income. One of the most substantial contributions of the FINCA methodology has been to prove that even the poorest people, with no assets, can start with a borrowed capital.

2. Agricultural Credit vs. Credit for Microenterprises

The methodology has functioned well as a channel for agricultural credit, as well as for microenterprise credit. The basic variations are described below.

a. The Agricultural Model

The agricultural model was originally designed in Bolivia, Peru, and then in Costa Rica, and has been "exported", so far, to Colombia, Nicaragua, and El Salvador. Following are its basic characteristics:

- Mixed term loans, from four months to three years. The average is 18 months.
- The activities and investments financed are, primarily, farming activities.
- The loan payments are made in monthly fees or at the time the loan matures.
- The savings are voluntary and not related to the loan amount.
- Because the owner of the land is generally a man, the majority of the borrowers are men.

b. The Microenterprise Model

The microenterprise model was designed, originally, in Northern Mexico, and it is actually being applied in Mexico, El Salvador, Honduras, Guatemala, Nicaragua, Peru, Chile, the Dominican Republic, Haiti, and Uganda. Following are its basic characteristics:

- The loan term is generally four months and when the amounts are higher they are sometimes extended to six months.
- The primary activities are commercial, production of handicrafts, and services.
- The capital, interest, and savings payments are paid on a weekly basis.
- The savings are obligatory, with a 20 percent of the loan amount per cycle rule. There is also a voluntary savings option.
- The majority of the beneficiaries are women.

3. The Internal Account

Another optional variation is the "internal account", consisting of savings, and sometimes, capital and interest repayments in the bank before the end of the cycle. In

some programs, the banks have to qualify (in accordance with the amount in default of the members weekly payments) to be able to use the internal account, even their own savings. In other programs, they can only manage their savings, and not the FINCA capital and interests.

4. Community Projects

Another variation is to do community projects, with FINCA's external capital or savings. In Costa Rica and Northern Mexico, some banks have set up very efficient and impressive community projects. Generally, these projects function better when the banks have operated for several years and the group has "purged" the irresponsible.

5. Graduation

After three (3) years of operation, each bank has the option to "graduate", this is, pass to another level of service. It depends, however, of the national program capacity to support it. In Costa Rica and El Salvador, there are two levels "A" and "B", each one with its own credit policy and loan amounts. In other countries with fewer resources, to graduate means perhaps to receive additional support in technical assistance or marketing services according to the capacity of the program. The basic rule is: if the bank wants to continue to receive FINCA's support, they can. None of the banks are "forced to leave the nest". However, we support the idea of the "Three Year Plan" because it establishes goals for each group and beneficiary in terms of savings and self-management of the bank.

APPENDIX B

Standard FINCA International Affiliation Agreement.

AFFILIATION AGREEMENT
BETWEEN
FINCA INTERNATIONAL
AND
FINCA BLANTYRE

I. PURPOSE

The purpose of this agreement is the following:

To define the understanding, including the rights, services, responsibilities and obligations between the undersigned of FINCA Blantyre with headquarters in Blantyre, Malawi, to be referred to as "Affiliate", as a member of the Foundation for International Community Assistance (FINCA International) Network, with headquarters in Alexandria, Virginia, to be referred to as "FINCA International".

This agreement is entered into in order to support the Village Banking movement worldwide and strengthen the Affiliates who support the movement.

II. RIGHTS OF THE AFFILIATE

A. Accreditation: Use of the name, "FINCA", and the "tree" logo

Upon signature of this agreement, and maintaining the FINCA International standards (see section IV B), the signer will become an accredited Affiliate of the FINCA International Network, and as such will enjoy the exclusive right (except as to FINCA International) within the designated territory of this agreement¹ to use the name "FINCA", and the logo of the FINCA International tree. (See Exhibit A)

B. Use of the Village Bank Methodology

The accredited Affiliate will have the exclusive right (except as to FINCA International) to use the FINCA International Village Bank methodology², and any technological advances developed by the FINCA International Network in the future, within the designated territory. Affiliate shall not at any time during or after termination of this agreement make such methodology or any documentation thereof available to any other

¹ The designated territory is Malawi.

² The village banking methodology as referenced in this document is described in Annex B.

party without the prior written consent of FINCA International.

C. Participation on the Advisory Committee of FINCA International

The accredited Affiliate in good standing will have the right to participate on the advisory committee of FINCA International, via the representatives named during the annual conference. The functions and responsibilities of the Advisory Committee are described in Exhibit C.

D. Participation in the Board of Directors of FINCA International

The accredited Affiliate will have the right to participate, with voice and vote, in the quarterly meetings of the Board of Directors of FINCA International at the point when the Affiliate reaches 7,000 active members, has been conducting loan operations for a minimum of three (3) years, and is in full compliance with the terms of this agreement, including its reporting and financial contributions.³ This participation will be via a representative chosen by the Affiliate, subject to the approval of the FINCA International Board of Directors. Until the Affiliate reaches 7,000 active members, it will be represented through the Advisory Committee. In addition, annually, one special FINCA International Director shall be selected by the FINCA International Board from among the Boards of Directors of those Affiliates which have not yet reached the 7,000 member size. Such special FINCA International Director shall have a term of one year. Affiliate shall not be represented by such special director for successive terms. Selection of the country from which the special director will be chosen will take place at the Annual Conference (See E below).

E. Participation in the Annual Conference of FINCA International

Subject to the availability of funding, the Affiliate will have the right to send a representative to participate in the annual conference of the FINCA International Network. This conference is an annual meeting of one representative from each FINCA Affiliate together with FINCA International program staff for the purpose of sharing the latest technological breakthroughs, successes and expansion techniques.

³ In the event that the board of FINCA International is fully subscribed (all fifteen seats are filled), the affiliates will share representation on the board on a rotating basis.

III. SERVICES PROVIDED TO THE AFFILIATE

A. Training

The Affiliate will receive training from FINCA International in all operational aspects of the program and methodology, including: promotion, organization, supervision, and evaluation of village banks; implementation and execution of all administrative systems (information, accounting, strategic planning; personnel, etc.) financial analysis, leadership and other areas, as per the training plan attached as Exhibit D.

B. Technical Assistance

The Affiliate will receive technical assistance from FINCA International, as follow-up to the training described in Exhibit D. See the terms of reference in Exhibit E.

C. Financial Support by FINCA International

The accredited Affiliate in good standing will receive financial support by FINCA International, consisting of loans and donated capital, as per the budget attached in Exhibit F as amended and approved each year by FINCA International. It is understood that this budget will represent the minimum financial assistance objective to be provided to the affiliate during the year, and that this support can be increased, in accordance with the success of the fundraising program of FINCA International.

D. International Fundraising Assistance

FINCA International agrees to serve as the fundraising agent for the Affiliate with all U.S. based foundations, corporations, churches, individuals, government agencies, commercial banks, and multi-lateral and regional development banks. In addition, Finca International will assist the Affiliate with its in-country fundraising campaign, including a) assistance in the formulation of an Annual Fundraising Plan (see Exhibit G), which will include proposals to donors and financial institutions, and b) provision of a list of international organizations, with names of local contacts, which have financed FINCA International programs in other countries.

E. Protection and Exclusivity of the FINCA International name and logo.

FINCA International will assume all expenses associated with the initial registration and future defense of the Affiliates' right to make use of the FINCA International trademarks and logos. Furthermore, these proprietary rights extend to information and material developed by the FINCA

International Network which include, but are not limited to, form lending documents, other business forms, operating manuals, training manuals, policy manuals, outreach and fund-raising aids, accounting systems and procedures, and informational bulletins.

F. Internal Audit Service

The Affiliate will receive internal audit services at least once per year, and more frequently, if necessary, on an emergency basis.

G. Financial and Statistical Reports

The affiliate will receive statistical and financial reports from FINCA International, including: (1) annual financial statements, (2) annual budget, (3) a quarterly "country account statement" indicating funds budgeted, received, and disbursed by FINCA International to the affiliate during the operating year, and (4) a monthly consolidated statistical report, based on the reports received from each affiliate, containing information on membership, total loans, repayment rate, etc.⁴

IV. RESPONSIBILITIES OF THE AFFILIATE

A. Preservation of the Methodology's Quality and of the Operational Standards of the Program

Considering that all users of the name FINCA are perceived as part of the FINCA International Network, the Affiliate will have the obligation to maintain the quality of the methodology, and of the operational standards of the program, including: 1) high repayment rate, 2) cost efficiency, and 3) good financial health. The basic indicators of the program, together with the acceptable range, are attached as Exhibit H.

In event these indicators show weaknesses in the program, the Affiliate will have the responsibility to solicit emergency technical support from FINCA International, who will have the obligation to respond quickly with the required assistance.

Regarding the methodology, the Affiliate will be responsible for consulting FINCA International prior to any substantive changes in the methodology which may affect 1) the type of beneficiaries reached, 2) the socio-economic impact on the beneficiaries, 3) the sustainability of the program. Any changes to the basic manual must to be authorized by the Board of

⁴ It is understand that certain reports will be confidential, and for the exclusive use of the Affiliate. The Affiliate accepts responsibility for insuring that this status will be protected.

Directors of FINCA International.

B. Transferring of the Methodology to Other Organizations.

The Affiliate has the responsibility to consult with FINCA International before entering into any contract for training, technical assistance, or financial support with other organizations which could potentially enter into competition, locally or internationally, with any other member of the FINCA International Network.

C. Program Status Reports

The Affiliate has the responsibility to send reports monthly to FINCA International, for processing, analysis and incorporation into the global statistics of the FINCA International Network. The required formats are provided as Exhibit I. In addition, the Affiliate will have the obligation to send the following, once per year: (1) Financial Statements, (2) External Audit report. Failure to provide these reports on a timely basis can result in an interruption of funds from FINCA International.

D. Consultations on Fundraising

The Affiliate has the obligation to consult FINCA International regarding its annual fundraising plan, to assure there is no conflict with the campaigns of FINCA International or the other Affiliates.

7. OBLIGATIONS OF THE AFFILIATE TO FINCA International

A. Participation by the directors of FINCA International in the Board of Directors of the Affiliate

Where permitted by local law, the Affiliate will appoint to its Board of Directors at least one representative from the FINCA International Board of Directors to serve with voice and vote. Where such representative is not permitted, then such representative shall have a right to attend all Board of Directors meetings of Affiliate. All board members and representatives shall be given at least 10 days prior written notice of all meetings with such notice also being delivered to FINCA International at least 10 days prior to such meeting.

B. Technical Assistance to the Other Affiliates

The Affiliate will have the obligation, if requested by FINCA International, or by another member of the Network, to provide technical assistance and training to other members of the Network of FINCA International. This assistance may be in the country of the Affiliate or may involve sending a consultant to

another affiliated program. The assistance may be compensated or voluntary, according to the arrangement between all parties. The assistance will be coordinated by FINCA International.

C. Financial Contributions by the Affiliate to the FINCA International Network

The Affiliate will have the obligation to make a regular financial contribution to the FINCA International Network. The following paragraphs describe justification, use, amount, and the mechanism for collection and administration of these contributions.

1. Justification -- The objectives of the contribution are to provide a source of continuous, reliable income for the FINCA International Network not dependent on the generosity of donors nor governments, and to create a source of non restricted program funds.

2. Use of the contributions -- No less than 50% of Affiliate contributions will be used to finance new programs. The balance will be applied in support of the overall program.

3. Amount -- the amount of the Affiliate contributions to FINCA International shall be equivalent to 1 % of the amount of each loan granted, payable immediately upon signature authorizing the loan.

4. How the contribution will be collected from the borrowers -- The Affiliate will determine the best manner in which to collect the fee from the borrowers. One possibility will be to charge a 1% fee on all loans at the time of disbursement. Another possibility is to create a special reserve fund for this purpose.

5. Administration -- The contribution will be administered by FINCA International. A separate accounting of the use of these funds will be provide at the quarterly meetings of the Board of Directors, and in a report provided at the Annual Director's Conference.

VI. TERM OF THE AGREEMENT

The agreement will enter into force on the date signed, and unless terminated, will be renewed automatically on an annual basis.

VII. LOSS OF ACCREDITATION AND AFFILIATE STATUS

The accredited status of an Affiliate may be revoked or suspended and this agreement terminated under the following conditions:

1. Misuse of Funds and/or Unethical Management Practices.

2. Failure to adhere to the operating standards, principles and philosophy as described in this document and elsewhere in the copyrighted manuals and promotional materials of the FINCA International Network.

3. Exploitation of the name of FINCA International, the local Affiliate, or its members, for politically partisan or religious purposes.

4. Other actions which, in the opinion of the Board of Directors, constitute a threat to the integrity, unity and public image of the FINCA International Network and its Affiliates.

Failure to cure the condition resulting in loss of Affiliate accreditation within 120 days may result in termination of this affiliation agreement.

VIII. TERMINATION

Either FINCA International or the Affiliate may terminate the agreement, without cause, by providing the other party with written notice of such termination not less than ninety (90) days prior to the date of termination.

Upon termination of this agreement, Affiliate will, among its other obligations, return any copies it may have of the copyrighted manuals and other material describing the Village Bank Methodology and will retain no copies, extracts, electronic or other versions of such material.

IX. USE OF FINCA International TRADEMARKS

A. Additional Quality Control

FINCA International shall have the right to approve the use of the Marks on all materials and promotional materials, in the Affiliates name and similar uses of the Marks. Further, Affiliate agrees to modify the use of the Mark(s) from time to time as requested by FINCA International.

C. Exhibits

The exhibits form a part of this agreement and the parties agree that the exhibits will be updated from time to time, and, upon updating, the updated version will become part of this agreement.

D. Loyalty Oath

Upon signature of the agreement, the Board of Directors of the Affiliate will take the Loyalty Oath appearing in Exhibit J.

The undersigned parties agree to these terms as of this day of _____, 19__.

FINCA INTERNATIONAL, INC.
901 King Street
Suite 400
Alexandria, VA 22314

WITNESS:

BY: _____
ITS: _____

(Affiliate)

Address: _____

WITNESS:

BY: _____

B. Ownership

Affiliate agrees that the Marks are the valuable property of FINCA International and that FINCA International is at all times the owner of all such Marks. Affiliate will only use such Marks as are specifically approved by FINCA International and will cease using the Marks upon termination of this agreement for any reason. Upon termination, Affiliate will immediately change its name to reflect such termination and will make no further use of the Marks in connection with any further promotion, services, or activities of any kind.

C. Assistance to FINCA International

Affiliate agrees that it will assist FINCA International in the registration and protection of the Marks in the territory including but not limited to: preparing official papers, submitting evidence for registration and recording, signing and filing registered user agreements where necessary and undertake other activities which are reasonably necessary to protect the Marks in the territory. Further, upon termination of this agreement, Affiliate will likewise continue to cooperate with FINCA International in the perfection of any rights to the Marks in the territory including, if necessary, assignments of any rights acquired during the term of this agreement, withdrawal of any registered user agreements and cooperate in any other way necessary to perfect ownerships to the Mark (s).

D. Authorization

Affiliate agrees that it will at no time authorize or permit any other party to use the Mark(s) in any way and will notify FINCA International of any unauthorized use that may come to Affiliate's attention.

X. MISCELLANEOUS

A. Enforceability

If any provision of this agreement is found invalid or unenforceable, the remaining provisions shall remain enforceable and valid between the parties.

B. Notices

All notices to the parties shall be in writing and sent by first class mail, FAX or cable to the parties at the following addresses.

APPENDIX C

**Listing of Current USAID and Private Donor Grants
for FINCA Projects in Specific Countries.**

“ . . . FINCA has predominant capability to carry out such a program at this time in Uganda, based on the successful experience of the pilot project of the past two years, and the readiness of the FINCA Uganda program to expand its program rapidly. FINCA is the only microenterprise credit program exclusively for poor women which is operating in Uganda with a high loan repayment and savings rate.”

FINCA has worked with several private foundations to fund village banking operations, one example being our work with the Business Alliance Against Poverty in Guatemala. BAAP targeted our Guatemala affiliate for funding based on its past success and FINCA's reputation for effectiveness and competence. In its public profile BAAP notes that

“ The World Bank recently identified FINCA's work in El Salvador as one of the planet's ten most effective poverty alleviation programs. The Business Alliance plans to apply the success story of El Salvador to neighboring Guatemala, a severely poor country with a small existing village banking program.”

The effect of village banking on the opportunities and quality of life for those living in poverty cannot be overstated, and the organic approach to development which village banking presents can be best described by borrowers themselves. Edicsia Juarez, a member of the “Progress” village bank in Nicaragua portrays her experience like this:

“The 8th of September, 1992 is an unforgettable day for me because that is when life changed for me and my family. Until that day, I used to sew for clients, buying thread and other materials in quantities so small that it made them very expensive. With my first loan, I was able to buy in bulk, which meant I would have greater profits. My husband, who is still incredulous that someone lent me money to work with, became my right hand and encouraged me to keep moving ahead.”

7. Performance References

Project Name	Guatemala Village Banking Program
Country	Guatemala
Client(s)	Global Partnerships
Contract Number	(n/a)
Contact Name	Jennifer Potter
Phone Number	011-206-464-5269
Dates of Project	1993 - present
Description	village banking (design and implementation)

Project Name	Centro de Apoyo a la Microempresa (CAM)
Country	El Salvador
Client(s)	USAID
Contract Number	519-0318-A-00-0352
Contact Name	Sandra Duarte
Phone Number	011-503-2-98-16-66
Dates of Project	09/90-08-97
Description	NGO microenterprise support center and village banking program

Project Name	USAID\Kyrgyzstan\Kazakhstan
Country	Kyrgyzstan and Kazakhstan
Client(s)	USAID
Contract Number	CCN-0005-G-00-4102-00
Contact Name	MaryAnn Hoirup
Phone Number	
Dates of Project	08/94-08/97
Description	village banking and small business training

Project Name	FINCA\Blantyre
Country	Malawi
Client(s)	USAID and World Learning Institute
Contract Number	90-CA-612-0232/PMU-030-94
Contact Name	Charles Ward (WLI)
Phone Number	011-740-424-233
Dates of Project	02/94-12-96
Description	NGO microenterprise support center and village banking program

Project Name	Uganda Village Banking Program
Country	Uganda
Client(s)	USAID
Contract Number	617-0133-G-00-5001-00
Contact Name	Holly Wise
Phone Number	011-256-41-235174
Dates of Project	05/95-04/98
Description	village banking (design and implementation)

Project Name	Ecuador Village Banking Program
Country	Ecuador
Client(s)	Inter-American Foundation
Contract Number	EC-353
Contact Name	Charles Klemeyer
Phone Number	703-841-3826
Dates of Project	1994-Present
Description	village banking (design and implementation)

Project Name	Nicaragua Village Banking Program
Country	Nicaragua
Client(s)	USAID
Contract Number	524-0313-A-00-4030
Contact Name	Frank Valva
Phone Number	011-505-2-67-0502
Dates of Project	05/94-05-97
Description	massify village banking program

Project Name	Peru Village Banking Program
Country	Peru
Client(s)	Inter-American Foundation
Contract Number	PU-433

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Contact Name	Denise Humphrey
Phone Number	703-841-3803
Dates of Project	
Description	village banking (design and implementation)

Project Name	Minnesota Self-Employment Association
Country	U.S.A.
Client(s)	Blandin Foundation
Contract Number	
Contact Name	
Phone Number	
Dates of Project	
Description	self-employment credit associations (design and implementation)

Project Name	Washington D.C. Self-Employment Association
Country	U.S.A.
Client(s)	Charles Stewart Mott Foundation
Contract Number	
Contact Name	Jack Litzenberg
Phone Number	
Dates of Project	
Description	self-employment credit associations (design and implementation)

8. Recruitment Capability

MicroServe Partner Institution Name	Average # of STTA Teams Fielded per Year	Total # of IQCs Held in Last Five Years	# of Staff Available for Consulting	Associates	
				Total # of Associates	# of Associates with MSE Experience
FINCA International	20	0		0	

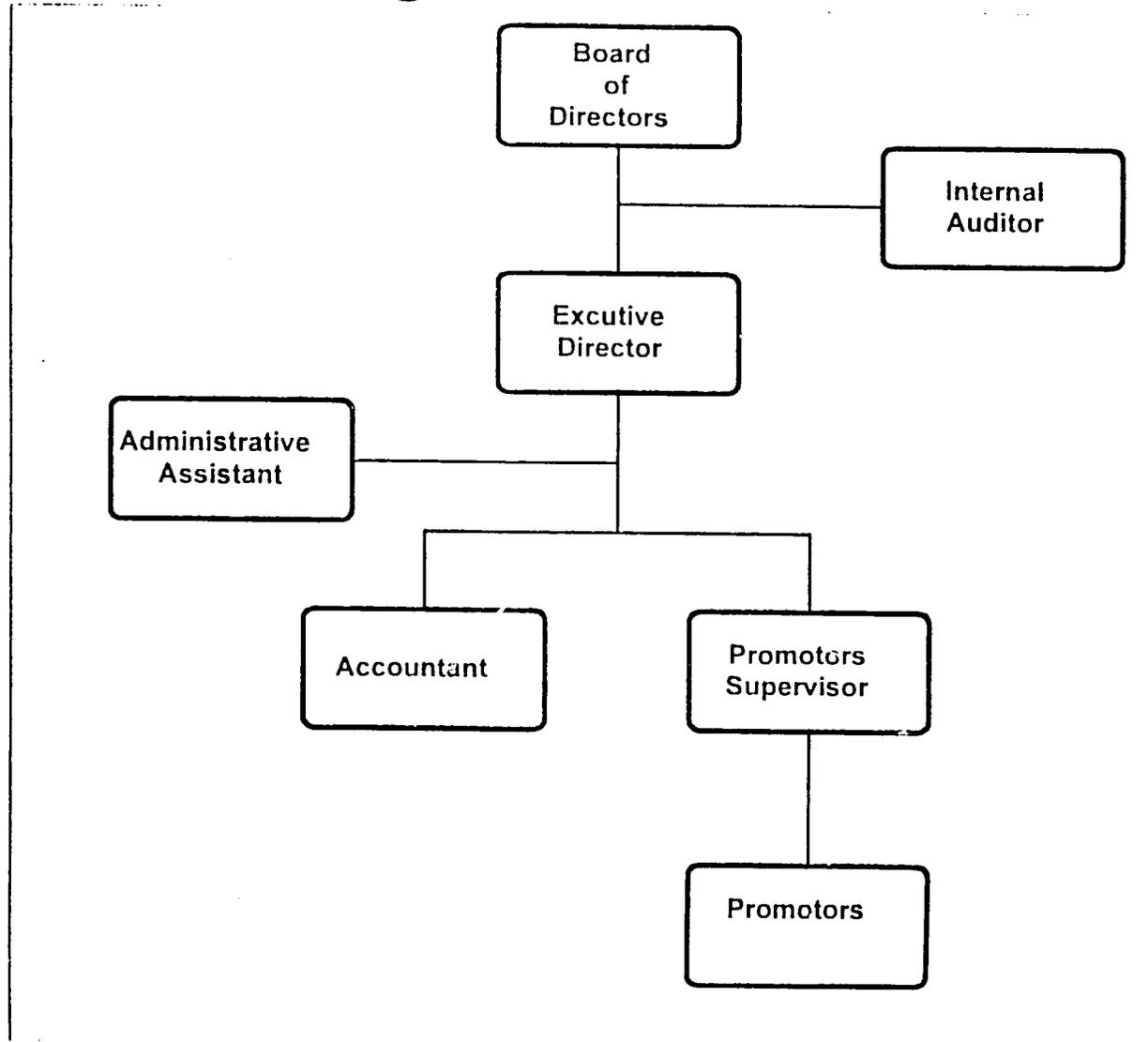
APPENDIX D

Loan Approval Procedures Developed by FINCA International for its Affiliates.

Procedures for Loan Approval

- ◆ Procedures for beginning a village bank
 - Promoter with the village bankers prepares the loan application
 - Loan application is presented to FINCA affiliate
- ◆ Procedures for loan approval
 - Programming department receives application
- ◆ Inauguration of Village Bank takes place
- ◆ The supervisor, programming manager, and executive director review the application
 - If approved it moves to accounting
 - If denied it returns to promoter
 - Accounting verifies funds
 - Accounting cuts a check requiring tow signatures
 - ◆ Check deposited into account of urban bank
 - Checks are made to individual bank members
 - ◆ Check cashed and taken to rural banks with a member of the FINCA affiliate staff (Manager of Programs, Executive Director, of Assistant Manager)
- ◆ Village Bank Inauguration

Small Program Organization Chart





MODELO PROGRAMA MEDIANO

BEST AVAILABLE COPY

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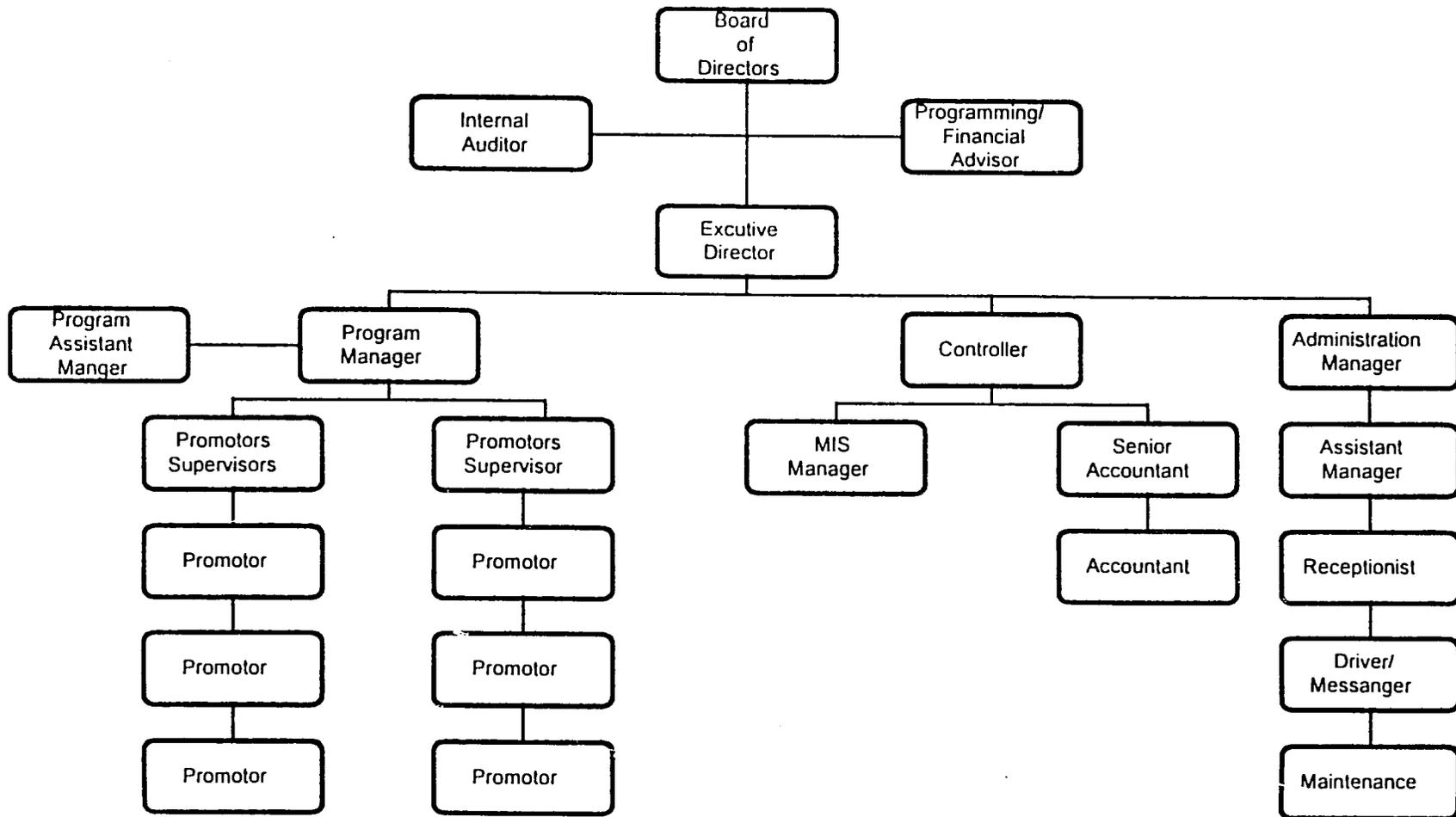
FINCA INTERNATIONAL

3/24/95

CRITERIA USED TO DEFINE A MEDIUM AFFILIATE

1. Include between 1,500 - 5,000 members in the combined total of all village banks.
2. Manage between 50 - 499 village banks.
3. Include 5 - 13 promoters, and each supervisor oversees about 5 promoters
5. Include 5 - 7 regions
5. Include a formal organizational structure

Medium Sized Program Organization Chart



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Attn:
Cornick Max

MODELO PROGRAMA

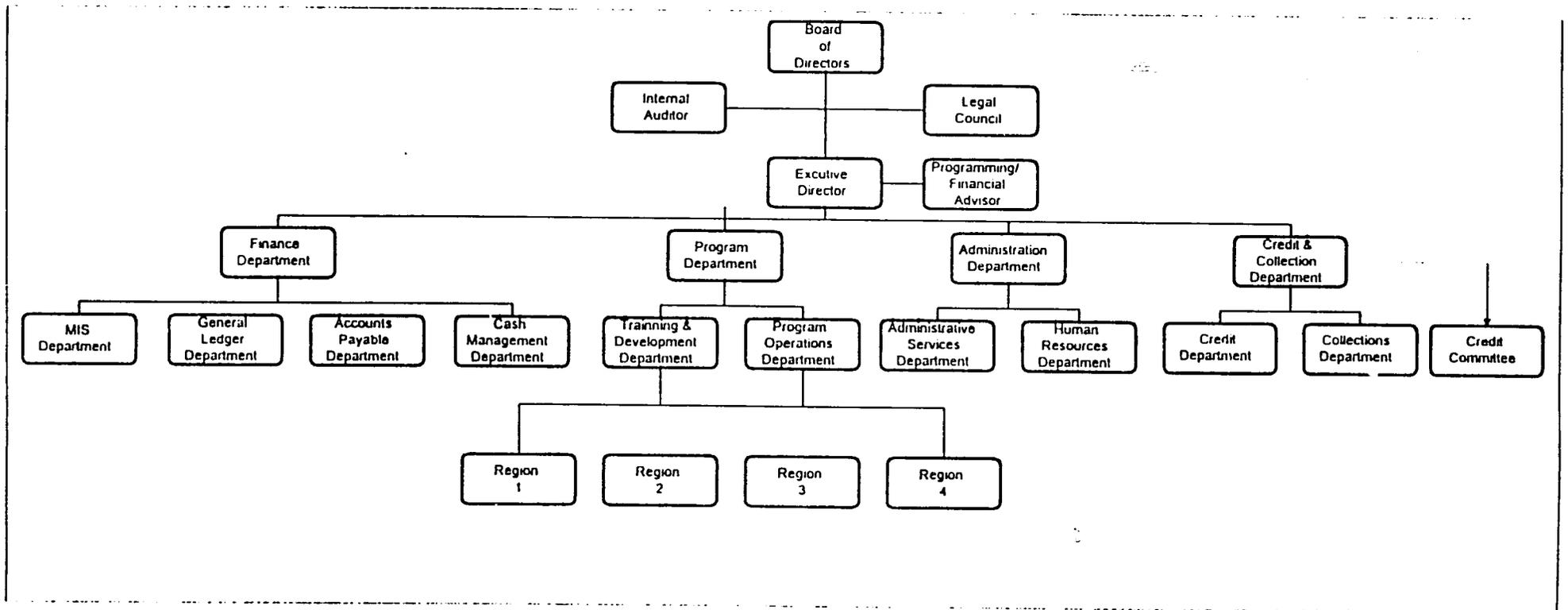
GRANDE

FUENTE:
SEMINARIO DEL 13 AL 18 DE MARZO DE 1995; GUATEMALA

CRITERIOS UTILIZADOS PARA DEFINIR UN PROGRAMA GRANDE.

- 1 - Administrar más de 500 Bancos Comunales.
- 2 - Contar con más de 15,000 miembros en el total de Bancos Comunales.
- 3 - Contar con 50 promotores y cada supervisor controle más o menos 13 Promotores.
- 4 - Contar con una estructura organizativa formal.

Large Program Organization Chart



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Nombre del Procedimiento			
Análisis otorgamiento y desembolso préstamo			
Inicia: Reuniones con Usuarios		Finaliza: Cuando se desembolsan créditos	
NO.	DESCRIPCION DE ACTIVIDAD	RESPONSABLE	OBSERVACIONES
1	Reunión con Miembros del Bco. Comunal: (4 sesiones)	Promotora	Explicación de condiciones de crédito
2	En última reunión llena solicitud de crédito global e individual de los Miembros del Bco. Comunal.	Promotora	
3	Solicita aportación inicial para apertura de cuenta bancaria	Promotora	
4	Solicita información anexa a solicitud de crédito a) Formulario de liquidación del ciclo en caso de capitalización. b) Fotocopia de libreta de ahorro mancomunado. c) Fotocopia de documento de identidad personal.		Si ingresa un nuevo Miembro al Banco se anexará fotocopia de identidad personal.
5	Verifica la existencia de cada uno de los Miembros del Banco bajo responsabilidad y firma de Visto Bueno la solicitud.	Supervisora	
6	Da visto bueno a las solicitudes de crédito y las hace llegar a Gerencia de Operac. ó Programas.	Gerente Regional	
7	Envía solicitud a Gerente de Créditos y Recuperaciones	Gerente de Operaciones ó Programas	
8	Recibe solicitudes de crédito y las pasa a Comité de Crédito	Gerencia de Crédito y Recuperaciones	
9	Analiza y Resuelve solicitudes de crédito. Montos hasta \$50,000.00 Montos hasta \$100,000.00 Montos más de \$100,000.00	Comité de Crédito "C" Comité de Crédito "B" Comité de Crédito "C"	Son coordinados por la Gerencia de Créditos y Recuperación.
10	Remite solicitudes de crédito a Gerencia de Crédito y Recuperación.	Comité Créditos	

11	Recibe solicitudes de crédito de Comités	Gerencia de Crédito y Recuperaciones	Si son aprobadas - pasan al punto No.12 si es rechazada se - regresa a Gcia.de Operac. ó Programas.
12	Solicita a Gcia.Financiera los fondos de crédito autorizados - por Comités A, B y C.	Gerencia de Crédito y Recuperaciones.	Se utilizará formulario ya diseñado.
13	Incorpora al Sistema solicitud de Crédito.	Gerencia de Créditos y Recuperaciones.	
14	Se hace transferencia de fondos a cuentas bancarias, Bco.Comunal.	Gerencia Financiera (Tesorería)	En caso que el Banco tenga cuenta bancaria.
15	Procede a la Elaboración de cheques por cada Banco, basándose en el acuerdo de préstamo.	Gerencia Financiera (Tesorería)	Emite cheque a nombre de presidentes y tesorero.
16	Entrega de cheques/efectivo individual a Miembros Banco Comunal.	Gerente Regional	
17	Recoge firma de Miembros del Banco Comunal, el acuerdo del ptmo, contrato de ptmo y letra de cambio.	Gerencia Regionales Supervisora/Usuario.	
18	Envia a Gerencia de Crédito y Recuperaciones, acuerdo de ptmo, debidamente firmado junto con voucher y letra de cambio.	Gerencia Regionales	Los voucher por entrega de cheques individualmente los elaborará cada Regional.
19	Envia a Gerencia Financiera, voucher y copia de acuerdo de ptmo para registro.	Gerencia de Crédito y Recuperación de Créditos.	

**CONFORMACION DE COMITES DE CREDITO
COMITE "A": MONTOS MAS DE ₡100,000.00**

CARGO	CLASE
1. Director (a) Ejecutivo (a) o Gerente General	Propietario
2. Gerente de Operaciones (Programas)	Propietario
3. Gerente de Créditos y Recuperaciones	Propietario
4. Gerente Financiero	Suplente
5. Gerente Administrativo	Suplente

COMITE "B"- Montos de ₡50,001.00 a ₡100,000.00

CARGO	MIEMBRO
1. Gerente de Créditos y Recuperaciones	Propietario
2. Gerente de Operaciones (Programas)	Propietario
3. Jefe del Depto. de Préstamos	Propietario
4. Gerente Financiero	Suplente
5. Gerente Administrativo	Suplente

COMITE "C"- MONTOS HASTA DE ₡50,000.00

CARGO	MIEMBRO
1. Gerente Regional (De acuerdo a la Región)	Propietario
2. Gerente Dpto. de Créditos	Propietario
3. Jefe Dpto. de Préstamos	Propietario
4. Gerente de Créditos y Recuperaciones	Propietario

Los miembros de los comités de crédito no podrán aprobar o resolver solicitudes de Bancos Comunales, en los cuales tenga un pariente por consanguinidad o afinidad.

FIRMAS PARA AUTORIZAR CHEQUES

MONTOS	PEQUEÑA	MEDIANA	GRANDI:	OBSERVACIONES
Hata \$2,000.00	2 Firmas "A"	1- "A" y 1-"B"	2- "B"	
Hasta \$5,000.00	"	2- "A"	1- "A" y 1 "B"	Nunca 2 "B"
Hasta \$10,000.00	"	2- "A"	2- "A"	Nunca "A" y "B"
De \$10,000.00 en adelante	1 Firma "A" y una de Junta Directiva	1 Firma "A" y una de Junta Directiva	1 Firma "A" y una de Junta Directiva	Nunca 2 "A"

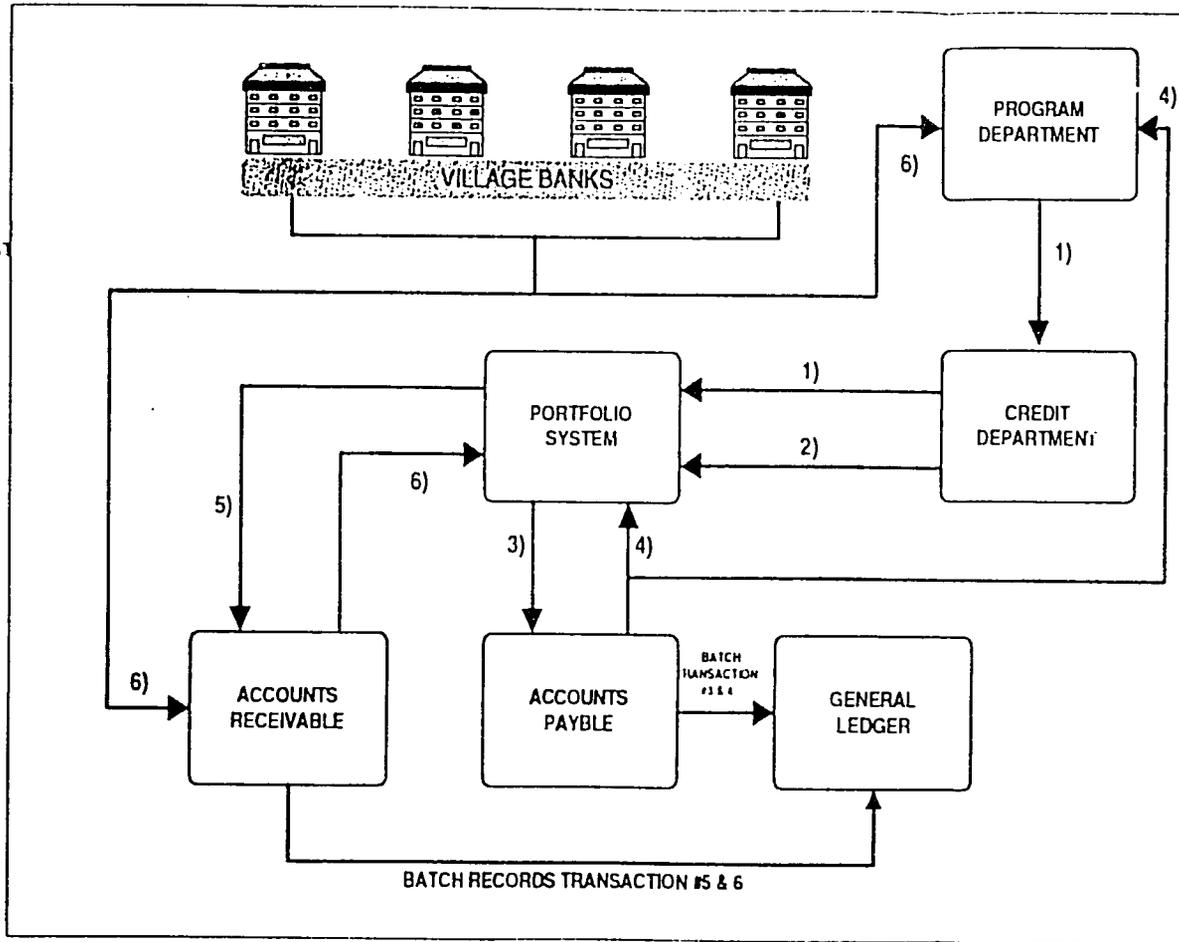
APROBACION Y DESEMBOLSO PARA ADQUISICION DE BIENES Y SERVICIOS

MONTOS	PEQUEÑA	MEDIANA	GRANDE	OBSERVACIONES
Aprobacion:				
Hasta \$ 25,000.00	Dirección Ejecutiva (todos los montos)	Dirección Ejecutiva (todos los montos)	Comité de Compras	Tres cotizaciones (todas)
Más: \$ 25,000.00			A.I.D.	Tres cotizaciones cumplir normas AID
Desembolso:				
Hasta: \$1,200.00	Dirección Ejecutiva	Dirección Ejecutiva		Previa-aprobación Comité
Hasta \$2,000	Junta Directiva	Dirección Ejecutiva	Gerente Admón.	
Más \$2,000	Junta Directiva			
Hasta \$5,000	Junta Directiva	Dirección Ejecutiva	Directora Ejecutiva	Previa-aprobación Comité
Hasta \$6,000	Junta Directiva	Junta Directiva	Junta Directiva	Previa-aprobación Comité

FINCA INTL PORTFOLIO AND ACCOUNTING SYSTEM

TRANSACTIONS KEY:

- 1) LOAN REQUEST
- 2) LOAN APPROVAL
- 3) LOAN CHECK REQUEST
- 4) LOAN CHECK ISSUED
- 5) RECORDING OF LOAN
- 6) LOAN PAYMENT



BATCH TRANSACTIONS KEY:

- 3) LOAN CHECK REQUEST FOR \$10,000
- 4) LOAN CHECK ISSUED FOR \$10,000
- 5) LOAN RECORDATION FOR \$10,000
- 6) LOAN PAYMENT: PRINCIPAL \$2,000 INT. \$5

CASH		A/P	
(6) 2,000	10,000	(4) (4) 10,000	10,000 (1)
LOAN RECEIVABLE		LOAN IN PROCESS	
(5) 10,000	1,500 (6)	(3) 10,000	10,000 (1)
INTEREST INCOME			
500 (6)			

el

Objectives:

1. Define procedure (flow) formation - analysis - consent, conception of loan
2. Define an organizational structure for a small affiliate
3. Internal control structure
 - (A) Procedure for the formation - analysis - consent, and cancellation of loan

Loan

1. Application for information to for the formation of a bank, addressed to the executive director
2. Solution of applications by zone
3. Lecture given by the Director in the presence of the promoter and aspiring promoters. Director also speaks of the Required Documents
4. After the informed bank is in agreement with FINCA's standards, the promoter imparts three conferences:
 - (A) Certificate of Installation, submission of copies of identification documents, election of the Board of Directors, collection of savings for the opening of a certified bank
 - (B) Elaboration of regulations and collection of savings
 - (C) Preparation of inauguration, opening of account pass book, fill out application for funds, with required annexes, developed by FINCA's Board of Directors.
5. Application for Credit is taken to Headquarters by the Promoter, accompanied by a Board Member.
6. Approval of the application for credit by the Credit Committee, comprised of: the Director, a Board Member, and the Supervisor (A Promoter if there is no supervisor).
7. If not approved, the application is returned to the promoter for revisions by the Bank.
8. The accountant reviews the register and issues the check.
9. The Accountant Sends the check to the Executive Director and the Chairman of the Board, with invoices attached.
10. The check will be made payable to the order of the two village bank members who presented the signed agreement and signatures of receipt. (In the case of a country where, by law, a check can be made out to one person only, this will be recognized as legitimate).
11. The supervisor accompanies the village bank for the presentation of funds. If by chance someone does not collect her loan, FINCA's representatives reclaim that money for FINCA. Payments will be made through Direct Deposit, straight into FINCA's Accounts at the Commercial Bank.

INTERNAL CONTROLS

A. Approval of Credit

1. Confirmation of the commitment of credit
 - a. A member of the Board of Directors
 - b. The executive director
 - c. The promoter supervisor or, in her absence, the supervisor
2. Resolution of the Loan
 - a. If it is approved, pass the documentation to the accountant for the issuance of the check.
 - b. If it is not approved, the applications and/or other documents will be returned to the promoter so that, with the Board of Directors of the village bank, they can remedy deficiencies that hindered the passage of their proposal.

B. Issuance of Checks

1. They will have the authorized signatures of the following:
 - 1) Members of the Board of Directors
 - 2) Executive Director
2. Every check, without exception, will have two signatures (1 signature "A" and 1 signature "B")
3. The signatures will be: "A" = Board Member
"B" = Executive Director
4. The Administrative Assistant will work on the banking conciliations.
5. The check will be issued to a name of one or two members of the village bank (President and/or Treasurer) in accordance with FINCA's regulations for each country, who should sign upon receipt.

C. Granting of the Loan

1. Before the check will be issued, an account to pay loans in transit should be in place, pending loan approval.
2. The supervisor will accompany the members of the village bank to change the check, and later translate it to the village bank for the delivery of loans to each individual member.
3. Should a case arise in which a member does not take the loan, this money should be given to the supervisor, who will in turn sign a receipt (a standard FINCA receipt for each country) that remains in the hands of the village bank, with a copy which serves as an annex to the invoice which will be realized by FINCA for each country and each loan not taken.

APPENDIX E

FINCA International Global Portfolio Statistics (August 1992 - April 1995).

FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR APRIL 1995

INDICATOR	Honduras	Guatemala	Costa Rica(1)(3)	Haiti(3)	Nicaragua	CAM(2)	Mexico	Dom. Rep.	Peru (3)	Uganda	Ecuador	Malawi	USA	TOTALS(4)
PROGRAM INCEPTION YR.	1989	1989	March 1985	March 1989	1992	1990	1989	1989	March 1993	1992	1994	1994	1994	
NUMBER VILLAGE BANKS	271	84	193	4	84	936	101	28	82	41	7	49	5	1,884
NUMBER OF MEMBERS	6,809	2,225	5,040	98	2,444	25,941	2,640	790	1,893	1,277	202	1,417	28	50,802
PERCENTAGE OF WOMEN	89%	100%	NA	80%	100%	83%	89%	100%	89%	89%	100%	100%	71%	81%
LOAN PORTFOLIO	\$392,487	\$180,847	\$1,116,625	\$3,117	\$145,788	\$2,748,871	\$160,871	\$55,151	\$222,500	\$123,803	\$7,958	\$29,913	\$3,150	\$5,180,860
TOTAL AMOUNT DISBURSED/YR****	\$923,565	\$106,727	\$133,031	\$8,288	\$482,094	NA	\$84,228	\$79,024	\$375,950		\$34,043	\$71,143	\$4,900	\$2,302,988
AVERAGE LOAN SIZE *	\$111	\$72	\$222	NA	\$120	\$108	\$99	\$133	\$129	\$184	NA	\$41	\$445	\$149
SAVINGS	\$256,552	\$107,458	\$109,271	\$4,032	\$102,072	\$1,042,231	\$113,821	\$21,073	\$291,388	\$85,905	\$1,923	\$18,410	\$1,853	\$2,155,965
INTERNAL CAP. RATE**	67%	59%	10%	129%	70%	38%	71%	38%	131%	70%	24%	62%	NA	42%
RECOVERY RATE***	88%	89%	81%	83%	100%	75%	90%	75%	100%	100%	88%	100%	100%	94%

* Monthly disbursement/ # of loans that month

** Savings as a percentage of external capital

*** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

**** First time loans only for Guatemala, Costa Rica and Mexico.

(1) Average loan size calculated by dividing loan portfolio by total # of members.

(2) CAM statistics are only provided for Division A (Village Banks). This does not include 2971 individuals receiving ceiving loans from the Microenterprise program. Average loan size calculated by dividing loan portfolio by total # of members.

(3) Statistics for Peru, Costa Rica and Haiti correspond to the month of March, 1995.

(4) Totals do not include FINCA El Salvador nor Chile.

Jonny Caroy
 Connie Max
 Leslie Tylor
 Ingrid M. Schulz
 Guillermo Bounigol

Received by: Rupert Scotfield
 Prepared by: Natalia Ojerelova
 Date: 10-Jun-95

Emily

Connie Max

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FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR MARCH 1995

INDICATOR	Honduras	Guatemala	Costa Rica(1)	Haiti	Nicaragua	CAM(2)	Mexico	Dom. Rep.	Paru	Uganda	Ecuador	Malawi	USA	TOTALS(3)
PROGRAM INCEPTION YR	1989	1989	1985	1989	1992	1990	1989	1989	1993	1992	1994	1994	1994	
NUMBER VILLAGE BANKS	259	77	193	4	70	916	104	28	82	42	7	45	3	1,829
NUMBER OF MEMBERS	6,546	2,088	5,040	88	2,022	25,431	2,669	788	1,893	1,278	205	1,268	19	49,354
PERCENTAGE OF WOMEN	99%	100%	NA	80%	100%	83%	99%	100%	99%	99%	100%	100%	63%	80%
LOAN PORTFOLIO	\$356,873	\$171,145	\$1,116,825	\$3,117	\$131,084	\$2,655,397	\$143,644	\$55,036	\$222,500	\$121,823	\$11,780	\$24,588	\$1,750	\$5,015,181
TOTAL AMOUNT DISBURSED/YR***	\$775,235	\$88,385	\$133,031	\$8,288	\$394,460	NA	\$78,723	\$70,766	\$375,850	\$235,828	\$34,043	\$59,734	\$1,750	\$2,258,191
AVERAGE LOAN SIZE *	\$99	72	\$222	NA	\$120	\$105	\$85	\$153	\$129	\$138	\$84	\$38	\$438	\$140
SAVINGS	\$247,945	\$102,539	\$109,271	\$4,032	\$93,600	\$984,109	\$80,385	\$19,735	\$291,388	\$80,820	\$1,844	\$13,665	\$1,600	\$2,030,514
INTERNAL CAP. RATE**	70%	60%	10%	129%	71%	37%	56%	36%	131%	66%	14%	56%	NA	40%
RECOVERY RATE***	98%	99%	81%	63%	100%	72%	74%	72%	100%	97%	97%	99%	100%	87%

Monthly disbursement/ # of loans that month

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

*** First time loans only for Guatemala, Costa Rica and Mexico.

1) Average loan size calculated by dividing loan portfolio by total # of members.

2) CAM statistics are only provided for Division A (Village Banks). This does not include 2,940 individuals receiving loans from the Microenterprise program. Average loan size calculated by dividing loan portfolio by total # of members.

Recovery rate excluding San Miguel regional office equaled 96% as of 4/30/95.

3) Totals do not include FINCA El Salvador nor Chile.

Jenny Carey

Leslie Tylor

Ingrid M. Schulz

Guillermo Bourrigal

Connie Max

Received by Rupert Soolfield

Prepared by : Natalia Ojorolova

Eric

JHS

Connie Max

FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR FEBRUARY 1995

INDICATOR	Honduras	Guatemala	Costa Rica (1)	Haiti	Nicaragua	El Salvador(2)	CAM (3)	Mexico	Dem. Rep.	Paraguay	Uganda	Ecuador	Molawi	USA	TOTAL(6)
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1980	1990	1989	1989	1993	1992	1994	1994	1994	
NUMBER VILLAGE BANKS	250	71	193	4	65	32	919	103	28	75	40	7	41	3	1,831
NUMBER OF MEMBERS	6,412	1,953	6,161	96	1,872	626	25,551	2,613	768	1,737	1,201	167	1,150	22	49,349
PERCENTAGE OF WOMEN	99%	100%	97%	80%	100%	82%	83%	97%	100%	99%	99%	100%	100%	88%	89%
LOAN PORTFOLIO	\$345,452	\$182,229	\$1,220,244	\$5,219	\$135,137	\$294,072	\$2,661,282	\$149,220	\$52,835	\$198,950	\$117,412	\$10,828	\$21,823	\$1,750	\$5,396,453
TOTAL AMOUNT DISBURSED/YR ****	\$642,454	\$70,867	\$121,114	\$5,286	\$333,874	NA	NA	\$74,067	\$59,420	\$301,350	\$183,758	\$28,011	\$45,452	\$1,750	\$1,871,403
AVERAGE LOAN SIZE *	\$91	\$78	\$238	\$71	\$148	\$119	\$105	\$84	\$122	\$104	\$182	\$83	\$39	\$438	\$138
SAVINGS	\$252,425	\$98,859	\$114,841	\$3,578	\$81,700	NA	\$988,732	\$73,643	\$18,270	\$256,177	\$70,418	\$642	\$8,055	\$1,080	\$1,868,421
INTERNAL CAP. RATE**	73%	61%	9%	69%	60%	NA	37%	49%	35%	129%	60%	6%	37%	NA	36%
RECOVERY RATE***	96%	99%	84%	78%	100%	NA	71%	81%	89%	100%	89%	86%	88%	100%	88%

* Monthly disbursement/ # of loans that month

** Savings as a percentage of external capital

*** (Total Loans Outstanding - Loans past due)/Total Loans Outstanding

**** First time loans only for Guatemala, Costa Rica and Mexico.

(1) Average loan size calculated by dividing loan portfolio by total # of members.

(2) Statistics do not include 1,440 individuals in the Solidarity Group program.

Accuracy of information in question.

(3) CAM statistics are only provided for Division A (Village Banks). This does not include 2,875 individuals receiving loans from the Microenterprise program. Average loan size calculated by dividing loan portfolio by total # of members.

Recovery rate excluding San Miguel regional office equaled 90% as of 4/30/95.

(4) Totals do not include FINCA El Salvador nor Chile.

Jenny Carey
 Leslie Tyler
 Connie Max
 Ingrid M. Schulz
 Guillermo Bournigal

Enc

Received by Rupert Scofield
 Prepared by: Christian Kolar
 Natalia Ojereleva
 Date: June 20, 1995

FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR JANUARY 1995

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador	CAM (1)	Mexico	Dom. Rep.	Peru (2)	Uganda	Ecuador (3)	Malawi	USA (4)	TOTALS (5)
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	1994	1994	1994	
NUMBER VILLAGE BANKS	240	54	193	4	62	32	992	102	28	57	39	6	34	2	1,855
NUMBER OF MEMBERS	6,338	1,807	5,154	111	1,770	625	27,788	2,526	759	1,350	1,183	151	934	18	60,614
PERCENTAGE OF WOMEN	99.00%	99.80%	37%	84%	100%	82%	83%	100%	100%	99%	99%	100%	100%	61%	89%
LOAN PORTFOLIO	\$370,093	\$146,826	\$1,220,146	\$5,888	\$139,955	\$29,127	\$2,932,188	\$185,297	\$59,580	\$145,300	\$122,816	\$18,288	\$15,212	\$1,750	\$5,380,686
AVERAGE LOAN SIZE	\$58	\$81	\$237	\$54	\$79	\$47	\$108	\$73	\$78	\$108	\$104	\$108	\$18	\$438	\$107
SAVINGS	\$241,190	\$97,501	\$115,198	\$4,597	\$69,855	\$92,584	\$1,091,369	\$89,360	\$16,682	\$181,934	\$67,362	\$877	\$5,304	\$798	\$2,074,611
INTERNAL CAP. RATE*	65%	66%	9%	77%	50%	318%	37%	48%	28%	125%	55%	5%	35%		38%
RECOVERY RATE**	87%	84%	85%	70%	100%	100%	88%	84%	99%	100%	99%	100%	98%	100%	89%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

1) CAM statistics are only provided for Division A (Village Banks). This does not include 2,873 individuals receiving loans from the Microenterprise program. Recovery rate has not been updated. Statistics correspond to December 1994.

2) Statistics for Peru correspond to the month of November 1994

3) Statistics for Ecuador have been revised by Bill Weaver to more accurately portray the program.

4) Due to differences in the FINCA USA program, the Internal Cap. Rate is not being calculated

5) Totals do not include FINCA's initiatives in Chile.

Leslie Tylor
 Corinna Max
 Ingrid M. Schulz
 Guillermo Dourmijal

Leslie Tylor

Received by Rupert Scofield
 Prepared by: Christian Kolar
 Date: March 29, 1995

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FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR DECEMBER 1994

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador(1)	CAM (2)	Mexico	Dorn. Rep.	Peru (3)	Uganda	Ecuador	Malawi	USA (4)	TOTALS (5)
PROGRAM INCEPTION YR.	1989	1988	1985	1989	1982	1990	1980	1988	1989	1993	1992	1994	1984	1994	
NUMBER VILLAGE BANKS	248	63	193	4	62	36	892	89	26	67	39	3	29	1	1,808
NUMBER OF MEMBERS	6,638	1,796	6,032	81	1,473	708	27,788	2,471	719	1,360	1,192	63	786	8	49,149
PERCENTAGE OF WOMEN	89.00%	99.82%	37%	84%	100%	86%	83%	100%	100%	89%	89%	100%	100%	76%	80%
LOAN PORTFOLIO	\$428,168	\$161,837	\$1,233,749	\$8,385	\$96,296	\$78,369	\$2,932,188	\$166,688	\$60,817	\$146,300	\$100,108	\$7,228	\$12,128	\$1,760	\$5,381,997
AVERAGE LOAN SIZE	\$66	\$85	\$246	\$104	\$66	\$112	\$106	\$63	\$71	\$108	\$84	\$116	\$16	\$438	\$110
SAVINGS	\$242,061	\$90,403	\$116,397	\$4,081	\$68,836	\$71,736	\$1,091,369	\$100,646	\$16,437	\$181,834	\$60,402	\$696	\$3,079	\$800	\$2,023,299
INTERNAL CAP. RATE*	57%	60%	8%	48%	62%	80%	37%	64%	32%	126%	60%	8%	25%	48%	38%
RECOVERY RATE**	89.17%	99.03%	84.81%	78.31%	100.00%	100.00%	87.67%	86.71%	98.84%	100.00%	98.10%	80.74%	99.66%	100.00%	89.42%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

(1) Statistics for FINCA El Salvador correspond to the month of September, 1994

(2) CAM statistics are only provided for Division A (Village Banks). This does not include 2,873 individuals receiving loans from the Microenterprise program. Recovery rate has not been updated.

(3) Statistics for Peru correspond to the month of November 1994

(4) Statistics correspond to the metro D.C. area program.

(5) Totals do not include FINCA's initiatives in Chile.

Connie Max
 Ingrid M. Schulz
 Guillermo Bournigal

Received by Rupert Scollard
 Prepared by: Christian Kolar
 Date: February 22, 1995

Handwritten signatures and initials

Handwritten initials

FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR NOVEMBER 1994

INDICATOR	Honduras	Guatemala(5)	Costa Rica	Haiti (1)	Nicaragua	El Salvador(2)	CAM (3)	Mexico	Dom. Rep.	Peru	Uganda	Ecuador	Malawi	TOTALS (4)
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	1994	1994	
NUMBER VILLAGE BANKS	270	61	198	4	44	36	899	100	24	57	34	3	21	1,727
NUMBER OF MEMBERS	7,370	1,698	5,154	120	1,235	709	25,511	2,484	672	1,350	1,057	66	568	47,360
PERCENTAGE OF WOMEN	99.00%	99.82%	37%	84%	100%	85%	83%	100%	100%	99%	99%	100%	100%	90%
LOAN PORTFOLIO	\$304,266	\$124,495	\$1,274,596	\$24,120	\$90,797	\$79,359	2,678,662 \$1,484,503	\$214,177	\$53,310	\$145,300	\$92,029	\$11,794	\$9,942	\$3,887,053
AVERAGE LOAN SIZE	\$41	\$73	\$247	\$201	\$74	\$112	\$68	\$86	\$79	\$108	\$87	\$179	\$18	\$82
SAVINGS	\$258,822	\$78,657	\$124,454	\$28,187	\$49,104	\$71,735	\$1,009,278	\$171,282	\$15,770	\$181,934	\$41,605	\$969	\$1,674	\$2,030,828
INTERNAL CAP. RATE*	85%	63%	10%	117%	54%	90%	68%	80%	30%	125%	45%	8%	17%	52%
RECOVERY RATE**	91.66%	98.83%	84.92%	100.00%	100.00%	100.00%	72.79%	91.69%	98.88%	100.00%	98.94%	86.79%	100.00%	83.47%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

(1) Statistics for Haiti correspond to the month of August, 1994

(2) Statistics for FINCA El Salvador correspond to the month of September, 1994

(3) CAM statistics are only provided for Division A (Village Banks). This does not include 2,751 individuals receiving loans from the Microenterprise program. Recovery rate has not been updated.

(4) Totals do not include FINCA 's initiatives in Chile, and the U.S.A.

(5) Statistics for Guatemala correspond to the month of October 1994

Conita Max
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 Guillermo Bournigal

Received by Rupert Scofield
 Prepared by: Christian Kolar
 Date: February 22, 1995

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FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR OCTOBER 1994

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti (1)	Nicaragua	El Salvador (2)	CAM (3)	Mexico	Dom. Rep.	Peru	Uganda	Ecuador	Malawi (4)	TOTALS (5)
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	1994	1994	
NUMBER VILLAGE BANKS	256	61	199	4	38	36	905	128	21	55	29	2	7	1,732
NUMBER OF SOLIDARITY GROUPS							500							
NUMBER OF MEMBERS	7,098	1,698	5,295	120	1,057	709	26,105	3,098	628	1,307	927	50	182	48,040
PERCENTAGE OF WOMEN	99.00%	99.82%	37%	84%	100%	85%	83%	100%	100%	99%	99%	100%	100%	90%
LOAN PORTFOLIO	\$368,193	\$124,495	\$1,292,759	\$24,120	\$98,749	\$78,359	\$1,430,262	\$241,740	\$55,685	\$135,600	\$79,632	\$9,938	\$7,569	\$3,928,595
AVERAGE LOAN SIZE	\$52	\$73	\$244	\$201	\$93	\$112	\$55	\$78	\$89	\$104	\$86	\$199	\$42	\$82
SAVINGS	\$250,354	\$78,657	\$124,639	\$28,187	\$40,744	\$71,735	\$992,672	\$181,968	\$13,116	\$162,384	\$34,908	\$629	\$385	\$1,979,362
INTERNAL CAP. RATE*	68%	63%	10%	117%	41%	90%	69%	75%	24%	120%	44%	6%	5%	50%
RECOVERY RATE**	92.18%	98.83%	83.28%	100.00%	100.00%	100.00%	87.51%	85.06%	98.88%	100.00%	98.32%	96.05%	100.00%	88.21%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

(1) Statistics for Haiti correspond to the month of August, 1994

(2) Statistics for El Salvador correspond to the month of September, 1994

(3) CAM statistics are only provided for Division A (Village Banks). Recovery rate has not been updated.

(4) Statistics for Malawi correspond to the month of September, 1994

(5) Totals do not include FINCA 's initiatives in Chile, and the U.S.A.

Arelis Gómez

Tracey Talentino

Rosemary Pugh

Received by Rupert Scofield

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FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR AUGUST 1994

INDICATOR	Honduras	Guatemala	Costa Rica (1)	Haiti	Nicaragua	El Salvador	CAM (2)	Mexico	Dom. Rep.	Peru (3)	Uganda	Malawi	TOTALS (4)
PROGRAM INCEPTION YR	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	1994	
NUMBER VILLAGE BANKS	241	53	207	4	17	36	1,008	116	21	47	23	2	1,775
NUMBER OF SOLIDARITY GROUPS							500						
NUMBER OF MEMBERS	6,911	1,485	5,612	120	450	709	30,007	2,772	592	1,102	729	51	50,540
PERCENTAGE OF WOMEN	99.00%	99.73%	37%	84%	100%	85%	87%	100%	100%	99%	99%	100%	91%
LOAN PORTFOLIO	\$363,287	\$99,921	\$1,667,843	\$24,120	\$30,506	\$79,359	\$3,439,611	\$160,564	\$51,585	\$83,626	\$50,838	\$2,324	\$6,053,584
AVERAGE LOAN SIZE	\$53	\$67	\$297	\$201	\$68	\$112	\$115	\$58	\$87	\$76	\$70	\$46	\$120
SAVINGS	\$259,628	\$66,450	\$148,714	\$28,187	\$33,794	\$71,735	\$1,156,952	\$163,080	\$11,675	\$106,327	\$20,083	\$51	\$2,066,677
INTERNAL CAP. RATE*	71%	67%	9%	117%	111%	90%	34%	102%	23%	127%	40%	2%	34%
RECOVERY RATE**	91.27%	98.60%	94.65%	100.00%	100.00%	100.00%	94.81%	81.22%	98.75%	100.00%	96.24%	100.00%	94.49%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

(1) Statistics for Costa Rica correspond to the month of June, 1994

(2) CAM statistics are only provided for Division A (Village Banks)

(3) Statistics for Peru correspond to the month of May, 1994

(4) Totals do not include FINCA's initiatives in Chile, Ecuador and the U.S.A.

Approved by

Arelis Gómez
Tracey Telentino
Rosemary Pugh

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FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR JULY 1994

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti (1)	Nicaragua	El Salvador (2)	CAM (3)	Mexico	Dom. Rep.	Peru (4)	Uganda	TOTALS (5)
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	
NUMBER VILLAGE BANKS	231	50	207	4	12	37	1,117	117	20	47	21	1,863
NUMBER OF SOLIDARITY GROUPS							500					
NUMBER OF MEMBERS	8,784	1,395	5,812	120	310	739	33,665	2,769	558	1,102	670	53,724
PERCENTAGE OF WOMEN	99.00%	99.78%	37%	100%	100%	80%	83%	100%	100%	99%	99%	91%
LOAN PORTFOLIO	\$352,918	\$92,968	\$1,667,843	\$3,812	\$33,870	\$117,566	\$3,900,869	\$201,489	\$49,815	\$83,628	\$43,892	\$6,548,669
AVERAGE LOAN SIZE	\$52	\$67	\$297	\$32	\$109	\$159	\$116	\$73	\$89	\$76	\$66	\$122
SAVINGS	\$296,507	\$63,311	\$148,714	\$1,971	\$29,864	\$17,824	\$1,302,758	\$157,882	\$10,002	\$106,327	\$14,749	\$2,119,909
INTERNAL CAP. RATE*	76%	68%	9%	52%	88%	15%	33%	78%	20%	127%	34%	32%
RECOVERY RATE**	91.81%	95.65%	94.65%	100.00%	100.00%	100.00%	97.87%	87.21%	98.52%	100.00%	93.43%	96.42%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

(1) Statistics for Haiti correspond to the month of February, 1994

(2) Statistics for El Salvador correspond to the month of May, 1994

(3) CAM statistics are only provided for Division A (Village Banks)

(4) Statistics for Peru correspond to the month of May, 1994

(5) Totals do not include FINCA 's initiatives in Malawi, Chile, Ecuador and the U.S.A.

Approved by

Arelis Gómez

Tracey Talentino

Rosemary Pugh

FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR JUNE 1994

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti (1)	Nicaragua	El Salvador (2)	CAM (3)	Mexico	Dom. Rep.	Peru (4)	Uganda	TOTALS (5)
PROGRAM INCEPTION YR	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	
NUMBER VILLAGE BANKS	232	45	207	4	12	37	1,033	112	16	47	18	1,763
NUMBER OF SOLIDARITY GROUPS							500					
NUMBER OF MEMBERS	6,818	1,303	5,612	120	308	739	33,361	2,673	434	1,102	597	53,067
PERCENTAGE OF WOMEN	99.50%	99.85%	37%	100%	100%	80%	83%	100%	100%	89%	100%	91%
LOAN PORTFOLIO	\$355,654	\$80,971	\$1,667,843	\$3,812	\$41,562	\$117,566	\$3,758,634	\$162,228	\$44,128	\$83,628	\$41,365	\$6,357,390
AVERAGE LOAN SIZE	\$52	\$62	\$297	\$32	\$135	\$159	\$113	\$61	\$102	\$76	\$69	\$120
SAVINGS	\$266,284	\$56,680	\$148,714	\$1,971	\$13,485	\$17,824	\$1,196,204	\$155,472	\$8,782	\$106,327	\$13,275	\$1,985,018
INTERNAL CAP. RATE*	75%	70%	9%	52%	32%	15%	32%	96%	20%	127%	32%	31%
RECOVERY RATE**	97.67%	95.11%	94.65%	100.00%	100.00%	100.00%	99.89%	84.11%	98.15%	100.00%	94.41%	57.88%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

(1) Statistics for Haiti correspond to the month of February, 1994

(2) Statistics for El Salvador correspond to the month of May, 1994

(3) CAM statistics are only provided for Division A (Village Banks)

(4) Statistics for Peru correspond to the month of May, 1994

(5) Totals do not include FINCA's initiatives in Malawi, Chile, Ecuador and the U.S.A.

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FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR MAY 1994

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti (1)	Nicaragua	El Salvador	CAM (2)	Mexico	Dom. Rep.	Peru	Uganda	TOTALS (3)
PROGRAM INCEPTION YR	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	
NUMBER VILLAGE BANKS	228	43	206	4	12	37	1,033	111	13	47	16	1,749
NUMBER OF SOLIDARITY GROUPS							500					
NUMBER OF MEMBERS	6,666	1,307	5,493	120	308	739	31,263	2,655	361	1,102	508	60,512
PERCENTAGE OF WOMEN	99.50%	99.85%	37%	84%	100%	80%	83%	100%	100%	99%	100%	89%
LOAN PORTFOLIO	\$462,242	\$77,772	\$1,466,389	\$3,812	\$25,533	\$117,566	\$3,267,491	\$197,780	\$43,612	\$83,626	\$32,418	\$5,778,242
AVERAGE LOAN SIZE	\$69	\$60	\$267	\$32	\$83	\$159	\$105	\$74	\$121	\$76	\$64	\$114
SAVINGS	\$311,900	\$52,670	\$142,754	\$1,971	\$24,369	\$17,824	\$1,197,572	\$155,946	\$7,393	\$106,327	\$8,068	\$2,026,793
INTERNAL CAP. RATE*	67%	68%	10%	52%	95%	15%	37%	79%	17%	127%	25%	35%
RECOVERY RATE**	97.79%	94.98%	93.97%	100.00%	100.00%	100.00%	99.57%	85.02%	98.43%	100.00%	85.20%	87.43%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

(1) Statistics for Haiti correspond to the month of February, 1994

(2) CAM statistics are only provided for Division A (Village Banks)

(3) Totals do not include FINCA's initiatives in Malawi, Chile, Ecuador and the U.S.A.

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FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR APRIL 1994

INDICATOR	Honduras	Guatemala	Costa Rica (2)	Haiti (3)	Nicaragua	El Salvador (1)	CAM (5)	Mexico (4)	Dom. Rep.	Peru	Uganda	TOTALS (6)
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	
NUMBER VILLAGE BANKS	231	42	204	4	12	404	975	114	12	47	13	2,058
NUMBER OF SOLIDARITY GROUPS							500					
NUMBER OF MEMBERS	6,628	1,267	5,421	120	308	6,854	29,552	3,022	339	1,111	447	55,069
PERCENTAGE OF WOMEN	99.50%	99.84%	37%	84%	100%	95%	83%	100%	100%	99%	100%	91%
LOAN PORTFOLIO	\$452,253	\$72,427	\$1,563,714	\$3,812	\$22,074	\$799,590	\$2,667,702	\$160,629	\$42,676	\$81,750	\$26,595	\$5,893,222
AVERAGE LOAN SIZE	\$68	\$57	\$288	\$32	\$72	\$117	\$90	\$53	\$128	\$74	\$59	\$107
SAVINGS	\$322,321	\$49,202	\$127,384	\$1,971	\$21,699	\$446,030	\$1,140,817	\$159,432	\$5,465	\$91,284	\$7,065	\$2,371,770
INTERNAL CAP. RATE*	71%	68%	8%	52%	98%	56%	43%	99%	13%	112%	27%	40%
RECOVERY RATE**	96.3 %	94.70%	93.42%	100.00%	100.00%	100.00%	99.38%	81.62%	98.38%	100.00%	92.81%	97.08%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

(1) Statistics for FINCA El Salvador correspond to the month of November, 1993

(2) Statistics for Costa Rica correspond to the month of December, 1993

(3) Statistics for Haiti correspond to the month of February, 1994

(4) Statistics for Mexico correspond to the month of March, 1994

(5) CAM statistics are only provided for Division A (Village Banks)

(6) Totals do not include FINCA's initiatives in Malawi, Chile, Ecuador and the U.S.A.

Arelia Gomez
 Tracey Talantino
 Rosemary Pugh

Approved by -

Tracey Talantino

FINCA INTERNATIONAL INC.
STATISTICS ON GLOBAL PORTFOLIO
FOR JANUARY 1994

INDICATOR	Honduras	Guatemala	Costa Rica***	Haiti***	Nicaragua	El Salvador****	CAM	Mexico	Dom. Rep.	Peru	Uganda***	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	
NUMBER VILLAGE BANKS	208	43	204	4	12	404	821	114	10	38	12	1,868
NUMBER OF SOLIDARITY GROUPS							411					
NUMBER OF MEMBERS	6,232	1,298	6,421	120	305	8,854	26,099	2,891	287	887	380	50,772
PERCENTAGE OF WOMEN	99%	100%	37%	100%	100%	95%	85%	100%	100%	98%	100%	92%
LOAN PORTFOLIO	\$441,433	\$71,188	\$1,503,714	\$7,079	\$15,082	\$799,590	\$2,193,528	\$197,758	\$20,559	\$85,550	\$13,397	\$5,395,478
AVERAGE LOAN SIZE	\$71	\$55	\$288	\$84	\$49	\$117	\$84	\$88	\$93	\$74	\$42	\$108
SAVINGS	\$298,717	\$41,892	\$127,384	\$1,450	\$14,827	\$445,030	\$600,390	\$148,804	\$4,248	\$84,019	\$8,341	\$1,753,503
INTERNAL CAP. RATE*	68%	59%	8%	19%	97%	58%	27%	75%	18%	99%	47%	32%
RECOVERY RATE**	99.47%	98.26%	93.42%	100.00%	100.00%	100.00%	99.87%	98.70%	100.00%	100.00%	95.30%	97.92%

Savings as a percentage of external capital

* (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

** Statistics for Costa Rica, Uganda, Salvador, and Haiti correspond to the month of December 1993

*** CAM statistics are only provided for Division A (Village Banks)

PENDING APPROVAL

Arlis Gomez

Phil Broughton

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FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
DECEMBER 1993

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti***	Nicaragua	El Salvador***	CAM***	Mexico	Dom. Rep.	Peru	Uganda	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1993	1992	
NUMBER VILLAGE BANKS	205	44	204	4	10	404	988	115	10	17	12	1,993
NUMBER OF SOLIDARITY GROUPS							411					
NUMBER OF MEMBERS	6,204	1,313	6,421	120	256	8,864	29,259	2,760	287	472	380	63,316
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	96%	96%	100%	100%	94%	100%	93%
LOAN PORTFOLIO	\$804,442	\$84,168	\$1,683,714	\$7,079	\$17,893	\$799,690	\$2,277,824	\$220,768	\$28,669	\$35,800	\$13,397	\$6,861,412
AVERAGE LOAN SIZE	\$97	\$64	\$288	\$64	\$70	\$117	\$78	\$80	\$93	\$75	\$42	\$108
SAVINGS	\$351,482	\$48,685	\$127,384	\$1,450	\$12,858	\$445,030	\$792,947	\$141,416	\$3,705	\$48,278	\$8,341	\$1,976,433
INTERNAL CAP. RATE*	68%	55%	8%	19%	72%	58%	35%	64%	14%	130%	47%	35%
RECOVERY RATE**	99.84%	98.20%	93.42%	100.00%	100.00%	100.00%	99.00%	87.20%	88.81%	100.00%	86.30%	97.66%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

*** Statistics for Finca El Salvador and CAM correspond to the month of November, 1993

CAM statistics are only provided for Division A (Village Banks)

PENDING APPROVAL

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FINGA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
NOVEMBER 1993

INDICATOR	Honduras	Guatemala	Costa Rica***	Haiti	Nicaragua	El Salvador***	CAM	Mexico	Dom. Rep.	Paraguay	Uganda	TOTALS
PROGRAM INCEPTION YR.	1989	1988	1985	1989	1992	1990	1990	1988	1988	1993	1992	
NUMBER VILLAGE BANKS	188	43	188	4	10	404	968	113	9	17	12	1,968
NUMBER OF SOLIDARITY GROUPS							411					
NUMBER OF MEMBERS	6,780	1,269	6,301	120	265	6,864	29,269	2,563	288	370	316	62,366
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	86%	96%	100%	100%	84%	100%	102%
LOAN PORTFOLIO	\$388,360	\$81,014	\$1,672,873	\$7,678	\$21,178	\$799,680	\$2,277,624	\$212,048	\$22,438	\$27,500	\$13,202	\$6,621,495
AVERAGE LOAN SIZE	\$87	\$84	\$318	\$84	\$83	\$117	\$78	\$83	\$83	\$74	\$42	\$106
SAVINGS	\$281,348	\$43,867	\$107,241	\$1,460	\$10,497	\$446,030	\$792,947	\$136,024	\$3,236	\$38,262	\$2,876	\$1,862,368
INTERNAL CAP. RATE*	73%	64%	8%	19%	60%	60%	36%	64%	14%	139%	20%	34%
RECOVERY RATE**	98.41%	98.17%	93.78%	100.00%	100.00%	100.00%	98.88%	86.87%	98.30%	100.00%	98.87%	97.37%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

*** Statistics for Costa Rica, Finca El Salvador and Uganda correspond to the month of August, 1993

CAM statistics correspond to the month of October and are only provided for Division A (Village Banks)

Arelis Gomez _____

Phil Broughton _____

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FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
OCTOBER 1993

INDICATOR	Honduras	Guatemala	Costa Rica***	Haiti***	Nicaragua	El Salvador***	CAM	Mexico	Dom. Rep.	Uganda***	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1980	1989	1989	1992	
NUMBER VILLAGE BANKS	179	43	188	3	9	404	988	109	9	12	1,924
NUMBER OF SOLIDARITY GROUPS							411				
NUMBER OF MEMBERS	5,120	1,269	5,301	90	230	6,854	29,259	2,504	269	315	51,211
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	87%	100%	100%	100%	92%
LOAN PORTFOLIO	\$335,263	\$81,014	\$1,672,873	\$3,984	\$16,973	\$799,590	\$2,277,624	\$200,979	\$20,738	\$13,202	\$5,422,220
AVERAGE LOAN SIZE	\$65	\$64	\$310	\$44	\$74	\$117	\$78	\$80	\$77	\$42	\$106
SAVINGS	\$254,464	\$43,667	\$107,241	\$381	\$9,758	\$445,030	\$792,947	\$126,548	\$2,656	\$2,675	\$1,785,387
INTERNAL CAP. RATE*	76%	54%	6%	10%	57%	56%	30%	63%	13%	20%	33%
RECOVERY RATE**	98.97%	98.17%	93.78%	100.00%	100.00%	100.00%	89.60%	86.44%	88.64%	86.87%	87.44%

- * Savings as a percentage of external capital
 - ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding
 - *** Statistics correspond to the month of August, 1993
- CAM statistics provided only for Division A (Village Banks)

Arelis Gomez _____
Phil Broughton _____

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FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
SEPTEMBER 1993

INDICATOR	Honduras	Guatemala	Costa Rica***	Haiti***	Nicaragua	El Salvador***	CAM***	Mexico	Dom. Rep.	Uganda	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1992	
NUMBER VILLAGE BANKS	161	40	188	3	8	404	898	109	8	12	1,819
NUMBER OF SOLIDARITY GROUPS							411				
NUMBER OF MEMBERS	4,080	1,192	6,301	90	205	6,854	26,780	2,468	168	315	48,411
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	93%
LOAN PORTFOLIO	\$412,780	\$74,549	\$1,872,873	\$3,964	\$23,803	\$799,590	\$1,898,095	\$284,097	\$13,130	\$13,202	\$4,995,883
AVERAGE LOAN SIZE	\$102	\$83	\$318	\$44	\$115	\$117	\$88	\$115	\$78	\$42	\$108
SAVINGS	\$236,708	\$37,292	\$107,241	\$381	\$9,396	\$446,030	\$905,902	\$114,885	\$2,208	\$2,875	\$1,860,719
INTERNAL CAP. RATE*	67%	50%	8%	10%	40%	56%	53%	40%	17%	20%	37%
RECOVERY RATE**	98.41%	98.01%	93.78%	100.00%	100.00%	100.00%	99.93%	87.28%	97.43%	98.87%	96.96%

- * Savings as a percentage of external capital
 - ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding
 - *** Statistics correspond to the month of August, 1993
- CAM statistics provided only for Division A (Village Banks)

FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
AUGUST 1993

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti***	Nicaragua	El Salvador***	CAM***	Mexico	Dom. Rep.	Uganda	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1992	
NUMBER VILLAGE BANKS	161	40	188	3	8	404	898	108	7	12	1,819
NUMBER OF SOLIDARITY GROUPS							411				
NUMBER OF MEMBERS	4,050	1,188	5,301	90	205	6,854	27,404	2,725	168	315	48,300
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	85%	100%	100%	100%	93%
LOAN PORTFOLIO	\$272,422	\$74,859	\$1,672,873	\$3,964	\$15,057	\$799,590	\$1,698,095	\$200,228	\$13,053	\$13,202	\$4,783,343
AVERAGE LOAN SIZE	\$87	\$83	\$318	\$44	\$73	\$117	\$82	\$73	\$78	\$42	\$99
SAVINGS	\$227,235	\$35,788	\$107,241	\$381	\$8,440	\$445,030	\$905,902	\$123,133	\$1,988	\$2,275	\$1,857,813
INTERNAL CAP. RATE*	83%	48%	6%	10%	58%	56%	53%	61%	15%	20%	39%
RECOVERY RATE**	94.89%	97.94%	93.78%	100.00%	100.00%	100.00%	99.83%	98.00%	100.00%	98.87%	87.34%

- * Savings as a percentage of external capital
- ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding
- *** Statistics correspond to the month of July, 1993

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FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
JUNE 1993

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador	CAM	Nth. Mexico	Ctrl. Mexico	Dom. Rep.	Uganda	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	1992	
NUMBER VILLAGE BANKS	143	41	188	3	8	404	918	62	28	4	11	1,799
NUMBER OF SOLIDARITY GROUPS							441					
NUMBER OF MEMBERS	3,568	1,135	5,067	90	201	6,854	25,962	1,439	742	94	275	45,152
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	100%	87%
LOAN PORTFOLIO	\$223,325	\$72,912	\$1,525,171	\$3,848	\$14,108	\$799,590	\$1,718,182	\$112,205	\$62,208	\$3,183	\$12,917	\$4,532,709
AVERAGE LOAN SIZE	\$63	\$64	\$301	\$50	\$70	\$117	\$68	\$78	\$84	\$50	\$47	\$100
SAVINGS	\$203,630	\$41,798	\$100,851	\$379	\$4,590	\$445,030	\$661,295	\$78,071	\$26,551	\$1,394	\$754	\$1,561,591
INTERNAL CAP. RATE*	91%	57%	7%	10%	33%	56%	39%	68%	43%	44%	6%	34%
RECOVERY RATE**	99.41%	97.66%	93.54%	100.00%	100.00%	100.00%	99%	95.54%	100.00%	100.00%	100.00%	97.65%

- * Savings as a percentage of external capital
- ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding
- *** Statistics correspond to the month of April, 1993

Phil Broughton _____
 Lawrence Yanovitch _____
 Arelis Gomez _____
 Rupert Scoffield _____

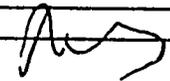
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FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
MAY 1993

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti***	Nicaragua	El Salvador***	CAM***	Nth. Mexico	Ctrl. Mexico	Dom. Rep.***	Uganda	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	1992	
NUMBER VILLAGE BANKS	137	39	181	1	4	399	854	55	23	3	11	1,696
NUMBER OF SOLIDARITY GROUPS							441					
NUMBER OF MEMBERS	3,431	1,128	4,893	30	101	5,585	25,058	1,271	658	74	275	42,227
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	100%	87%
LOAN PORTFOLIO	\$271,428	\$88,963	\$1,513,641	\$1,337	\$6,995	\$770,188	\$1,671,157	\$97,678	\$53,438	\$6,584	\$12,917	\$4,481,409
AVERAGE LOAN SIZE	\$79	\$81	\$309	\$50	\$69	\$138	\$87	\$77	\$81	\$89	\$47	\$106
SAVINGS	\$194,038	\$32,285	\$143,887	\$724	\$4,193	\$419,148	\$591,570	\$67,818	\$19,198	\$1,591	\$754	\$1,474,432
INTERNAL CAP. RATE*	71%	47%	10%	54%	60%	54%	35%	69%	36%	24%	6%	33%
RECOVERY RATE**	99.51%	97.52%	91.47%	100.00%	100.00%	99.71%	95.91%	96.41%	89.70%	100.00%	100.00%	95.38%

- * Savings as a percentage of external capital
- ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding
- *** Statistics correspond to the month of April, 1993

Phil Broughton _____
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 Arelis Gomez _____
 Rupert Scoffield _____



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FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
APRIL 1993

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador***	CAM***	Nth. Mexico	Ctrl. Mexico	Dom. Rep.***	Uganda	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	1992	
NUMBER VILLAGE BANKS	137	36	181	1	4	399	854	56	22	3	11	1,693
NUMBER OF SOLIDARITY GROUPS							441					
NUMBER OF MEMBERS	3,398	1,002	4,530	30	101	5,585	25,058	1,227	630	74	275	41,635
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	100%	87%
LOAN PORTFOLIO	\$278,247	\$61,798	\$1,395,595	\$1,327	\$9,570	\$770,188	\$1,671,167	\$86,543	\$81,481	\$6,584	\$12,917	\$4,340,498
AVERAGE LOAN SIZE	\$81	\$62	\$308	\$50	\$95	\$138	\$67	\$71	\$98	\$89	\$47	\$104
SAVINGS	\$180,216	\$30,462	\$96,571	\$724	\$3,448	\$419,148	\$691,570	\$72,169	\$23,644	\$1,591	\$754	\$1,419,642
INTERNAL CAP. RATE*	65%	49%	7%	54%	36%	54%	35%	83%	38%	24%	6%	33%
RECOVERY RATE**	98.93%	97.17%	93.27%	100.00%	100.00%	99.71%	95.91%	95.94%	97.23%	100.00%	100.00%	95.98%

- * Savings as a percentage of external capital
- ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding
- *** Statistics correspond to the month of March, 1993

FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
MARCH 1993

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador	CAM	Nth. Mexico	Ctrl. Mexico	Dom. Rep.	Uganda	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	1992	
NUMBER VILLAGE BANKS	130	36	176	1	4	399	854	53	23	3	11	1,079
NUMBER OF SOLIDARITY GROUPS							441					
NUMBER OF MEMBERS	3,258	995	4,200	30	80	5,585	25,058	1,159	607	74	275	41,104
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	100%	87%
LOAN PORTFOLIO	\$244,290	\$61,318	\$1,246,502	\$1,738	\$9,040	\$770,188	\$1,671,157	\$95,690	\$52,686	\$8,584	\$12,917	\$4,159,194
AVERAGE LOAN SIZE	\$75	\$62	\$293	\$58	\$113	\$138	\$67	\$83	\$87	\$89	\$47	\$101
SAVINGS	\$170,512	\$28,564	\$88,705	\$767	\$2,885	\$419,148	\$591,570	\$65,012	\$21,124	\$1,591	\$754	\$1,389,878
INTERNAL CAP. RATE*	70%	47%	7%	44%	32%	54%	35%	68%	40%	24%	8%	33%
RECOVERY RATE**	98.59%	97.16%	93.46%	100.00%	100.00%	99.71%	95.91%	98.66%	97.71%	100.00%	100.00%	98.16%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

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FINCA INTERNATIONAL
 STATISTICS ON GLOBAL PORTFOLIO
 FEBRUARY 1993

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador***	CAM	Nth. Mexico	Ctrl. Mexico	Dom. Repub	Uganda***	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	1992	
NUMBER VILLAGE BANKS	125	33	169	1	3	400	838	49	19	3	4	1,640
NUMBER OF SOLIDARITY GROUPS							406					
NUMBER OF MEMBERS	3,191	906	3,874	30	80	7,255	24,410	1,030	518	70	280	41,364
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	100%	87%
LOAN PORTFOLIO	\$240,365	\$55,081	\$1,154,869	\$1,900	\$9,040	\$711,634	\$1,724,791	\$74,231	\$42,033	\$6,584	\$5,323	\$4,020,527
AVERAGE LOAN SIZE	\$75	\$61	\$298	\$63	\$113	\$98	\$71	\$72	\$81	\$94	\$19	\$97
SAVINGS	\$155,295	\$27,084	\$84,586	\$661	\$2,582	\$267,469	\$523,356	\$58,790	\$20,403	\$1,241	\$58	\$1,141,466
INTERNAL CAP. RATE*	65%	49%	7%	35%	29%	38%	30%	79%	49%	19%	1%	28%
RECOVERY RATE**	99.48%	96.32%	93.19%	100.00%	100.00%	99.94%	96.16%	96.38%	97.14%	100.00%	100.00%	96.21%

- * Savings as a percentage of external capital
- ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding
- *** Statistics correspond to the month of January, 1993

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FINCA INTERNATIONAL
 STATISTICS ON GLOBAL PORTFOLIO
 January 1993

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador	CAM	Nth. Mexico	Cent. Mexico	Dom. Repub	Uganda	TOTALS
PROGRAM INCEPTION (YR)	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	1992	
NUMBER VILLAGE BANKS	121	32	166	1	3	400	811	47	17	3	4	1,601
NUMBER OF SOLIDARITY GROUPS							406					406
NUMBER OF MEMBERS	3,180	935	3,609	22	80	7,255	23,040	979	495	60	280	39,751
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	100%	87%
LOAN PORTFOLIO	\$245,348	\$57,180	\$862,745	\$1,900	\$3,454	\$711,634	\$1,735,165	\$88,829	\$41,448	\$6,304	\$5,323	\$3,754,007
AVERAGE LOAN SIZE	\$77	\$61	\$234	\$86	\$43	\$98	\$75	\$91	\$84	\$93	\$19	\$94
SAVINGS	\$149,783	\$25,235	\$82,223	\$661	\$2,496	\$267,469	\$523,356	\$74,368	\$14,702	\$7,285	\$58	\$1,147,578
INTERNAL CAP. RATE*	61%	44%	10%	35%	72%	38%	30%	84%	35%	116%	1%	31%
RECOVERY RATE**	98.79%	97.72%	90.93%	100.00%	100.00%	99.94%	95.27%	99.41%	76.00%	100.00%	100.00%	95.59%

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- * Savings as a percentage of external capital
- ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

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FINCA INTERNATIONAL
 STATISTICS ON GLOBAL PORTFOLIO
 November 1992

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador	CAM	Nth. Mexico	Ctrl. Mexico	Dom. Repub	TOTALS
PROGRAM INCEPTION YR.	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	
NUMBER VILLAGE BANKS	117	29	163	1	3	369	707	46	17	3	1,455
NUMBER OF SOLIDARITY GROUPS							360				360
NUMBER MEMBERS	3,108	886	4,058	22	63	6,871	18,409	907	486	70	34,880
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	87%
LOAN PORTFOLIO	\$232,279	\$52,490	\$1,079,221	\$820	\$20,270	\$619,886	\$966,136	\$97,177	\$26,744	\$4,496	\$3,099,519
AVERAGE LOAN SIZE	\$75	\$59	\$266	\$37	\$322	\$90	\$52	\$107	\$55	\$64	\$89
SAVINGS	\$125,548	\$23,293	\$68,828	\$498	\$1,516	\$191,500	\$276,598	\$29,669	\$18,900	\$2,085	\$738,435
INTERNAL CAP. RATE*	54%	44%	6%	61%	7%	31%	29%	31%	71%	46%	24%
RECOVERY RATE**	99.34%	93.70%	100.00%	100.00%	100.00%	100.00%	99.70%	100.00%	76.00%	100.00%	99.38%

- * Savings as a percentage of external capital
- ** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

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FINCA INTERNATIONAL
 STATISTICS ON GLOBAL PORTFOLIO
 October 1992

INDICATOR	Honduras	Guatemala	Costa Rica	Haiti	Nicaragua	El Salvador	CAM	Nth. Mexico	Ctrl. Mexico	Dom. Repub	TOTALS
PROGRAM INCEPTION YEAR	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	
NUMBER VILLAGE BANKS	109	29	163	1	3	369	707	46	11	3	1,441
NUMBER OF SOLIDARITY GROUPS							360				360
NUMBER MEMBERS	2,855	919	3,857	22	63	6,071	18,409	907	334	67	34,304
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	95%	100%	100%	100%	87%
LOAN PORTFOLIO	\$210,146	\$54,125	\$982,502	\$1,091	\$4,255	\$619,086	\$966,136	\$97,177	\$16,082	\$2,512	\$2,953,912
AVERAGE LOAN SIZE	\$74	\$59	\$255	\$50	\$68	\$90	\$52	\$107	\$48	\$37	\$86
SAVINGS	\$114,177	\$24,302	\$70,286	\$397	\$1,516	\$191,500	\$276,598	\$29,669	\$15,800	\$314	\$724,639
INTERNAL CAPITALIZATION RATE*	54%	45%	7%	36%	36%	31%	29%	31%	98%	13%	25%
RECOVERY RATE**	94.01%	94.41%	94.27%	100.00%	100.00%	99.76%	99.70%	100.00%	62.39%	100.00%	99.35%

* Savings as a percentage of external capital

** (Total Loans Outstanding - Loans past due) / Total Loans Outstanding

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FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
September 1992

INDICATOR	Honduras*	Guatemala*	Costa Rica*	Haiti	Nicaragua	El Salvador	CAM**	Nth. Mexico	Ctrl. Mexico	Dom. Reptb.	TOTALS
PROGRAM INCEPTION YEAR	1989	1989	1985	1989	1992	1990	1990	1989	1989	1989	
NUMBER VILLAGE BANKS	105	26	166	1	3	345	605	30	12	3	1,296
NUMBER OF SOLIDARITY GROUPS							252				252
NUMBER MEMBERS	2,719	836	3,872	22	63	6,498	15,274	533	417	71	30,305
PERCENTAGE OF WOMEN	100%	100%	37%	100%	100%	95%	96%	100%	100%	100%	87%
LOAN PORTFOLIO	\$202,538	\$48,693	\$930,602	\$1,091	\$4,819	\$869,800	\$843,521	\$49,123	\$17,711	\$4,424	\$2,972,323
AVERAGE LOAN SIZE	\$74	\$58	\$240	\$50	\$76	\$134	\$55	\$92	\$42	\$62	\$96
SAVINGS	\$106,756	\$21,094	\$72,200	\$397	\$1,070	\$45,789	\$263,256	\$29,669	\$15,300	\$174	\$555,705
INTERNAL CAPITALIZATION RATE*	53%	43%	8%	36%	22%	5%	31%	60%	86%	4%	19%
ON-TIME REPAYMENT RATE	98.67%	98.69%	93.95%	100.00%	100.00%	98.87%	97.00%	100.00%	65.54%	100.00%	99.35%

- * Savings as a percentage of external capital
- ** Repayment of loans extended from FINCA to village banks

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Table 2

FINCA INTERNATIONAL
STATISTICS ON GLOBAL PORTFOLIO
August 1992

INDICATOR	HONDURAS	GUATEMALA	COSTA RICA	HAITI	EL SALVADOR*	NTH. MEXICO	CTR. MEXICO	DOM. REPUB.	TOTALS
1. YEAR OF PROGRAM INCEPTION	1989	1989	1985	1989	1990	1989	1989	1989	
2. NUMBER OF VILLAGE BANKS	84	20	134	1	415	30	13	6	703
3. NUMBER OF SOLIDARITY GROUPS					151				151
4. NUMBER OF MEMBERS	2,170	585	3,360	22	12,057	533	478	95	19,300
5. PERCENTAGE OF WOMEN	100%	98%	37%	100%	95%	100%	100%	100%	85%
6. LOAN PORTFOLIO	\$176,318	\$31,102	\$814,918	\$820	\$843,917	\$49,123	\$25,250	\$6,300	\$1,947,748
7. AVERAGE LOAN SIZE	\$81	\$53	\$243	\$37	\$70	\$92	\$53	\$66	\$101
8. SAVINGS	\$76,838	\$7,356	\$67,586	\$498	\$225,793	\$29,669	\$15,307	N/A	\$423,047
9. INTERNAL CAPITALIZATION RATE***	44%	24%	8%	61%	27%	60%	61%	N/A	
10. ON-TIME REPAYMENT RATE****	99%	97%	95%	100%	99.85%	100%	96%	94%	99%

*AID FUNDED VILLAGE BANKS IN EL SALVADOR

***SAVINGS AS A PERCENTAGE OF EXTERNAL CAPITAL

****REPAYMENT OF LOANS FROM FINCA TO VILLAGE BANKS

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APPENDIX F

Credit Risk Analysis and Subsidy Calculation of Project.

FINCA INTERNATIONAL
FINANCIAL ANALYSIS

Prepared for: USAID/Washington
G/EG/CIS

Prepared by: Lorenzo Rasetti
Coopers & Lybrand, LLP

Sponsored by: Private Enterprise Development Support Project III
Contract Number PCE-0026-Q-00-3031-00

August 1995

I. Project Overview

FINCA International is seeking a \$1 million direct loan from USAID's MSED Program in order to capitalize a credit enhancement mechanism to be known as the FINCA Village Bank Capital Fund. The Capital Fund, designed to commence or increase FINCA affiliates' access to local commercial capital sources, will provide Letter of Credit-backed guarantees to local banks selected by FINCA affiliates participating in the Capital Fund, to encourage the banks to extend credit to these affiliates. The affiliates would borrow commercial funds from these banks for lending to village banks which would on-lend to their members.

In order to meet the requirements of the Credit Reform Act of 1990, USAID must assess the risk of the proposed transaction to determine the anticipated cost (subsidy) for the \$1 million loan. Sections II and III detail the credit risk of the project.

II. Country Risk (5.0%)

FINCA International is a U.S. based non-governmental organization, incorporated in the state of New York. Its mission is to assist indigenous financial institutions in providing credit to micro entrepreneurs.

The proposed USAID loan will be denominated in U.S. dollars and will remain deposited in a U.S. bank account. FINCA International will use the proceeds of the loan to support the issuance of Letters of Credit in favor of local banks in the targeted countries. The structure of the transaction will virtually negate foreign exchange risk.

Percentage Allocation: 5.0% Risk Factor: 1.0

III. Organizational Credit Risk (45%)

A. Financial (20%)

Three factors will be considered in addressing the financial risk associated with FINCA International. These are funding, balance sheet strength, and growth.

1. Funding (10%)

Funding is comprised of three parts. The first two, funding diversity and stability, address the likelihood of continued, unimpeded operations of the organization apart from any ability to repay proceeds from any particular transaction. The third aspect, the level of unrestricted funding, addresses the organization's ability to generate funds to cover potential losses as a result of a particular transaction.

a. Funding Diversity (2.5%)

FINCA International receives funding from various sources. These include individual giving through special events and appeals, rotary clubs, as well as corporate, foundation, and government grants. Funding diversity has been augmented by a steady increase in the number of private donors to more than 1,100 in 1995. The largest growth has been in the number of individual donors. The following table summarizes the number of major donors for the last three years. Please note that the definition of major donor has changed dramatically during the same period.

NUMBER OF MAJOR DONORS*			
Year	1995**	1994	1993
Churches	6	5	7
Individuals (major)*	n/a	80	47
Corporations	14	10	11
Foundations	15	12	12
PVO's	6	6	5
Rotary Clubs	40	105	61
Government***	1	1	1

* Definition: Major Donors - 1993 > \$200; 1994 > \$500; 1995 > \$1,000.

** Through the ten month period ending July 27, 1995.

*** Through multiple grants.

Diversity in funding is negatively affected by a sole source of government grant funding. FINCA International needs to cultivate relationships with other governments and multilateral organizations in order to decrease its reliance on USAID.

Percentage Allocation: 2.5% Risk Factor: 3.0

b. Funding Stability (2.5%)

During the years 1993 through 1995, funding stability has improved as a larger portion of total revenues are received from non-governmental sources. From 1994 to 1995, private sector funding increased from 12% to 31% of total funding. This diversity in funding decreases the reliance of the organization on large donations from limited sources. Nevertheless, stability has been negatively impacted by the decrease in grants from USAID.

REVENUE SOURCES			
Year	1995*	1994	1993
Total Revenues	\$2,392,485	\$2,955,302	\$4,182,406
USAID	1,631,516	2,593,421	4,022,171
Non-government	742,540	340,227	132,984
% Private	31%	12%	3%

* For the nine-month period ending May 31, 1995.

Private Funding

In 1992, FINCA International created a Development Office in an effort to formalize fund raising. Prior to this point, fund raising had been the responsibility of the Program Officers, and thus, a coherent strategy to target donors had not been established. Due to the efforts of the Development Office, FINCA International has been able to dramatically increase both the amounts of private sector funding and the level of repeat donors.

For Fiscal Year 1995, FINCA International has received funding from more than 1,100 private contributors, 95% of which are repeat donors. Furthermore, in June of the current year, the organization began its first direct mailing campaign. Due to the initial high response rate and donations sizes of approximately \$50 - \$100, the foundation believes that more resources should be contributed to direct mail campaigns.

Donations			
Year	1995*	1994	1993
Churches	\$9,500	\$13,820	\$14,742
Individuals	\$239,334	\$210,695	\$97,819
Corporations	\$27,293	\$36,068	\$54,800
Foundations	\$497,100	\$364,600	\$149,359
PVO's	\$396,643	\$254,106	\$87,838
Rotary Clubs	\$212,879	\$360,721	\$295,000

* Through the ten month period ending July 27, 1995.

Government Funding

During the three year period, USAID has been the only direct provider of grant capital. In 1993, USAID contributed \$4 million in resources to FINCA International. The following year, the contribution decreased to approximately \$2.6 million due to the expiration of USAID's Matching Grant I and a decrease in support for the El Salvador affiliate. From 1996 - 1998, USAID has committed approximately \$7.5 million for micro-enterprise projects through six separate grants. Thus, a sustained level of government funding is assured, albeit lower than in 1993.

Nevertheless, FINCA International is aware that a single source of governmental funding increases associated risk. It is currently soliciting funds from the Inter-American Development Bank and the World Bank. By and large, these alternative governmental funding sources normally contribute directly to the affiliates, thereby

circumventing the balance sheet of FINCA International.

Percentage Allocation: 2.5% Risk Factor: 3.0

c. Level of Unrestricted Funding (5.0%)

Fluctuations in the level of Unrestricted Funding have been caused by the expiration of the Matching Grant I and the recent controversy surrounding the El Salvador affiliate. Because of the temporary decrease in funding in 1994, FINCA was forced to divert unrestricted funds to cover required expenses and obligations. The table below summarizes the Unrestricted funding balance for the years 1993-95. Figures have been adjusted to conform with SFAS Rule No. 117.

Year	1995*	1994	1993
Total Revenues	\$2,842,485	\$3,767,494	\$4,748,980
Expenses	\$2,716,497	\$4,012,966	\$4,717,121
Change in Unrestricted Net Assets	\$125,988	\$(245,472)	\$31,859
Unrestricted Net Assets Balance	\$21,674	\$(180,211)	\$65,261

The results for the first nine months of 1995 show dramatic improvement as FINCA International increased the unrestricted funding levels by \$125,988 (or \$201,885 when adjusted for overhead variance). These unrestricted funds are primarily generated from individual contributions which have increased significantly over the years reviewed. Furthermore, FINCA International has halted initiatives in new countries while it consolidates operations. This will enable FINCA International to better control management and operational expenses. As indicated in the table below, the overhead rates are improving in 1995 as the consolidation progresses.

Year	1995	1994	1993
Overhead Rates	25% (est.)	40.85%	27.85%

Nevertheless, unrestricted funding levels remain an important concern. Adjustments for overhead variance diminish the funding available under existing USAID grants. An adjustment is made when FINCA International exceeds the anticipated 20%

provisional rate allowed by USAID. Eventually, FINCA International may need to inject unrestricted funding into programs to meet the specific project requirements.

Percentage Allocation: 5.0% Risk Factor: 5.0

2. Balance Sheet Strength (10%)

a. Asset Quality (2.5%)

FINCA International's assets are of high quality, primarily in cash, low risk investments, and grants receivable. At 5/31/95, the majority of assets were on deposit at Crestar Bank . Of the \$209,744 of Grants receivable, 51% were from the United States Agency for International Development. Fixed assets, net of depreciation, represent less than 7% of total assets.

Overall, FINCA International's cash position is sufficient to meet current obligations.

Percentage Allocation: 2.5% Risk Factor: 3.0

b. Status of Liabilities

FINCA International has maintained a conservative approach to managing liabilities. Short term liabilities comprise 61% of total obligations which compares favorably with current assets (86% of total assets). This provides a current ratio of 1.91 for 1995, an improvement over the previous years (1.65 in 1994 and 1.59 in 1993). Total liabilities as a percentage of total assets have remained manageable at 0.76 or a corresponding coverage ratio of 1.32. The excess fund balance, or equity, represents 24% of total assets (although the majority is restricted).

Year	1995	1994	1993
Current Assets	\$1,066,968	\$998,977	\$900,881
Current Liabilities	\$558,873	606,861	\$566,634
Coverage	1.91	1.65	1.59
Total Assets	\$1,240,008	1,083,658	\$1,006,537
Total Liabilities	\$936,513	970,750	\$766,634
Coverage	1.32	1.12	1.31
Excess (Equity)	\$303,495	112,908	\$239,903

The largest liability for FINCA International are concessional loans from the Calvert

Group. These include short and long-term notes payable in the amount of \$200,000 that were used to secure Letters of Credit and make loans to affiliates. Other current liabilities include a \$113,500 loan from the Officers to cover operating expenses and \$274,516 in advances from the El Salvador affiliate and USAID. The advances represent funds transferred to FINCA International prior to requirements. These advances will be cleared from the balance sheet during the June 1995 statement when they are applied to specific programs.

[Note: After the initial draft of the CAMEL, USAID regulators have decided to hold FINCA International liable for approximately \$100,000 in losses caused by fraud at the affiliate in El Salvador. Although FINCA International anticipates that the liability will be paid by the affiliate and Arthur Anderson L.L.P., the parent organization retains ultimate responsibility of repayment. The potential burden of the liability reduces the creditworthiness of the borrower from Fair to Poor. This rating will be revised if other parties are ultimately held financially liable.]

Percentage Allocation: 2.5% Risk Factor: 4.0

c. Adequacy of Reserves (5.0%)

Currently, FINCA International does not establish reserves against potential losses on loans to affiliates. The rationale has been that the affiliates maintain adequate reserves to cover losses. Secondly, FINCA International usually acts as a conduit for grant funding rather than as lender to the affiliates.

With the creation of the Capital Fund, FINCA International's role as a financial intermediary becomes more important. Thus, the organization plans to follow prudent banking methods which include the establishment of credit policies and procedures, including the need to establish loan loss reserves for the Capital Fund.

Percentage Allocation: 5.0% Risk Factor: 4.0

3. Growth Trends (5.0%)

FINCA International's growth trend should be analyzed from several perspectives -- unrestricted assets, unrestricted revenues, and restricted revenues.

Unrestricted assets show the ability of the organization to fund deficiencies in other areas or expand growth. These assets can be applied to support areas of the operations that are financially deficient, and thus, it is the primary concern of a lender when analyzing institutional indebtedness. For the three years analyzed, unrestricted assets have fluctuated dramatically with 1994 resulting in a negative net balance. Unrestricted net assets were impacted by the funding hiatus of the El Salvador affiliate resulting in a net loss of \$245,472. In 1994, FINCA International's obligations exceeded assets, and therefore, it was not in a position to acquire further debt. During the first nine months of fiscal year 1995, the organization

experienced a dramatic recovery in its unrestricted assets as retained earnings increased dramatically, resulting in a positive \$21,674 balance. Overall, FINCA International's unrestricted assets position is improving, although the capital adequacy ratio remains nominal at 1.7% of total assets.

Year	1995	1994	1993
Unrestricted Assets	\$21,674	(180,211)	\$65,261

Unrestricted revenues represent income earned during the current year. For the three years analyzed, unrestricted revenues have decreased, corresponding to a decrease in government grants. Restricted revenues represent funds that have been received but have not been earned. High restricted revenues may indicate that an organization has not achieved the expected productivity level. As illustrated in the following table, FINCA International has significantly reduced the level of restricted revenues in 1995 as it has increasingly met the program requirements of donors.

Year	1995	1994	1993
Unrestricted Revenues	2,842,485	3,767,494	4,748,980
Percent Change	(25%)	(20%)	n/a
Restricted Revenues	438,702	930,669	639,723
Percent Change	(52%)	45%	n/a

To date, overall financial growth has been negative. This is attributable to significant decreases in government funding that have not been completely off-set by increases in private sources of funds. In subsequent years, total revenues will increase with a correspondingly larger portion from private, unrestricted sources.

Percentage Allocation: 5.0% Risk Factor: 5.0

B. Programmatic Management (10%)

Objectives

FINCA International has been focusing on employment and income generation programs since 1984. The programs are structured similarly to ACCION International, based on the latter's success in creating sustainable micro-enterprise lending programs.

FINCA International is becoming a large player in the field of micro-enterprise credit, especially in regards to the minimalist model. In this model, credit is the primary focus. Initial loans are very small with frequent payments and close monitoring. Loans are increased as the micro-entrepreneur demonstrates his/her credit-worthiness by repaying loans on-time. FINCA programs are located primarily in Central and Latin America with additional representation in Africa, North America, and Eastern Europe.

Structure

As previously stated, FINCA international has just celebrated its tenth year as an institution dedicated to assisting microentrepreneurs. As the organization's influence and funding have increased, an ad hoc, grass roots operating style has become untenable. In the last three years, management has restructured the operational units in an effort to reduce functional overlaps and increase efficiency.

The organization is structured into five distinct departments: Finance, Programs, Policy and Research, Development, and Administration.

Finance monitors internal controls and financial management issues. In February 1995, it replaced its Peachtree software with a Deltek accounting system. This new system affords greater accuracy in tracking costs and more timely reports. Deltek allows tracking of funds by use, restriction, and donor. Along with the accounting software, a Local Area Network has been added to improve information flows within the organization.

Programs oversees contracts and monitors the overall health of the organization, including the affiliates. A current initiative funded by USAID's Microenterprise Implementation Grant Program will help FINCA international more closely monitor the financial status of the affiliates. This includes the installation of a standardized accounting package, the FINCA Affiliate Financial System (FAFS), at all affiliates and providing the users with extensive training.

Policy and Research is responsible for public resource mobilization, operational research and strategic planning. It has been the catalyst to organizational change within FINCA.

Development is responsible for private sector fund raising. With the creation of formal fund raising strategies several years ago, private sector donations have increased from 3% to 31% of total funding. New initiatives, such as targeting repeat donors and direct mail campaigns, appear to be benefiting the institution. Development has formalized its approach to soliciting funds by creating brochures and donor information systems. It is also active in "road show" and courtesy visits to large donors.

Administration provides support to the other functional areas.

Program Growth

FINCA International's management is fairly conservative in projecting and budgeting growth. Nevertheless, growth in the number of borrowers has been strong. Currently there are more than 50,000 borrowers under the affiliate programs, a 450% increase since 1991. It is projected that the Capital Fund will allow FINCA affiliates to reach an additional 100,000 borrowers in the next five years.

During the growth stage, the affiliates have been able to maintain average loan loss rates below 5%, indicating that the village banking model, and FINCA International's management of the program are working effectively.

Overall, FINCA International is strong programmatically. Nevertheless, the new systems have not been in operation long enough to warrant an exceptional rating.

Percentage Allocation: 10.0% Risk Factor: 3.0

C. Organizational Control (15.0%)

1. Control Systems (10.0%)

a. Credit and Investment Controls (4.0%)

Because FINCA International is evolving into a true financial intermediary, credit and investment controls are limited. Management is currently drafting a Credit Procedures manual specifically for the Village Bank Capital Fund. It is envisioned that this manual will eventually be used for other financial transactions.

Secondly, FINCA International recently developed a lending manual for the affiliates. This document delineates standard borrower assessment methodologies and loan criteria. Procedural guidelines decrease the risk of poorly analyzed transactions.

Percentage Allocation: 4.0% Risk Factor: 3.0

b. Financial Controls (4.0%)

Financial issues are monitored on a monthly basis. Affiliate results are consolidated into two reports: the "Pro-A" and the "Fin-B". The Pro-A allows the organization to track the number of village banks and members, total disbursements, portfolio values, arrears, savings, and cost per dollar loaned. The Fin-B provides information on the overhead and management expenses of the affiliates. One deficiency of the current system is that the Washington office cannot determine arrears by delinquency time periods, e.g, 30, 60, 90 days past due. The new accounting and reporting systems for the affiliates will solve this problem.

The Washington office recently developed an administrative manual that outlines uniform policies and procedures to be practiced throughout the FINCA network. This includes the internal "checks and balances" which guard against theft, safeguard member savings, and ensure that money is handled in a responsible fashion. Second, the manual details the methodologies used in budgeting and accounting. FINCA International will not disburse funds to the affiliates unless all reporting requirements have been completed satisfactorily.

To assist in the monitoring of affiliates, FINCA International staffing has grown from 11 full-time staff members in 1993 to a staff of 31 in 1995. The number of overseas staff (excluding affiliate employees) has increased from 5 to 15 during the same period. Although many of these individuals are necessary to efficiently operate the foundation, FINCA International must contend with larger payroll expenses. Because only four of the individuals were hired for Development, the other twenty six are net users of precious funds.

Percentage Allocation: 4.0% Risk Factor: 4.0

c. Programmatic Controls (2.0%)

FINCA International staff visit the affiliates approximately six times each year. These include a visit by the Executive Director, Technical Support Manager, Internal Auditor, and two or three visits by the Program Officer. The visits are an opportunity to investigate the status and learn the needs of the affiliate. Under the affiliation agreement, FINCA International is granted representation on the Board of the affiliate, and thus can direct the local institution in its implementation decisions. Furthermore, portfolio status is monitored through the monthly submission of the "Pro-A" reports to the Washington office.

FINCA International is also using USAID assistance in developing a Technical Assistance Hub in Central America. The Hub will support affiliates with its expertise in the fields of credit delivery, savings mobilization, internal controls, strategic planning, institutional development and training. Because the efficacy of this resource is not proven, its benefit must be discounted.

Percentage Allocation: 2.0% Risk Factor: 3.0

2. Leadership (5.0%)

Key FINCA International personnel have been with the organization for an extended period of time and are highly qualified. The current staff has broad experience in micro-enterprise programs and finance. Mr. Rupert Scofield has been with FINCA since 1989 as the Executive Director. His prior experience include ten years as the Vice President and Chief Executive Officer of the Rural Development Services. Mr. Lawrence Yanovitch, the Director of Policy and Research, has been with the FINCA since 1991. He has experience in managing USAID grants and has been involved in the microenterprise field for ten years. Ms. Soledad Gompf, Director of Development, has been with FINCA since 1992. She brings seven years of management experience as Director Of Development for Conservation International. Mr. Ricardo Blazquez* has been the Controller for FINCA International since 1994. His previous experience included one year at Greenpeace as the Controller and three years at WACADA as the Deputy Director of Finance.

FINCA International is dedicated to attracting and retaining qualified individuals for key positions. Recently, the organization hired Mr. Chris Bristol from Greenpeace International as the Management Information Specialist. Over the last five years, Mr. Bristol helped Greenpeace to implement prudential financial and accounting systems and to improve their information systems. Lastly, the proposed Capital Fund will be temporarily headed by Mr. Philip Broughton, formerly the Chief of Party at the Malawi affiliate, until an experienced, full-time financial manager is found.

Leadership at FINCA International is well prepared to meet the challenges of the current restructuring campaign. The management has a wealth of experience. Furthermore, management is decentralized, allowing department chiefs to quickly react to organizational needs.

[*Note: The risk factor was increased from Good to Fair due to the unfortunate death of Mr. Blazquez and two FINCA affiliate personnel in an August 1995 airplane accident. His death adversely affects the near term risk associated with financial management.]

Percentage Allocation: 5.0% Risk Factor: 3.0

III. Transaction Risk (45.0%)

A. Use of Funds

FINCA International intends to use the loan proceeds as part of a guarantee mechanism. The dollar-denominated funds will be deposited in a U.S. financial institution which will issue Letters of Credit in favor of qualifying FINCA affiliates. The affiliates will borrow local currency funds from local financial institutions and on-lend the money to the village banks.

The risk of the transaction is dependent on management and procedural factors at FINCA International and the affiliates.

B. Country Risk

FINCA will use the funds primarily in Central America. The organization has identified six of its affiliates which could use the Letter of Credit mechanism in the near future. Although the specific affiliates using the mechanism may change during the life of the loan, FINCA International is establishing minimum criteria for enrollment to be approved by USAID. The proposed affiliates for the near future are located in Malawi, Nicaragua, Costa Rica, the Dominican Republic, Honduras, and Guatemala.

It is assumed that the distribution of the Letters of Credit supporting the activities of these affiliates will be evenly distributed. The average Inter-Agency Country Risk Assessment System Rating for the six affiliates corresponds to a risk rating of 4.5.

C. Affiliate Strength

The primary measure of the affiliate strength is the ability of those entities to cover their costs. Because FINCA International is the primary conduit for grant capital to the affiliates, internally-generated capital at the affiliate level reduces the dependency on FINCA International. Thus, affiliate self-sufficiency rates are an important measure of strength. The six affiliates identified by FINCA International are relatively strong. Self-sufficiency rates, i.e., the ability to cover operating costs, range from as low as 32% in Malawi to a high of 126% in Nicaragua. Overall, self sufficiency is approximately 75%.

Another indicator includes the overall delinquency rate of loans. For Fiscal Year 1994, delinquencies were less than three percent of loans. An area of concern is arrears for several of the affiliates. Costa Rica has an on-time repayment rate of 80% while the Dominican Republic registers only 75% timely payments. These

deficiencies are being addressed in several ways: first, each region has been assigned its own lawyer to expedite collection and to train the village bankers on legal issues and portfolio controls. Second, the programs have shifted to standard monthly collections rather than quarterly collections.

The average internal capitalization rate for the six affiliates is 37%, indicating the need for external sources of funds as loan capital.

FINCA International is committed to strengthening the affiliates through the installation of rigorous financial controls. It has recently won a USAID grant to implement a standardized accounting system at all of the affiliates. This will enable the affiliates to transmit thorough, standardized financial information to FINCA International in a timely manner. Secondly, the new accounting system will decrease the opportunity for problems similar to the one which occurred at the El Salvador affiliate.

D. Ability to Use Funds

FINCA International has targeted several countries for portfolio growth. At the current time, the affiliate network has made loans to village banks that have on-lent the funds to approximately 50,000 borrowers. The organization hopes to expand this to approximately 150,000 borrowers with the use of the Village Banking Capital Fund.

The growth plans are optimistic in that expansion is contingent upon the installation of prudent financial and accounting systems at the affiliate level. Several of the affiliates, including Nicaragua and Costa Rica, have temporarily halted the growth of the portfolio because the programs could not effectively manage portfolios of greater size using the current systems.

FINCA International plans to complete installation of the new record keeping systems at the six participating affiliates by the middle of Fiscal Year 1996. Personnel training will continue throughout the year. Thus, demand for the Letters of Credit supported by the USAID loan will most likely be marginal during the first year of the program. Anticipated demand will increase as the affiliates familiarize themselves with the new systems and FINCA International raises its capital adequacy levels to meet the 8% target.

E. Ability to Repay Loan

FINCA International's ability to make required principal and interest payments is primarily contingent on the level of losses experienced by the affiliates. Because the funds are held on deposit at a U.S. financial institution against Letters of Credit, it is only when an affiliate cannot repay a loan to a local bank that a draw against the Letter of Credit would affect the principal balance of the USAID funds. Due to the structure of the Capital Fund, this risk is substantially diminished.

FINCA affiliates make loans to village banks consisting of approximately 20 to 50 borrowers. The village banks on-lend the funds to the sub-borrowers with the agreement that the group is responsible for the loan regardless of an individual's repayment. Secondly, the village banks maintain reserves (in the form of borrower deposits) against sub-borrower loans.

The affiliates are required to keep reserves equal to historical loss levels against the failure of a village bank to repay loans. Retained earnings and capital at the affiliate will help it to meet the obligations to the local financial institution holding the Letter of Credit.

Thus, it is only when the affiliate cannot repay loans out of reserves, retained earnings, and capital that the local institution would draw against the USAID-backed Letter of Credit. If FINCA International could not recapitalize the Capital Fund out of reserves or unrestricted capital, it would be forced to default. The multiple layers of repayment responsibility substantially decrease the risk of the transaction.

The second repayment risk is attributable to the margin between the interest rate that FINCA International must pay the U.S. government and the rate it will earn on the \$1 million loan. The interest rate paid to USAID will be calculated based on the six month Treasury bill plus a small factor to compensate for costs associated with the loan. FINCA International will be able to invest the funds in highly liquid, short-term financial instruments with anticipated returns equal to, or in excess of, the loan cost. Thus, the interest rate risk is fairly small.

The risk of fraud also affects the USAID loan. At the El Salvador affiliate, weak internal controls and wide spread collusion by 40 individuals led to the embezzlement of affiliate loan funds. In response to these events, FINCA International is implementing more comprehensive accounting systems and procedures at all affiliates to reduce the risk of fraud.

Overall Risk of the Transaction

Under the scenario presented, the risk of the transaction is moderate assuming that FINCA International and the affiliates maintain adequate reserves to cover potential losses. Furthermore, the required comprehensive reporting and accounting systems will help FINCA International more closely monitor the activities of the affiliates.

Nevertheless, microenterprise has historically been considered a high risk initiative due to unsophisticated borrowers and volatile cash flows. The village banking methodology alleviates some of the risk by making a group of borrowers within a community fully responsible for all loaned funds. The village bank must also maintain savings against each loan. Thus, the group is obligated to repay the debts of each individual borrower.

Percentage Allocation: 45.0% Risk Factor: 3.0

Weighted Average Risk Factor Matrix

Weighted Average Risk Factor	% Allocation	Risk Rating	Total Weight
Country	5.0	1.0	.05
Organization			
1. Funding			
a. Diversity	2.5	3.0	.0750
b. Stability	2.5	3.0	.0750
c. Unrestricted	5.0	5.0	.2500
2. Balance Sheet Strength			
a. Asset Quality	2.5	3.0	.0750
b. Liabilities	2.5	4.0	.1000
c. Reserves	5.0	4.0	.2000
3. Growth Rate	5.0	5.0	.2500
4. Programmatic Mgmt	10.0	3.0	.3000
5. Control Systems			
a. Credit and Investment	4.0	3.0	.1200
b. Financial	4.0	4.0	.1600
c. Programmatic	2.0	3.0	.0600
6. Leadership	5.0	3.0	.1500
Transaction	45.0	3.0	1.3500
Weighted Average Risk Factor			3.215

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Model version / run date..... r9 8-1-94 / 95 / Wed Nov 29 10:32:20 1995
 Program name..... MSED Direct Loans Subsidy Estimate
 Program description..... Finca Subsidy Est. FY 95
 Spreadsheet name..... m:\msed\subsidy\95\95finca.wk3
 Range/Last update..... orig / 09-19-1995 19:12:06
 Program/account type..... Direct loans
 Loan type..... Construction
 Discount factors..... Disbursement weighted average rates

	1995	1996	1997	1998	1999	2000
	(\$Millions)					
Subsidy percentage..	10.68	0.00	0.00	0.00	0.00	0.00
Subsidy percentage due to:						
Financing.....	-5.39	0.00	0.00	0.00	0.00	0.00
Net defaults.....	16.08	0.00	0.00	0.00	0.00	0.00
Fees.....	0.00	0.00	0.00	0.00	0.00	0.00
All other.....	0.00	0.00	0.00	0.00	0.00	0.00
Cancel (% of obl)...	0.00	0.00	0.00	0.00	0.00	0.00
Undiscounted lifetime net defaults as percentages of disbursements..	-20.40	0.00	0.00	0.00	0.00	0.00
Assumed rates.....	6.000	6.000	6.000	6.000	6.000	6.000
Weighted averages...	6.000	0.000	0.000	0.000	0.000	0.000

----- continued from previous page -----

Model version / run date..... r9 8-1-94 / 95 / Wed Nov 29 10:32:20 1995
Spreadsheet name..... m:\msed\subsidy\95\95finca.wk3
Range/Last update..... orig / 09-19-1995 19:12:06

Quarterly inflow and outflow factors

	1995	1996	1997	1998	1999	2000
Quarterly inflow factors, initial year:						
Oct-Dec.....	0.000	0.000	0.000	0.000	0.000	0.000
Jan-Mar.....	0.500	0.500	0.500	0.500	0.500	0.500
Apr-Jun.....	0.000	0.000	0.000	0.000	0.000	0.000
Jul-Sep.....	0.500	0.500	0.500	0.500	0.500	0.500
Quarterly inflow factors, second and subsequent years:						
Oct-Dec.....	0.000	0.000	0.000	0.000	0.000	0.000
Jan-Mar.....	0.500	0.500	0.500	0.500	0.500	0.500
Apr-Jun.....	0.000	0.000	0.000	0.000	0.000	0.000
Jul-Sep.....	0.500	0.500	0.500	0.500	0.500	0.500
Quarterly outflow factors, initial year:						
Oct-Dec.....	0.000	0.000	0.000	0.000	0.000	0.000
Jan-Mar.....	0.500	0.500	0.500	0.500	0.500	0.500
Apr-Jun.....	0.000	0.000	0.000	0.000	0.000	0.000
Jul-Sep.....	0.500	0.500	0.500	0.500	0.500	0.500
Quarterly outflow factors, second and subsequent years:						
Oct-Dec.....	0.000	0.000	0.000	0.000	0.000	0.000
Jan-Mar.....	0.500	0.500	0.500	0.500	0.500	0.500
Apr-Jun.....	0.000	0.000	0.000	0.000	0.000	0.000
Jul-Sep.....	0.500	0.500	0.500	0.500	0.500	0.500

APPENDIX G

Historical and Projected Financial Data of FINCA International.

FINCA International

Table 1

Reconstructed Statement of Activities

	Aug. 1991	Aug. 1992	Aug. 1993	Aug. 1994	May 1995	Notes
Changes in unrestricted net assets:						
Revenues and Support					<i>Unaudited</i>	
Government Grants	991,232	2,943,433	4,022,171	2,593,421	1,631,516	
Private Sector Grants				132,583	574,661	1
Contributions	505,498	475,889	132,984	207,644	167,879	2
T.A. contracts and other	<u>33,968</u>	<u>27,516</u>	<u>27,251</u>	<u>21,654</u>	<u>18,429</u>	3
Total	1,530,698	3,446,838	4,182,406	2,955,302	2,392,485	
Net assets released	0	0	566,574	812,192	450,000	4
Total unrestricted revenue	1,530,698	3,446,838	4,748,980	3,767,494	2,842,485	
Expenses:						
Program Services	1,202,325	2,992,046	4,075,855	3,239,285	2,201,386	
Fund Raising	83,421	66,270	50,727	55,679	61,224	
Gen. and Administrative	<u>269,490</u>	<u>376,049</u>	<u>590,539</u>	<u>718,002</u>	<u>453,887</u>	
Total	1,555,236	3,435,065	4,717,121	4,012,966	2,716,497	
Change in unrestricted net assets	(24,538)	11,773	31,859	(245,472)	125,988	
Changes in Total Cost Variance					75,897	5
Changes in temp. rest. net assets						
Contributions	0	N/A	639,723	930,669	438,702	7
Released	<u>0</u>	<u>N/A</u>	<u>(566,574)</u>	<u>(812,192)</u>	<u>(450,000)</u>	4
Total	0	101,493	73,149	118,477	(11,298)	7
Change in net assets	(24,538)	113,266	105,008	(126,995)	190,587	
Net assets, beginning of year	46,167	21,629	134,895	239,903	112,908	
Net assets, end of year	21,629	134,895	239,903	112,908	303,495	
Unrestricted	21,629	33,402	65,261	(180,211)	21,674	
Temporarily Restricted	0	101,493	174,642	293,119	281,821	6

Notes:

- | | |
|--|-----------------------|
| 1 Individual Contributions: | 186,146 |
| Affiliation Fee (1%) | 1,582 |
| Foundation Grants | 474,063 |
| Corporate Contributions | 15,675 |
| Religious Contributions | 8,400 |
| PVO Grants | 7,000 |
| Global Partnerships | <u>331,794</u> |
| Sub-Total | 1,024,661 |
| Less: Restricted Assumption (See Note 4) | <u>450,000</u> |
| Total | <u>574,661</u> |
- 2 Rotary contributions
- 3 Interest Income (1,804.82) + Other Income (16,623.99)
- 4 Total unrestricted revenue of 2,842,485 includes previously restricted net assets which have satisfied program restrictions and have been released. FINCA estimates that for the period ending 5/31/95, 450,000 corresponds to this category. Changing this assumption will not affect net asset figures.
- 5 This item refers to overhead calculations monitored monthly by FINCA, and refers to the institutional overhead in excess of funds already received from AID for this purpose. FINCA collects this receivable following the yearly audit.
- | | |
|--|-----------------------|
| 6 Restricted Account Reconciled Balance: | 137,549 |
| Crestar - Rotary: | 31,769 |
| Crestar - Rotary/Guatemala: | 23,653 |
| Crestar - Rotary/Nicaragua: | 28,713 |
| Crestar - Rotary/Haiti: | 13,540 |
| Crestar - Rotary/Mexico: | <u>46,596</u> |
| Total | <u>281,821</u> |
- 7 11,298 represents a decline in temporarily restricted net assets (293,119 - 281,821) between August 1994 and May 1995. Taking into consideration the assumed 450,000 from Note 1, contributions to restricted assets may then be calculated. The 438,702 figure is an estimate based on the 450,000 figure. Changes in the 450,000 assumption have no effect on the 11,298 result.

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FINCA International: Projected Growth

Table 2

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
	<u>Average Portfolio per Village Bank (US\$)</u>					<u>Total Village Banks</u>				
Costa Rica	6,161	6,767	6,960	7,243	7,081	207	231	279	327	399
Nicaragua	1,796	2,173	2,528	2,233	2,037	61	125	208	304	400
Honduras	1,410	1,863	2,347	2,674	2,984	277	333	405	489	585
Guatemala	1,524	1,728	1,981	1,842	1,729	89	161	257	401	593
Dominican Republic	2,178	2,605	3,124	3,241	3,093	32	49	69	91	121
Malawi	972	1,049	1,075	972	788	76	185	318	414	558
		<u>Guarantee Needed?</u>								
<u>Portfolio Growth (US\$)</u>										
Costa Rica		Yes				1,275,313	1,563,276	1,941,974	2,368,500	2,825,303
Nicaragua		Yes				109,556	271,579	525,743	678,777	814,732
Honduras		Yes				390,501	620,226	950,721	1,307,434	1,745,470
Guatemala		Yes				135,648	278,248	509,138	738,790	1,025,048
Dominican Republic		Yes				69,698	127,643	215,572	294,903	374,280
Malawi		Yes				73,909	194,039	341,850	402,594	439,855
<u>Guarantee Fund Projections (US\$)</u>	<u>Usage</u>	<u>Guarantee Coverage</u>								
Costa Rica	50%	75%				478,242	586,229	728,240	888,188	1,059,489
Nicaragua	60%	75%				49,300	122,210	236,584	305,450	366,629
Honduras	60%	75%				175,725	279,102	427,825	588,345	785,462
Guatemala	60%	75%				61,041	125,212	229,112	332,456	461,272
Dominican Republic	60%	75%				31,364	57,439	97,007	132,706	168,426
Malawi	60%	75%				33,259	87,318	153,833	181,167	197,935
Total						828,932	1,257,502	1,872,601	2,428,312	3,032,212

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Table 3

FINCA International: Capital Adequacy

	Aug. 1991	Aug. 1992	Aug. 1993	Aug. 1994	May 1995	Guarantee Projections				
						Year 1	Year 2	Year 3	Year 4	Year 5
Balance Sheet										
<u>Assets</u>										
Current Assets	355,530	760,991	900,881	998,977	1,066,968	1,282,757	1,319,615	1,373,067	1,420,739	1,474,065
Guarantee Fund						828,932	1,257,509	1,872,601	2,428,312	3,039,212
Fixed Assets	22,429	33,618	33,703	39,525	84,747	85,000	85,000	85,000	85,000	85,000
Other Assets	<u>67,091</u>	<u>17,687</u>	<u>71,953</u>	<u>45,156</u>	<u>88,293</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total Assets	<u>445,050</u>	<u>812,296</u>	<u>1,006,537</u>	<u>1,083,658</u>	<u>1,240,008</u>	<u>2,246,682</u>	<u>2,712,124</u>	<u>3,380,668</u>	<u>3,984,051</u>	<u>4,648,277</u>
<u>Liabilities</u>										
Current	423,421	677,401	566,634	606,861	572,624	600,000	600,000	600,000	600,000	600,000
Long-Term	0	0	200,000	363,889	363,889	363,889	363,889	363,889	363,889	363,889
Guarantee Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>828,932</u>	<u>1,257,509</u>	<u>1,872,601</u>	<u>2,428,312</u>	<u>3,039,212</u>
Total Liabilities	423,421	677,401	766,634	970,750	936,513	1,792,821	2,221,398	2,836,490	3,392,201	4,003,101
<u>Net Assets</u>										
Reserve for Guarantee Fund						24,868	37,725	56,178	72,849	91,176
Unrestricted	21,629	33,402	65,261	(180,211)	21,674	154,000	178,000	213,000	244,000	279,000
Temp. Restricted	<u>0</u>	<u>101,493</u>	<u>174,642</u>	<u>293,119</u>	<u>281,821</u>	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>
Total Net Assets	21,629	134,895	239,903	112,908	303,495	453,868	490,725	544,178	591,849	645,176
Liab. + Net Assets	<u>445,050</u>	<u>812,296</u>	<u>1,006,537</u>	<u>1,083,658</u>	<u>1,240,008</u>	<u>2,246,682</u>	<u>2,712,124</u>	<u>3,380,668</u>	<u>3,984,051</u>	<u>4,648,277</u>

Capital Adequacy	4.9%	4.1%	6.5%	-16.6%	1.7%	8.0%	8.0%	8.0%	8.0%	8.0%
Current Ratio	0.8	1.1	1.6	1.6	1.9	2.1	2.2	2.3	2.4	2.5

Table 4

Cost Coverage of Village Bank Capital Fund Manager (excludes USAID grant)

Income:							
60-day commercial paper	Fund Yield :	5.76%	47,747	72,433	107,862	139,871	175,059
Fees Charged to Affiliates	Affiliate Fee:	3.0%	24,868	37,725	56,178	72,849	91,176
Return on Loan Loss Reserve			<u>1,432</u>	<u>2,173</u>	<u>3,236</u>	<u>4,196</u>	<u>5,252</u>
Total Revenue			74,047	112,331	167,276	216,916	271,487
Cost of Funds:							
6-month Treasury Bills	T-Bill +75:	6.00%	49,736	75,451	112,356	145,699	182,353
Reserves	Reserves :	3.0%	<u>24,868</u>	<u>12,857</u>	<u>18,453</u>	<u>16,671</u>	<u>18,327</u>
Total Cost of Funds			74,604	88,308	130,809	162,370	200,680
Margin			(557)	24,023	36,467	54,546	70,807
Operating Costs			<u>75,500</u>	<u>108,750</u>	<u>114,188</u>	<u>119,897</u>	<u>136,892</u>
Net Result			(76,057)	(84,727)	(77,721)	(65,351)	(66,085)
Revenue/(Financial + Operating Costs)			49.3%	57.0%	68.3%	76.8%	80.4%

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APPENDIX H

Guarantee Demand Questionnaire Sent to FINCA Affiliates.

FINCA INTERNATIONAL, INC.
MEMORANDUM (FAX Number: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International
From: FINCA Guatemala (country)
Date: June 30, 1995
Subject: Guarantee Fund/ Liquidity Mechanism

Guarantee Fund

As presented in the Director's Conference, FINCA International is seeking AID financing to create a guarantee mechanism which will allow affiliates to obtain a line of credit from a local commercial bank. This line of credit may be used to supplement donated or subsidized funds to make loans to your village banks.

In the absence or delay of other funding alternatives (ie. donations or subsidized loans), would your affiliate be willing to use a local commercial line of credit to finance the expected growth of your loan portfolio?

Yes X No

If you answered "Yes" to the previous question:

To what extent will commercial bank credit be needed to help your affiliate finance the growth in your loan portfolio over the next five years?

<u> </u>	<u> X </u>	<u> </u>
Limited	Moderate	Substantial
10-25%	40-60%	> 75%

FINCA International would charge a fee for this guarantee service. Assuming a possible range of 3% to 5% for this fee, would your affiliate still be interested in using this guarantee service?

Yes X No

Liquidity Fund

A liquidity fund will enable FINCA International to offer immediately available short-term loans to qualifying affiliates that experience temporary cash-flow difficulties. However, such liquidity loans will be dollar-denominated and more expensive than loans available locally from commercial banks.

Would your affiliate ever require this type of short-term funding?

Yes _____ No X *probably, but if we had rare situation*

If you answered "Yes" to the previous question, for what purposes would your affiliate use this liquidity fund?

- 1. operating expenses only: _____
- 2. loan capital only: X
- 3. both operating expenses and loan capital: _____

In the past twelve months, how many times would you have requested a short-term loan to cover temporary liquidity needs:

0 X 2 3 > 3

If your answer to the previous question was not "0", please indicate the approximate amount (US dollar equivalent) which you would have requested:

US\$ 20,000

Finally, please indicate the amount of time for which you would have needed these funds:

2 months

THANK YOU

Lawrence

FINCA INTERNATIONAL, INC.
MEMORANDUM (FAX Number: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International
From: FINCA Malawi (country)
Date: June 30, 1995
Subject: Guarantee Fund/ Liquidity Mechanism

Guarantee Fund

As presented in the Director's Conference, FINCA International is seeking AID financing to create a guarantee mechanism which will allow affiliates to obtain a line of credit from a local commercial bank. This line of credit may be used to supplement donated or subsidized funds to make loans to your village banks.

In the absence or delay of other funding alternatives (ie. donations or subsidized loans), would your affiliate be willing to use a local commercial line of credit to finance the expected growth of your loan portfolio?

Yes No
only with

If you answered "Yes" to the previous question:

To what extent will commercial bank credit be needed to help your affiliate finance the growth in your loan portfolio over the next five years?

Limited 10-25%	<input checked="" type="checkbox"/> Moderate 40-60%	Substantial > 75%
-------------------	--	----------------------

FINCA International would charge a fee for this guarantee service. Assuming a possible range of 3% to 5% for this fee, would your affiliate still be interested in using this guarantee service?

Yes No

Lawrence

Liquidity Fund

A liquidity fund will enable FINCA International to offer immediately available short-term loans to qualifying affiliates that experience temporary cash-flow difficulties. However, such liquidity loans will be dollar-denominated and more expensive than loans available locally from commercial banks.

Would your affiliate ever require this type of short-term funding?

Yes No

don't have to be

If you answered "Yes" to the previous question, for what purposes would your affiliate use this liquidity fund?

- 1. operating expenses only:
- 2. loan capital only:
- 3. both operating expenses and loan capital:

In the past twelve months, how many times would you have requested a short-term loan to cover temporary liquidity needs:

0 1 2 3 > 3

If your answer to the previous question was not "0", please indicate the approximate amount (US dollar equivalent) which you would have requested:

US\$ 10,000.

Finally, please indicate the amount of time for which you would have needed these funds:

2 months

THANK YOU

6-30-1995 1:01AM FROM

P. 2

FINCA INTERNATIONAL, INC.
MEMORANDUM (Numero de FAX: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International
From: FINCA REP. DOMINICANA (nombre del Programa)
Date: June 30, 1995
Subject: FONDO DE GARANTIA/LIQUIDEZ

Fondo de Garantía

Tal como se presentó en la Conferencia de los Directores, FINCA International está buscando financiamiento de USAID para crear un mecanismo de garantía que permitirá que los programas nacionales obtengan una línea de crédito de un banco comercial local. Esta línea crediticia puede ser utilizada para aumentar los recursos donados o subsidiados para prestar a los bancos comunales.

Faltando otras alternativas de financiamiento (vg. donaciones o créditos subvencionados), tendría interés su programa en utilizar una línea crediticia comercial de un banco local para financiar el crecimiento proyectado de su cartera crediticia?

Sí x No

Si respondió "Sí" a la pregunta anterior:

Hasta qué punto necesitaría su programa, una línea crediticia comercial para financiar el crecimiento proyectado de su cartera crediticia durante los próximos cinco años?

 x
Poco Moderado Bastante
10-25% 40-60% >75%

FINCA International cobraría una comisión por esta garantía. Suponiendo un rango potencial del 3% al 5%, todavía tendría interés su programa en utilizar este servicio?

Sí x No

135

6-30-1995 1:02AM FROM

P. 3

Fondo de Liquidez

Mediante un Fondo de Liquidez, FINCA International podría ofrecer sin demora, préstamos a corto plazo a programas calificados con el objeto de cubrir necesidades inmediatas de liquidez. Sin embargo, semejantes préstamos estarían denominados en dólares americanos y costarían más que los préstamos disponibles en el mercado financiero local.

Alguna vez requeriría su programa, este tipo de financiamiento?

Sí x No

Si respondió "Sí" a la pregunta anterior, para qué utilizarían este fondo de liquidez?

- 1. solo gastos operativos:
- 2. solo cartera crediticia: x
- 3. tanto gastos operativos como cartera crediticia:

Durante los últimos doce meses, cuántas veces hubieran solicitado un préstamo de corto plazo para cubrir necesidades temporarias de liquidez?

 0 x 2 3 > 3

Si la respuesta a la pregunta anterior no fuera "0", cuál habría sido el monto aproximado (equivalente en dólares americanos) de las solicitudes?

US\$ 50,000.00
US\$

Finalmente, favor indicar el periodo durante el cual hubieran necesitado estos recursos:

1 A 5 meses

MUCHAS GRACIAS

Atención: Lawrence
Yanovitch.

FINCA INTERNATIONAL, INC.
MEMORANDUM (Numero de FAX: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International
 From: FINCA CAM (nombre del Programa)
 Date: June 30, 1995
 Subject: FONDO DE GARANTIA/LIQUIDEZ

Fondo de Garantia

Tal como se presentó en la Conferencia de los Directores, FINCA International está buscando financiamiento de USAID para crear un mecanismo de garantía que permitirá que los programas nacionales obtengan una línea de crédito de un banco comercial local. Esta línea crediticia puede ser utilizada para aumentar los recursos donados o subsidiados para prestar a los bancos comunales.

Faltando otras alternativas de financiamiento (vg. donaciones o créditos subvencionados), tendría interés su programa en utilizar una línea crediticia comercial de un banco local para financiar el crecimiento proyectado de su cartera crediticia?

Sí X No

Si respondió "Sí" a la pregunta anterior:

Hasta qué punto necesitaría su programa, una línea crediticia comercial para financiar el crecimiento proyectado de su cartera crediticia durante los próximos cinco años?

<u> </u>	<u>X</u>	<u> </u>
Poco 10-25%	Moderado 40-60%	Bastante >75%

FINCA International cobraría una comisión por esta garantía. Suponiendo un rango potencial del 3% al 5%, todavía tendría interés su programa en utilizar este servicio?

Sí X No

Fondo de Liquidez

Mediante un Fondo de Liquidez, FINCA International podría ofrecer sin demora, préstamos a corto plazo a programas calificados con el objeto de cubrir necesidades inmediatas de liquidez. Sin embargo, semejantes préstamos estarían denominados en dólares americanos y costarían más que los préstamos disponibles en el mercado financiero local.

Alguna vez requeriría su programa, este tipo de financiamiento?

Sí _____ No X

Si respondió "Sí" a la pregunta anterior, para qué utilizarían este fondo de liquidez?

- 1. solo gastos operativos: _____
- 2. solo cartera crediticia: _____
- 3. tanto gastos operativos como cartera crediticia: _____

Durante los últimos doce meses, cuántas veces hubieran solicitado un préstamo de corto plazo para cubrir necesidades temporarias de liquidez?

 X / 0 1 2 3 > 3

Si la respuesta a la pregunta anterior no fuera "0", cuál habría sido el monto aproximado (equivalente en dólares americanos) de las solicitudes?

US\$ _____

Finalmente, favor indicar el periodo durante el cual hubieran necesitado estos recursos:

_____ meses

MUCHAS GRACIAS

FINCA INTERNATIONAL, INC.
MEMORANDUM (Numero de FAX: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International
 From: FINCA NICARAGUA (nombre del Programa)
 Date: June 30, 1995
 Subject: FONDO DE GARANTIA/LIQUIDEZ

Fondo de Garantía

Tal como se presentó en la Conferencia de los Directores, FINCA International está buscando financiamiento de USAID para crear un mecanismo de garantía que permitirá que los programas nacionales obtengan una línea de crédito de un banco comercial local. Esta línea creditica puede ser utilizada para aumentar los recursos donados o subsidiados para prestar a los bancos comunales.

Faltando otras alternativas de financiamiento (vg. donaciones o créditos subvencionados), tendría interés su programa en utilizar una línea creditica comercial de un banco local para financiar el crecimiento proyectado de su cartera crediticia?

Si No

Si respondió "Sí" a la pregunta anterior:

Hasta qué punto necesitaría su programa, una línea creditica comercial para financiar el crecimiento proyectado de su cartera crediticia durante los próximos cinco años?

Poco 10-25% Moderado 40-60% Bastante >75%

FINCA International cobraría una comisión por esta garantía. Suponiendo un rango potencial del 3% al 5%, todavía tendría interés su programa en utilizar este servicio?

Si No

Fondo de Liquidez

Mediante un Fondo de Liquidez, FINCA International podría ofrecer sin demora, préstamos a corto plazo a programas calificados con el objeto de cubrir necesidades inmediatas de liquidez. Sin embargo, semejantes préstamos estarían denominados en dólares americanos y costarían más que los préstamos disponibles en el mercado financiero local.

Alguna vez requeriría su programa, este tipo de financiamiento?

Si ~~X~~ No _____

Si respondió "Si" a la pregunta anterior, para qué utilizarían este fondo de liquidez?

- 1. solo gastos operativos: _____
- 2. solo cartera crediticia: _____
- 3. tanto gastos operativos como cartera crediticia: ~~X~~

Durante los últimos doce meses, cuántas veces hubieran solicitado un préstamo de corto plazo para cubrir necesidades temporarias de liquidez?

0 1 ~~2~~ 3 > 3

Si la respuesta a la pregunta anterior no fuera "0", cuál habría sido el monto aproximado (equivalente en dólares americanos) de las solicitudes?

US\$ 50,000 =

Finalmente, favor indicar el período durante el cual hubieran necesitado estos recursos:

1 meses

MUCHAS GRACIAS

140

FROM

Para : Lawrence

De : R León /

Mil
Saludos.

FINCA INTERNATIONAL, INC.

MEMORANDUM (Numero de FAX: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International

From: FINCA MEXICO (nombre del Programa)

Date: June 30, 1995

Subject: FONDO DE GARANTIA/LIQUIDEZ

Fondo de Garantía

Tal como se presentó en la Conferencia de los Directores, FINCA International está buscando financiamiento de USAID para crear un mecanismo de garantía que permitirá que los programas nacionales obtengan una línea de crédito de un banco comercial local. Esta línea crediticia puede ser utilizada para aumentar los recursos donados o subsidiados para prestar a los bancos comunales.

Faltando otras alternativas de financiamiento (vg. donaciones o créditos subvencionados), tendría interés su programa en utilizar una línea crediticia comercial de un banco local para financiar el crecimiento proyectado de su cartera crediticia?

Si _____ No X

Si respondió "Sí" a la pregunta anterior:

Hasta qué punto necesitaría su programa, una línea crediticia comercial para financiar el crecimiento proyectado de su cartera crediticia durante los próximos cinco años?

Poco 10-25%	Moderado 40-60%	Bastante > 75%
----------------	--------------------	-------------------

FINCA International cobraría una comisión por esta garantía. Suponiendo un rango potencial del 3% al 5%, todavía tendría interés su programa en utilizar este servicio?

Si _____ No

Fondo de Liquidez

Mediante un Fondo de Liquidez, FINCA International podría ofrecer sin demora, préstamos a corto plazo a programas calificados con el objeto de cubrir necesidades inmediatas de liquidez. Sin embargo, semejantes préstamos estarían denominados en dólares americanos y costarían más que los préstamos disponibles en el mercado financiero local.

Alguna vez requeriría su programa, este tipo de financiamiento?

Sí _____ No

Si respondió "Sí" a la pregunta anterior, para qué utilizarían este fondo de liquidez?

- 1. solo gastos operativos: _____
- 2. solo cartera crediticia: _____
- 3. tanto gastos operativos como cartera crediticia: _____

Durante los últimos doce meses, cuántas veces hubieran solicitado un préstamo de corto plazo para cubrir necesidades temporarias de liquidez?

0 1 2 3 > 3

Si la respuesta a la pregunta anterior no fuera "0", cuál habría sido el monto aproximado (equivalente en dólares americanos) de las solicitudes?

US\$ _____

Finalmente, favor indicar el período durante el cual hubieran necesitado estos recursos:

_____ meses

MUCHAS GRACIAS

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FINCA INTERNATIONAL, INC.
MEMORANDUM (Numero de FAX: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International - (FRIN)
From: FINCA ECUADOR (nombre del Programa)
Date: June 30, 1995
Subject: FONDO DE GARANTIA/LIQUIDEZ

Fondo de Garantía

Tal como se presentó en la Conferencia de los Directores, FINCA International está buscando financiamiento de USAID para crear un mecanismo de garantía que permitirá que los programas nacionales obtengan una línea de crédito de un banco comercial local. Esta línea creditica puede ser utilizada para aumentar los recursos donados o subsidiados para prestar a los bancos comunales.

Faltando otras alternativas de financiamiento (vg. donaciones o créditos subvencionados), tendría interés su programa en utilizar una línea creditica comercial de un banco local para financiar el crecimiento proyectado de su cartera crediticia?

Si X No _____

Si respondió "Sí" a la pregunta anterior:

Hasta qué punto necesitaría su programa, una línea creditica comercial para financiar el crecimiento proyectado de su cartera crediticia durante los próximos cinco años?

Poco Moderado Bastante
10-25% 40-60% >75%

FINCA International cobraría una comisión por esta garantía. Suponiendo un rango potencial del 3% al 5%, todavía tendría interés su programa en utilizar este servicio?

Si X No _____

To: Coopers and Lybrand at FINCA International (ERIN)
From: FINCA Ecuador

Fondo de Liquidez

Mediante un Fondo de Liquidez, FINCA International podría ofrecer sin demora, préstamos a corto plazo a programas calificados con el objeto de cubrir necesidades inmediatas de liquidez. Sin embargo, semejantes préstamos estarían denominados en dólares americanos y costarían más que los préstamos disponibles en el mercado financiero local.

Alguna vez requeriría su programa, este tipo de financiamiento?

Si X No _____

Si respondió "Si" a la pregunta anterior, para qué utilizarían este fondo de liquidez?

- 1 solo gastos operativos: _____
- 2 solo cartera crediticia: X
- 3 tanto gastos operativos como cartera crediticia: _____

Durante los últimos doce meses, cuántas veces hubieran solicitado un préstamo de corto plazo para cubrir necesidades temporarias de liquidez?

X
0 1 2 3 > 3

NOTE: Somos un programa nuevo al momento tenemos una carta de garantía la cual no hemos totalmente, solo un 40%, al futuro si necesitáramos más garantías
Si la respuesta a la pregunta anterior no fuera "0", cuál habría sido el monto aproximado (equivalente en dólares americanos) de las solicitudes?

US\$ _____

Finalmente, favor indicar el periodo durante el cual hubieran necesitado estos recursos:

_____ meses

MUCHAS GRACIAS

FINCA INTERNATIONAL, INC. MEMORANDUM (Numero de FAX: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International *Jawrance.*
 From: FINCA EL SALVADOR (nombre del Programa)
 Date: June 30, 1995
 Subject: FONDO DE GARANTIA/LIQUIDEZ

Fondo de Garantia

Tal como se presentó en la Conferencia de los Directores, FINCA International está buscando financiamiento de USAID para crear un mecanismo de garantía que permitirá que los programas nacionales obligan una línea de crédito de un banco comercial local. Esta línea crediticia puede ser utilizada para aumentar los recursos donados o subsidiados para prestar a los bancos comunales.

Faltando otras alternativas de financiamiento (vg. donaciones o créditos subvencionados), tendría interés su programa en utilizar una línea crediticia comercial de un banco local para financiar el crecimiento proyectado de su cartera crediticia?

Sí X No

Si respondió "Sí" a la pregunta anterior:

Hasta qué punto necesitaría su programa, una línea crediticia comercial para financiar el crecimiento proyectado de su cartera crediticia durante los próximos cinco años?

<u> </u>	<u> </u>	<u> X </u>
Poco	Moderado	Estante
10-25%	40-60%	> 75%

FINCA International cobraría una comisión por esta garantía. Suponiendo un rango potencial del 3% al 5%, todavía tendría interés su programa en utilizar este servicio?

Sí X No

Fondo de Liquidez

Mediante un Fondo de Liquidez, FINCA International podría ofrecer, sin demora, préstamos a corto plazo a programas calificados con el objeto de cubrir necesidades inmediatas de liquidez. Sin embargo, semejantes préstamos estarían denominados en dólares americanos y costarían más que los préstamos disponibles en el mercado financiero local.

Alguna vez requeriría su programa, este tipo de financiamiento?

Sí X No

Si respondió "Sí" a la pregunta anterior, para qué utilizarían este fondo de liquidez?

- 1. solo gastos operativos: X
- 2. solo cartera crediticia: —
- 3. tanto gastos operativos como cartera crediticia: —

Durante los últimos doce meses, cuántas veces hubieran solicitado un préstamo de corto plazo para cubrir necesidades temporarias de liquidez?

 0 1 X 3 > 3

Si la respuesta a la pregunta anterior no fuera "0", cuál habría sido el monto aproximado (equivalente en dólares americanos) de las solicitudes?

US\$ 16,000

Finalmente, favor indicar el período durante el cual hubieran necesitado estos recursos:

 12 meses

MUCHAS GRACIAS

FINCA INTERNATIONAL, INC.
MEMORANDUM (FAX Number: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International
 From: FINCA UGANDA (country)
 Date: June 30, 1995
 Subject: Information Round/Trip

Guarantee Fund

As presented in the Director's Conference, FINCA International is seeking AID financing to create a guarantee mechanism which will allow affiliates to obtain a line of credit from a local commercial bank. This line of credit may be used to supplement donated or subsidized funds to make loans to your village banks.

In the absence or delay of other funding alternatives (ie. donations or subsidized loans), would your affiliate be willing to use a local commercial line of credit to finance the expected growth of your loan portfolio?

Yes No

...

If you answered "Yes" to the previous question:

To what extent will commercial bank credit be needed to help your affiliate finance the growth in your loan portfolio over the next five years?

Limited 10-25%	<input checked="" type="checkbox"/> Moderate 40-60%	Substantial >75%
-------------------	---	---------------------

FINCA International would charge a fee for this guarantee service. Assuming a possible range of 3% to 5% for this fee, would your affiliate still be interested in using this guarantee service?

Yes BUT! No

THESE ARE NON-REVENUE GUARANTEE SCHEMES AROUND. THE DETERMINING FACTOR IS TOTAL PRICE. USAID HAS A SCHEME HERE FOR A 50% GUARANTEE WITH NO USAID FEE.

AND TIMING

Liquidity Fund

A liquidity fund will enable FINCA International to offer immediately available short-term loans to qualifying affiliates that experience temporary cash-flow difficulties. However, such liquidity loans will be dollar-denominated and more expensive than loans ~~available from commercial banks.~~

Would your affiliate ever require this type of short-term funding?

Yes POSSIBLY No _____
DEPENDS ON AVAILABILITY, PRICE TIMING.

If you answered "Yes" to the previous question, for what purposes would your affiliate use this liquidity fund?

- 1. operating expenses only: _____
- 2. loan capital only: _____
- 3. both operating expenses and loan capital: ✓
OPERATING EXPENSES ONLY IF OTHER FLOWS ARE DELAYED - GENERALLY LOAN CAPITAL ONLY

In the past twelve months, how many times would you have requested a short-term loan to cover temporary liquidity needs:

0 1 2 3 > 3 ✓

If your answer to the previous question was not "0", please indicate the approximate amount (US dollar equivalent) which you would have requested:

US\$ 100,000 HOWEVER OUR SITUATION IS COMPLETELY DIFFERENT NOW

Finally, please indicate the amount of time for which you would have needed these funds:

3-6 months

THANK YOU

FINCA INTERNATIONAL, INC.
MEMORANDUM (Numero de FAX: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International
 From: FINCA PERU (nombre del Programa)
 Date: June 30, 1995
 Subject: FONDO DE GARANTIA/LIQUIDEZ.

Fondo de Garantía

Tal como se presentó en la Conferencia de los Directores, FINCA International está buscando financiamiento de (USAID) para crear un mecanismo de garantía que permitirá que los programas nacionales obtengan una línea de crédito de un banco comercial local. Esta línea crediticia puede ser utilizada para aumentar los recursos donados o subsidiados para prestar a los bancos comunales.

Faltando otras alternativas de financiamiento (vg. donaciones o créditos subvencionados), tendría interés su programa en utilizar una línea crediticia comercial de un banco local para financiar el crecimiento proyectado de su cartera crediticia?

Si No

Si respondió "Sí" a la pregunta anterior:

Hasta qué punto necesitaría su programa, una línea crediticia comercial para financiar el crecimiento proyectado de su cartera crediticia durante los próximos cinco años?

Poco 10-25%	<input checked="" type="checkbox"/> Moderado 40-60%	Bastante > 75%
----------------	---	-------------------

FINCA International cobraría una comisión por esta garantía. Suponiendo un rango potencial del 3% al 5%, todavía tendría interés su programa en utilizar este servicio?

Si No

Juan L...
5/7/95

FINCA/Perú

Fondo de Liquidez

Mediante un Fondo de Liquidez, FINCA International podría ofrecer sin demora, préstamos a corto plazo a programas calificados con el objeto de cubrir necesidades inmediatas de liquidez. Sin embargo, semejantes préstamos estarían denominados en dólares americanos y costarían más que los préstamos disponibles en el mercado financiero local.

Alguna vez requeriría su programa, este tipo de financiamiento?

Sí No

Si respondió "Sí" a la pregunta anterior, para qué utilizarían este fondo de liquidez?

- 1. solo gastos operativos:
- 2. solo cartera crediticia:
- 3. tanto gastos operativos como cartera crediticia:

Durante los últimos doce meses, cuántas veces hubieran solicitado un préstamo de corto plazo para cubrir necesidades temporarias de liquidez?

0 1 2 3 > 3

Si la respuesta a la pregunta anterior no fuera "0", cuál habría sido el monto aproximado (equivalente en dólares americanos) de las solicitudes?

US\$ 25,000

Finalmente, favor indicar el período durante el cual hubieran necesitado estos recursos:

2-3 meses

Jon Ramiro
5/7/95

BEST AVAILABLE COPY

MUCHAS GRACIAS

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FINCA INTERNATIONAL, INC.
MEMORANDUM (Numero de FAX: (202) 682 - 1535)

To: Coopers and Lybrand at FINCA International
 From: FINCA Honduras (nombre del Programa)
 Date: June 30, 1995
 Subject: FONDO DE GARANTIA/LIQUIDEZ

Fondo de Garantía

Tal como se presentó en la Conferencia de los Directores, FINCA International está buscando financiamiento de USAID para crear un mecanismo de garantía que permitirá que los programas nacionales obtengan una línea de crédito de un banco comercial local. Esta línea crediticia puede ser utilizada para aumentar los recursos donados o subsidiados para prestar a los bancos comunales.

Faltando otras alternativas de financiamiento (vg. donaciones o créditos subvencionados), tendría interés su programa en utilizar una línea crediticia comercial de un banco local para financiar el crecimiento proyectado de su cartera crediticia?

Sí X No _____

Si respondió "Sí" a la pregunta anterior:

Hasta qué punto necesitaría su programa, una línea crediticia comercial para financiar el crecimiento proyectado de su cartera crediticia durante los próximos cinco años?

_____	<u>X</u>	_____
Poco	Moderado	Bastante
10-25%	40-60%	> 75%

FINCA International cobraría una comisión por esta garantía. Suponiendo un rango potencial del 3% al 5%, todavía tendría interés su programa en utilizar este servicio?

Sí X No _____

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Fondo de Liquidez

Mediante un Fondo de Liquidez, FINCA International podría ofrecer sin demora, préstamos a corto plazo a programas calificados con el objeto de cubrir necesidades inmediatas de liquidez. Sin embargo, semejantes préstamos estarían denominados en dólares americanos y costarían más que los préstamos disponibles en el mercado financiero local.

Alguna vez requeriría su programa, este tipo de financiamiento?

Sí

No

~~_____~~

Si respondió "Sí" a la pregunta anterior, para qué utilizarían este fondo de liquidez?

- 1. solo gastos operativos: _____
- 2. solo cartera crediticia: _____
- 3. tanto gastos operativos como cartera crediticia: _____

Durante los últimos doce meses, cuántas veces hubieran solicitado un préstamo de corto plazo para cubrir necesidades temporarias de liquidez?

~~_____~~ _____ _____ _____ _____
 0 1 2 3 > 3

Si la respuesta a la pregunta anterior no fuera "0", cuál habría sido el monto aproximado (equivalente en dólares americanos) de las solicitudes?

US\$ _____

Finalmente, favor indicar el período durante el cual hubieran necesitado estos recursos:

_____ meses

MUCHAS GRACIAS

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APPENDIX I

Recent Financial Statements and Reports Submitted by Six FINCA Affiliates.

PRO-A

File F/m 11.1

FINCA INTERNATIONAL, INC.
MONTHLY PROGRAM REPORT (PRO-A)

PROGRAM: FINCA Malawi
COUNTRY: MALAWI
FOR MONTH OF: May-95
EXCHANGE RATE US\$1: MK15.18

INDICATORS (Total portfolio)	MONTH	YEAR TO DATE
A. Number of Banks		
1. Total at beginning of month	49	
2. New Banks	7	
3. Dissolved Banks	0	
4. New Total (=1 + 2 - 3)	56	56
B. Number of Members		
1. Total at beginning of month	1417	
2. New members this month	325	
3. Members withdrawn this month	80	
4. New Total (=1 + 2 - 3)	1662	
5. Percentage % of women (=Total # women in program / B4 x 100)	100%	
C. Disbursements		
1. Number # of first time loans (to individuals)		
2. Number # of 're-loans' (rollover) (to individuals)		
3. Total number # of loans (to individuals) (= 1 + 2)	550	2255
4. Amount US\$ of first time loans disbursed		
5. Amount US\$ of 're-loans' disbursed (rollover)		
6. Total US\$ amount of loans (=4 + 5)	27,430	95,981
7. Average loan size of first time loans (= 4 / 1)		
8. Average loan size of 're-loans' (rollover) (= 5 / 2)		
9. Average loan size of total loans (= 6 / 3)	50	43
D. Portfolio (External Account)		
1. Balance US\$ of outstanding loans at beginning of month	29,933	
2. Total US\$ loans disbursed this month (= C 6)	27,430	
3. Total US\$ loan repayments this month	14,762	
4. New balance (= 1 + 2 - 3)	42,601	
E. Arrears (External Account)		
1. Number # of banks in arrears at beginning of month	2	
2. Number # of banks in arrears this month	0	
3. Number # of repayments on arrears this month	0	
4. New number # of banks in arrears (=1 + 2 - 3)	2	
5. Total US\$ amount in arrears beginning of the month	208	
6. Total US\$ amount in arrears this month	0	
7. Total US\$ amount of repayments on arrears this month	0	
8. New total \$ in arrears (=5 + 6 - 7)	208	
9. Total arrears over 30 days (DEFAULT)	0	

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INDICATORS (CONT'D)	MONTH	YEAR TO DATE
F. Portfolio (Internal Account)		
1. Balance US\$ of outstanding loans at beginning of month	2,418	
2. Total US\$ loans disbursed for month	1,908	0
3. Total US\$ loans repaid this month	2,251	
4. New balance (= 1 + 2 - 3)	2,151	
G. Arrears (Internal Account)		
1. Number # of banks in arrears at beginning of month	0	
2. Number # of banks in arrears this month	7	
3. Number # of repayments on arrears this month	0	
4. New number # of banks in arrears (= 1 + 2 - 3)	7	
5. Total US\$ amount in arrears beginning of the month	0	
6. Total US\$ amount in arrears this month	190	
7. Total US\$ amount of repayments on arrears this month	0	
8. New total \$ in arrears (= 5 + 6 - 7)	190	
9. Total arrears over 365 days (DEFAULT)	0	
H. Savings		
1. Balance at beginning of the month	18,422	
2. New savings for month	8,565	
3. Withdrawals for month	929	
4. New balance (= 1 + 2 - 3)	26,058	
I. Cost per \$ loaned		
1. Operating costs*	5,937	
2. Amount disbursed (=D4)	42,801	
3. Cost per \$ loaned (= 1 / 2)	0.14	
J. Self-Sufficiency (%)		
1. Interest earned on loans in the month (Actual)	1,920	
2. Operating costs for the month*	5,937	
3. Self-sufficiency (= 1 / 2 x 100%)	32.34%	
J. Summary of program progress & problems (indicate any important problems/occurrences during the period)	attached	

Prepared by: Samantha de SilvaDate: June 15, 1995

* Operating costs are all expenses in the month excluding bank capital

INDICATORS ON THIS REPORT ARE FOR TOTAL PORTFOLIO

Page 2 of 2

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PRO-A

FINCA INTERNACIONAL
INFORME MENSUAL SOBRE EL AVANCE DEL PROGRAMA

PROGRAMA: BANCOS COMUNALES
 PAIS: REPUBLICA DOMINICANA
 POR EL MES DE: JUNIO 1995
 TIPO DE CAMBIO US\$1 RD\$ 13.25

RELACION DE INDICADORES (Total de la Cartera)	MES	ACUMULADO
A. Número de Bancos		
1. Total al comienzo mes	29	
2. Bancos Nuevos	1	
3. Bancos Disueltos	0	
4. Nuevo Total (= 1 + 2 - 3)	30	
B. Número de Miembros		
1. Total al comienzo mes	799	
2. Nuevos miembros este mes	20	
3. Miembros retirados este mes	0	
4. Nuevo Total (= 1 + 2 - 3)	819	
5. % de Mujeres (= numero de mujeres ÷ B4 x 100)	100 %	
C. Desembolsos		
1. Número de primeros préstamos (a individuos)	20	
2. Número de recapitalizaciones (a individuos)	0	
3. Número total de préstamos (= 1 + 2)	20	
4. Monto (U.S. \$) de primeros prestamos (a individuos)	\$ 1,509.40	
5. Monto (U.S. \$) de recapitalizaciones (a individuos)	\$ 0.00	
6. Monto (U.S. \$) total de préstamos (= 4 + 5)	\$ 1,509.40	
7. Tamaño de préstamos promedio de los prést. iniciales (= 4 ÷ 1)	\$ 76.00	
8. Tamaño de préstamos promedio de las recapital. (= 5 ÷ 2)	\$ 0.00	
9. Tamaño de préstamos promedio del total de los préstamos (= 6 ÷ 3)	\$ 76.00	
D. Cartera (cuenta externa)		
1. Balance (U.S. \$) de préstamos pendientes a principio del mes **	\$ 53,918.00	
2. Total (U.S. \$) de préstamos desembolsados este mes (= C6)	\$ 1,509.40	
3. Total de Recuperaciones (U.S. \$) este mes	\$ 9,436.00	
4. Nuevo saldo (= 1 + 2 - 3)	\$ 45,991.00	
E. Atraso y Mora (cuenta externa)		
1. Número de bancos en atraso al inicio mes	13	
2. Número de bancos con pagos atrasados este mes	2	
3. Número de pagos en atraso este mes	1	
4. Número de bancos en atraso (= 1 + 2 - 3)	14	
5. Monto (U.S. \$) total en atraso al inicio del mes **	\$ 9,602.00	
6. Monto (U.S. \$) total en atraso este mes	\$ 4,480.00	
7. Monto (U.S. \$) total de pagos en atraso este mes	\$ 3,643.00	
8. Nuevo monto en atraso (= 5 + 6 - 7)	\$ 10,439.00	
9. Monto en mora (prestamos con atraso mayor a 365 días)	\$ 384.00	

RELACION DE INDICADORES (Total de la Cartera)	MES	ACUMULADO
F. Cartera (Cuenta Interna)		
1. Monto (U.S. \$) de préstamos vigentes al comienzo mes **	\$ 15,894.00	
2. Monto (U.S. \$) total desembolsado este mes	\$ 302.00	
3. Monto (U.S. \$) total pagado este mes	\$ 2,460.00	
4. Nuevo saldo (= 1 + 2 - 3)	\$ 13,736.00	
G. Atraso y Mora (Cuenta Interna)		
1. Número de bancos en atraso al inicio mes	1	
2. Número de bancos con pagos atrasados este mes	0	
3. Número de pagos en atraso este mes	0	
4. Nuevo saldo en atraso (= 1 + 2 - 3)	1	
5. Monto (U.S. \$) total en atraso al inicio mes	\$ 42.00	
6. Monto (U.S. \$) total en atraso este mes	\$ 0.00	
7. Monto (U.S. \$) total de pagos en atraso este mes	\$ 0.00	
8. Nuevo monto en atraso (= 5 + 6 - 7)	\$ 42.00	
9. Monto en mora (préstamos con atraso mayor a 365 días)	\$ 42.00	
H. Ahorros		
1. Saldo al inicio del mes **	\$22,122.00	
2. Nuevos ahorros este mes	\$ 1,357.00	
3. Retiros este mes	\$ 0.00	
4. Nuevo saldo (= 1 + 2 - 3)	\$23,479.00	
I. Costo por U.S. \$ prestado		
1. Gastos operativos este mes*	\$ 3,224.11	
2. Monto desembolsado/colocado (= C6)	\$ 1,509.40	
3. Costo por U.S. \$ prestado (= 1 ÷ 2)	\$ 2.13	
J. Autosuficiencia (%)		
1. Intereses recaudados de préstamos este mes	\$ 1,317.00	
2. Gastos operativos este mes*	\$ 3,224.11	
3. Autosuficiencia (= 1 ÷ 2 x 100%)	40 %	
K. Resumen del progreso y los problemas del programa		
Indique cualquier problema o incidente importante durante el período.	Adjunto	

** VARIACION EN LA TASA DE CAMBIO DE RD\$13.20 A 13.25

Preparado por: ZORAIDA GOMEZ 

Fecha: 11 Julio 1995

* Costos de operación son todos los gastos del mes excluyendo capital de bancos.

LOS INDICADORES EN ESTE INFORME SON PARA LA CARTERA TOTAL DEL PROGRAMA

FIN-B

PAIS: REPUBLICA DOMINICANA

FINCA/ INFORME MENSUAL FINANCIERO

LIQUIDACION DE GASTOS**				SOLICITUD***		
Por el mes de: JUNIO				Por el mes de: AGOSTO /95 JULY		
	Presupuesto	Gastado	Explicacion	Presupuesto	Solicitado	Explicacion
1. Salarios						
Director	500.00	500.00		500.00	500.00	
Contador						
Promotor						
Total Salarios	500.00	500.00		500.00	500.00	
2. Otros Gastos						
	200.00	200.00		200.00	200.00	
Total Otros	200.00	200.00		200.00	200.00	
3. Capital para bancos						
<i>Bancos Nuevos</i>						
#						
Capitalizacion*						
<i>Bancos Existentes</i>						
#						
Recapitalizacion*						
Total Capital						
TOTAL	700.00	700.00		700.00	700.00	

- Adjuntar el Anexo FIN-B.
- Liquidación de fondos de FINCA solamente.
- Llenar solamente si el monto del ítem es diferente al presupuesto.

Firma de Contador(a)

Fecha:

Firma de Director(a) ZORAIDA GOMEZ

Fecha: 11/Julio/95

Zoraida Gomez

PREST AVAILABLE COPY

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ASSETS

Verlan

CURRENT ASSETS:

FINCA-BLANTYRE NO.1	27,014.92
FINCA-BLANTYRE NO.2	311,175.15
FINCA-BLANTYRE NO.3	11,658.78
Payroll advances	6,691.76
Travel Cash Advance	1,250.00
Petty cash	1,500.00
Undeposited cash	2,911.40
Tikondane VB-CZ	2,697.84
Tithokoze VB-CZ	480.09
Chigwirizano VB-Soche	37,860.00
Tagwirizana VB-Soche	21,280.00
Chawanangwa - Zingwangwa	3,336.61
Sunganani - Chilobwe	3,500.00
Tiyamike VB-zingwangwa	1,390.18
Umodzi VB- Lunzu	2,572.77
Madziabango VB- Lirangwe	5,928.13
Mphatso VB-Zi gwangwa	2,490.63
Atupele VB - Zingwangwa	4,225.40
Tiyanjane VB - Lirangwe	5,587.50
Chitukuko VB - Kachere	7,578.13
Madalitso VB- Chilomoni	4,890.63
Mwaiwathu VB - Kachere	7,381.25
Mwaiwathu VB - Nkolososa	8,203.35
Mibawa VB- Naperi	6,000.27
Talandila VB - Machinjiri	6,376.56
Chisomo VB - Bangwe	14,020.31
Chisomo VB - Manase	20,678.57
Tinyadire VB - Mbayani	13,234.38
Thandizo VB - Chilobwe	10,067.19
Yankho VB - Chilomoni	19,800.00
Tikwele VB - Namiyango	14,445.00
Chifundo VB - Ndirande	18,625.00
Chimvano VB - Zingwangwa	26,601.25
Chikondi VB - Chemussa	14,525.00
Chimwemwe VB - Soche East	24,633.15
Tidziwane VB - Chilobwe	29,505.00
Khama VB - Nkolokoti	21,612.50
Chikhulupiriro VB - Ndirande	20,300.00
Pirira VB - Chimwankhunda	13,212.50
Yamikani VB - Namatapa	24,800.00
Perekani VB - Ndirande	22,840.00
Chikumbutso - Manase	25.00
Ufulu VB - Chilomoni	1,350.00
Limbikani VB - Chigumula	2,962.50
Fatsani VB - Sunny Side	2,876.79
Lonjenzo VB - Lunzu	2,162.50
Nyadirani VB - Namiyango	3,900.00
Mvula VB -Bangwe	2,800.00

Currency in Malawi Kwacha

imbikani VB - Chemussa	2,157.14
risungane VB - Kanjedza	6,525.00
Chiyembekezo VB - Ndirande	8,137.50
Zikomo VB - Bvumbwe	10,500.00
Chikondi VB - Zingwangwa	16,500.00
Tafika VB - Mondiwa	13,500.00
Khama VB - Chirimba	7,975.00
Tiyese VB - BCA Hill	11,050.00
Chivomerezo VB - Zingwangwa	12,187.50
Mayamiko VB - Machinjiri	15,187.50
Umodzi VB - Manase	18,000.00
Tamandani VB - Chigumula	19,200.00
Kumbukani VB - Bvumbwe	16,200.00
Zosowa VB -Ndirande	32,800.00
PREPAID EXPENSES	1,986.60

TOTAL CURRENT ASSETS

1,010,864.23

FIXED ASSETS:

Computer software	4,614.00
Acc.Depec - Computer software	(924.00)
Office equipment	123,604.30
Accum.Deprec-Office equipment	(16,943.00)
Furniture and fixtures	23,192.50
Accum Deprec-furnit & fixtures	(3,308.00)
Motor vehicles	171,582.00
Accum Deprec-motor vehicles	(28,600.00)

TOTAL FIXED ASSETS

273,217.80

TOTAL ASSETS

1,284,082.03
=====

Currency in Malawi Kwacha

LIABILITIES AND FUND BALANCE

BUILDING FUND LIABILITIES:

Capital reserve 264,379.00

TOTAL BUILDING FUND LIABILITIES 264,379.00

FUND BALANCES:

Equity 126,564.54
EXCESS OF SUPP AND REV OVER EX 893,138.49

TOTAL FUND BALANCES 1,019,703.03

TOTAL LIABILITIES AND FUND BAL 1,284,082.03
=====

Currency in Malawi Kwacha

PRO-A

**FINCA INTERNACIONAL
INFORME MENSUAL SOBRE EL AVANCE DEL PROGRAMA
BANCOS COMUNALES**

PROGRAMA: _____
 PAIS: H O N D U R A S
 POR EL MES DE: M A Y O D E 1995
 TIPO DE CAMBIO US\$1: Lps.9.22 por \$.1.00

RELACION DE INDICADORES (Total de la Cartera)	MES	ACUMULADA
A. Número de Bancos		
1. Total al comienzo mes		
2. Bancos Nuevos	271	
3. Bancos Disueltos	* 1	
4. Nuevo Total (= 1 + 2 - 3)	283	
B. Número de Miembros		
1. Total al comienzo mes		
2. Nuevos miembros este mes	6,809	
3. Miembros retirados este mes	281	
4. Nuevo Total (= 1 + 2 - 3)	27	
5. % de Mujeres (= numero de mujeres + B4 x 100)	7,063	
C. Desembolsos		
1. Número de primeros préstamos (a individuos)	281	
2. Número de recapitalizaciones (a individuos)	980	
3. Número total de préstamos (= 1 + 2)	1,261	
4. Monto (U.S. \$) de primeros préstamos (a individuos)	22,918.00	
5. Monto (U.S. \$) de recapitalizaciones (a individuos)	131,469.00	
6. Monto (U.S. \$) total de préstamos (= 4 + 5)	154,387.00	
7. Tamaño de préstamos promedio de los prést. iniciales (= 4 ÷ 1)	82	
8. Tamaño de préstamos promedio de los recapital. (= 5 ÷ 2)	134	
9. Tamaño de préstamos promedio del total de los préstamos (= 6 ÷ 3)	122	
D. Cartera (cuenta externa)		
1. Balance (U.S. \$) de préstamos pendientes a principio de mes	382,467.00	
2. Total (U.S. \$) de préstamos desembolsados este mes (= C6)	154,387.00	
3. Recuperaciones (U.S. \$) este mes	113,503.00	
4. Nuevo saldo (= 1 + 2 - 3)	423,351.00	
E. Atraso (cuenta externa)		
1. Número de bancos en atraso al inicio mes	32	
2. Número de bancos con pagos atrasados este mes	13	
3. Número de pagos en atraso este mes	18	
4. Nuevo saldo en atraso (= 1 + 2 - 3)	27	
5. Monto (U.S. \$) total en atraso al inicio mes	16,624.00	
6. Monto (U.S. \$) total en atraso este mes	5,141.00	
7. Monto (U.S. \$) total de pagos en atraso este mes	7,579.00	
8. Nuevo monto en atraso (= 5 + 6 - 7)	** 14,186.00	
9. Monto en mora (prestamos con atraso mayor a 365 días)		

* Banco Comunal "ENMANUEL" de San Pedro Sula.

** Bancos Vencidos al 30 de Abril de 1995

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RELACION DE INDICADORES (Total de la Cartera)	MES	ACUMULADA
F. Cartera (Cuenta Interna)		
1. Monto (U.S. \$) de préstamos vigentes al comienzo mes	118,515.00	
2. Monto (U.S. \$) total desembolsado este mes	42,089.00	
3. Monto (U.S. \$) total pagado este mes	38,427.00	
4. Nuevo saldo (= 1 + 2 - 3)	122,177.00	
G. Arrears (Cuenta Interna)		
1. Número de bancos en atraso al inicio mes	42	
2. Número de bancos con pagos atrasados este mes	5	
3. Número de pagos en atraso este mes	6	
4. Nuevo saldo en atraso (= 1 + 2 - 3)	41	
5. Monto (U.S. \$) total en atraso al inicio mes	20,309.00	
6. Monto (U.S. \$) total en atraso este mes	909.00	
7. Monto (U.S. \$) total de pagos en atraso este mes	243.00	
8. Nuevo monto en atraso (= 5 + 6 - 7)	20,975.00	
9. Monto en mora (préstamos con atraso mayor a 365 días)		
H. Ahorros		
1. Saldo al inicio del mes	286,765.00	
2. Nuevos ahorros este mes	28,723.00	
3. Retiros este mes	12,890.00	
4. Nuevo saldo (= 1 + 2 - 3)	302,598.00	
I. Costo por U.S. \$ prestado		
1. Gastos operativos este mes*	20,028.00	
2. Total de préstamos pendientes este mes (= D4)	423,351.00	
3. Costo por U.S. \$ prestado (= 1 + 2)	0.05	
J. Autosuficiencia (%)		
1. Intereses préstamos este mes (tasa de interes x D4)	19,208.00	
2. Gastos operativos este mes*	20,028.00	
3. Autosuficiencia (= 1 + 2 x 100%)	96%	
K. Resumen del progreso y los problemas del programa	Adjunto	
Indique cualquier problema o incidente importante durante el período.		

Preparado por: EDGARDO CHACON/GLADYS DE ENRIQUEZ

Fecha: 12/06/95

* Costos de operación son todos los gastos del mes excluyendo capital de bancos.

LOS INDICADORES EN ESTE INFORME SON PARA LA CARTERA TOTAL DEL PROGRAMA

FINCA DE HONDURAS

BALANCE GENERAL AL 31 DE MARZO DE 1994

ACTIVO CIRCULANTE

FONDOS DE CAJA	LPS.	978,715.30
CUENTAS POR COBRAR INTERFONDOS		24,002.61
OTRAS CUENTAS POR COBRAR		39,850.97
PRESTAMOS POR COBRAR		2,958,636.00
RESERVA PRESTAMOS INCOBRABLES		(34,781.83)
DEPOSITOS EN GARANTIA		4,500.00
SUB-TOTAL		<u>3,970,923.05</u>

FIJO

MOBILIARIO Y EQUIPO		95,016.71
MEJORAS A PROPIEDADES ARRENDADAS		8,569.41
EQUIPO DE AUTOMOVIL		114,107.50
EQUIPO DE COMPUTO		57,093.26
DEPRECIACION ACUMULADA		(74,800.67)
ACTIVO FIJO NETO		<u>199,986.21</u>

DIFERIDO

SEGUROS PAGADOS POR ANTICIPADO		4,677.54
ANTICIPO GASTOS VIAJE		1,463.65
MISCELANEOS		9,115.41
SUB-TOTAL		<u>15,256.60</u>

SUMA DEL ACTIVO LPS. 4,186,165.86

PASIVO

RESERVAS PARA PRESTACIONES	LPS.	36,035.97
AGUINALDO		7,254.76
SEGURO SOCIAL POR PAGAR		948.03
IMPUESTO SOBRE LA RENTA		1,452.08
CUENTAS POR PAGAR (PROVEEDORES)		35,017.24
APORTACION FOSOVI		867.16
COOPERATIVA EMPLEADOS		580.00
INTERESES POR PAGAR		6,700.28
COMISIONES SOBRE PRESTAMOS		72,716.88
INTERESES RECIBIDOS POR ANTICIPADO		0.00
PRESTAMOS POR PAGAR		<u>1,866,277.63</u>
SUB-TOTAL		<u>2,027,850.03</u>

PATRIMONIO

DONACIONES PATRIMONIALES		1,387,472.48
FONDO CAPITALIZACION DE CREDITO		343,445.34
EXCEDENTES (DEFICIT) AÑOS ANTERIORES		370,709.10
EXCEDENTES (DEFICIT) DEL PERIODO		<u>56,688.91</u>
SUB-TOTAL		<u>2,158,315.83</u>

SUMA DEL PASIVO Y CAPITAL LPS. 4,186,165.86

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MARGOT LILI PAVON
CONTADOR


GLADYS DE ENRIQUEZ
GERENTE

**FINCA DE HONDURAS
ESTADO DE RESULTADOS**

DEL 1 DE ENERO AL 31 DE MARZO DE 1994

DETALLE	MENSUAL	ACUMULADO
INGRESOS POR INTERESES DE ENGADOS	120,445.15	329,590.09
OTROS INGRESOS	3,054.10	12,157.36
INGRESOS POR COMISIONES	11,390.95	21,349.45
INGRESOS POR ASISTENCIA TECNICA	0.00	0.00
INGRESOS NO OPERATIVOS	10,723.25	80,591.50
TOTAL INGRESOS OPERATIVOS	145,613.45	443,688.40
EGRESOS ADMINISTRATIVOS	LPS. 62,217.44	192,654.85
SUELDIOS	30,001.57	96,258.02
SERVICIOS PROFESIONALES	0.00	3,600.00
CUOTA SEGURO SOCIAL	700.72	2,142.08
SERVICIO TELEFONICO	2,777.42	6,123.67
VACACIONES	0.00	265.60
AGUINALDO	2,939.31	7,483.65
PRESTACIONES LABORALES	2,399.12	6,925.29
ASISTENCIA TECNICA ANDI/PYME	0.00	0.00
CURSOS Y SEMINARIOS	0.00	0.00
PROMOCION INSTITUCIONAL	1,334.00	4,555.60
FLETE AEREO DE CORRESPONDENCIA	273.60	273.60
CORREO Y TELEGRAMAS	20.90	176.50
HONORARIOS PROFESIONALES	500.00	1,100.00
ENERGIA ELECTHICA	177.21	254.51
SERVICIO DE AGUA	5.90	17.70
PAPELERIA Y UTILES DE OFICINA	2,672.46	10,596.30
TRANSPORTE LOCAL	62.75	383.83
VIAJES AL EXTERIOR	3,838.35	7,767.72
GASTOS DE VIAJE Y VIATICOS	135.00	801.30
SUPLEMENTOS Y SERVICIOS	229.85	910.98
COMBUSTIBLE Y LUBRICANTES	1,188.90	2,475.38
ALQUILER DE VEHICULOS	0.00	0.00
GASTOS Y COMISIONES BANCARIAS	800.00	2,485.75
MEMBRESIAS Y SUSCRIPCIONES	0.00	278.00
SERVICIO DE VIGILANCIA	150.00	450.00
ALQUILER DE EDIFICIOS	4,000.00	12,000.00
REPAR. Y MANT. DE EQUIPO	631.27	2,046.90
REPAR. Y MANT. DE VEHICULOS	24.00	248.04
GASTOS POR REUNIONES Y ATENCIONES	231.32	826.20
DEPRECIACIONES	6,120.59	12,060.76
SEGUROS COLECTIVOS	622.39	3,984.33
GASTOS VARIOS	(1,529.27)	1,799.08
INCUBRABLES	0.00	0.00
REPAR. Y MANI. DE EDIFICIOS	106.19	285.94
AFILIACION FINCA INTERNACIONAL	0.00	0.00
SEGURO DE VEHICULUS	294.87	911.42

**FINCA DE HONDURAS
ESTADO DE RESULTADOS**

DEL 1 DE ENERO AL 31 DE MARZO DE 1994

DETALLE	MENSUAL	ACUMULADO
APORTACION FOSOVI	1,476.21	3,068.27
SEGUROS INCENDIOS	32.81	98.43
PROGRAMA URBANO	9,748.14	27,032.42
SECTOR 1	9,748.14	27,032.42
SUELDOS	4,020.00	12,460.00
HONORARIOS PROFESIONALES	0.00	0.00
CURSOS Y SEMINARIOS	0.00	0.00
PAPELERIA Y UTILES DE OFICINA	1,822.27	4,534.39
TRANSPORTE LOCAL	426.55	934.05
VISITAS PARATECNICAS	2,663.32	8,328.23
GASTOS DE VIAJE Y VIATICOS	0.00	0.00
COMBUSTIBLE Y LUBRICANTES	616.00	623.25
GASTOS REUNIONES Y ATENCIONES	0.00	7.00
REPARAC: Y MANT.EQUIPO	0.00	3.50
GASTOS VARIOS	0.00	142.00
INCOBRABLES	0.00	0.00
PROGRAMA RURAL	20,596.66	52,601.43
SECTOR 1	9,271.03	26,824.11
SUELDOS	2,100.00	7,000.00
VACACIONES	0	0
SERVICIO TELEFONICO	15.78	591.56
HONORARIOS PROFESIONALES	0.00	0.00
ENERGIA ELECTRICA	0.00	0.00
PAPELERIA Y UTILES	1,851.37	2,549.85
GASTOS DE VIAJE Y VIATICOS	820.85	2,166.95
SUPLEMENTOS Y SERVICIOS	9.54	84.52
COMBUSTIBLE Y LUBRICANTES	527.70	384.10
COMISIONES BANCARIAS	163.59	286.39
ALQUILER DE EDIFICIOS	500.00	1,500.00
REPAR. Y MANT.DE VEHICULOS	5.00	5.00
REPAR. Y MANT.DE EQUIPO	0.00	3.00
GASTOS VARIOS	114.00	451.71
TRANSPORTE LOCAL	352.20	1,064.51
VISITAS PARATECNICAS	2,821.00	9,736.52
INCOBRABLES	0.00	0.00
SECTOR 2	5,086.53	13,872.77
SUELDOS	1,800.00	7,100.00
BONIFICACIONES AL PERSONAL	0.00	0.00
SERVICIO TELEFONICO	0.00	278.48
PAPELERIA Y UTILES DE OFICINA	1,822.27	2,385.27

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**FINCA DE HONDURAS
ESTADO DE RESULTADOS**

DEL 1 DE ENERO AL 31 DE MARZO DE 1994

DETALLE	MENSUAL	ACUMULADO
TRANSPORTE LOCAL	0.00	57.00
GASTOS DE VIAJE Y VIATICOS	297.80	1,304.17
COMBUSTIBLE Y LUBRICANTES	276.75	854.65
GASTOS Y COMISIONES BANCARIOS	35.71	116.80
REPAR. Y MANT. DE VEHICULOS	9.00	150.00
ALQUILER EDIFICIOS	450.00	1,150.00
GASTOS VARIOS	35.00	116.40
VISITAS PARATECNICAS	360.00	360.00
VACACIONES	0.00	0.00
GASTOS REUNIONES Y ATENCIONES	0.00	0.00
INCOBRABLES	0.00	0.00
SECTOR 3	6,239.10	12,870.45
SUELDOS	1,800.00	5,500.00
SERVICIO TELEFONICO	42.23	118.48
VACACIONES	0	144.45
CORREO Y TELEGRAMAS	0.00	0.00
HONORARIOS PROFESIONALES	0.00	0.00
PAPELERIA Y UTILES	1,832.27	2,273.67
TRANSPORTE LOCAL	0.00	31.50
GASTOS DE VIAJE Y VIATICOS	1,017.90	1,828.90
SUPLEMENTOS Y SERVICIOS	0	0
COMBUSTIBLE Y LUBRICANTES	319.80	1,041.80
GASTOS Y COMISIONES BANCARIAS	15.20	57.95
ALQUILER DE EDIFICIOS	500.00	500.00
REPAR. Y MANT. DE VEHICULOS	171.30	276.30
GASTOS VARIOS	55.40	112.40
VISITAS PARATECNICAS	485.00	985.00
INCOBRABLES	0.00	0.00
SECTOR 4	0.00	34.10
SUELDOS	0.00	0.00
PAPELERIA Y UTILES DE OFICINA	0.00	0.00
GASTOS DE VIAJE Y VIATICOS	0.00	0.00
TRANSPORTE LOCAL	0.00	0.00
VISITAS PARATECNICAS	0.00	0.00
COMBUSTIBLE Y LUBRICANTES	0.00	0.00
SERVICIO TELEFONICO	0.00	0.00
COMISIONES BANCARIAS	0.00	14.10
GASTOS VARIOS	0.00	20.00
INCOBRABLES	0.00	0.00
CAPACITACION	0.00	0.00
PROGRAMA URBANO	0.00	0.00

FINCA DE HONDURAS
ESTADO DE RESULTADOS

DEL 1 DE ENERO AL 31 DE MARZO DE 1994

DETALLE	MENSUAL	ACUMULADO
SECTOR 1	0.00	0.00
SUELDOS	0.00	0.00
VACACIONES	0	0
PROGRAMA RURAL	0.00	0.00
SECTOR 1	0.00	0.00
PAPELERIA PARA CAPACITACION	0.00	0.00
INTERESES SOBRE PRESTAMOS	26,726.89	92,738.29
CUOTA AFILIACION FINCA INTERNAC.	12,273.00	21,972.50
TOTAL EGRESOS	131,562.13	386,999.49
SUPERAVIT(DEFICIT)	14,051.32	56,688.9

INFORME MENSUAL SOBRE EL AVANCE DEL PROGRAMA (FFC-A)

PROGRAMA Banco Comunitario

PAIS NICARAGUA

POR EL MES DE JUNIO 1995

TIPO DE CAMBIO AL 30-06-95 = 7.5289 CORDOBAS POR DOLLAR

RELACION DE INDICADORES (Total de la Cartera MEE)	MEE	ACUMULADO
A. NUMERO DE BANCOS		
1 Total al comienzo del mes	83	
2 Bancos nuevos	11	
3 Bancos Desactivados	1	
4 Final del Periodo	93	93
B. NUMERO DE MIEMBROS		
1 Total al comienzo del mes	2569	
2 Nuevos miembros este mes	330	
3 Miembros retirados este mes	4	
4 Nueva Total (1+2-3)	2863	2569
5 Tasa Mujeres (4/3 * 100)	100	
C. DESEMPEÑOS		
1 Numero de Préstamos prestados (a individuos)	389	
2 Numero de recapitalizaciones (a individuos)	400	
3 Numero Total de préstamos (1+2)	789	6279
4 Monto (US\$) de primeros préstamos (a individuos)	13 000 00	
5 Monto (US\$) de recapitalizaciones (a individuos)	10 800 00	
6 Monto (US\$) total de préstamos (4+5)	46 000 00	390 000 00
7 Tamaño de préstamos promedio de los prest. iniciales (4/1)	33 00	
8 Tamaño de préstamos promedio de recapital. (5/2)	27 00	
9 Tamaño de préstamos promedio de total de préstamos (6/3)	58 31	153 15
D. CARTERA (Cuenta Externa)		
1 Balance (US\$) de préstamos pendientes a principio de mes	302 422 32	
2 Total (US\$) de préstamos recapitalizados este mes = 06	114 227 06	
3 Total de recuperaciones (US\$) este mes	95 321 52	
4 Nuevo saldo (=1+2-3)	321 328 86	
E. ATRASO Y MORA (CUENTA EXTERNA)		
1 Numero de Bancos en atraso al inicio del mes	0 00	
2 Numero de Bancos con pagos atrasados este mes	0 00	
3 Numero de pagos en atraso este mes	0 00	
4 Numero de Bancos en atraso este mes (=1+2-3)	0 00	
5 Monto (US\$) total en atraso al inicio del mes	0 00	
6 Monto (US\$) total en atraso este mes	0 00	
7 Monto (US\$) total de pagos en atraso este mes	0 00	
8 Nuevo monto en atraso (=5+6-7)	0 00	
9 Monto en Mora (préstamos con atraso mayor de 30 días)	0 00	

FINCA/MONTHLY FINANCIAL REPORT - JUNIO 1995

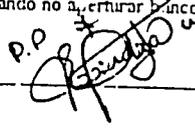
DATE: 03-06-95

EXCHANGE RATE C57.5228 X DOLLAR AL 30-06-95

	EXPENSE LIQUIDATION			REQUEST		
	MONTH: Junio 1995			MONTH: Agosto, 1995		
	AID	FINCA	TOTAL	AID	FINCA	TOTAL
I PERSONNEL	2,920.59	2,184.65	5,105.24	3,445.00	2,735.00	8,180.00
II TRAVEL	186.41	180.00	366.41	220.00	190.00	410.00
IV FRINGE BENEFITS	585.92	1,289.81	1,875.73	1,150.00	-	1,150.00
VI EQUIPMENT / SUPPLIES	-	-	-	-	-	-
VII TRAINING	48.43	-	48.43	125.00	-	125.00
VIII AUDITING	-	-	-	-	-	-
X OTHER DIRECT COSTS	2,183.35	526.53	2,709.88	2,220.00	125.00	2,345.00
TOTAL ADMINISTRATIVE EXPENSES	5,924.70	4,180.99	10,105.69	9,160.00	3,050.00	12,210.00
LESS INTERES INCOME	-	-	11,599.21	-	-	-
BANK CAPITAL						
New Banks						
Number	11.00	-	11.00	-	-	-
Capital	33,000.00	-	33,000.00	-	-	-
Existing Banks						
Number	15.00	-	15.00	32.00	-	32.00
Recapitalization	16,863.01	-	16,863.01	19,300.00	-	19,300.00
TOTAL BANK CAPITAL	49,863.01	-	49,863.01	19,300.00	-	19,300.00
TOTAL ADMINISTRATIVE PLUS BANK	55,787.71	4,180.99	59,968.70	28,460.00	3,050.00	31,510.00
LESS LOAN CAPITAL RECEIVABLE	-	-	95,321.52	-	-	82,056.76
LESS INTERES INCOME	-	-	11,599.21	-	-	10,159.30
TOTAL ADJUSTED BANK CAPITAL	-	-	-	-	-	(60,706.06)
AFFILIATION FEE						
Number of Bank subject to fee	15.00	-	15.00	32.00	-	32.00
Affiliation fee	1,142.28	-	1,142.28	1,534.34	-	1,534.34
Total Portfolio subject to fee	114,227.96	-	114,227.96	153,433.95	-	153,433.95
Percent Compliance	70.84%	-	70.84%	100%	-	100%

* Estamos planeando no averturar bancos hasta que se instale el sistema

Preparado por: Alicia Paucar



Fecha : 06-04-95

**INFORME FINCA INTERNACIONAL
MES DE MARZO 1995
FINCA COSTA RICA**

A	NUMERO DE BC	
1	TOTAL COMIENZO DEL MES	193
2	BC NUEVOS	0
3	BC DISUELTOS	0
4	NUEVO TOTAL	193
B	NUMERO DE MIEMBROS	
1	TOTAL COMIENZO DEL MES	5161
2	NUEVOS MIEMBROS	10
3	MIEMBROS RETIRADOS	131
4	NUEVO TOTAL	5040
C	DESEMBOLSOS	
1	NUMERO DE PRESTAMOS	3
2	MONTO DE DESEMBOLSO	2,012,008.00
3	MONTO PROMEDIO DE PRESTAMOS	670,669.33
D	CARTERA	
1	SALDO PRESTAMOS VIGENTES	206,013,796.00
2	NUEVOS PRESTAMOS	2,012,008.00
3	RECUPERACIONES PRINCIPAL	19,508,001.00
4	NUEVO SALDO	188,519,803.00
E	MOROSIDAD	
1	BC MOROSOS INICIO DE MES	61.00
2	BC CON PAGOS ATRAZADOS ESTE MES	28.00
3	BC CANCELANDO ESTE MES	1.00
4	NUEVO # BC EN MORA ESTE MES	88.00
5	MONTO TOTAL MORA INICIO MES	32,441,954.10
6	MONTO CUOTAS EN MORA ESTE MES	3,447,364.00
7	RECUPERACIONES	4,775,696.00
8	NUEVO SALDO EN MORA	36,113,622.10
F	AHORROS	
1	SALDO INICIO DEL MES	19,388,596.00
2	NUEVOS AHORROS	251,687.50
3	RETIROS	1,192,015.00
4	NUEVO SALDO	18,448,268.50
G	RECUPERACIONES	
1	PRINCIPAL A RECUPERAR	11,469,206.00
2	PRINCIPAL RECUPERADO	3,008,695.00
3	INTERESES A RECUPERAR	1,198,285.00
4	INTERESES RECUPERADOS	1,690,914.00
H	CERTIFICADOS	336,944.00
1	C.A.	610,000.00
2	C.A.P.	6,564,500.00

17.36



tipo de cambio

168.83

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FUNDACION INTEGRAL CAMPESINA
BALANCE DE SITUACION
31 DE DICIEMBRE DE 1994

A C T I V O

<u>ACTIVO CIRCULANTE</u>		¢ 254.943.523.25
Caja	¢ 177.470.00	
Banco Nacional de Costa Rica	2.003.754.40	
Cuentas Por Cobrar	5.804.170.66	
Intereses Por Cobrar	15.331.460.00	
Documentos A Cobrar	¢238.787.175.88	
Menos Reserva Inc.	9.472.976.04	229.314.199.84

Inventario	627.744.16	
Depósitos a Corto Plazo	1.400.000.00	
Gastos Pagados Por Anticipado	284.724.19	

<u>ACTIVO FIJO</u>		7.501.024.40
Mobiliario y Equipo	6.231.283.30	
Menos Deprec.Acum.	2.320.604.39	3.910.678.91

Vehículos	1.713.338.99	
Menos Deprec.Acum.	960.768.74	752.570.25

Edificio	2.692.315.00	
Menos Deprec.Acum.	354.539.76	2.337.775.24

Terreno	500.000.00	

<u>OTROS ACTIVOS</u>		82.500.00
Depósitos en Garantía	82.500.00	

<u>TOTAL DEL ACTIVO</u>		¢ 262.527.047.65
		=====

PASIVO MAS PATRIMONIO

<u>PASIVO A CORTO PLAZO</u>		¢ 7.018.529.19
Cuentas a Pagar	¢ 5.060.147.50	
Provisión Para Prestaciones	1.958.381.69	

<u>PASIVO A LARGO PLAZO</u>		163.767.432.25
Documentos a Pagar	163.767.432.25	

<u>PATRIMONIO</u>		91.741.086.21
Aporte Inicial	10.000.00	
Superavit Por Donación	70.118.030.60	
Excedente de Períodos Anteriores	12.436.832.61	
Excedente del Período	9.176.223.00	

<u>TOTAL PASIVO MAS PATRIMONIO</u>		¢ 262.527.047.65 =====

FUNDACION INTEGRAL CAMPESINA
ESTADO DE GANANCIAS Y PERDIDAS
31 DE DICIEMBRE DE 1994

INGRESOS

Intereses Sobre Inversiones	¢	430.613.75
Intereses Sobre Prestamos		66.335.842.04
Intereses Sobre Motos		428.983.04
Donaciones para gastos		1.938.013.33

¢ 69.133.452.16

TOTAL INGRESOS

¢ 69.133.452.16

MENOS GASTOS DE OPERACION

GASTOS OPERACION PROYECTOS		20.126.448.63
GASTOS DE ADMINISTRACION		11.977.673.04
GASTOS FINANCIEROS		27.853.107.49

59.957.229.16

EXCEDENTE DEL PERIODO

¢ 9.176.223.00
=====

LIST OF INDICATORS	MONTH	CUMULATIVE
A. NUMBER OF BANKS.		
1. TOTAL BEGINING OF MONTH:	84	
2. NEW BANKS:	21	
3. GRADUATED BANKS:	1	
4. NEW TOTAL : (1+2-3):	104	
B. NUMBER OF MEMBERS :		
1. TOTAL BEGINING OF MONTH:	2225	
2. NEW MEMBERS THIS MONTH:	456	
3. REVERSED MEMBERS THIS MONTH:	100	
4. NEW TOTAL (1+2-3):	2621	
5. PERCENTAGE OF WOMEN (2621/100/84)	93.92	
C. LOAN DISBURSEMENTS:		
1. NUMBER OF LOANS (TO INDIVIDUALS)	496	
2. NUMBER OF REFINANCES (TO INDIVIDUALS)	123	
3. TOTAL NUMBER OF LOANS (1+2)	619	
4. AMOUNT OF FIRST TIME LOANS (TO INDIVIDUALS)	43,356.64	
5. AMOUNT OF REFINANCES (TO INDIVIDUALS)	3,774.30	
6. TOTAL AMOUNT OF LOANS (4+5)	47,080.94	
7. AVERAGE LOAN SIZE FOR INITIAL LOANS (4/1)	87.41	
8. AVERAGE LOAN SIZE REFINANCING (5/2)	30.28	
9. AVERAGE LOAN SIZE FOR TOTAL LOANS (6/3)	76.06	
D. PORTFOLIO, EXTERNAL ACCOUNT		
1. LOAN BALANCES AT BEGINNING OF MONTH	179,266.59	
2. TOTAL LOANS GRANTED THIS MONTH (c6)	47,080.94	
3. TOTAL RECOVERED THIS MONTH	25,439.62	
4. NEW BALANCE (1+2-3)	200,908.60	
5. AVERAGE LOAN SIZE (200/84)	75.65	
E. DELINQUENT BALANCES EXTERNAL ACCOUNT		
1. NUMBER OF BANKS WITH DELINQUENT BALANCES AT BEGINNING MONTH	3	
2. NUMBER OF BANKS WITH DELINQUENT BALANCES THIS MONTH	1	
3. NUMBER OF BANKS PAYING YTD THIS MONTH	0	
4. NUMBER OF BANKS WITH DELINQUENT BALANCES AT END OF MONTH	4	
5. TOTAL AMOUNT OF DELINQUENT BALANCES AT BEGINNING OF MONTH	1,447.47	
6. TOTAL AMOUNT OF DELINQUENT BALANCES AT END OF MONTH	314.69	
7. PAYMENTS OF DELINQUENT BALANCES RECOVERED	0.00	
8. TOTAL DELINQUENT BALANCE AT END OF MONTH (4+5)	1,762.15	
9. TOTAL DELINQUENT PAYMENTS (LOANS OLDER THAN 305 DAYS)	0.00	

OF INDICATORS	MONTH	CUMULATIVE
F. LOAN PORTFOLIO, INTERNAL ACCOUNT		
1. VALUE ACTIVE LOANS AT BEGINNING OF MONTH	57,191.75	
2. TOTAL DISBURSED THIS MONTH		
3. TOTAL PAYMENTS RECEIVED THIS MONTH		
4. NEW BALANCE (1+2-3+4)		
G. DELINQUENT BALANCES, INTERNAL ACCOUNT		
1. NO. OF BANKS WITH DELINQUENT BALANCES AT BEGINNING OF MONTH	9	
2. NO. OF BANKS WITH DELINQUENT BALANCES AT END OF MONTH	0	
3. NO. OF BANKS PAYMENTS THIS MONTH	0	
4. NO. OF NEW BANKS WITH DELINQUENT BALANCES THIS MONTH	9	
5. TOTAL DELINQUENT BALANCES AT BEGINNING OF MONTH	3,635.71	
6. NEW DELINQUENCY THIS MONTH	0.00	
7. PAYMENTS THIS MONTH	0.00	
8. NEW DELINQUENT BALANCE AT MONTH'S END	3,635.71	
9. TOTAL DELINQUENCY (LOANS WITH DELINQUENCY MORE THAN 365 DAYS)	0.00	
H. SAVINGS:		
1. BALANCE AT BEGINNING OF MONTH	166,517.09	
2. NEW SAVINGS	0.00	
3. WITHDRAWALS	0.00	
4. NEW BALANCE (1+2-3+4)	166,517.09	167,456.39
I. COST PER \$ LENT:		
1. OPERATING COSTS THIS MONTH	14,410.86	
2. LOANS (100)	47,080.94	
3. COST PER U.S. (\$1/2 x 100%)	1.00	
J. SELF-SUFFICIENCY (%):		
1. INTEREST FROM LOANS THIS MONTH	5,953.26	
2. OPERATING COSTS THIS MONTH	14,410.86	
3. SELF-SUFFICIENCY (1/2 x 100%)	0.41	

same as April ??

Preparado por: _____

Fecha: _____

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AMS:

Juniar a FIN-B

ESUMEN DE BANCOS

NEXO A FIN-B

Guatemala

Gasito

Solicitud

Para el mes bajo liquidación

MAYO 1995

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7:1 NEW BANKS CAPITAL			
New Banks			
"Santa Ana"		2,185.31	CRS-MON
"Central"		1,748.25	CRS-MON
"Mujer de Bendición"		1,923.08	CRS-MON
"Flor de Mayo"		1,923.08	CRS-MON
"Iben Ester"	1,835.65		G. P.
"San Juan"	1,835.66		G. P.
"Flor del Campo"	1,835.66		G. P.
"Nueva Alianza"	1,573.43		G. P.
"Mujeres de Hoy"	1,311.19		G. P.
"Asacena"	1,923.08		G. P.
"Suzana"	2,834.62	2,834.62	G. P.
"El Porvenir"	1,311.19		G. P.
"Zacatecas"	3,146.85		G. P.
"Terrazas"	1,485.01		G. P.
"El Triunfo"	1,435.01		G. P.
"Artesanas de Nahuala"	2,972.03		G. P.
"Las Margaritas"	1,748.25		G. P.
"San Ignacio"	2,272.73		MORON
"Patritecas"	2,163.31		G. P.
"Las Lamanitas"	1,486.01		MORON
"Moroni"	1,398.60		MORON
Existent Banks			
"Mini Empresa 21"	(611.89)		G. P.
"10 de Mayo"	(655.59)		FICA/GP
"Luces Progresistas"	(234.01)		FICA/GP
"El Exito"		209.79	CRS-MON
"Renacer"		209.79	CRS-MON
"La Bendición"	506.99		G. P.
"Zacahemla"	289.79		G. P.
"Las Orquideas"	227.27		FICA/GP
"Las Rosas"	(234.62)		G. P.
"Nuestro Esfuerzo"	(1,282.30)		G. P.
"La Unión"	(637.24)		G. P.
"San Rafael"	(227.27)		G. P.
"La Asunción"	(1,398.60)		C.I.S. P.P.
"La Esperanza"	(332.17)		FICA/GP
TOTAL BANKS CAPITAL	20,100.15	8,199.30	

TOTAL

\$ 35,919.43

\$ 10,790.88

Required Capital for this month

~~44,225.00~~

-) Interest May '95

\$ 4,229.77

TOTAL REQUIRED

\$ ~~64,385.23~~

1/2

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TRAVEL EXPENSES	309.27	66.61		500.00	
VEHICLES EXPENSES	309.27	66.61	0.00	500.00	0.00
RENTANCE					
Space	307.50				
Telephone	17.42			350.00	
EXPENSES	304.92	0.00		350.00	0.00
EQUIPMENT EXPENSES					
Furniture	1,106.29	293.71		1,900.00	
Equipment	48.40				
Expenses	0.00	0.00		1,750.00	
Supplies	609.41	63.81		360.00	
Communications	205.40	29.37		420.00	
Printing				240.00	
OFFICE EXPENSES	1,969.50	398.14		4,670.00	0.00
ADMINISTRATIVE EXPENSES	11,619.28	2,591.58			
		2591.28			
			Total Administrative Expenses	24,336.00	

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MONTHLY FINANCIAL REPORT

MONTHLY FINANCIAL REPORT

FOUNDATION 1995-		EXPENSES LIQUIDATION			REQUEST OF FUNDS		
VARIABLES	EXPENSES	EXPENSES	BUDGET	COMMENTS	REQUESTED	JULY 1995	COMMENTS
	PINCA	CRS			PINCA	BUDGET	
SALARIES							
Director	2,000.00	446.85			2,877.00		
Financial Manager					2,000.00		
Training Director					750.00		
GIS Specialist	740.82				750.00		
Assistant Program	438.29	173.60			640.00		
Accountant	263.45	173.60			450.00		
Accountant	358.39				365.00		
Secretary	349.65				365.00		
Secretary	174.83				200.00		
Supervisor					600.00		
Oral Promotor	751.75	425.70					
Urban Promotor	1,097.52				3,360.00		
Analyst Data Process					675.00		
Statistical Auditor					750.00		
Driver	174.83				200.00		
Assistant Investigator		174.83			200.00		
Auditor	87.41				250.00		
SALARIES	6,437.35	1,394.56	0.00		13,432.00	0.00	
EXPENSES							
Medical Insurance	109.50	62.19					
Benefits	2,207.35	439.60			4,856.00		
EXPENSES 36 & S/Sueldos	2,317.45	502.05	0.00		4,516.00	0.00	
TRIP EXPENSES							
Staff		22.71					
Doctors	280.79	207.19			600.00		
TOT TRIP EXPENSES	280.79	229.90	0.00		600.00	0.00	

IV VEN	Gas
TOTAL	
V MAIL	Mail
	Insu
TOTAL	
VI OP.	
	Rea
	Ser
	Off
	Off
	Mat
	Com
	Tra
TOTAL	
TOTAL	

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FINCA - GUATEMALA
 FINCA GUATEMALA
 Balance Sheet Of : 02/31/95

	FINCA GUATEMALA	BUSINESS ALLIANCE	CRS	TOTALS
ASSETS				
..CASH	176817.07	91261.31	156566.79	424,645.17
..ACCOUNTS RECEIVABLE	896441.02	302081.54	259847.45	1,099,669.99
..FIXED ASSETS	58979.32	129335.15	0.00	188,314.48
..OTHER ASSETS	0.00	8036.00	0.00	8,036.00
TOT. ASSETS	730277.41	571514.00	416214.22	1,718,005.63
LIABILITIES				
..ACCOUNTS PAYABLE	71156.05	75014.64	27467.36	173,638.05
TOT. LIABILITIES	71156.05	75014.64	27467.36	173,638.05
NET WORTH				
..NET WORTH	595283.86	416253.10	408846.93	1,413,222.44
TOT. NET WORTH	595283.86	416253.10	408846.93	1,413,222.44
SURPLUS/DEFICIT:	63827.50	56215.76	-19328.12	109,745.14
LIABILITIES+NET WORTH:	730277.41	571514.00	416214.22	1,718,005.63

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FINCA - GUATEMALA
 FINCA GUATEMALA
 Balance Sheet Of : 03/31/99

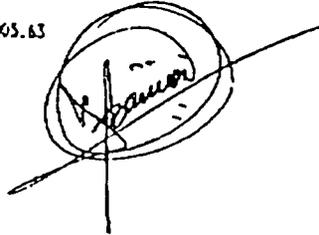
	FINCA GUATEMALA	BUSINESS ALLIANCE	CRS	TOTALS
ASSETS				
CASH				
...CASH & DEPOS	176817.07	51251.71	152566.79	424,635.57
TOT.CASH	176817.07	51251.71	152566.79	424,635.57
ACCOUNTS RECEIVABLE				
...LOANS RECEIVABLE	461503.81	291897.69	215860.00	972,101.44
...LOAN RESERVE	-9899.75	-1917.22	-3273.02	-15,010.00
...OTHER RECEIVABLES	44774.92	52901.16	40270.46	141,948.54
TOT.ACCOUNTS RECEIVABLE	496481.81	342881.54	259857.43	1,099,099.98
FIXED ASSETS				
...NATIONAL OFFICE	54979.33	129335.15	0.00	184,314.48
TOT.FIXED ASSETS	54979.33	129335.15	0.00	184,314.48
OTHER ASSETS				
...GUARANTIES	0.00	8036.00	0.00	8,036.00
TOT.OTHER ASSETS	0.00	8036.00	0.00	8,036.00
TOT.ASSETS	720277.41	571514.00	416214.22	1,718,005.63
LIABILITIES				
ACCOUNTS PAYABLE				
...SUPPLIERS & SERVICES	0.00	1299.89	118.20	4,418.59
...ADMINISTRATION	17339.24	28622.16	6529.75	52,481.15
...PROVISIONS	53825.81	42092.59	20820.41	115,728.91
TOT.ACCOUNTS PAYABLE	71165.05	75614.54	27467.36	173,828.05
TOT.LIABILITIES	71165.05	75614.54	27467.36	173,828.05
NET WORTH				
...NET WORTH				
...NET WORTH	595283.86	440252.10	408084.98	1,443,522.44
TOT.NET WORTH	595283.86	440252.10	408084.98	1,443,522.44

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FINCA GUATEMALA
Balance Sheet Of : 02/31/95

	FINCA GUATEMALA	BUSINESS ALLIANCE	CRS	TOTALS
TOT. NET WORTH	595293.86	140253.60	108094.98	843,622.44
SURPLUS/DEFICIT:	63937.50	56245.78	-19338.12	100,745.14
LIABILITIES+NET WORTH:	730277.41	571514.00	416214.22	1,718,005.63



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Apr 03, 95 14:52 P.03

TEL NO.

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FINCA - GUATEMALA
 FINCA GUATEMALA
 Balance Sheet Of : 03/31/75

	FINCA GUATEMALA	BUSINESS MILEAGE	CPS	TOTALS
ASSETS				
CASH				
CASH & BANKS				
....PETTY CASH	0.00	29060.00	0.00	29,060.00
....BANKS	176817.07	62261.31	155566.79	395,645.17
TOT. CASH & BANKS	176817.07	91261.31	155566.79	424,645.17
TOT. CASH	176817.07	91261.31	155566.79	424,645.17
ACCOUNTS RECEIVABLE				
LOANS RECEIVABLE				
....URBAN PROGRAM	89816.37	145397.60	0.00	226,213.97
....RURAL PROGRAM	339727.47	146500.00	218600.00	705,987.47
TOT. LOANS RECEIVABLE	461593.84	291897.60	218600.00	972,101.44
LOAN RESERVE				
....URBAN PROGRAM	-1879.93	-977.46	0.00	-2,857.39
....RURAL PROGRAM	-3619.82	-939.76	-3223.63	-12,182.41
TOT. LOAN RESERVE	-9699.75	-1917.22	-3223.63	-15,040.60
OTHER RECEIVABLES				
....VARIOUS RECEIVABLES	44776.92	52901.16	44270.46	141,948.54
TOT. OTHER RECEIVABLES	44776.92	52901.16	44270.46	141,948.54
TOT. ACCOUNTS RECEIVABLE	496481.01	42881.54	259647.43	1,079,009.98
FIXED ASSETS				
NATIONAL OFFICE				
....OFFICE EQUIPMENT	15445.99	41578.42	0.00	57,024.42
....EQUIPMENT	0.00	61671.72	0.00	61,671.72
....VEHICLES	4132.34	21685.00	0.00	63,017.34
TOT. NATIONAL OFFICE	56778.33	129335.15	0.00	186,114.48

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FINCA - GUATEMALA
 FINCA GUATEMALA
 Balance Sheet Cf : 03/31/95

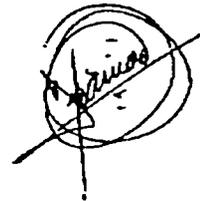
	FINCA GUATEMALA	BUSINESS ALLIANCE	CRS	TOTALS
..OTHER ASSETS				
...GUARANTEES				
....DEPOSITS IN GUARANTEE	0.00	8031.00	0.00	8,031.00
TOT. GUARANTEES	0.00	8031.00	0.00	8,031.00
TOT. OTHER ASSETS	0.00	8031.00	0.00	8,031.00
TOT. ASSETS	134777.41	571514.00	455214.22	1,718,005.63
..LIABILITIES				
...ACCOUNTS PAYABLE				
...SUPPLIERS & SERVICES				
....SUPPLIERS	0.00	3809.03	118.20	3,927.23
....PUBLIC SERVICES	0.00	490.85	0.00	490.85
TOT. SUPPLIERS & SERVICES	0.00	4299.89	118.20	4,418.09
...ADMINISTRATIVE				
....EMPLOYEES	0.00	12505.33	0.00	12,505.33
....SOCIAL SECURITY	0.00	13301.76	6528.75	19,830.51
....OTHER ACCOUNTS PAYABLE	17330.24	2817.13	0.00	20,147.37
TOT. ADMINISTRATIVE	17330.24	29622.14	6528.75	52,481.13
...PROVISIONS				
....LABOR BENEFITS	53825.81	42992.59	20820.41	117,638.81
TOT. PROVISIONS	53825.81	42992.59	20820.41	117,638.81
TOT. ACCOUNTS PAYABLE	71154.05	75614.54	27447.36	173,635.05
TOT. LIABILITIES	71154.05	75614.54	27447.36	173,635.05
..NET WORTH				
...NET WORTH				
....NET WORTH				
....SURPLUS/DEFICIT	59283.86	440253.50	408081.98	1,443,622.44
TOT. NET WORTH	59283.86	440253.50	408081.98	1,443,622.44

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FINCA - GUATEMALA
FINCA SUBTERRAL
Balance Sheet (C) : 03/31/95

	FINCA SUBTERRAL	BUSINESS ALLIANCE	CRS	TOTALS
TOT. NET WORTH	595283.86	440253.60	408084.98	1,443,622.44
TOT. NET WORTH	595283.86	440253.60	408084.98	1,443,622.44
SURPLUS/DEFICIT:	63837.50	56245.76	-19338.12	100,745.14
LIABILITIES+NET WORTH:	730277.41	571514.00	416214.22	1,718,005.63



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INFORME MENSUAL DE SEGUIMIENTO #1 (IMS-1)

Informe del Promotor por Banco

Nombre del Promotor _____
 Nombre de la Region o Zona en que trabaja _____

Nombre del Banco _____
 Ciclo del Banco _____

	Mes	Mes	Mes	Mes
Numero de Beneficiarios				
5. Socios nuevos este mes (con prestamos)				
6. Socios antiguos				
7. Socios retirados este mes				
8. TOTAL DE SOCIOS ACTIVOS (5+6-7)				
9. Tasa de desercion $(7/(5+6))*100$				
10. Socios fundadores activos				
11. Socios aspirantes				
Desembolsos				
12. Ciclo de prestamo del banco				
13. Monto (\$) del prestamo este ciclo (de FINCA al banco)				
14. Intereses a pagar este ciclo				
15. Monto de prestamos acumulados de todos los ciclos				
16. MONTO PROMEDIO PRESTAMO POR SOCIO (13/8)				
Cartera (Cuenta externa)				
17. Intereses recuperados este mes				
18. TOTAL \$ intereses recuperados de este ciclo				
19. Intereses atrasados de este ciclo				
20. Monto \$ prestamo recuperado este mes				
21. TOTAL \$ prestamo recuperado de este ciclo				
22. Monto del prestamo por recuperar de este ciclo (13-21)				
23. Monto atrasado (vencido y no pagado) este ciclo				
24. Monto por recuperar (atrasado) de ciclos anteriores				
25. Cartera vigente (monto por recuperar) (22+24)				
26. Cartera atrasada (\$ vencidos y no pagados) (23+24)				
27. Atraso como % de la cartera $(26/25)*100$				
28. Atraso como % del monto prestado $(26/13)*100$				
Cartera (Cuenta interna)				
29. # de prestamos internos desembolsados este mes				
30. # de prestamos internos desembolsados este ciclo				
31. Monto de prest internos desembolsados este mes (cap + int)				
32. Monto de prest internos desembolsados este ciclo (cap + int)				
33. MONTO PROMEDIO PRESTAMO cuenta inter. (32/30)				
34. TOTAL \$ prest. internos recuperados este mes (cap + int)				
35. TOTAL \$ prest. internos recuperados este ciclo (cap. + int)				
36. Monto de prestamos internos de ciclos anteriores por recuperar				
37. Cartera vigente (monto por recuperar) (32-35+36)				
38. Cartera atrasada (montos vencidos y no pagados)				
39. Atraso como % de la cartera $(38/37)*100$				
40. Ganancias acumuladas por actividades en el ciclo				
41. Ganancias de la cuenta interna acum. al final de ciclo (35-32)				
Ahorros				
42. Ahorro de este mes				
43. Retiro de Ahorros este mes				
44. Ahorro TOTAL del banco (acumulado de todos los ciclos)				
45. Ahorro como % del desembolso del ciclo $(44/13)*100$				
46. Ahorro como % desemb. acum. $(44/15)*100$ (Autosuf. Financiera)				
Autosuficiencia del Banco				
47. Costos operativos del banco acumulados en el ciclo				
48. Ganancias del banco acumuladas al final de ciclo				
49. % de autosuficiencia $(48/47)*100$				

INFORME MENSUAL DE SEGUIMIENTO #2 (IMS-2)
Informe Consolidado del Promotor por Banco

Nombre del Promotor _____
Nombre de la Region o Zona en que trabaja _____

Pagina _____ de _____
Informe Mes de _____

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	Nombre del Banco:	Banco	Banco	Banco	Banco	Subtotal o Total
3.	Numero de Beneficiarios					
	5. Socios nuevos este mes (con prestamos)					
	6. Socios antiguos					
	7. Socios retirados este mes					
	8. TOTAL DE SOCIOS ACTIVOS (5+6-7)					
	9. Tasa de desercion $[7/(5+6)]*100$					*
	10. Socios fundadores activos					
	11. Socios aspirantes					
C.	Desembolsos					
	12. Ciclo de prestamo del banco					
	13. Monto (\$) del prestamo este ciclo (de FINCA al banco)					
	14. Intereses a pagar este ciclo					
	15. Monto de prestamos acumulados de todos los ciclos					
	16. MONTO PROMEDIO PRESTAMO POR SOCIO (13/8)					
D.	Cartera (Cuenta externa)					
	17. Intereses recuperados este mes					
	18. TOTAL \$ intereses recuperados de este ciclo					
	19. Intereses atrasados de este ciclo					
	20. Monto \$ prestamo recuperado este mes					
	21. TOTAL \$ prestamo recuperado de este ciclo					
	22. Monto del prestamo por recuperar de este ciclo (13-21)					
	23. Monto atrasado (vencido y no pagado) este ciclo					
	24. Monto por recuperar (atrasado) de ciclos anteriores					
	25. Cartera vigente (monto por recuperar) (22+24)					
	26. Cartera atrasada (\$ vencidos y no pagados) (23+24)					
	27. Atrazo como % de la cartera $(26/25)*100$					*
	28. Atrazo como % del monto prestado $(26/13)*100$					*
E.	Cartera (Cuenta interna)					
	29. # de prestamos internos desembolsados este mes					
	30. # de prestamos internos desembolsados este ciclo					
	31. Monto de prest internos desembolsados este mes (cap + int)					
	32. Monto de prest internos desembolsados este ciclo (cap + int)					
	33. MONTO PROMEDIO PRESTAMO cuenta inter. (32/30)					
	34. TOTAL \$ prest.internos recuperados este mes (cap + int)					
	35. TOTAL \$ prest.internos recuperados este ciclo (cap + int)					
	36. Monto de prest internos de ciclos anteriores por recuperar					
	37. Cartera vigente (monto por recuperar) (32-35+36)					
	38. Cartera atrasada (montos vencidos y no pagados)					
	39. Atrazo como % de la cartera $(38/37)*100$					*
	40. Ganancias acumuladas por actividades en el ciclo					
	41. Ganancias de la cuenta interna acum. final de ciclo (35-32)					
F.	Ahorros					
	42. Ahorro de este mes					
	43. Retiro de Ahorros este mes					
	44. Ahorro TOTAL del banco (acumulado de todos los ciclos)					
	45. Ahorro como % del desembolso del ciclo $(44/13)*100$					*
	46. Ahorro como % desemb.acum $(44/15)*100$ (Autosuf. Financ)					*
G.	Autosuficiencia del Promotor					
	47. Costos asignados al promotor por mes					
	48. Intereses recuperados sobre prestamos FINCA este mes (17)					
	49. % de autosuficiencia del promotor $(48/47)*100$					*

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INFORME MENSUAL DE SEGUIMIENTO #3 (IMS-3) : INFORME CONSOLIDADO DEL SUPERVISOR

Nombre del Supervisor _____

Página _____ de _____

Nombre de la Region o Zona en que trabaja _____

Informe Mes de _____

Nombre del Promotor:	Promotor	Promotor	Promotor	Promotor	Subtotal o Total
Numero de Bancos					
1. Nuevos bancos este mes					
2. Bancos antiguos					
3. Bancos retirados este mes					
4. TOTAL DE BANCOS ACTIVOS (1+2-3)					
Numero de Beneficiarios					
5. Socios nuevos este mes (con prestamos)					
6. Socios antiguos					
7. Socios retirados este mes					
8. TOTAL DE SOCIOS ACTIVOS (5+6-7)					
9. Tasa de desercion $(7/(5+6))*100$					*
10. Socios fundadores activos					
11. Socios aspirantes					
Desembolsos					
12. Ciclo de prestamo del banco					
13. Monto (\$) del prestamo este ciclo (de FINCA al banco)					
14. Intereses a pagar este ciclo					
15. Monto de prestamos acumulados de todos los ciclos					
16. MONTO PROMEDIO PRESTAMO POR SOCIO (13/8)					
Cartera (Cuenta externa)					
17. Intereses recuperados este mes					
18. TOTAL \$ intereses recuperados de este ciclo					
19. Intereses atrasados de este ciclo					
20. Monto \$ prestamo recuperado este mes					
21. TOTAL \$ prestamo recuperado de este ciclo					
22. Monto del prestamo por recuperar de este ciclo (13-21)					
23. Monto atrasado (vencido y no pagado) este ciclo					
24. Monto por recuperar (atrasado) de ciclos anteriores					
25. Cartera vigente (monto por recuperar) (22+24)					
26. Cartera atrasada (\$ vencidos y no pagados) (23+24)					
27. Atraso como % de la cartera $(26/25)*100$					*
28. Atraso como % del monto prestado $(26/13)*100$					*
Cartera (Cuenta interna)					
29. # de prestamos internos desembolsados este mes					
30. # de prestamos internos desembolsados este ciclo					
31. Monto de prest internos desembolsados este mes (cap + int)					
32. Monto de prest internos desembolsados este ciclo (cap + int)					
33. MONTO PROMEDIO PRESTAMO cuenta inter. (32/30)					
34. TOTAL \$ prest internos recuperados este mes (cap + int)					
35. TOTAL \$ prest internos recuperados este ciclo (cap + int)					
36. Monto de prest internos de ciclos anteriores por recuperar					
37. Cartera vigente (monto por recuperar) (32-35+36)					
38. Cartera atrasada (montos vencidos y no pagados)					
39. Atraso como % de la cartera $(38/37)*100$					*
40. Ganancias acumuladas por actividades in el ciclo					
41. Ganancias de la cuenta interna acum al final del ciclo (35-32)					
Ahorros					
42. Ahorro de este mes					
43. Retiro de ahorros este mes					
44. Ahorro TOTAL del banco (acumulado de todos los ciclos)					
45. Ahorro como % del desembolso del ciclo $(44/13)*100$					*
46. Ahorro como % deserción acum $(44/15)*100$ (Autosuf. Finanz.)					*
Autosuficiencia del Supervisor					
47. Costos asignados al supervisor por mes					
48. Intereses recuperados sobre prestamos FINCA este mes (17)					

PRESTAMOS DEL COPI

(14)

INFORME MENSUAL DE SEGUIMIENTO #4 (IMS-4) : INFORME CONSOLIDADO POR ZONA O

Nombre de la Zona o Region _____

Pagina _____ de _____

Informe Mes de _____

If Not No

	Nombre del Supervisor:	Supervisor	Supervisor	Supervisor	Supervisor	Subtotal o
A.	Numero de Bancos					
	1. Nuevos bancos este mes					
	2. Bancos antiguos					
	3. Bancos retirados este mes					
	4. TOTAL DE BANCOS ACTIVOS (1+2-3)					
B.	Numero de Beneficiarios					
	5. Socios nuevos este mes (con prestamos)					
	6. Socios antiguos					
	7. Socios retirados este mes					
	8. TOTAL DE SOCIOS ACTIVOS (5+6-7)					
	9. Tasa de desercion $(7/(5+6))*100$					
	10. Socios fundadores activos					
	11. Socios aspirantes					
C.	Desembolsos					
	12. Ciclo de prestamo del banco					
	13. Monto (\$) del prestamo este ciclo (de FINCA al banco)					
	14. Intereses a pagar este ciclo					
	15. Monto de prestamos acumulados de todos los ciclos					
	16. MONTO PROMEDIO PRESTAMO POR SOCIO (13/8)					
D.	Cartera (Cuenta externa)					
	17. Intereses recuperados este mes					
	18. TOTAL \$ intereses recuperados de este ciclo					
	19. Intereses atrasados de este ciclo					
	20. Monto \$ prestamo recuperado este mes					
	21. TOTAL \$ prestamo recuperado de este ciclo					
	22. Monto del prestamo por recupera. de este ciclo (13-21)					
	23. Monto atrasado (vencido y no pagado) este ciclo					
	24. Monto por recuperar (atrasado) de ciclos anteriores					
	25. Cartera vigente (monto por recuperar) (22+24)					
	26. Cartera atrasada (\$ vencidos y no pagados) (23+24)					
	27. Atraso como % de la cartera $(26/25)*100$					
	28. Atraso como % del monto prestado $(26/13)*100$					
E.	Cartera (Cuenta interna)					
	29. # de prestamos internos desembolsados este mes					
	30. # de prestamos internos desembolsados este ciclo					
	31. Monto de prest. internos desembolsados este mes (cap+ int.)					
	32. Monto de prest. internos desembolsados este ciclo (cap + int)					
	33. MONTO PROMEDIO PRESTAMO cuenta inter. (32/30)					
	34. TOTAL \$ prest.internos recuperados este mes (cap + int)					
	35. TOTAL \$ prest.internos recuperados este ciclo (cap + int)					
	36. Monto de prest internos de ciclos anteriores por recuperar					
	37. Cartera vigente (monto por recuperar) (32-35+36)					
	38. Cartera atrasada (montos vencidos y no pagados)					
	39. Atraso como % de la cartera $(38/37)*100$					
	40. Ganancias acumuladas por actividades en el ciclo					
	41. Ganancias de la cuenta interna acum.al final de ciclo (35-32)					
F.	Ahorros					
	42. Ahorro de este mes					
	43. Retiro de ahorros este mes					
	44. Ahorro TOTAL del banco (acumulado de todos los ciclos)					
	45. Ahorro como % del desembolso del ciclo $(44/13)*100$					
	46. Ahorro como % desemb.acum.(Autosuf.Financ.) $(44/13)*100$					
G.	Autosuficiencia de la Zona					
	47. Costos asignados a la zona por mes					
	48. Intereses recuperados sobre prestamos FINCA este mes (17)					
	49. % de autosuficiencia de la zona $(48/47)*100$					

PRO-A
FINCA INTERNACIONAL
INFORME MENSUAL SOBRE EL AVANCE DEL PROGRAMA

PROGRAMA: _____
 PAIS: _____
 POR EL MES DE: _____
 TIPO DE CAMBIO US\$1 _____

RELACION DE INDICADORES (Total de la Cartera)	MES	ACUMULADO
A. Número de Bancos		
1. Total al comienzo del mes		
2. Bancos Nuevos		
3. Bancos Disueltos		
4. Nuevo Total (= 1 + 2 - 3)		
B. Número de Miembros		
1. Total al comienzo del mes		
2. Nuevos miembros este mes		
3. Miembros retirados este mes		
4. Nuevo Total (= 1 + 2 - 3)		
5. Porcentaje de Mujeres (= numero de mujeres ÷ B4 x 100)		
C. Desembolsos		
1. Número de primeros préstamos (a individuos)		
2. Número de recapitalizaciones (a individuos)		
3. Número total de préstamos (= 1 + 2)		
4. Monto (U.S. \$) de primeros prestamos (a individuos)		
5. Monto (U.S. \$) de recapitalizaciones (a individuos)		
6. Monto (U.S. \$) total de préstamos (= 4 + 5)		
7. Tamaño de préstamos promedio de los prést. iniciales (= 4 ÷ 1)		
8. Tamaño de préstamos promedio de las recapital. (= 5 ÷ 2)		
9. Tamaño de préstamos promedio del total de los préstamos (= 6 ÷ 3)		
D. Cartera (cuenta externa)		
1. Balance (U.S. \$) de préstamos pendientes a principio del mes		
2. Total (U.S. \$) de préstamos desembolsados este mes (= C6)		
3. Total de Recuperaciones (U.S. \$) este mes		
4. Nuevo saldo (= 1 + 2 - 3)		
E. Atraso y Mora (cuenta externa)		
1. Número de bancos en atraso al inicio mes		
2. Número de bancos en atraso al final del mes		
3. Número de bancos en atraso este mes (2-1)		
4. Monto (U.S. \$) total en atraso al inicio del mes		
5. Monto (U.S. \$) total en atraso al final del mes		
6. Nuevo Monto en atraso al final del mes (5-4)		
7. Monto en mora (prestamos con atraso mayor a 365 días)		

RELACION DE INDICADORES (Total de la Cartera)	MES	ACUMULADO
F. Cartera (Cuenta Interna)		
1. Monto (U.S. \$) de préstamos vigentes al comienzo mes		
2. Monto (U.S. \$) total desembolsado este mes		
3. Monto (U.S. \$) total pagado este mes		
4. Nuevo saldo (= 1 + 2 - 3)		
G. Atraso y Mora (Cuenta Interna)		
1. Número de bancos en atraso al inicio del mes		
2. Número de bancos en atraso al final del mes		
3. Número de bancos nuevos en atraso este mes (2-1)		
4. Monto (U.S. \$) total en atraso al inicio mes		
5. Monto (U.S. \$) total en atraso este mes		
6. Nuevo Monto (U.S. \$) en atraso este mes (5-4)		
7. Monto en mora (préstamos con atraso mayor a 365 días)		
H. Ahorros		
1. Saldo al inicio del mes		
2. Nuevos ahorros este mes		
3. Retiros este mes		
4. Nuevo saldo (= 1 + 2 - 3)		
I. Costo por U.S. \$ prestado		
1. Gastos operativos este mes*		
2. Monto desembolsado/colocado (= C6)		
3. Costo por U.S. \$ prestado (= 1 ÷ 2 x 100%)		
J. Autosuficiencia (%)		
1. Intereses recaudados de prestamos este mes		
2. Gastos operativos este mes*		
3. Autosuficiencia (= 1 ÷ 2 x 100%)		
K. Resumen del progreso y los problemas del programa	Adjunto	
Indique cualquier problema o incidente importante durante el período.		

Preparado por: _____

Fecha: _____

*Por Gastos Operativos se entiende todos los gastos incurridos en el mes excluyendo el capital bancario

FINCA/ INFORME MENSUAL FINANCIERO

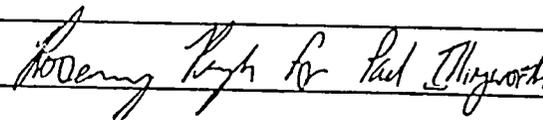
LIQUIDACION DE GASTOS**			SOLICITUD***		
Por el mes de:			Por el mes de: 20 de junio - 31 de julio		
Presupuesto	Gastado	Explicacion	Presupuesto	Solicitado	Explicacion
1. Salarios					
Director Ejecutivo			1,400		
Promotora			300		
Beneficios			65		
Total Salarios			1,765		
2. Otros Gastos					
Gastos Admin.					
Alquilar oficina			200		
Materiales Ofic.			200		
Correo y Comun			125		
Transporte			150		
Activos Fijos					
Comput. y Imprim.					
Fax			3,190		
Otros			731		
Viaje para Capac.			121		
Total Otros			2,100		El vuelo, hotel y viaticos
3. Capital para bancos			6,817		
<i>Bancos Nuevos</i>					
#					
Capitalizacion*					
<i>Bancos Existentes</i>					
#					
Recapitalizacion*					
Total Capital					
TOTAL			8,582		

* Adjuntar el Anexo FIN-B.

** Liquidación de fondos de FINCA solamente.

*** Llenar solamente si el monto del ítem es diferente al presupuesto.

Firma de Director



Fecha: 27/6/94

APPENDIX J

FINCA International Letter to USAID

Explaining Unauthorized Diversion of Funds in El Salvador.



FINCA INTERNATIONAL, INC.

901 King St., Suite 400 • Alexandria, Virginia 22314 • 703-836-5516 • FAX 703-836-5366

7 March 1995

The Honorable Mark L. Schneider
Assistant Administrator
Bureau for Latin America and the Caribbean
Agency for International Development
2201 C Street N.W., Room 4529A
Washington, D. C. 20523

Ref: Cooperative Agreement No. 519-0318-A-00-0352-00

Dear Mark:

I am writing to follow-up on my letter of July 22, 1994 in which I outlined the steps FINCA was taking to address the unauthorized diversion of village banking funds in the San Miguel regional office of the Centro de Apoyo a la Microempresa (CAM). The CAM is FINCA's non-governmental organization (NGO) affiliate in El Salvador.

The various audit and assessment groups studying the situation concluded that the unauthorized diversion resulted from widespread collusion among CAM regional employees and the failure of CAM management to enforce the control policies and procedures put into place by FINCA. The purpose of this letter is to (1) summarize what happened, (2) describe the actions being taken to strengthen the internal controls over village banking operations in El Salvador, (3) lay out FINCA's plans for recovering as much of the funds as possible, and (4) outline the steps being taken to institute more rigorous control systems throughout our network of NGO affiliates.

Before entering this discussion, I would like to express my satisfaction with the excellent cooperation that USAID/El Salvador has accorded FINCA. Due to their strong support, FINCA has been able to make substantial progress in stabilizing the operation of the CAM in the wake of these events.

1. Events Surrounding the Unauthorized Diversions

Since September 1990, FINCA has supported the development of a village banking program in El Salvador financed by a seven year \$10 million Cooperative Agreement with USAID/El Salvador. Under the terms of the agreement, the Centro de Apoyo a la Microempresa was created as a local non-governmental organization to manage the program under FINCA's direction until it reached a stage of self-sufficiency. From its inception, the CAM grew rapidly, becoming the largest microcredit program in Central America. It surpassed all of the cooperative agreement objectives in four years instead of seven. The program reached 30,000 borrowers and enjoyed a repayment rate of over 99 per cent.

On July 13, 1994, the CAM Executive Director notified FINCA of suspected irregularities in the financial management of the San Miguel office, one of the CAM's four regional offices. The next day, FINCA International notified USAID/El Salvador, A.I.D./Washington, and the House Foreign Affairs Committee of possible irregularities in the program. On that same day, July 14th, a senior management team from FINCA was sent to El Salvador to investigate. On July 18th, after confirming that irregularities did exist, FINCA asked USAID/El Salvador to notify the A.I.D. Office of the Regional Inspector General in San Jose, Costa Rica and request assistance in determining what happened.

The brief examination conducted between July 14 and July 18 by FINCA's senior management team indicated that employees of the San Miguel office had conspired to divert project loan funds to personal uses. The diversion involved all levels of regional management including the Regional Office Director and the Regional Internal Auditor. A subsequent detailed audit by a local Certified Public Accounting firm hired by FINCA disclosed that about 8.2 million colones, or US \$940,485 had been diverted. It was further discovered that the scheme had been carried out by creating fictitious loan recipients and then paying off these outstanding loans with progressively larger withdrawals for loan funds. Most of this activity appeared to have taken place between August 1993 and July 1994. External auditors hired by FINCA and USAID/El Salvador later concluded that the problem was limited to San Miguel; none of the other three regional offices was involved. Furthermore, no village bank borrowers, FINCA employees, or USAID employees were involved.

The unauthorized diversion occurred despite extensive pre-planning to avoid such problems. The Cooperative Agreement with USAID/El Salvador, for example, contained a condition precedent to the disbursement of funds for non-program activities. The condition required that a Certified Public Accounting firm certify that FINCA's financial management system (1) met all General Accounting Office and A.I.D. accounting and reporting requirements, (2) provided adequate internal controls in general and specifically in relation to operations within El Salvador, (3) included well defined systems and procedures for use by organizations which received funds from FINCA to account for and report the use of such funds, and (4) was adequately staffed. The Mission Controller reviewed and approved the system certified by the public accounting firm employed by FINCA. Thus, for all practical purposes, a satisfactory system was put into place and operative.

In 1993 Arthur Andersen & Co. conducted an organization-wide, A-133 audit of FINCA that included testing village banking program transactions in El Salvador. At about the same time, USAID/El Salvador contracted with Chemonics, a Washington based consulting firm, to conduct a mid-term evaluation of the project. Chemonics undertook a detailed analysis of the systems within the San Miguel office and ended up praising the San Miguel staff for its performance. Later, USAID/El Salvador also contracted with a local public accounting firm, Fernandez & Fernandez, to audit the CAM for the year ended December 1993. Neither Arthur Andersen, Chemonics, nor Fernandez & Fernandez uncovered the unauthorized diversion of project funds during these reviews.

In fact, the following comments, often found in audit reports on financial assistance programs, reflect the inherent limitations of audits as far as disclosure is concerned: "...objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or dispositions." Also, "...because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may occur and not be detected."

I will now summarize for you the conclusions reached by Arthur Andersen & Co., Price Waterhouse and others who have reviewed the events surrounding the unauthorized diversions. The diversions resulted from widespread collusion and an inadequate control system stemming from the CAM management's failure to enforce the policies and procedures which FINCA had established. Overall, the CAM management placed too high a priority on cutting costs and on the rapid expansion of the loan portfolio (in order to attain financial self-sufficiency as quickly as possible), at the expense of strict enforcement of internal control procedures. For example, in December 1993, the CAM Board of Directors decentralized the internal audit function. Auditors formerly positioned at the headquarters level were transferred to the regional offices. This decision, while saving on travel costs, allowed for the Regional Auditor in San Miguel to be more easily co-opted.

Another important contributing factor to the problem was the decision of the Private Enterprise Office (PRE) of USAID/El Salvador to support the transfer of project control ahead of schedule to the CAM Board of Directors. This decision apparently derived from a recommendation in the Chemonics evaluation which argued that, even though the process of institutional development was incomplete, beginning with the fall of 1993, "CAM's Board should run the operations without any direct intervention from FINCA...FINCA should not get involved directly in CAM's operational and administrative matters any more. The CAM should be allowed to grow and make mistakes.." This is precisely what happened.

While FINCA supported many of the recommendations made in the Chemonics evaluation, we strongly disagreed with the notion that full control of the project should be turned over to the CAM. FINCA argued that the CAM Board was not yet prepared to manage the project without FINCA supervision. (FINCA had only one representative on the Board.) FINCA's position stemmed, in

part, from the CAM's Executive Director and Board having committed a number of documented internal control violations. In essence, FINCA's view was that the CAM Board had yet to develop an adequate appreciation of the need to maintain a strict control environment.

The Private Enterprise Office, meanwhile, supported making the CAM independent of FINCA at the earliest possible moment. The PRE Office also made promises to the CAM of providing direct AID funding via a mechanism which would effectively circumvent FINCA as a control point. While it may be understandable that PRE would want the CAM to become autonomous as soon as possible, PRE's actions undermined FINCA's authority with the CAM Board thereby weakening its influence and its ability to act effectively in matters central to CAM's operations.

As a case in point, in October 1993, the Vice President of the CAM Board authorized the purchase of 100,000 unnumbered blank checks. These checks posed a significant internal control problem. Yet, the President of the CAM Board refused FINCA's directive to destroy the checks and refused to acknowledge FINCA's numerous oral and written requests to put an end to this matter. Ultimately, the FINCA Executive Director was obliged to seek the resignation of the entire CAM Board over this issue. It was only after a new Board was elected that FINCA was, in February 1994, able to undertake the destruction of the checks and thus resolve this dangerous control violation. During the same time frame, the FINCA Executive Director wrote to the USAID Mission Director, expressing his concern about FINCA's diminishing ability "to exercise proper control and oversight over the project."

USAID/El Salvador has since reorganized and assigned new personnel to oversee the project. The new USAID officials recognize that developing a sound local institutional structure capable of managing a village banking program on the scale of tens of thousands, takes substantial long-term technical assistance. USAID/El Salvador thus actively supports FINCA's supervision of the CAM's institutional development until project completion.

As described in the next section, FINCA and USAID/El Salvador have agreed upon a course of action which we believe will stabilize the CAM and allow the project to meet all of its objectives by the completion date of August 1997. Among the many important lessons we have learned from this experience is the need for full donor support in maintaining a strict control environment with our local affiliates.

2. Actions to Strengthen Village Banking Control Systems

In order to design a stronger internal control system for the village banking program, FINCA contracted with Mr. Peter Marion, an international consultant with expertise in control systems for financial institutions. Mr. Marion developed recommendations for how FINCA could further reduce the risk of a repetition of the types of problems encountered in the CAM and with FINCA's other affiliates. For its part, USAID/El Salvador had the firm of Price Waterhouse conduct its own independent assessment and make recommendations.

The previous internal control system was based upon a vertical review process. Administrative transactions between the CAM and a given village bank were managed by a single individual, the promoter. These transactions included identifying borrowers, bank promotions, loan processing, cash disbursements, and cash collections. The promoter's work was reviewed by a direct supervisor. The supervisor's work was reviewed by a coordinator. The coordinator's work was reviewed by the regional director.

The new system is based upon a horizontal review process. Consistent with the internal control principle that duties and responsibilities related to financial transactions should be separated, responsibility is divided among three different organizational departments of the CAM: program, credit and finance. The program department is responsible for borrower identification and bank promotion. The credit department is responsible for borrower information, loan approvals, and loan documentation. The finance department is responsible for cash disbursements and processing collections. Thus, responsibilities are divided among three different organizational functions thereby lessening the possibility that a single individual or group of individuals could misappropriate funds. It is important to note that although no system can provide absolute assurances and that the new system might not have prevented the San Miguel situation, the new controls will make it much more difficult for anyone to defraud the organization.

The CAM also has reorganized the internal audit function. It has returned to the policy of a centrally organized and directed audit activity to free the auditors from any obstacles to their working on an independent and objective basis. The CAM has also strengthened the audit team by hiring more experienced auditors. In future audits, FINCA will supplement required A-133 audit testing with additional audit procedures specifically applicable to FINCA banking operations. The CAM, for example, will have an external audit firm make quarterly verifications of randomly selected loan balances.

FINCA is, moreover, installing a modified and improved management information system at the CAM. This system will integrate management of the loan portfolio with a computerized accounting system. This system has been tested by FINCA Honduras over the last two years. For the purposes of the CAM, the system has been modified according to the recommendations of Peter Marion, Price Waterhouse and the FINCA International Controller in relation to the new internal control procedures. The portfolio management component of the system will have the capability of preparing up to date reports on a daily basis. In order to ensure that the system works properly, the CAM will implement a comprehensive staff restructuring and training plan. Under the plan, the CAM will replace current employees without the skill or aptitude for managing a complex financial institution and upgrade the skill levels of remaining employees.

Finally, FINCA International has placed a resident financial management advisor in El Salvador who will remain there for at least two years. (The PRE Office had required that the previous team be phased out over the last fiscal year because quantitative project goals had been met.) The new advisor will oversee implementation of the internal control system and other aspects of the unfinished business of institution building. This work will include developing a strategic plan, modifying the ownership and governance structure, and making certain methodological improvements. USAID/El Salvador has also offered to assist in this process by reformulating the remaining project budget to address the technical assistance priorities and arranging for Price Waterhouse to provide some of the technical assistance and auditing services not financed under the Cooperative Agreement.

3. Status of the Recovery Plan

FINCA has pursued a two-tiered strategy to recover the diverted funds. First, it contracted with Fernandez & Fernandez, a local Certified Public Accounting firm approved by the A.I.D. Inspector General in order to conduct a thorough audit to establish and document the amounts diverted or never received by the indicated borrowers. This stage took several months due to the necessity of visiting each of the 300 village banks involved and verifying the loan account balances in the CAM records. Fernandez & Fernandez reviewed loan transactions and separated out those that involved falsified or altered documents. Signatories to these documents were confronted with the evidence, and an explanation was demanded and documented. In the course of these field audits, a modest amount of the diverted funds was recovered.

Secondly, FINCA hired a team of lawyers to begin processing the financial information and preparing complaints against former employees suspected of collusion. Due to delay tactics on the part of the defendants, formal complaints were not received by the judicial system until early December. Although the evidence was overwhelming, the local judge initially refused to issue arrest warrants to detain the suspects. FINCA continued to pursue the matter so that on January 12, 1995, the judge reversed his decision and issued warrants for the five principal suspects. This development has significantly improved FINCA's chances of recovering some portion of the funds. FINCA intends to vigorously pursue recovery actions and prosecution of the suspects.

As you probably know, the A.I.D. Office of Inspector General (IG) is conducting its own investigation. We have kept the IG fully informed of our actions throughout the entire episode.

4. Lessons Learned

There are many lessons to be learned by all parties to the Cooperative Agreement. For its part, FINCA is drawing on this experience to upgrade its financial management systems throughout the FINCA worldwide network. Compared with the CAM, most of FINCA's other affiliates are much smaller managing portfolios that average under \$500,000. These affiliates are, however, expanding rapidly, necessitating improved control practices and procedures.

Indeed, FINCA affiliates need to be able to ensure the integrity of their control systems in order to tap into financial markets more vigorously as is envisioned by the FINCA network. During 1995, FINCA International will install in each of its affiliates a fully computerized and standardized management information which was designed by Robert Nathan and Associates and financed by USAID/Honduras. FINCA International also is beginning a training program to familiarize the staff of affiliates with this system. In order to begin installing the management information system, FINCA is drawing on part of the resources from its matching grant with A.I.D.'s Office of Private Voluntary Cooperation. FINCA intends to solicit additional support under A.I.D.'s Microenterprise Initiative to continue strengthening the process.

An additional lesson learned concerns the joint A.I.D.-FINCA responsibilities for implementing microenterprise credit programs. As I discussed, the conflicting views about when to confer managerial autonomy to the CAM was one of the salient reasons for the problems encountered in San Miguel. As a matter of policy, FINCA is careful not to confer such autonomy until the local credit institution has met adequate performance standards in all areas of operations.

FINCA and A.I.D. must agree on the juncture at which an institution is ready to become autonomous based on objective analysis and criteria. The relationship between local non-governmental organizations and parent non-governmental organizations requires a delicate balancing of both parties' interests. Hence, a lesson which FINCA has learned from this experience is that it must find a more effective way of managing its relationship with A.I.D. project officers and ensuring these officers are judicious in the degree to which they place themselves between the two organizations.

In closing, I want to thank you, Mark, for the personal interest you have shown in making the project succeed. We very much appreciate the investment that both A.I.D./Washington and its missions around the world have made in the FINCA Network. In this challenging period of our institutional growth, we have found A.I.D. to be a responsive partner agency and one that has given us much support. We look forward to collaborating with AID in continuing to provide village banking services to poor women around the world.

Sincerely,



Rupert W. Scofield
Executive Director

APPENDIX K

Five-Year Program Targets for the First Six FINCA Affiliates

Expected to Participate in the Village Bank Capital Fund.

**Program Targets:
FINCA MALAWI**

	Month 1 Sep-94	Month 2 Oct-94	Month 3 Nov-94	Month 4 Dec-94	Month 5 Jan-95	Month 6 Feb-95	Month 7 Mar-95	Month 8 Apr-95	Month 9 May-95	Month 10 Jun-95	Month 11 Jul-95	Month 12 Aug-95	YEAR 1 TOTALS
New Banks	2	5	14	8	5	3	5	5	5	8	8	8	76
Total Banks	2	7	21	29	34	37	42	47	52	60	68	76	76
Participants	54	189	567	783	918	999	1,134	1,269	1,404	1,620	1,836	2,052	2,052
Outstanding Loans (\$)	0	6,075	22,613	26,325	26,204	26,015	40,500	44,172	44,716	49,237	67,919	73,909	73,909
Monthly Interest Income (\$)	65	227	680	940	1,107	1,217	1,415	1,598	1,779	2,059	2,371	2,665	16,123
Savings Mobilized (\$)	23	103	344	677	1,069	1,500	2,001	2,567	3,197	3,926	4,766	5,710	5,710
	Month 13 Sep-95	Month 14 Oct-95	Month 15 Nov-95	Month 16 Dec-95	Month 17 Jan-96	Month 18 Feb-96	Month 19 Mar-96	Month 20 Apr-96	Month 21 May-96	Month 22 Jun-96	Month 23 Jul-96	Month 24 Aug-96	YEAR 2 TOTALS
New Banks	8	8	8	8	8	9	10	10	10	10	10	10	109
Total Banks	84	92	100	108	116	125	135	145	155	165	175	185	185
Participants	2,268	2,484	2,700	2,916	3,132	3,375	3,645	3,915	4,185	4,455	4,725	4,995	4,995
Outstanding Loans (\$)	75,509	80,392	100,568	107,038	108,766	115,389	139,542	148,217	151,096	158,586	184,671	194,040	194,040
Monthly Interest Income (\$)	2,958	3,261	3,597	3,915	4,231	4,591	5,019	5,427	5,833	6,254	6,717	7,158	58,962
Savings Mobilized (\$)	6,738	7,913	9,187	10,573	12,072	13,698	15,475	17,398	19,464	21,679	24,058	26,593	26,593
	Month 25 Sep-96	Month 26 Oct-96	Month 27 Nov-96	Month 28 Dec-96	Month 29 Jan-97	Month 30 Feb-97	Month 31 Mar-97	Month 32 Apr-97	Month 33 May-97	Month 34 Jun-97	Month 35 Jul-97	Month 36 Aug-97	YEAR 3 TOTALS
New Banks	10	10	10	10	10	11	12	12	12	12	12	12	133
Total Banks	195	205	215	225	235	246	258	270	282	294	306	318	318
Participants	5,265	5,535	5,805	6,075	6,345	6,642	6,966	7,290	7,614	7,938	8,262	8,586	8,586
Outstanding Loans (\$)	202,659	209,371	236,166	244,907	246,887	256,974	289,762	302,378	316,349	320,629	330,915	341,852	341,852
Monthly Interest Income (\$)	7,728	8,183	8,682	9,159	9,499	10,023	10,627	11,206	12,006	12,493	12,571	13,017	125,195
Savings Mobilized (\$)	29,330	32,228	35,303	38,546	41,911	45,461	49,224	53,193	57,445	61,870	66,322	70,932	70,932
	Month 37 Sep-97	Month 38 Oct-97	Month 39 Nov-97	Month 40 Dec-97	Month 41 Jan-98	Month 42 Feb-98	Month 43 Mar-98	Month 44 Apr-98	Month 45 May-98	Month 46 Jun-98	Month 47 Jul-98	Month 48 Aug-98	YEAR 4 TOTALS
New Banks	8	8	8	8	8	8	8	8	8	8	8	8	96
Total Banks	326	334	342	350	358	366	374	382	390	398	406	414	414
Participants	8,802	9,018	9,234	9,450	9,666	9,882	10,098	10,314	10,530	10,746	10,962	11,178	11,178
Outstanding Loans (\$)	347,952	360,770	372,019	378,865	377,575	379,808	383,617	386,963	387,118	391,960	397,839	402,593	402,593
Monthly Interest Income (\$)	13,322	13,925	14,348	14,736	14,946	14,984	15,028	15,073	15,206	15,406	15,574	15,742	178,290
Savings Mobilized (\$)	75,651	80,582	85,664	90,883	96,176	101,483	106,806	112,144	117,529	122,986	128,502	134,077	134,077
	Month 49 Sep-98	Month 50 Oct-98	Month 51 Nov-98	Month 52 Dec-98	Month 53 Jan-99	Month 54 Feb-99	Month 55 Mar-99	Month 56 Apr-99	Month 57 May-99	Month 58 Jun-99	Month 59 Jul-99	Month 60 Aug-99	YEAR 5 TOTALS
New Banks	12	12	12	12	12	12	12	12	12	12	12	12	144
Total Banks	426	438	450	462	474	486	498	510	522	534	546	558	558
Participants	11,502	11,826	12,150	12,474	12,798	13,122	13,446	13,770	14,094	14,418	14,742	15,066	15,066
Outstanding Loans (\$)	404,773	407,579	410,974	405,756	407,566	410,905	415,733	419,869	424,074	431,272	436,562	439,855	439,855
Monthly Interest Income (\$)	15,928	16,002	16,063	15,949	16,008	16,070	16,137	16,379	16,559	16,802	16,993	17,185	196,074
Savings Mobilized (\$)	139,718	145,385	151,074	156,723	162,392	168,084	173,799	179,600	185,464	191,415	197,433	203,520	203,520

**Program Targets:
FINCA DOMINICAN REPUBLIC**

	Month 1 Sep-94	Month 2 Oct-94	Month 3 Nov-94	Month 4 Dec-94	Month 5 Jan-95	Month 6 Feb-95	Month 7 Mar-95	Month 8 Apr-95	Month 9 May-95	Month 10 Jun-95	Month 11 Jul-95	Month 12 Aug-95	YEAR 1 TOTALS
New Banks	0	1	1	1	1	1	1	1	1	1	1	1	11
Total Banks	21	22	23	24	25	26	27	28	29	30	31	32	32
Participants	567	594	621	648	675	702	729	756	783	810	837	864	864
Outstanding Loans (\$)	34,385	38,105	41,238	43,796	45,780	49,863	53,311	56,127	58,311	62,803	66,599	69,698	69,698
Monthly Interest Income (\$)	1,548	1,646	1,758	1,870	1,983	2,105	2,227	2,351	2,475	2,609	2,744	2,879	26,194
Savings Mobilized (\$)	567	1,171	1,815	2,501	3,228	4,000	4,817	5,678	6,586	7,543	8,548	9,604	9,604
	Month 13 Sep-95	Month 14 Oct-95	Month 15 Nov-95	Month 16 Dec-95	Month 17 Jan-96	Month 18 Feb-96	Month 19 Mar-96	Month 20 Apr-96	Month 21 May-96	Month 22 Jun-96	Month 23 Jul-96	Month 24 Aug-96	YEAR 2 TOTALS
New Banks	1	1	1	0	0	2	2	2	2	2	2	2	17
Total Banks	33	34	35	35	35	37	39	41	43	45	47	49	49
Participants	891	918	945	945	945	999	1,053	1,107	1,161	1,215	1,269	1,323	1,323
Outstanding Loans (\$)	72,102	77,045	81,222	82,203	83,027	92,113	99,747	103,258	105,382	115,378	123,778	127,643	127,643
Monthly Interest Income (\$)	3,017	3,164	3,312	3,389	3,467	3,701	3,937	4,168	4,399	4,658	4,917	5,171	47,299
Savings Mobilized (\$)	10,710	11,870	13,085	14,327	15,598	16,956	18,399	19,927	21,541	23,248	25,051	26,947	26,947
	Month 25 Sep-96	Month 26 Oct-96	Month 27 Nov-96	Month 28 Dec-96	Month 29 Jan-97	Month 30 Feb-97	Month 31 Mar-97	Month 32 Apr-97	Month 33 May-97	Month 34 Jun-97	Month 35 Jul-97	Month 36 Aug-97	YEAR 3 TOTALS
New Banks	2	2	2	0	0	2	2	2	2	2	2	2	20
Total Banks	51	53	55	55	55	57	59	61	63	65	67	69	69
Participants	1,377	1,431	1,485	1,485	1,485	1,539	1,593	1,647	1,701	1,755	1,809	1,863	1,863
Outstanding Loans (\$)	129,982	140,980	150,223	149,617	148,547	163,078	172,121	180,123	192,041	199,154	210,826	215,572	215,572
Monthly Interest Income (\$)	5,426	5,710	5,996	6,128	6,263	6,576	6,784	7,236	7,900	8,083	8,536	8,874	83,511
Savings Mobilized (\$)	28,937	31,030	33,229	35,476	37,772	40,183	42,671	45,324	48,220	51,184	54,314	57,568	57,568
	Month 37 Sep-97	Month 38 Oct-97	Month 39 Nov-97	Month 40 Dec-97	Month 41 Jan-98	Month 42 Feb-98	Month 43 Mar-98	Month 44 Apr-98	Month 45 May-98	Month 46 Jun-98	Month 47 Jul-98	Month 48 Aug-98	YEAR 4 TOTALS
New Banks	2	2	2	0	0	2	2	2	2	2	3	3	22
Total Banks	71	73	75	75	75	77	79	81	83	85	88	91	91
Participants	1,917	1,971	2,025	2,025	2,025	2,079	2,133	2,187	2,241	2,295	2,376	2,457	2,457
Outstanding Loans (\$)	212,406	224,132	233,618	226,568	221,547	237,027	240,845	241,425	248,941	263,434	286,064	294,903	294,903
Monthly Interest Income (\$)	8,827	9,194	9,403	9,263	9,301	9,529	9,403	9,592	10,122	10,368	11,206	11,968	118,176
Savings Mobilized (\$)	60,805	64,176	67,624	71,020	74,431	77,924	81,372	84,889	88,601	92,402	96,511	100,899	100,899
	Month 49 Sep-98	Month 50 Oct-98	Month 51 Nov-98	Month 52 Dec-98	Month 53 Jan-99	Month 54 Feb-99	Month 55 Mar-99	Month 56 Apr-99	Month 57 May-99	Month 58 Jun-99	Month 59 Jul-99	Month 60 Aug-99	YEAR 5 TOTALS
New Banks	3	3	3	0	0	3	3	3	2	3	3	3	30
Total Banks	94	97	100	100	100	103	106	109	112	115	118	121	121
Participants	2,538	2,619	2,700	2,700	2,700	2,781	2,862	2,943	3,024	3,105	3,186	3,267	3,267
Outstanding Loans (\$)	296,224	310,229	322,457	311,750	304,115	320,452	314,534	312,140	326,902	340,064	363,501	374,280	374,280
Monthly Interest Income (\$)	12,219	12,571	12,773	12,543	12,491	12,703	12,115	12,202	12,862	12,854	13,910	14,734	153,977
Savings Mobilized (\$)	105,379	109,989	114,672	119,271	123,851	128,509	132,951	137,425	142,142	146,855	151,955	157,357	157,357

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**Program Targets:
FINCA NICARAGUA**

	Month 1 Sep-94	Month 2 Oct-94	Month 3 Nov-94	Month 4 Dec-94	Month 5 Jan-95	Month 6 Feb-95	Month 7 Mar-95	Month 8 Apr-95	Month 9 May-95	Month 10 Jun-95	Month 11 Jul-95	Month 12 Aug-95	YEAR 1 TOTALS
New Banks	4	4	4	4	4	4	4	4	4	4	4	4	48
Total Banks	17	21	25	29	33	37	41	45	49	53	57	61	61
Participants	459	567	675	783	891	999	1,107	1,215	1,323	1,431	1,539	1,647	1,647
Outstanding Loans (\$)	21,297	30,159	36,359	39,877	52,595	62,364	69,184	73,055	87,047	97,793	105,296	109,556	109,556
Monthly Interest Income (\$)	991	1,286	1,563	1,842	2,146	2,452	2,757	3,064	3,399	3,735	4,071	4,408	31,714
Savings Mobilized (\$)	392	901	1,520	2,249	3,099	4,069	5,161	6,373	7,719	9,197	10,809	12,553	12,553
	Month 13 Sep-95	Month 14 Oct-95	Month 15 Nov-95	Month 16 Dec-95	Month 17 Jan-96	Month 18 Feb-96	Month 19 Mar-96	Month 20 Apr-96	Month 21 May-96	Month 22 Jun-96	Month 23 Jul-96	Month 24 Aug-96	YEAR 2 TOTALS
New Banks	5	5	5	5	5	5	5	5	6	6	6	6	64
Total Banks	66	71	76	81	86	91	96	101	107	113	119	125	125
Participants	1,782	1,917	2,052	2,187	2,322	2,457	2,592	2,727	2,889	3,051	3,213	3,375	3,375
Outstanding Loans (\$)	127,647	141,493	151,099	156,461	176,363	191,597	202,163	208,062	212,656	231,440	264,414	271,579	271,579
Monthly Interest Income (\$)	4,842	5,276	5,711	6,146	6,623	7,101	7,579	8,058	8,647	9,238	9,829	10,420	89,468
Savings Mobilized (\$)	14,470	16,558	18,818	21,251	23,873	26,683	29,683	32,873	36,296	39,952	43,843	47,968	47,968
	Month 25 Sep-96	Month 26 Oct-96	Month 27 Nov-96	Month 28 Dec-96	Month 29 Jan-97	Month 30 Feb-97	Month 31 Mar-97	Month 32 Apr-97	Month 33 May-97	Month 34 Jun-97	Month 35 Jul-97	Month 36 Aug-97	YEAR 3 TOTALS
New Banks	6	6	6	7	7	7	7	7	7	7	8	8	83
Total Banks	131	137	143	150	157	164	171	178	185	192	200	208	208
Participants	3,537	3,699	3,861	4,050	4,239	4,428	4,617	4,806	4,995	5,184	5,400	5,616	5,616
Outstanding Loans (\$)	298,634	319,297	333,571	348,108	378,906	401,999	417,389	425,074	460,784	488,018	509,478	525,742	525,742
Monthly Interest Income (\$)	11,069	11,718	12,368	13,179	13,957	14,736	15,516	16,137	16,993	17,850	18,773	19,792	182,089
Savings Mobilized (\$)	52,349	56,987	61,883	67,100	72,625	78,458	84,599	90,987	97,714	104,779	112,210	120,045	120,045
	Month 37 Sep-97	Month 38 Oct-97	Month 39 Nov-97	Month 40 Dec-97	Month 41 Jan-98	Month 42 Feb-98	Month 43 Mar-98	Month 44 Apr-98	Month 45 May-98	Month 46 Jun-98	Month 47 Jul-98	Month 48 Aug-98	YEAR 4 TOTALS
New Banks	8	8	8	8	8	8	8	8	8	8	8	8	96
Total Banks	216	224	232	240	248	256	264	272	280	288	296	304	304
Participants	5,832	6,048	6,264	6,480	6,696	6,912	7,128	7,344	7,560	7,776	7,992	8,208	8,208
Outstanding Loans (\$)	539,921	550,468	560,354	574,084	593,028	607,978	624,707	636,250	648,289	655,935	664,228	678,778	678,778
Monthly Interest Income (\$)	20,187	20,584	20,988	21,510	22,084	22,659	23,337	23,804	24,144	24,485	24,740	25,227	273,748
Savings Mobilized (\$)	128,035	136,183	144,491	153,005	161,747	170,716	179,954	189,376	198,933	208,625	218,418	228,403	228,403
	Month 49 Sep-98	Month 50 Oct-98	Month 51 Nov-98	Month 52 Dec-98	Month 53 Jan-99	Month 54 Feb-99	Month 55 Mar-99	Month 56 Apr-99	Month 57 May-99	Month 58 Jun-99	Month 59 Jul-99	Month 60 Aug-99	YEAR 5 TOTALS
New Banks	8	8	8	8	8	8	8	8	8	8	8	8	96
Total Banks	312	320	328	336	344	352	360	368	376	384	392	400	400
Participants	8,424	8,640	8,856	9,072	9,288	9,504	9,720	9,936	10,152	10,368	10,584	10,800	10,800
Outstanding Loans (\$)	694,677	711,287	722,221	734,479	743,169	748,293	766,370	780,917	791,685	798,675	807,987	814,733	814,733
Monthly Interest Income (\$)	25,739	26,348	26,872	27,282	27,554	27,733	28,283	28,719	29,158	29,598	29,785	29,973	337,043
Savings Mobilized (\$)	238,592	249,021	259,658	270,457	281,364	292,341	303,537	314,905	326,446	338,162	349,952	361,816	361,816

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**Program Targets:
FINCA HONDURAS**

	Month 1 Sep-94	Month 2 Oct-94	Month 3 Nov-94	Month 4 Dec-94	Month 5 Jan-95	Month 6 Feb-95	Month 7 Mar-95	Month 8 Apr-95	Month 9 May-95	Month 10 Jun-95	Month 11 Jul-95	Month 12 Aug-95	YEAR 1 TOTALS
New Banks	2	2	2	2	3	3	3	3	4	4	4	4	36
Total Banks	243	245	247	249	252	255	258	261	265	269	273	277	277
Participants	5,832	5,880	5,928	5,976	6,048	6,120	6,192	6,264	6,360	6,456	6,552	6,648	6,648
Outstanding Loans (\$)	245,281	256,524	267,274	277,532	291,911	305,376	317,933	329,589	346,857	362,762	377,307	390,502	390,502
Monthly Interest Income (\$)	8,568	8,850	9,130	9,415	9,746	10,082	10,424	10,772	11,170	11,574	11,985	12,401	124,117
Savings Mobilized (\$)	4,028	8,188	12,480	16,905	21,487	26,226	31,127	36,191	41,442	46,882	52,516	58,346	58,246
	Month 13 Sep-95	Month 14 Oct-95	Month 15 Nov-95	Month 16 Dec-95	Month 17 Jan-96	Month 18 Feb-96	Month 19 Mar-96	Month 20 Apr-96	Month 21 May-96	Month 22 Jun-96	Month 23 Jul-96	Month 24 Aug-96	YEAR 2 TOTALS
New Banks	4	4	4	4	5	5	5	5	5	5	5	5	56
Total Banks	281	285	289	293	298	303	308	313	318	323	328	333	333
Participants	6,744	6,840	6,936	7,032	7,152	7,272	7,392	7,512	7,632	7,752	7,872	7,992	7,992
Outstanding Loans (\$)	409,511	427,019	443,033	457,562	479,926	500,281	518,632	534,989	559,606	582,013	602,217	620,227	620,227
Monthly Interest Income (\$)	12,839	13,284	13,736	14,194	14,710	15,234	15,764	16,303	16,871	17,447	18,031	18,624	187,037
Savings Mobilized (\$)	64,381	70,626	77,083	83,755	90,670	97,832	105,242	112,906	120,837	129,038	137,514	146,269	146,269
	Month 25 Sep-96	Month 26 Oct-96	Month 27 Nov-96	Month 28 Dec-96	Month 29 Jan-97	Month 30 Feb-97	Month 31 Mar-97	Month 32 Apr-97	Month 33 May-97	Month 34 Jun-97	Month 35 Jul-97	Month 36 Aug-97	YEAR 3 TOTALS
New Banks	6	6	6	6	6	6	6	6	6	6	6	6	72
Total Banks	339	345	351	357	363	369	375	381	387	393	399	405	405
Participants	8,136	8,280	8,424	8,568	8,712	8,856	9,000	9,144	9,288	9,432	9,576	9,720	9,720
Outstanding Loans (\$)	648,764	674,509	697,472	717,663	749,074	777,414	802,694	827,033	864,166	897,151	925,998	950,720	950,720
Monthly Interest Income (\$)	19,283	19,950	20,627	21,313	22,039	22,774	23,519	24,323	25,194	26,075	26,967	27,821	279,885
Savings Mobilized (\$)	155,334	164,712	174,409	184,428	194,788	205,493	216,549	227,983	239,826	252,084	264,761	277,839	277,839
	Month 37 Sep-97	Month 38 Oct-97	Month 39 Nov-97	Month 40 Dec-97	Month 41 Jan-98	Month 42 Feb-98	Month 43 Mar-98	Month 44 Apr-98	Month 45 May-98	Month 46 Jun-98	Month 47 Jul-98	Month 48 Aug-98	YEAR 4 TOTALS
New Banks	7	7	7	7	7	7	7	7	7	7	7	7	84
Total Banks	412	419	426	433	440	447	454	461	468	475	482	489	489
Participants	9,888	10,056	10,224	10,392	10,560	10,728	10,896	11,064	11,232	11,400	11,568	11,736	11,736
Outstanding Loans (\$)	982,722	1,012,348	1,039,611	1,066,630	1,095,622	1,123,620	1,150,640	1,178,800	1,212,983	1,246,075	1,277,319	1,307,432	1,307,432
Monthly Interest Income (\$)	28,575	29,340	30,117	30,956	31,634	32,325	33,029	33,763	34,581	35,414	36,261	37,058	393,054
Savings Mobilized (\$)	291,271	305,064	319,221	333,774	348,644	363,840	379,366	395,238	411,494	428,142	445,187	462,608	462,608
	Month 49 Sep-98	Month 50 Oct-98	Month 51 Nov-98	Month 52 Dec-98	Month 53 Jan-99	Month 54 Feb-99	Month 55 Mar-99	Month 56 Apr-99	Month 57 May-99	Month 58 Jun-99	Month 59 Jul-99	Month 60 Aug-99	YEAR 5 TOTALS
New Banks	8	8	8	8	8	8	8	8	8	8	8	8	96
Total Banks	497	505	513	521	529	537	545	553	561	569	577	585	585
Participants	11,928	12,120	12,312	12,504	12,696	12,888	13,080	13,272	13,464	13,656	13,848	14,040	14,040
Outstanding Loans (\$)	1,342,339	1,375,685	1,408,261	1,447,382	1,486,122	1,523,224	1,558,708	1,593,292	1,631,586	1,669,700	1,707,655	1,745,470	1,745,470
Monthly Interest Income (\$)	37,841	38,640	39,455	40,473	41,408	42,359	43,329	44,129	45,006	45,902	46,818	47,754	513,114
Savings Mobilized (\$)	480,397	498,561	517,108	536,134	555,599	575,511	595,880	616,624	637,781	659,359	681,367	703,815	703,815

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**Program Targets:
FINCA GUATEMALA**

	Month 1 Sep-94	Month 2 Oct-94	Month 3 Nov-94	Month 4 Dec-94	Month 5 Jan-95	Month 6 Feb-95	Month 7 Mar-95	Month 8 Apr-95	Month 9 May-95	Month 10 Jun-95	Month 11 Jul-95	Month 12 Aug-95	YEAR 1 TOTALS
New Banks	2	2	2	2	2	2	4	4	4	4	4	4	36
Total Banks	55	57	59	61	63	65	69	73	77	81	85	89	89
Participants	1,100	1,140	1,180	1,220	1,260	1,300	1,380	1,460	1,540	1,620	1,700	1,780	1,780
Outstanding Loans (\$)	65,339	70,387	74,595	78,015	84,388	89,890	97,923	104,238	112,952	119,858	128,697	135,648	135,648
Monthly Interest Income (\$)	2,480	2,571	2,712	2,854	3,005	3,158	3,394	3,632	3,880	4,130	4,390	4,652	40,860
Cum. Savings Mobilized (\$)	1,137	2,315	3,558	4,866	6,243	7,691	9,247	10,912	12,690	14,583	16,595	18,727	18,727
	Month 13 Sep-95	Month 14 Oct-95	Month 15 Nov-95	Month 16 Dec-95	Month 17 Jan-96	Month 18 Feb-96	Month 19 Mar-96	Month 20 Apr-96	Month 21 May-96	Month 22 Jun-96	Month 23 Jul-96	Month 24 Aug-96	YEAR 2 TOTALS
New Banks	6	6	6	6	6	6	6	6	6	6	6	6	72
Total Banks	95	101	107	113	119	125	131	137	143	149	155	161	161
Participants	1,900	2,020	2,140	2,260	2,380	2,500	2,620	2,740	2,860	2,980	3,100	3,220	3,220
Outstanding Loans (\$)	148,636	158,786	170,214	178,713	193,005	204,174	216,748	226,102	241,827	254,117	267,954	278,248	278,248
Monthly Interest Income (\$)	5,006	5,363	5,730	6,100	6,490	6,883	7,287	7,693	8,123	8,554	8,999	9,446	85,676
Cum. Savings Mobilized (\$)	21,022	23,480	26,107	28,902	31,877	35,031	38,371	41,897	45,620	49,541	53,666	57,995	57,995
	Month 25 Sep-96	Month 26 Oct-96	Month 27 Nov-96	Month 28 Dec-96	Month 29 Jan-97	Month 30 Feb-97	Month 31 Mar-97	Month 32 Apr-97	Month 33 May-97	Month 34 Jun-97	Month 35 Jul-97	Month 36 Aug-97	YEAR 3 TOTALS
New Banks	8	8	8	8	8	8	8	8	8	8	8	8	96
Total Banks	169	177	185	193	201	209	217	225	233	241	249	257	257
Participants	3,380	3,540	3,700	3,860	4,020	4,180	4,340	4,500	4,660	4,820	4,980	5,140	5,140
Outstanding Loans (\$)	298,950	315,024	331,950	349,106	370,639	387,082	404,461	416,619	441,680	461,142	488,922	509,137	509,137
Monthly Interest Income (\$)	10,001	10,557	11,128	11,821	12,431	13,043	13,672	14,183	14,854	15,528	16,394	17,263	160,875
Cum. Savings Mobilized (\$)	62,579	67,418	72,518	77,936	83,634	89,612	95,878	102,379	109,187	116,304	123,818	131,730	131,730
	Month 37 Sep-97	Month 38 Oct-97	Month 39 Nov-97	Month 40 Dec-97	Month 41 Jan-98	Month 42 Feb-98	Month 43 Mar-98	Month 44 Apr-98	Month 45 May-98	Month 46 Jun-98	Month 47 Jul-98	Month 48 Aug-98	YEAR 4 TOTALS
New Banks	12	12	12	12	12	12	12	12	12	12	12	12	144
Total Banks	269	281	293	305	317	329	341	353	365	377	389	401	401
Participants	5,380	5,620	5,860	6,100	6,340	6,580	6,820	7,060	7,300	7,540	7,780	8,020	8,020
Outstanding Loans (\$)	537,482	558,149	572,801	593,208	621,294	644,763	661,795	674,052	696,485	713,838	727,939	738,790	738,790
Monthly Interest Income (\$)	18,147	19,034	19,590	20,429	21,208	21,992	22,779	23,291	23,782	24,277	24,776	25,278	264,583
Cum. Savings Mobilized (\$)	140,047	148,771	157,750	167,113	176,833	186,913	197,354	208,029	218,929	230,056	241,411	252,997	252,997
	Month 49 Sep-98	Month 50 Oct-98	Month 51 Nov-98	Month 52 Dec-98	Month 53 Jan-99	Month 54 Feb-99	Month 55 Mar-99	Month 56 Apr-99	Month 57 May-99	Month 58 Jun-99	Month 59 Jul-99	Month 60 Aug-99	YEAR 5 TOTALS
New Banks	16	16	16	16	16	16	16	16	16	16	16	16	192
Total Banks	417	433	449	465	481	497	513	529	545	561	577	593	593
Participants	8,340	8,660	8,980	9,300	9,620	9,940	10,260	10,580	10,900	11,220	11,540	11,860	11,860
Outstanding Loans (\$)	758,270	792,468	811,387	847,246	881,171	907,462	926,126	938,823	967,227	991,061	1,010,332	1,025,043	1,025,043
Monthly Interest Income (\$)	25,982	26,689	27,401	28,690	29,639	30,593	31,551	31,941	32,618	33,300	33,987	34,679	367,069
Cum. Savings Mobilized (\$)	264,905	277,138	289,697	302,846	316,431	330,453	344,913	359,553	374,503	389,765	405,343	421,237	421,237

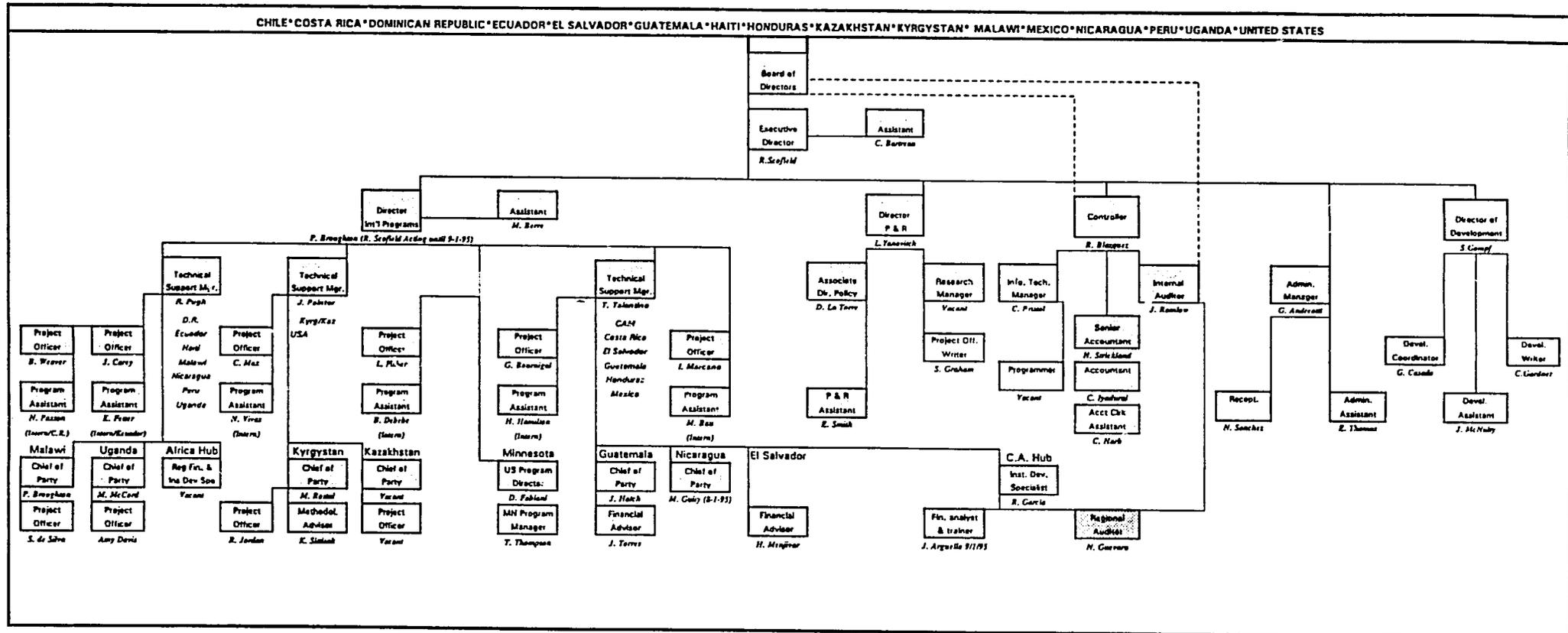
**Program Targets:
FINCA COSTA RICA**

	Month 1 Sep-94	Month 2 Oct-94	Month 3 Nov-94	Month 4 Dec-94	Month 5 Jan-95	Month 6 Feb-95	Month 7 Mar-95	Month 8 Apr-95	Month 9 May-95	Month 10 Jun-95	Month 11 Jul-95	Month 12 Aug-95	YEAR 1 TOTALS
New Banks	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Banks	207	207	207	207	207	207	207	207	207	207	207	207	207
Participants	7,245	7,245	7,245	7,245	7,245	7,245	7,245	7,245	7,245	7,245	7,245	7,245	7,245
Outstanding Loans (\$)	1,084,193	1,100,871	1,117,550	1,134,397	1,151,410	1,168,591	1,185,943	1,203,466	1,221,163	1,239,035	1,257,084	1,275,312	1,275,312
Monthly Interest Income (\$)	34,399	34,401	34,745	35,089	35,437	35,788	36,142	36,500	36,861	37,226	37,595	37,967	432,150
Cum. Savings Mobilized (\$)	33,357	66,716	100,408	134,434	168,797	203,500	238,546	273,940	309,684	345,783	382,238	419,055	419,055
	Month 13 Sep-95	Month 14 Oct-95	Month 15 Nov-95	Month 16 Dec-95	Month 17 Jan-96	Month 18 Feb-96	Month 19 Mar-96	Month 20 Apr-96	Month 21 May-96	Month 22 Jun-96	Month 23 Jul-96	Month 24 Aug-96	YEAR 2 TOTALS
New Banks	2	2	2	2	2	2	2	2	2	2	2	2	24
Total Banks	209	211	213	215	217	219	221	223	225	227	229	231	231
Participants	7,315	7,385	7,455	7,525	7,595	7,665	7,735	7,805	7,875	7,945	8,015	8,085	8,085
Outstanding Loans (\$)	1,300,720	1,324,561	1,346,835	1,367,546	1,393,974	1,418,772	1,441,941	1,463,484	1,490,973	1,516,767	1,540,867	1,563,276	1,563,276
Monthly Interest Income (\$)	38,487	39,011	39,539	40,071	40,612	41,157	41,706	42,259	42,822	43,389	43,960	44,535	497,550
Cum. Savings Mobilized (\$)	456,376	494,205	532,546	571,403	610,784	650,694	691,137	732,115	773,640	815,714	858,342	901,527	901,527
	Month 25 Sep-96	Month 26 Oct-96	Month 27 Nov-96	Month 28 Dec-96	Month 29 Jan-97	Month 30 Feb-97	Month 31 Mar-97	Month 32 Apr-97	Month 33 May-97	Month 34 Jun-97	Month 35 Jul-97	Month 36 Aug-97	YEAR 3 TOTALS
New Banks	4	4	4	4	4	4	4	4	4	4	4	4	48
Total Banks	235	239	243	247	251	255	259	263	267	271	275	279	279
Participants	8,225	8,365	8,505	8,645	8,785	8,925	9,065	9,205	9,345	9,485	9,625	9,765	9,765
Outstanding Loans (\$)	1,598,869	1,630,948	1,659,516	1,692,764	1,727,737	1,759,057	1,786,725	1,810,743	1,849,249	1,883,955	1,914,863	1,941,975	1,941,975
Monthly Interest Income (\$)	45,265	45,999	46,738	47,649	48,408	49,172	49,940	50,543	51,333	52,127	52,926	53,729	593,829
Cum. Savings Mobilized (\$)	945,421	990,026	1,035,347	1,081,553	1,128,494	1,176,177	1,224,602	1,273,614	1,323,391	1,373,938	1,425,260	1,477,361	1,477,361
	Month 37 Sep-97	Month 38 Oct-97	Month 39 Nov-97	Month 40 Dec-97	Month 41 Jan-98	Month 42 Feb-98	Month 43 Mar-98	Month 44 Apr-98	Month 45 May-98	Month 46 Jun-98	Month 47 Jul-98	Month 48 Aug-98	YEAR 4 TOTALS
New Banks	4	4	4	4	4	4	4	4	4	4	4	4	48
Total Banks	283	287	291	295	299	303	307	311	315	319	323	327	327
Participants	9,905	10,045	10,185	10,325	10,465	10,605	10,745	10,885	11,025	11,165	11,305	11,445	11,445
Outstanding Loans (\$)	1,982,026	2,018,124	2,050,273	2,093,573	2,138,157	2,178,631	2,212,603	2,242,377	2,278,521	2,310,390	2,340,382	2,368,500	2,368,500
Monthly Interest Income (\$)	54,551	55,377	56,207	57,402	58,454	59,511	60,572	61,280	61,971	62,667	63,368	64,075	715,434
Cum. Savings Mobilized (\$)	1,530,259	1,583,957	1,638,462	1,694,124	1,750,806	1,808,514	1,867,250	1,926,673	1,986,767	2,047,535	2,108,983	2,171,116	2,171,116
	Month 49 Sep-98	Month 50 Oct-98	Month 51 Nov-98	Month 52 Dec-98	Month 53 Jan-99	Month 54 Feb-99	Month 55 Mar-99	Month 56 Apr-99	Month 57 May-99	Month 58 Jun-99	Month 59 Jul-99	Month 60 Aug-99	YEAR 5 TOTALS
New Banks	6	6	6	6	6	6	6	6	6	6	6	6	72
Total Banks	333	339	345	351	357	363	369	375	381	387	393	399	399
Participants	11,655	11,865	12,075	12,285	12,495	12,705	12,915	13,125	13,335	13,545	13,755	13,965	13,965
Outstanding Loans (\$)	2,410,603	2,449,002	2,483,699	2,531,186	2,579,953	2,622,472	2,658,747	2,691,082	2,727,052	2,761,410	2,794,160	2,825,303	2,825,303
Monthly Interest Income (\$)	64,938	65,806	66,680	67,947	69,042	70,143	71,249	71,974	72,710	73,452	74,199	74,953	843,091
Cum. Savings Mobilized (\$)	2,234,086	2,297,898	2,362,557	2,428,445	2,495,395	2,563,412	2,632,502	2,702,294	2,772,801	2,844,027	2,915,977	2,988,659	2,988,659

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APPENDIX L

FINCA International Organizational Chart.



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