PDACG-551

Final Report

USAID BHR/PVC Matching Grant
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Final Report

December 2005

Overview of Program

Over the course of the Matching Grant (MG), Catholic Relief Services (CRS) refocused its microfinance activities to a significant degree. In 2005, CRS adopted new avenues of support for microfinance programming in a five-year Microfinance 2010 Strategy that aligns microfinance interventions with CRS' mission to empower partner institutions and reach a severely marginalized target population. Following the policy recommendations in the Microfinance 2010 Strategy, the MG countries are currently in the process of adapting microfinance activities to conform to policy recommendations. This process includes designing localization activities that, over time, will lead to the transfer of microfinance direct implementation and equity ownership to CRS partner institutions. The Microfinance Unit (MU) at headquarters will continue to support partner-owned Microfinance Institutions (MFIs) through grants of loan capital and funding for operations. Decentralization of technical assistance (TA), collaboration among program sectors, plurality of services, and partner-driven focus, major elements of the Microfinance 2010 Strategy, will lead to greater levels of subsidiarity and solidarity with CRS' principal stakeholders. This strategy is intended to have a positive, transformative impact on the vulnerable and marginalized.

During the last year of the MG, independent consultants conducted a comprehensive evaluation of project activities to assess the performance of CRS in support of USAID-funded microfinance activities for fiscal years 2000-2005. The evaluation measured CRS' performance in achieving its objectives and gauged CRS' ability to continue supporting high-quality microfinance programs beyond the MG. The evaluation reviewed activities at CRS headquarters and in three MG country programs: El Salvador, the Philippines, and Senegal.

Although the principal purpose of the MG was to help CRS transform its profitable microfinance programs into permanent formal institutions so that the poorest self-employed are brought into the financial mainstream, evaluators found that over the course of the MG, CRS determined that the pursuit of financial viability and the need for microfinance institutions to concentrate on areas of high population density were inconsistent with CRS' mission to serve the very poor. As mentioned above, this determination resulted in a change in microfinance strategy during the last year of the MG – a strategy that reinforced CRS' commitment to its partner institutions and a more inclusive and holistic approach to development.

Regarding the learning center component of the MG, evaluators found that the learning centers interpreted their mission in different ways: in El Salvador, the learning center focused on providing internal technical assistance to CRS' MFI Enlace; in the Philippines, the LINKS learning center chose to promote organizational learning systems to inform and customize capacity-building training and technical assistance to CRS and its partners.

In general, evaluators found that most MG objectives experienced delays in implementation, especially during the first three years of the MG. Delays appear to be the result of a slow response to changing circumstances, failure to adapt the MG objectives to a changed Agency vision, and staff turnover in the MU. Other findings indicate that the establishment of the Microfinance Committee (MFC) at the headquarters level served to educate senior CRS staff about the complexity of microfinance, especially as it related to transformation and commercialization; the creation of an internal, "special," commercially oriented microfinance fund for partners did not occur as planned and, instead, special funds for microfinance were created and used for loan capital and technical assistance grants; CRS' internal MAGI accreditations and assessments were used as the primary mechanism for partner development, and the MAGI tool was found to be especially effective as applied by the LINKS learning center in the Philippines.

As mentioned, the MU experienced significant turnover during the course of the MG, which slowed progress toward meeting objectives, and the number of Regional Technical Advisors (RTAs) in microfinance continued to decline. Nevertheless, training of senior managers, especially Country Representatives (CRs), proved to play an important role in expanding the sphere of influence of the MU. The quality and number of publications produced during the MG was high and will make an on-going contribution to the microenterprise industry as a whole.

With respect to the country programs, in El Salvador, CRS created Enlace, a limited liability company that offers financial services to low-income microentrepreneurs. After a troublesome two-year institutional crisis, Enlace is now ranked fifth in El Salvador in terms of MFI client outreach and outstanding portfolio. During the MG, the major contribution of the El Salvador learning center was the provision of effective technical assistance to Enlace; however, while a benefit to Enlace, this focus also meant that the learning center dedicated less time to providing services to or sharing lessons learned with other CRS country programs.

In the Philippines, the RISE Finance Company has a proven ability to leverage funds and has improved performance. In addition, its ten MFI clients benefit from technical assistance and capacity building activities provided by the CRS LINKS learning center. The LINKS learning center has responded admirably to regional microfinance needs with appropriately tailored training and technical assistance. The tools developed and technical assistance (TA) services provided by LINKS are a cornerstone of CRS' partner development approach.

Regarding Senegal, CRS decided against including a goal of forming a learning center in Senegal as it did in the other two MG countries. The institutional capacity of CRS Senegal on microfinance issues increased enormously over the MG period. There are systems, manuals, and procedures in place, and financial discipline has improved. The financial institution Le Cauri was licensed to operate as a formal MFI in Senegal in September 2005.

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Acronyms

ADB	Asian Development Bank
BDS	Business Development Services
BOD	Board of Directors
CARO	Central Africa Regional Office
CAURI-MF	Caisse **Au**tonome pour le **R**enforcement des **I**nitiatives par la **M**icro **F**inance
CGAP	World Bank Consultative Group to Assist the Poor
COPEME	Consortium of Private Organizations to Promote the Development
CR	Country Representative of CRS, head of the local country office
CRS	Catholic Relief Services also referred to as the "agency"
EARO	East Africa Regional Office
EMDAP	Emerging Markets Development Advisors Program
E/ME	Europe/Middle East Regional Office
FOSS	Free Open Source Software
HQ	CRS Headquarters
FONDESOL	Development and Solidarity Fund
FRAME	Framework for Reporting, Analysis and Monitoring
HSPI	Hagdan sa Pag-Usawag Foundation, Inc.
IADB	Inter American Development Bank
IDEAS	Institute for Development, Evaluation, Assistance, & Solutions
IHD	Integral Human Development
IS	Information System(s)
ISAAQ	Information Systems Appraisal and Administration Questionnaire
IT	Information Technology
LACRO	Latin America and Caribbean Regional Office
LC	Learning Center
LINKS	CRS SEAPRO Learning Center
LOP	Life of Project
MAGI	Microfinance Alliance for Global Impact
M & E	Monitoring and Evaluation
MF	Microfinance
MFC	Microfinance Committee
MFI	Microfinance Institution
MG	Matching Grant
MIS	Management Information Systems
MOU	Memo of Understanding
MU	CRS Headquarters Microfinance Unit
NGO	Non Governmental Organization
PCFC	People's Credit and Finance Corporation (Philippines)
PPI	Program Performance Indicators
PQSD	Program Quality and Support Department
PVO	Private Voluntary Organization
QOM	Quarterly Operating Memoranda
RFR	Rural Financial Network
RISE	Responsible Investment for Solidarity and Empowerment
RMG	Rural Microfinance- Grameen

ROA	Return on Assets
ROE	Return on Equity
RTA	Regional Technical Advisor
RSPI	Rangtay sa Pagrang-ay, Inc.
SEAPRO	Southeast Asia and Pacific Regional Office
SECDEP	St. Elizabeth Community Development Program
SED	Small Enterprise Development
SEDP	Simbag sa Pag-asenso
SEEP	Small Enterprise Education and Promotion Network
SOW	Scope of Work
SVLC	El Salvador Learning Center
TA	Technical Assistance
TPC	Thaneakea Phum Cambodia, Ltd.
TPKI	Talete King Panyulung. Kampangan, Inc.
TRM	Tuba Rai Metin
USAID	United States Agency for International Development

I. Background

CRS' overall goal for its microfinance programs is to promote social and economic justice by enabling the self-employed poor, especially women, to participate in formal financial institutions. The microfinance strategy to be implemented over the next five years calls for greater decentralization, collaboration among sectors, plurality of services, and partner-driven focus, all aimed at guaranteeing greater levels of subsidiarity and solidarity with CRS' partners and the people served by its programmatic interventions.

The principal aim of the MG was to help CRS transform its profitable microfinance programs into permanent formal institutions so that they can help bring the poorest members of the self-employed into the financial mainstream. At the country level, the first objective of El Salvador, the Philippines and Senegal was to ensure the successful transformation and permanence of its emerging financial institutions. The second objective in El Salvador and the Philippines was to develop learning centers for the benefit of other programs. At Headquarters, the objectives were 1) to establish policies, guidelines and systems to manage formalization, 2) to create a permanent source of funding for CRS microfinance programs, 3) to prepare all CRS microfinance programs for eventual transformation, and 4) to support the scale-up and expansion implicit in other global level objectives.

CRS' approach and strategy to achieve these objectives was to manage the transformation process in the three anchor countries to ensure that the chosen model was feasible; partners were involved; a compelling financial offer was made to shareholders; an appropriate governance structure was developed, sufficient capital was mobilized for growth; and programs had solid management information systems (MIS) systems, training and staff. At headquarters, CRS would develop the policies, systems and financial mechanisms necessary to support transformation. Finally, the learning centers would capture the experiences of the three project countries gathered from CRS' microfinance programs around the world into learning opportunities for other programs contemplating or undergoing transformation.

II. Project Methodology

The Matching Grant did not support a single methodology. Consistent with the heterogeneous nature of CRS' work, the grant supported three different methodologies. Nevertheless, each partner or CRS office that engaged in microfinance adhered to CRS' six Microfinance Principles: serve the poorest clients; link loans to savings; use solidarity guarantees; practice participatory management; invest up-front in scale and self-sufficiency; and plan for permanence.

III. Monitoring and Evaluation

Monitoring and evaluation (M&E) are ongoing activities in all CRS programs. In the case of the MG, M&E included compilation and analysis of field data as follows:

Baseline Data

Partner data were monitored in country on a month-to-month basis with the use of Program

Performance Indicators (PPIs). CRS country and regional staff provided regular technical assistance visits, and evaluation of the three project countries was accomplished using the MAGI assessment tool.

Targets
A few targets were revised during the MG based on changes in assumptions and unexpected circumstances. CRS tracked the original targets and more closely monitored progress through the quarterly PPIs and Quarterly Operating Memoranda (QOM) to ensure measurable progress by the end of the grant.

Critical Indicators of Effectiveness
Some critical indicators of effectiveness were modified based on the results of the Mid-Term Evaluation and discussions with USAID. However, as explained above, CRS continued to monitor and report on the original targets as well.

Benchmarks of Project Progress
Despite the loss of key headquarters microfinance staff, the majority of benchmarks have been fulfilled.

Monitoring Plan
The MU experienced difficulties in its staffing structure, including the departure and replacement of the Accreditation Specialist. Despite this turnover, the MU maintained a regular and consistent monitoring program via its RTA network in the field that ensured country-level compliance with MG objectives.

Evaluation Plan
A final evaluation of the MG was conducted during August 2005.

IV. Review and Analysis of Project Results

The principal MG strategy proposed by CRS was the transformation of partner institutions. Along with supporting project management M&E activities at headquarters, the MG directly supported transformation in three anchor countries – El Salvador, the Philippines, and Senegal. In the MG, CRS also proposed to create two learning centers to document the transformation experience and to provide exposure opportunities to CRS partners and other microfinance industry practitioners.

CRS Headquarters Microfinance Unit

HQ/MU Objective 1: Establish policies, guidelines and systems to manage formalization.

The major activity conducted to manage the formalization process was the establishment of the MFC, which was an effective way to provide loan capital and technical assistance financing for CRS field programs and led to the formulation of the Microfinance 2010 Strategy. Participation on the part of CRS senior management and Finance Department staff on the MFC educated them on the complexity of microfinance. This experience, along with a global risk assessment conducted by the MU, led to a decision by CRS management to look at new avenues of support for CRS microfinance partners that align microfinance interventions with CRS' mission to empower partner institutions and reach a severely marginalized target population.

HQ/MU Objective 2: Create a permanent source of funding for CRS microfinance programs.

The creation of an internal, commercially oriented microfinance fund for partners did not occur as planned. In its place, special funds for microfinance were created and used for loan capital and TA grants. In fiscal years 2004 and 2005, $2 million was made available to the field for loan capital, of which $1.2 million was approved. In fiscal years 2004 and 2005, the MU at headquarters managed $475,000 for use as seed capital and TA of which $206,500 was approved, with an additional $28,000 in the pipeline at the end of the MG period.

CRS was successful in raising microfinance funds through a fundraising mechanism called "Lifelines" that has raised over $1 million over the last three years. In 2000, CRS initiated Lifelines, a planned giving program for microfinance. Lifeline funds have been used to offset planned reductions in support from the MG and to finance CRS microfinance interventions. In the future, CRS expects to provide decentralized funding to the field for partner support in line with the Microfinance 2010 Strategy. At headquarters, Lifeline funds will be used to finance key positions in the MU, TA and training grants, publications, and knowledge management activities.

HQ/MU Objective 3: Prepare all CRS microfinance programs for eventual transformation.

The MAGI accreditations and assessments were the primary strategy for partner development, with the assessment component emerging as the more appropriate tool for CRS partners. The experience in the field in the Philippines provided an opportunity to confirm how effective the MAGI process can be in partner development. During the MG, 49 planning assessments and 7 accreditation assessments were conducted in Africa, Europe, Latin America and Southeast Asia, meeting the target set. Post MG, the MU will assist CRS regional offices and RTAs in assuming responsibility for implementing MAGI assessments as part of a decentralization process that is part of the Microfinance 2010 Strategy. The MAGI assessment tool has also seen acceptance outside CRS. ProMujer, for example, has received permission from CRS to modify the MAGI planning assessment into a self-assessment tool.

HQ/MU Objective 4: Support the scale-up and expansion implicit in other global level objectives.

Various events affected accomplishment of the goals set forth in objective four. Among them are:

Turnover: The MU experienced significant turnover during the course of the MG, which slowed progress toward meeting MG objectives, in general.

Field Support: RTAs have been the link between the MU and the field, and the conduit through which microfinance programming has expanded and improved in CRS. With the number of RTAs declining, use of this channel of influence has diminished. However, as part of the MF 2010 Strategy, MU staff will work with regional offices to determine the need and placement of current and future RTAs given the increased capacity in microfinance at country level offices and in partner institutions.

Training: The training of senior managers, especially CRs, played an important role in expanding knowledge among key decision-makers within the Agency to the benefits and risks associated with microfinance programming.

Publications: The quality and number of publications produced during the MG was high and will make an on-going contribution to the microenterprise industry, in general.

MIS: Rather than support a global MIS as originally envisioned, CRS elected to facilitate MIS selection on an individual partner basis. CRS' financial support of the development of the Measuring Performance of Microfinance Institutions Framework for Reporting, Analysis and Monitoring (FRAME) tool has the potential of providing improved information for analysis at the partner, country and regional levels. Use of the FRAME tool is under analysis by microfinance RTAs in several CRS regions and various CRS and partner staff have been trained in applying the FRAME tool.

El Salvador

El Salvador Objective 1: Ensure the successful transformation and permanence of Enlace.

Enlace was launched as a Limited Liability Company (Sociedad Anónima) in September 2003, and CRS El Salvador officially closed the "project" that gave life to Enlace on September 30, 2004. Currently, the performance and portfolio challenges faced two years ago are under control, as discussed below.

Planning
At the end of the MG period, Enlace had total assets of $3,076,335, representing a 5% increase with regard to 2004. Enlace showed a profit for $185,376, a monthly average of $20,537 that represents more than a 10% return on equity. Enlace management continues to apply the Balanced Scorecard methodology as a planning tool, using a participatory TA and planning process that involves the BOD, management and field personnel.

Global Partnerships provided a $150,000 contribution to the Enlace loan fund, and Enlace is negotiating a $300,000 loan from OIKOCREDIT.

According to Global Partnerships and OIKOCREDIT, Enlace has a strong planning process. Banco Santander has visited Enlace with an interest in investing in the financial institution. A local audit firm conducted due diligence and, in subsequent discussions with its representatives, have indicated the possibility of investing within a few months.

Enlace revised its Business Plan and began to use Microfin for its financial projections, which are updated through December 2008.

Financial Services
Enlace continues to market its credit products that include Credi-Comunal, Credi-Facil, Credi-Vivienda and Credi-Temporada. Enlace and CRS El Salvador staff participated in an Inter American Development Bank (IADB) tender consisting of developing a rural credit product both for individual and small enterprises. Enlace and CRS were awarded the project and have initiated the product development process. The Enlace Board of Directors (BOD) hopes to begin these services in March or April of 2006.

The Enlace BOD has instructed management to initiate the process of becoming a regulated financial institution in order to capture savings and remittances from the public. The process is expected to take a year and a half. If Banco Santander enters as an Enlace partner, this process could take less time.

Enlace has documented its Client Satisfaction Survey; the next survey will be carried out in January 2006 in coordination with Institute for Development, Evaluation, Assistance & Solutions (IDEAS).

Management Information System
Enlace continues to use COBIS, which is a robust and complete banking system for portfolio and financial management. To date, the entire system (hardware, software, and personnel) is working well. At present, Enlace receives loan payments in each of its branch offices. The system has been adapted to manage this process. At the moment, the IT manager is modifying the system to handle the savings product.

Financial Administration
Enlace has two types of audit processes: fiscal and financial. Both of them are up to date. Enlace conducts continuous audits. The audit firm presents reports every quarter to the BOD. All accounts have been reconciled, and write off policies are functioning as outlined in the procedures manual. In addition, the liquidity policy is strictly observed. This allows for a maximum of 15% of assets to be held in cash and banks at any given time. In the event of excess liquidity, this cash is invested in readily marketable investments.

As presented above, Enlace has assets of $3,076,335. Its equity is $1,572,367. Enlace's ROA as of September 2005 is 6.03% and its ROE is 11.79%. The interest rate for certificates of deposit in El Salvador is 2.5%.

Organizational Structure
Enlace has completed its decentralization process where branch offices function as independent business units. Each branch office has a strategy map based on the Balanced Scorecard methodology. Increased supervision has also become a key priority for Enlace as a result of increased client and portfolio growth. In order to better serve the needs of branch offices, an Eastern Regional Office was opened to serve the eastern zone of the country while the Central and Western regional office attends to the remaining parts of the country. At present, Enlace has six agencies covering all of El Salvador.

Sustainability
As of September 30, 2005, Enlace registered 14,251 clients, almost 20% growth with regard to 2004, and projects a year-end total of 15,000 clients. The loan portfolio stood at $2,528,545, with an average loan balance of approximately $177.

Enlace has demonstrated full financial and operational sustainability since December 2002. As of September 30, 2005, the institution demonstrated 125% operational sustainability and 121% financial sustainability.

El Salvador Objective 2: To develop a learning center for CRS programs and counterparts.

The El Salvador Learning Center (SVLC) interpreted its role to be a technical service provider and documenter of lessons learned. The major contribution of the SVLC was its capacity to provide effective technical assistance to Enlace. While it yielded great benefit for Enlace, the focus on Enlace meant that the SVLC spent less time providing services to and sharing lessons learned with other CRS country programs.

Lessons Learned – El Salvador Learning Center
The El Salvador learning center considered becoming an independent, private entity and had prepared a business plan to this end. However, during a joint evaluation with IDEAS, CRS found that partnering with IDEAS could shorten the learning curve and, at the same time, leverage the learning center in the region in areas outside CRS' own demand for services.

Future Plans – El Salvador Learning Center
Based on the experience with IDEAS, it was suggested that CRS and IDEAS form a joint venture. The CRS learning center and IDEAS would become a subregional office. The subregional office would be registered in El Salvador and would coordinate closely with the office in Nicaragua. The greatest advantage of the joint venture would be access to IDEAS' market. Other advantages of the joint venture include independence from CRS; leveraging the experience gained by the learning center in its dealings with Enlace, the Development and Solidarity Fund (known by its Spanish acronym, FONDESOL) and other CRS projects; and the broader experience IDEAS would provide CRS and its partners with a wider array of technical assistance. IDEAS intends to establish an office in the Philippines that would provide a global opportunity for the learning center and a connection to the Southeast, East Asia and Pacific Regional Office Learning Center for Microfinance (LINKS) there. IDEAS and CRS share a compatible philosophy that emphasizes services to the poor and social justice.

The CRS learning center in El Salvador has been successful recently in providing training services within the region, which makes the learning center attractive to IDEAS on an international level. IDEAS is also interested in continuing its relationship with Enlace in the areas of marketing and product development. The joint venture could operate from CRS' offices in El Salvador on a temporary basis. IDEAS has developed a partnership with the Rural Financial Network (RFR) in Ecuador and has a close relationship with the Consortium of Private Organizations to Promote the Development of Small and Micro Enterprises (COPEME) in Peru.

Philippines

The Philippines Objective 1: To ensure the successful transformation and permanence of RISE Finance company and its MFI clients

Planning

During the last year of the MG, the RISE BOD requested that a new business plan be developed to serve as the strategic roadmap for RISE during the next five years of operations. The business plan was officially approved in September 2005. RISE began recruitment of a new General Manager in September 2005 and expects to conclude the hiring process in late January 2006. All shareholders have agreed to increase their equity in accordance with the business plan. In addition, the National Secretariat for Social Action, a shareholder in RISE, is in discussions with LANDBANK for a P50, 000,000[1] loan to help achieve the financial projections in the business plan.

Financial Services

RISE currently works with 11 accredited MFIs, including one cooperative bank, two rural banks, one thrift bank, and seven CRS-partner NGOs. RISE's total disbursements from inception reached $989,545, of which $400,625 were outstanding as of September 2005. Negotiations with the Government of Spain for an equity investment of $1,000,000 to help RISE achieve its portfolio targets for 2005 were incomplete at the end of the MG period. RISE also continued to manage a CRS loan portfolio of $15,358. RISE continued to assist partners with market analyses and collaborated with the LINKS to provide some partners with MAGI organizational assessments.

Sustainability and Outreach

RISE LEVEL	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual*	Target	Actual*
Sustainability												
Financial Self-Sufficiency	80%	63%	100%	127%	110%	103%	120%	107%	120%	51%	120%	147%
Return on Equity	-2%	1%	0	3.20%	3%	4.20%	5%	1.83%	5%	-18%	5%	9%
Outreach												
Number of Clients	4	4	6	6	8	9	10	10	10	11	10	11
Outstanding Portfolio	$300,000	$120,000	$600,000	$254,000	$1,200,000	$442,308	$2,000,000	$430,036	$2,000,000	$395,592	$2,000,000	$400,625
Average Outstanding Balance	$75,000	$30,000	$100,000	$42,333	$150,000	$29,487	$200,000	$43,004	$200,000	$38,879	$200,000	$36,420

Compiled from September 30, 2005 un-audited financial statements

Target vs. Accomplishment

MFI CLIENT LEVEL	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual*	Target	Actual*
Sustainability												
Financial Self-sufficiency	110%	139%	120%	133%	135%	126%	150%	145%	150%	137%	150%	131%
Outreach												
Number of Clients	20,000	18,405	30,000	29,029	40,000	42,909	55,000	43,304	55,000	60,214	55,000	64,252
Outstanding Portfolio	$1,400,000	$868,752	$2,250,000	$1,315,484	$3,200,000	$2,094,000	$5,225,000	$1,940,577	$5,225,000	$3,772,722	$5,225,000	$4,873,185

Complied from September 2005 program performance indicators (PPI)

[1] July 2005 peso-dollar exchange rate is PhP55 to US$1

Management Information System

In line with current industry opinion, RISE continues to use a simple, component-based MIS that is cost-effective for its size and requires less program maintenance and IT support. The MIS for loan portfolio management and general accounting operates using an MS Excel spreadsheet.

Most CRS and RISE partners are using, in varying degrees, the RMG MIS developed through the Asian Development Bank (ADB) and Peoples Credit and Finance Corporation (PCFC). Although problems have surfaced with this MIS, CRS and its partners are working together to study the situation and determine the next steps.

The Philippines Objective 2: To develop a learning center for CRS programs, partners, and other affiliated institutions.

Organization Background

CRS developed the Regional Learning Center concept in 2002, as both a structure and a process for promoting organizational learning in support of microfinance partners and affiliates in the region. This idea was operationalized by LINKS in August 2003 and continues to explore new ways and means to support the microfinance sector.

LINKS' goal is to significantly increase the organizational capacities of MFIs in the region to provide high quality, sustainable financial services for the poor. It seeks to capture the wealth of knowledge about microfinance that is resident in partner institutions and staff across the region and leverage this knowledge into tangible business benefits for the poor.

LINKS strategically supports over 25 partners, who together serve over 500,000 clients, to achieve their own visions for increased services, expanded outreach and sustainability. Its aim is to facilitate an enabling environment for learning within each partner institution to ensure that individual learning is continuous, knowledge is shared, and the institutional culture supports learning.

Partners and Networking

Most of LINKS' current partner institutions evolved from CRS-initiated projects. In the Philippines, most partner MFIs use the Grameen Banking methodology, while MFIs in other countries of the region more often use a variation of the village banking methodology. For a majority of these partners, their initial microfinance projects were established with CRS' funding and continue a lengthy partnership relationship with CRS.

Partial List of LINKS Partners

Name of Organization	Country
1. Ad Jesum Development Foundation, Inc. (AJDFI)	Philippines
2. Center for Agricultural Research and Development (CARD) (RISE Shareholder)	Philippines
3. Cooperative Rural Bank of Bulacan Inc. (CRBBI)	Philippines
4. Diocese of Dumaguete Enterprise Development Foundation Inc. (DDEDFI)	Philippines
5. Gulf Bank	Philippines

6. Negros Women for Tomorrow Foundation (NWTF) (RISE Shareholder)	Philippines
7. People's Alternative Livelihood Foundation of Sorsogon Inc. (PALFSI)	Philippines
8. PT Ukabima (PTU)	Indonesia
9. Responsible Investments for Solidarity and Empowerment (RISE)	Philippines
10. Saklaw Foundation Inc. (SFI)	Philippines
11. Serviamus Foundation Inc. (SFI)	Philippines
12. Simbag sa Pag-asenso (SEDP)	Philippines
13. Small Enterprise Development (SED) Surin	Thailand
14. Spes Pauperum Foundation Inc. (SPFI)	Philippines
15. St. Elizabeth Community Development Program (SECDEP)	Philippines
16. Taytay sa Kaunlaran Inc. (TSKI)	Philippines
17. Thaneakea Phum Cambodia, Ltd. (TPC)	Cambodia
18. Tuba Rai Metin (TRM)	East Timor
19. Tulong Kalinga Inc. (TKI)	Philippines
20. CRS Vietnam	Vietnam
21. CRS East Timor	East Timor
22. CRS Indonesia	Indonesia
23. CRS Cambodia	Cambodia
24. CRS Philippines	Philippines
25. CRS HQ Microfinance Unit	USA

LINKS has a roster of over 50 consultants, mostly from Southeast Asia. LINKS is committed to using local human resources whenever feasible because of the high degree of contextual knowledge of the operating environment (including language) and experience and expertise in solving regional problems. LINKS also believes in building local level networks to ensure that support for LINKS activities are sustainable, and that these consultants are available for direct service to MFIs to address their needs. LINKS sponsored 32 activities using project consultants during fiscal year 2005. These activities included assessments, on-site TA, training workshops and production of research findings and microfinance-related papers.

LINKS Services

LINKS views building partner relationships as an integral and critical part of providing client services and building institutional capacity. Concentrating initially on the needs of RISE clients and CRS affiliated MFIs, LINKS focuses on the collaborative development of needs analysis processes and decision-making about planning, implementation, and monitoring. LINKS highly values the microfinance knowledge and expertise of its partner institutions and seeks to incorporate this learning into its training and TA in order to provide the highest quality services.

LINKS provided 205 TA interventions for its partners and CRS affiliates[2] during fiscal year 2005. This technical assistance benefited 730 participants and totaled 1,837 person-days.

Organizational Assessment

The MAGI assessment process is a partnership-building exercise during which LINKS collaborates with partners in the institutional analysis process, in developing institutional

[2] Based on total number of projects

strengthening and implementation plans, in the prioritization of technical assistance needs, and for identifying technical assistance resources. During the final year of the MG, LINKS conducted a total of four MAGI assessments for its partners in the region.

Technical Assistance
LINKS provided a total of 19 TA service interventions during the last fiscal year of the MG. These interventions consisted mainly of capacity building trainings and workshops, Information System (IS) reviews, strategic and business planning activities and market assessments. The trainings and workshops were conducted on delinquency management, financial management, institutional strengthening and strategic planning, and financial services.

LINKS supported a Thaneakea Phum Cambodia, Ltd. (TPC) market assessment by developing the scope of work (SOW), hiring and managing consultants as well as providing funding. The overall objective was to assist TPC in rewriting their business plan and developing new individual loan and savings products. In order to accomplish this, a market assessment needed to be conducted to gather the relevant information for decision-making purposes.

LINKS supported a SED market assessment initiative by developing the SOW, hiring and managing consultants, as well as providing funding. SED had just completed a MAGI planning assessment, which resulted in the development of an institutional strengthening plan. The SED BOD and management determined that conducting a market assessment is a necessary first step in the development of a strategic plan, marketing strategy and business plan.

Additional technical assistance activities included an information and IS needs assessment at Serviamus Foundation, Inc.; an IS software assessment at Simbag sa Pag-asenso, SEDP in Legaspi City, Albay; an IS TA visit to SECDEP; a financial consultancy to develop and implement a Financial Policy and Procedure Manual for Tuba Rai Metin (TRM); a strategic planning workshop for Hagdan sa Pag-Usawag Foundation, Inc. (HSPI), an APPEND Network member; a financial services TA visit to East Timor and TRM; a SED business plan consultancy; and a TPC business plan consultancy.

Capacity Building Trainings
Capacity building trainings during the last year of the MG included CRS Philippine partners MFI meetings on the development of a concept paper on MIS development strategies, business planning, MOUs, governance and risk management; a TPKI and RSPI (APPEND Network Member) training workshop on scale-up branch methodology with special emphasis on delinquency management; a CRS Health Technical Commission meeting to present learning organization concepts and tools; development of session plans, materials and handouts for a Southern New Hampshire University Risk Management Course; a financial management training in Iloilo on applied financial performance evaluation for MFIs; a pilot training on fundamentals of branch management in Mindanao; a microfinance operations review workshop at the Rural Bank of Ibalon, Inc.; and a TRM orientation and methodology training in staff selection and development.

Knowledge Management

LINKS has developed a simple MS Excel worksheet that lists consultants' personal information, areas of expertise and past projects. The objective is to ensure that MFIs have access to consultants, know their previous projects and can contact key people associated with projects to gain feedback. The sheet will allow the CVs and project reports to be linked to the names of the consultants. LINKS has developed a library to gather resource materials that can be accessed by consultants working on LINKS projects, partners who need information to conduct their activities, as well as materials for research and policy advocacy efforts. The next step is the development of a soft copy library of recommended documents for a microlearning website. LINKS has also updated the MicroLearning forum of MFI partners.

Proposal Review and Development

LINKS assisted TPC in drafting and finalizing the second phase of a USAID Poverty Assessment Tool Grant proposal; developed a concept paper containing ideas to best leverage and utilize the available IS funds from CGAP and other donors; submitted a proposal for a USAID EMDAP Marketing Technical Advisor to provide technical support and assistance in the design, implementation, monitoring and evaluation in the development and implementation of marketing plans, systems and strategies for partner institutions; and LINKS was selected to participate in the Citigroup-AIM MFI Management Training Accreditation Program.

Tools Development

As part of LINKS marketing strategy, the training center finalized a "Story of the Month" process and plans to expand this to all microfinance programs and affiliates in SEAPRO; developed a customer service satisfaction survey; conducted a preliminary field test on the possibility of using Free Open Source Software (FOSS) for MFIs with insufficient capacity to invest in expensive, proprietary software; developed the first prototype Software Selection Tool to be used to develop a guide for Philippine microfinance partners.

Research and Critical Analysis

During the last year of the MG, LINKS initiated the following studies: research on savings-led approaches to microfinance; Columbia University Workshop in Applied International Development BDS and Microfinance Research Study; Human Resource Departments and MFI Growth. In addition, the following publications and reports were finalized:

1. MIS Guide 1: Understanding Financial Needs for MFI's
2. MIS Guide 2: Determining Information System Requirements
3. Is Capital Enough? Beyond Microfinance in the Philippines
4. Review of MAGI Assessment Experiences in South East Asia: November 2003–September 2004
5. Take Stock, Prepare, and Communicate Better: Lessons from the CRS Cambodia/TPC Data Split Process
6. Formalization of Microfinance Institutions in Southeast Asia: The CRS Experience
7. Automated Information Systems Needs Assessment Questionnaire
8. Financial Management Training Package: Package 1: Financial Performance Evaluation
9. Automated Information Systems Software Assessment Results Documenting Tool
10. Information Systems Appraisal and Administration Questionnaire (ISAAQ)

A number of these publications are currently available for download at http://www.crs.org/publications/microfinance.cfm.

Policy Advocacy
Creating an enabling environment for microfinance has been identified as the most critical factor in the development of microfinance services in several countries in Southeast Asia. Without an appropriate operating environment, millions of poor households have limited or no access to substantial financial services. LINKS supports policy advocacy research and information sharing for MFIs and affiliated institutions, such as tracking the development of the Laos regulatory environment. It also takes an active role in supporting the advocacy efforts by the MFIs and others, as in East Timor, to improve the legal, regulatory and donor environments, thus enabling these institutions to better serve their clients.

Lessons Learned – SEAPRO LINKS Learning Center
Working within a multi-service NGO
Becoming a learning organization: LINKS evolved in less than two years from an "applied knowledge management" focus, to a learning organization model, and then to a learning organization/capacity strengthening model. Rather than LINKS holding the knowledge and skills, its objective became the strengthening of learning organization capacities within partner MFIs so that they are better equipped to analyze organizational needs and build their own capacities. To be a learning organization, one must be both reflective and flexible in thinking and action, understanding that learning is change. It is necessary to learn to be open, quick to respond, and comfortable with change, internally and externally.

Building a constituency and achieving buy-in: Clear and consistent support from top management is essential to create the time (two to three years minimum) to begin developing a learning center and to engender a learning consciousness in an organization. Impact needs to be demonstrated quickly, or questions will be raised by those needing to be convinced of the benefits. Therefore, indicators and M&E systems need to be quickly set up and tracked (in a shorter term than usual) at the strategic level as well as the intermediate results level. Simple, achievable objectives for initial projects must be identified so that clear examples and success stories can be used to explain the learning process within an organization.

Sustainability: Provision of training and TA, as a fee for service, can be a sustainable activity; however, focusing on learning from what is done, knowledge transfers, tool development, research, market analysis and similar learning activities requires the development of a broader definition of sustainability, which includes the research and development (that is, piloting) needs of the Agency. Can an agency afford not to learn from what it does, apply the learning, and continually improve the delivery of services to those in need?

Technology: Technology can help, but it is only part of the solution to the difficulties inherent in learning management and knowledge management. The more complex the solution, the less likely it will be implemented. People desire quick solutions that are easy to understand and learn. Exposures to conferences and regional meetings are important to spread the message of learning.

Through these events, LINKS is able to awaken people's interest and gain the all-important follow-up call seeking assistance.

Working with partner NGOs providing microfinance services:
Relationship Building/Networking: Relationship building with partners and consultants is key to the success of the service provided. The ability to make people comfortable, ensuring transparency and allowing people to ask questions all help to achieve successful efforts and allow people to provide referrals. If one is asking for information on a continuous basis, then one needs to offer incentives. It is important to reward institutions with recognition, discounts to other services or the important referral to donors and investors and, more importantly, a fast response to queries as a method to ensure efficient exchanges of information. MAGI assessment was a great first step in working with partners. The assessment allowed CRS to arrive at agreement on issues within the institution with the participation of all stakeholders. This allowed LINKS a chance to develop a relationship and learn how the institution works.

Customized Services: For some partners, CRS is their only link to external support and solutions. This actually makes CRS' efforts more important and focuses energies better as CRS has a significant responsibility to serve its partners in the best possible way. Each partner is unique and needs custom assistance and understanding of their situation and abilities. LINKS cannot take the same cookie cutter approach and use it with all of its partners. Partners come in different sizes, possess different skills, and have diverse needs and multiple timelines in institutional development. CRS should take its experiences and selectively apply them.

Building a Learning Organization Consciousness
Learning Application: Knowledge management and learning management terminology does not translate into lay people's understanding. It is necessary to take the meanings of those words and develop them into words that directly relate with people's responsibilities and job descriptions. LINKS learns from the use of learning tools, such as the After Action Review[3]. LINKS staff's continuous use of the tools actually results in excellent learning opportunities and recommendations on how to ensure improvement of services. Creating a learning culture is a day by day process. LINKS staff have learned that creating a learning culture is not an immediate result. Sometimes, it is necessary for CRS to learn first before partners are willing to try something new. CRS' role is to facilitate awareness building.

Optimizing working through consultants: The consultants employed by LINKS need to have strong skills coupled with the ability to keep things simple. The tasks consultants are employed to accomplish are often multiple and complex; however, the answers and tools need to be simple, easy to understand and complete. CRS' role is to serve as the bridge for the partner and consultant to achieve this task.

LINKS skills and experience need to be continually updated: Practice what we preach! Function as a learning organization by designing, practicing, reflecting, and learning. Without updating

[3] After Action Review: The AAR is used to capture immediate lessons and knowledge gathered from implementing an activity or process. See: *Techniques for Capturing Learning in Tearfund (Draft)*. Tearfund–Christian Action with the World's Poor, London, July 1999 http://www.km4dev.org/index.php/articles/downloads/522

skills and experiences, LINKS assistance can becoming obsolete. The learning laboratory is the continual interaction with partner MFIs.

Future Plans – SEAPRO LINKS Learning Center

LINKS intends to develop a full curriculum for strengthening the key functions of a learning organization. The learning center will pilot and implement an impact-oriented M&E system.

The learning center plans to increase sustainability by providing fee-for-service training and TA, but in balance with its learning organization operations; seeking a broader support base by providing services funded through third-party donors, such as the CGAP IS Fund; marketing its learning organization model, curriculum, and experiences to a broader audience including emergency response, agriculture, health, and peace building; and developing collaborations with funding entities as their complementary training and TA partners.

Senegal

Senegal Objective 1: Ensure the successful transformation and permanence of our new financial partner Le Cauri.

Financial Services
At the end of the MG, the overall value of loans outstanding in Senegal reached $1,485,243 (9,841 women clients in 187 village banks). The program's average outstanding loan value was $158. The program demonstrated a high level of portfolio quality and financial organization. However, overall, the outstanding portfolio balance represented only 62% of the anticipated benchmark established in the original DIP. The cumulative savings mobilized by all village bank members reached $1,121,992. More than 80% of the total accumulated savings were deposited in village bank accounts. During fiscal year 2004, the overall microfinance program achieved an 87% rate of financial self-sufficiency. The microfinance program has improved its performance in terms of efficiency and management.

Organizational Structure
During the last year of the MG, CRS Senegal made progress in its institutional development plan and in the structure for Le Cauri, working in close partnership with co-founder Caritas Thiès. The business plan (2005 to 2009) and resource transfer plan were finalized and approved.

In September 2005, CRS Senegal and its strategic Church partner, Caritas, created a Limited Liability Company with shared capital called: Caisse **A**utonome pour le **R**enforcement des **I**nitiatives par la **M**icro **F**inance (CAURI-MF). In terms of the institutional ownership structure, CRS Senegal (49%), the local Catholic Church (46% - Caritas Senegal including Caritas Thiès and the other Caritas institutions) and the Village Bank Association (5%) are the first institutional founders of CAURI-MF. CRS defined its exit strategy over a ten-year period, a strategy that consists of gradually transferring ownership and governance of the microfinance program to the Church-owned institution CAURI-MF. CRS Senegal and Caritas Senegal signed a Memorandum of Understanding (MOU) in order to regulate and formalize working relationships over the next five years and to establish the transfer of the institution to the Senegalese Church, in particular, the transfer of resources (assets, personnel, and shares). On 1 October 2005, the new MFI officially began operations with the incorporation of all portfolios – CRS Ziguinchor branch, CRS Kolda branch, Caritas Thiès branch, and FADECBA (Fédération des Associations de Développement Communautaire du Balantacounda) clients. Field operations still face major challenges in cost recovery and sustainability.

As of 30 September 2005, the total value of resources belonging to the CRS Senegal microfinance program was transferred to CAURI-MF. These resources included outstanding loan funds and net fixed assets (office furniture and equipment). CRS also donated $637,566 to the other CAURI-MF shareholders and kept the remaining funds as its equity in CAURI-MF. Vehicles and motorcycles have been made available to CAURI-MF; and 29 microfinance staff (20 from CRS, 7 from Caritas Thiès and 2 from FADECBA were transferred to CAURI-MF.

Senegal Objective 2: To negotiate with our traditional partner FADECBA the transfer of their clients to Le Cauri.

As mentioned above, on 1 October 2005, the new MFI officially began operations with the incorporation of all portfolios, including FADECBA clients who were transferred via a MOU.

V. Management at Agency Level

The MU at CRS headquarters provided support during the MG in the following areas:

Strategic Guidance
The MU and the MFC developed strategic initiatives, key policy statements and an agency-wide survey to identify and document all CRS microfinance programs and funding mechanisms. Field and HQ staff worked together to define the Microfinance 2010 Strategy and policy recommendations to guide the Agency into the future.

Accreditation
Due to staff turnover, the MU was unable to achieve the established goals in a timely fashion. As part of the Microfinance 2010 Strategy, MAGI assessment activities will be decentralized to the Regions with the support of Regional Technical Advisors and PQSD microfinance staff. As a final contribution to the CRS and microfinance industry as a whole, the planning and accreditation MAGI tools were revised and tested; and both can be accessed through the CRS website (www.crs.org).

Staffing and Organization
At the end of the MG, CRS had one part-time Senior Technical Advisor and one full-time Technical Advisor, both located at CRS headquarters. A full-time Senior Technical Advisor was hired for the MU effective October 2005. Microfinance field staff consist of one part-time RTA in the LACRO Region, a full-time RTA in SEAPRO, a full-time RTA for EARO, CARO, and WARO; a consultant RTA in E/ME, a full-time Program Manager for the El Salvador learning center; and a full-time Program Manager for the LINKS learning center in SEAPRO. A Knowledge Management Technical Advisor will be hired at headquarters during the first

calendar quarter of 2006. This staff member will be responsible for promoting a microfinance learning network as envisioned in Microfinance 2010 strategy to ensure that organizational know-how and information and experience in microfinance are shared within and outside the agency with program participants, partners and other relevant stakeholders. The Knowledge Management TA will leverage the experience of the two learning centers funded under the MG, both of which have strategic and business plans to ensure their sustainability.

Global Learning

Training

The MU instituted an annual training program in 2000 to enable CRs, Regional Directors, and other senior management to better support high quality microfinance programs. An initial training module was developed and was updated after the completion of each training session. During the grant period, over 50 senior managers have participated in the trainings.

Materials

In the last year of the MG, seven publications were completed:

- *Understanding Financial Needs for MFIs (MIS Guide 1)*: defines the crucial elements of manual and computer-based information systems, discusses the advantages and potential disadvantages of each, and provides guidance to help prepare an institution for a computer-based system.
- *Determining Information System Requirements (MIS Guide 2)*: introduces the concept of an IS needs analysis, provides a detailed description of the analysis process (including basic project management techniques), and describes the optional companion Needs Analysis template provided to help conduct and document the institution's analysis.
- *Keeping Track: A Guide to Microfinance Accounting Using Manual Systems*: presents basic accounting concepts and their applications for manual accounting, portfolio tracking and preparation of financial statements for start up and smaller microfinance institutions (MFIs). Part A offers an overview of generally accepted accounting principles and practices using a simple business example to illustrate key concepts and suitable for any small enterprise or community-based organization. Parts B and C build on these concepts to introduce a comprehensive framework for manual financial tracking and reporting for MFI.
- *Checklist for an Internal Audit*: this brief document is intended as structured guidance for the new internal auditor to facilitate his or her assessment of operations at a microfinance institution (MFI). At the same time, this guide is equally useful for the experienced internal auditor to reinforce his or her own understanding of important systems and procedures to review.
- *Field Operations for Community-based Financial Institutions*: Village Banking with CRS Senegal: the primary function of this guide is to consolidate, in lieu of a more formalized operations manual, basic rules and procedures necessary to the sound operations of a local, community-based financial institution (such as Community Banks or other Microfinance Institutions). The Appendices contain examples and templates of the guidelines, controls and procedures outlined in the text. A secondary objective of this document is to serve as a reference for strengthening operational systems of community organizations, not only microfinance institutions, and to promote good resource

management practices and internal control checks and procedures for effective "village level" operations.

- *Basic Principles for successful Rural Lending*: this is a comprehensive document designed to guide field microfinance practitioners in expanding their services into the rural areas. It navigates through basic concepts about rural microfinance, includes steps to enter the rural areas with loan products and provides key advice on managing a rural loan portfolio. It also recommends tested tools that assist in performing initial diagnostics (about the socioeconomic status and the supply of financial services) in new rural areas.
- *Earn and Keep More!*: this is the first attempt to create a series of booklets around "Leaning Conversations" applied to different technical areas, in this case to marketing activities. "Learning Conversations" is a very practical and simple tool, developed by CRS and Freedom for Hunger in India, designed to promote positive behavioral change in community members. This booklet incorporates excerpts from previous publications, but adds a series of learning conversations about improving marketing.

In addition, the MU revised and translated the two MAGI assessment tools.

- The *MAGI Accreditation Tool* was developed to assess institutional quality and capacity of CRS microfinance partners. Similar to a rating tool, MAGI evaluates and scores an institution in the following nine key areas: Planning, Market, Financial Performance, Financial and Non-financial Services, MIS, Financial Administration, Internal Control and Organization. In addition, the MAGI accreditation tool applies a set of poverty lending indicators to evaluate a partner's commitment to targeting and serving the very poor in a given area. This tool gives the possibility to compare different MFIs using the same performance indicators, most of them in line with the requirements of the microfinance industry at large.
- The *MAGI Institutional Planning Tool* for Microfinance was developed to assess institutional quality and capacity of CRS microfinance partner programs and institutions. The MAGI planning tool evaluates an institution in the following nine key areas: Planning, Market, Financial Performance, Financial and Non-financial Services, MIS, Financial Administration, Internal Control and Organization. In addition, MAGI applies a set of poverty lending indicators to evaluate a partner's commitment to targeting and serving the very poor in a given area. The end result is a thorough assessment of the institution, which is subsequently used to determine institutional needs for technical assistance and funding and to set performance targets to be monitored over a period of two to three years.

All of these publications are available to the public on the CRS website: www.crs.org

Dissemination Projects

- The CRS Microfin listserve continues to be the most cost-effective means of sharing information with all CRS microfinance programs. The 62 members of the listserve cover a wide spectrum of staff, from national staff to international management staff across six CRS regions. Approximately 30 country programs are represented on the listserve.

- The CRS Microfinance Intranet site map is updated approximately every six months, to coincide with CRS' semi-annual production of a CD-ROM containing key microfinance materials from the CRS Intranet.
- In conjunction with CRS' Web Unit and MIT department, the MU developed a template for a new microfinance site on CRS' Extranet. The MU is currently working on populating the template with content-specific materials.
- The MU, with support from MIT, activated a Sharepoint Internet site where microfinance technical staff can edit documents, manage discussions, share pictures, links, reference materials and maintain a calendar of important events.
- CRS uses the Breeze technology, which allows staff to manage live meetings in a virtual meeting room. These meetings can be recorded and viewed when time permits. This is becoming a powerful tool to share and disseminate knowledge simultaneously around the world.

Performance Analysis and Feedback

The original MIS performance indicator was to develop a user friendly MIS and reporting system that would allow the MU to gather, process, and disseminate key performance information. Rather than design such a system internally, CRS supported the efforts of the SEEP network to design a standardized performance indicator system. This system, the FRAME Tool, was rolled out at The Small Enterprise Education and Promotion (SEEP) Network Annual Meeting in Washington, D.C. in October 2005. The FRAME Tool can be used by managers and advisors to track financial performance in a standardized format. SEEP anticipates providing training in the use of the FRAME tool at member sites throughout the world over the next several years.

As recommended in the final MG evaluation, CRS will consider using its internal Project Performance Indicators (PPIs) as a marketing tool rather than a program monitoring tool, in the long term.

Lessons Learned – CRS Agency Level

CRS learned many lessons, most of which were elucidated in project evaluations:

- The grant objectives should fit the Agency mission, and they should be continuously evaluated in that light. During the MG, CRS found that ownership of MFIs conflicted with the guiding principles and policies of the Agency. CRS should have taken steps to formally revise the MG objectives when this became evident.
- The MFC mechanism served to educate CRS management about the complexities of microfinance; at the same time, this expanded awareness ultimately resulted in a revision to CRS' policy in microfinance.
- Formalization, merging and commercial transformation take much longer and are more expensive than CRS anticipated. The transformation strategy required technical expertise in numerous specialty areas that CRS lacked.
- Highly decentralized agencies such as CRS must be able to ensure accountability for achieving grant targets and must have a strategy for intervening in crisis situations. Neither CRS nor USAID considered this in the conceptualization and approval of the MG.
- TA fees can cover a large percent of learning center costs; however, new tool development and sharing of experience need to be subsidized. Given its decentralized structure, the visions

of CRS learning centers were largely influenced by their staff, learning center leadership, external circumstances, and budget allocations.

As mentioned above, the principal lesson learned is recognizing that a basic incongruity existed between mission, principles and donor requirements. CRS is a highly decentralized agency by design, not by accident. Subsidiarity, a key principle of Catholic Social Teaching, instructs that people who are most affected by decisions be the ones making them. Subsidiarity tasks the Agency with handing over as many decisions as possible to its key constituency – the poor – and if that is not feasible, to partner organizations that serve the poor, and if that is not feasible, to state-level entities and so on. CRS' own structure mirrors this principle.

Most donors, including USAID, believe that projects must be accountable based on a predetermined set of objectives, and the use of resources flows from these objectives. When operating environments are stable, and when a command-and-control ethos characterizes the implementing agency, achieving common objectives in a range of environments is possible. But, what happens when operating environments are dynamic and when the implementing agency has a close-to-the-ground approach to decision-making? This scenario played itself out in the MG. In two of three MG countries, the operating environment changed. In the Philippines, the emergence of a national, publicly-funded, wholesale facility eclipsed smaller funds. In El Salvador, regulatory and competitive pressures changed (and there was a major earthquake). At a global level, microfinance rating systems surfaced with more funds than MAGI counted on, and capital for lending poured in from commercial and subsidized sources.

Under these circumstances, CRS field staff rightly made decisions that reflected the local context. In some cases, as in the Philippines, CRS' response may have appeared as inaction, but in reality, this wait-and-see approach was justified. What a new government microfinance fund would do, and how the market would respond was unknown. Through all this, and here is the lesson, CRS stayed tethered to its original objectives and outcomes.

VI. Financial Report

See Attachment C for the Budget Comparison reports. Note that reported expenses are un-audited and subject to CRS annual closing adjustments.

As of the end of the MG, PVO matching expenditures total $3,240,774, and USAID expenditures total $2,552,110, complying with the MG counterpart contribution. A small overage of $46,120 in USAID expenditures in the Philippines was covered by funds budgeted in other areas. CRS contributed $617,702 in the Philippines and $75,258 in Senegal, mainly in staff salaries and benefits. In the case of the Philippines, CRS Southeast Asia regional funds were added to the originally submitted budget to ensure a permanent microfinance learning center in the region and for CRS globally. In Senegal, CRS invested additional funds to legalize the Le Cauri MFI.

VII. Response and Reflection on MG Final Evaluation Findings

CRS found the evaluation process that took place in July and August of 2005 to be fair and comprehensive. The evaluators were professional, flexible and open-minded. This section is a response to both the final evaluation and a more general reflection on the process of planning for implementing and evaluating large, multi-year grants.

Transformation and the Decision to Find New Avenues of Support for Microfinance Partner Institutions

The Executive Summary of the Final Evaluation draws a line between the imperatives of transformation, mission compatibility of transformation and CRS' decision to phase out lending and equity investments in CRS-sponsored MFIs over time. "CRS now believes that transformation was neither a realistic nor desirable goal for many of its microfinance partners, nor was it consistent with CRS' mission. Consequently, CRS will no longer provide partners with loans or equity investments."

CRS would like to address a misconception regarding its new strategic directions that some perceive as a withdrawal from financial and even moral obligations. In truth, important philosophical and practical reflections over time marked the path that ultimately steered CRS away from continued lending and investing in microfinance institutions and toward divestment. The idea of transformation in and of itself does not clash with CRS' mission and social call to serve the world's poor. Transforming retail credit operations, whether at the partner level or the CRS office level, into independent and even regulated microfinance institutions has strategic implications for the Agency, but it is a morally neutral activity. Transforming operations at CRS and partner levels into separate entities does not threaten the Agency's mission or principles. Transformation is not a mission-related issue. It is a practical one, and the evaluation points out Agency challenges related to the practicalities of transformation in the context of a decentralized institution such as CRS. CRS will continue to seek resources to support its partner institutions via loans, equity investments and TA.

A Strategic Shift

The Final Evaluation correctly points out that CRS has come to understand that a continued role as owner, lender, governor and TA provider can affect its relations with partner institutions[4]. In 1999, CRS' understanding of partnership in microfinance asked the Agency to halt midway on an MFI's trajectory to independence. CRS believed, at the time, that it had to assume the multiple roles of owner, lender, governor, and TA provider if the new institution were to survive. It was CRS' most informed perspective at the time. However, CRS' experiences with starting and spinning off successful and sustainable MFIs in Europe attest to the possibility of institutional independence: CRS is no longer in any of these roles (save governor for a temporary period) in many institutions in Europe as well as in Africa, Latin America and Asia.

Fully independent institutions constitute a more poignant image of CRS' commitment to Catholic Social Teaching than envisioned in the MG proposal, particularly its commitment to subsidiarity that mandates local people through civic participation control the decisions and resources that affect their lives. Subsidiarity stands squarely behind CRS' understanding of partnership. It allows for interventions proposed in the MG (i.e., more externally controlled interventions) if local management seems less practicable. But, CRS' experiences of more

[4] Interestingly, in robust economies like the U.S., these roles are never permitted to co-exist under the banner of one provider as a matter of law.

complete partnerships pave the way for Enlace, Le CAURI, and many other programs in Southeast Asia and Africa to become independent entities.

Other Discoveries

Not noted in the Final Evaluation are other discoveries made by CRS and its partners during the life of the MG. Many CRS offices and partners have come to realize that microcredit can challenge a social mandate. By microcredit, CRS is speaking of loans to poor people with the intent of recovering all costs of lending at the institutional level (financial sustainability). Credit-first services often task CRS and partners with a few ironic paradoxes that frequently fail to produce the expected social or financial benefits. Once an institution commits to sustaining itself through interest and fees, it would most naturally feel the pull to:

- avoid dispersed populations, since a critical mass of clients is needed to deliver credit profitably. In areas where CRS partners' mission is to reach the most needy, often the most rural, this may be of concern.
- do all it can to recover loans, sometimes at the expense of borrower circumstances. These actions can lead to borrower shame and erosion of social capital, sometimes a more important safety net than financial capital.
- charge "market" interest rates, which often is whatever rate is allowable and competitive. Market rates in areas without much competition can migrate toward usury.
- move toward issuing the highest loan size possible to keep transaction costs in profitable proportion to interest income.
- encourage continued indebtedness as repeat customers are a far less expensive source of income than new customers.
- minimize staff/customer interaction time as this is costly and not efficient, though interaction may provide the kind of confidence and expertise needed at borrower levels.
- withhold information on competitive alternatives, important for the borrower but damaging for the institution.
- exclude very poor people in a community, thus marginalizing them further and widening the divide between the haves and have-nots. This is especially critical in group lending where a sense of community is often encouraged.
- ignore savings services as a prudential option for the poor because the learning curve may be too expensive. From a poor person's perspective, savings are assets and loans liabilities.
- be disinclined to graduate mature clients to more mainstream banking and even to postal services as more mature clients produce the greatest revenue for an MFI.

Reflection

While transformation itself does not contradict CRS' mission, perhaps the goal of sustainable credit does, especially in instances where CRS or its partners are working in remote, vulnerable, impoverished areas.

Reflecting on the microfinance sector in general, many, many organizations, including U.S. PVOs, face this dilemma: does an institution choose sustaining itself over helping those in need? Some claim to be able to do both, but this is more fiction than fact. If an institution charges interest rates sufficient to cover costs or if it chooses to market aggressively repeat loans, it is choosing hard core lending practices associated with money lending across the ages. Income for the MFI equals debt for the borrower. Those institutions with a financial mandate embrace the paradox. To them, it is not a paradox or a double bottom line; they benefit from the profits and the publicity of "doing well by doing good." Those institutions with social and religious mandates straddle the paradox, enduring the discomfort. They know that by choosing an institution's sustainability they may be ignoring borrower realities. Some CRS partners are able to overcome contradictions. These institutions often work in densely populated areas (where efficient service delivery is possible) and have access to educated staff and good management. They are able to deliver cost-effective services for which there is a growing demand. CRS will continue to support these institutions as long as needed in finding new ways to reach ever poorer clients.

According to the Microcredit Summit Campaign 2005 Report, worldwide, 235 million households have no access to financial services; MFIs collectively reach only 66.5 million households.[5] An MFI strategy that relies on large concentrations of clients to maintain viability, will fail to reach large segments of the rural poor. However, new approaches are paving the way to increase market depth. The microfinance industry is beginning to recognize the value of traditional, grassroots coping mechanisms and asset acquisition strategies and the significant amount of cash they intermediate.

How can microfinance actors link the assets that flow through these traditional systems with the more formal safety nets of regulated financial institutions, surely a desirable goal? It can do so by tapping the giant web of relationships accruing to international NGOs. These metasystems have a neural-like reach that spans tens of thousands of grassroots organizations. They are the missing link. They can bind banks to poor people. They have relationships with poor communities, which banks and MFIs do not, and they have no qualms about subsidizing social development, which banks and MFIs do.

In light of these possibilities, CRS finds itself in an admirable position to leverage its oceanic network of partners in service to a two-fold benefit – achieving the Agency mission and satisfying the imperatives in the microfinance industry that presses for greater rural outreach. Self-help groups and savings clubs are routes to building social and economic wealth. They serve as disciplined systems that prepare group members for external credit and savings. A sufficient number of groups in a geographic area may justify the services of an MFI or even a bank branch (as is now born out in India's self-help groups), especially since new technologies are making service extension cheaper.

The Microfinance 2010 strategy leverages CRS' partner network to develop new financial options and avenues of support for microfinance programming that aligns microfinance interventions with CRS' mission to empower partner institutions and reach a severely marginalized target population. With this strategy, CRS will …

… reach out to partners and down to the poorest. CRS has a vast network of grassroots partner institutions that reach extremely poor and isolated populations with financial services. CRS will continue to support partners worldwide in their efforts to create and implement locally relevant, high-scale, low-cost solutions.

[5] Daley-Harris, S. State of the Microcredit Summit Campaign Report 2005. Data adapted from the Financing Microfinance for Poverty Reduction chapter of *Pathways Out of Poverty*, Kumarian Press (2002).

... facilitate. CRS' direct implementation in many countries provided the experience and lessons to share with partners in an expression of true subsidiarity. CRS will support microfinance development through its core competencies of fundraising, capacity building, advocacy, integration, linkages and knowledge management while leaving the direct provision of microfinance services to formal and informal specialized institutions, including its current network of MFIs. CRS will maximize its relationships with donors, with local universities for documentation and research, with rating agencies to assess performance, with technical assistance providers for partner support, with banks, post office networks and credit unions for financial support to partners and communities, and with governments for policy, legal and even technical support.

... decentralize. CRS headquarters has taken a major role in channeling funds in microfinance to the field. CRS regional offices and country programs, fully capable of managing loan capital and funding for operational activities, can now count on a yearly allotment of funds targeted to support partners in providing local financial and non-financial services.

... support knowledge management and linkages. CRS' regional learning centers, combined with regional and in-country microfinance networks, enable CRS to fully exploit lessons from the field. New communication technologies, marketing tools, standardized information architecture, client databases and other technologies can offer powerful tools for MFI partners and countries to link and learn. CRS will connect savings-led programs just as easily and integrate both credit and savings concepts into a larger whole as well as into related initiatives (business development services, agriculture, agribusiness, cross-cutting programs in livelihood development and expansion of economic opportunities).

... aggregate and expand. CRS will capitalize on its experience with formal MFIs by linking specialized CRS-supported MFIs into a CRS learning and assistance network in selected countries. New savings-led approaches will provide an opportunity for CRS to substantially expand its client base through existing and new multi-sectoral partners.

In implementing its Microfinance 2010 Strategy, CRS will continue to support partner-owned MFIs through grants of loan capital and funding for operations. *Decentralization of funding and technical assistance, collaboration among program sectors, plurality of services, and partner-driven focus*, major elements of the Microfinance 2010 Strategy, will lead to greater levels of subsidiarity and solidarity with CRS' principal stakeholders. This strategy will have a positive, transformative impact on the vulnerable and marginalized.

Expression of Appreciation

CRS would like to express its profound gratitude to USAID and the people of the U.S. for providing resources over many years to strengthen CRS' microfinance practices and outreach. The partnership between CRS and USAID has truly affected in a positive way the lives of hundreds of thousands of poor microentrepreneurs and allowed CRS to fulfill its mission to serve those in need.

ANNEX A

COUNTRY DATA SHEETS

FORM 1550-11

Project Information

Organization:	Catholic Relief Services -- USCCB
Project/Grant No:	FAO-A-00-99-00054-00
Grant Dates:	9/28/99 – 9/30/2005
AID Project Officer:	Thomas A. Kennedy

Total USAID Contributions

FY 2000	$ 739,924
FY 2001	684,904
FY 2002	546,367
FY 2003	423,059
FY 2004/5	355,076
TOTAL	$2,749,330

Project Purpose: CRS seeks to alleviate poverty by transforming its profitable microfinance programs into permanent, specialized institutions to help bring the poorest members of the self-employed workforce into the financial mainstream.

COUNTRY INFORMATION: CRS/El Salvador

Location in Country
San Salvador, El Salvador

PVO Representative in Country
Richard Jones
Catholic Relief Services -- USCC
73 Avenida Sur, No. 221
Colonia Escalon
San Salvador, El Salvador
Tele: 503-298-1688

Project Funding Information ($000)

SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004/5	TOTAL
AID Matching Grant	$127	$95	$132	$110	$117	$581
PVO	129	109	106	111	127	582
In-kind	0	0	0	0	0	0
Local	0	0	0	0	0	0
TOTAL	$152	$257	$273	$161	$155	$1,163

Purpose: To ensure the successful transformation and permanence of Enlace, a CRS formal financial institution, and to create a Learning Center for CRS microfinanee programs and counterparts.

Status: CRS/El Salvador has met the majority of its objectives. The transformation of Enlace has been completed. Enlace continues to focus on improving its portfolio at risk. The Learning Center adopts a regional focus rather than working mainly with Enlace.

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PVO TYPE		SUBPROJ	
APPN		FUND TYPE	
CNTRY CODE		TECH CODE	
PROJ OFFC		NON ADD1	NON ADD2

FORM 1550-11

Project Information

Organization:	Catholic Relief Services -- USCCB
Project/Grant No:	FAO-A-00-99-00054-00
Grant Dates:	09/28/99 - 9/30/2005
AID Project Officer:	Thomas A. Kennedy

Total USAID Contributions

FY 2000	$ 739,924
FY 2001	684,904
FY 2002	546,367
FY 2003	423,059
FY 2004/5	355,076
TOTAL	$2,749,330

Project Purpose: CRS seeks to alleviate poverty by transforming its profitable microfinance programs into permanent, specialized institutions to help bring the poorest members of the self-employed workforce into the financial mainstream.

COUNTRY INFORMATION: CRS Headquarters Microfinance Unit

Location in Country
Baltimore, Maryland

PVO Representative in Country
Kimberly Wilson
Microfinance Unit Director
Catholic Relief Services -- USCCB
209 West Fayette Street
Baltimore, Maryland 21201-3403
Tele: 410-951-7251

Project Funding Information ($000)

SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004/5	TOTAL
AID Matching Grant	362	377	196	94	32	$1,061
PVO	400	382	270	156	177	$1,386
In-kind	0	0	0	0	0	0
Local	0	0	0	0	0	0
TOTAL	$762	$759	$466	$250	$209	$2,447

Purpose: Same as above

Status: Over the course of the Matching Grant, CRS Headquarters refocused its microfinance activities to a significant degree. In 2005, CRS adopted new avenues of support for microfinance programming in a five-year Microfinance 2010 Strategy that aligns microfinance interventions with CRS' mission to empower partner institutions and reach a severely marginalized target population..

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PVO TYPE		SUBPROJ	
APPN		FUND TYPE	
CNTRY CODE		TECH CODE	
PROJ OFFC		NON ADD1	NON ADD2

FORM 1550 - 11

Project Information

Organization:	Catholic Relief Services -- USCCB
Project/Grant No:	FAO-A-00-99-00054-00
Grant Dates:	09/28/99 - 09/30/2005
AID Project Officer:	Thomas A. Kennedy

Total USAID Contributions

FY 2000	$ 739,924
FY 2001	684,904
FY 2002	546,367
FY 2003	423,059
FY 2004/5	355,076
TOTAL	$2,749,330

Project Purpose: CRS seeks to alleviate poverty by transforming its profitable microfinance programs into permanent, specialized institutions to help bring the poorest members of the self-employed workforce into the financial mainstream.

COUNTRY INFORMATION: CRS/Philippines

Location in Country
Manila, Philippines
PVO Representative in Country
Michael Frank
Catholic Relief Services -- USCC
CBCP Building
470 Gen. Luna Street
Intramuros
1002 Manila, Philippines
Tele: (63)-2-527-8331

Project Funding Information ($000)

SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004/5	TOTAL
AID Matching Grant	135	120	122	139	109	$625
PVO	96	84	36	171	163	$550
In-kind	0	0	0	0	0	0
Local	0	0	0	0	0	0
TOTAL	$231	$204	$158	$310	$272	$1,175

Purpose: CRS/Philippines sought to ensure the successful transformation and permanence of RISE Company and RISE client microfinance institutions and to develop RISE into a Learning Center for other institutions and CRS programs.
Status: CRS/Philippines has met its transformation objective for RISE and successfully implemented its modified objective of formalization for RISE's partner MFIs. The RISE Learning Center idea was expanded in 2003 to create a Regional Learning Center that continues to provide training and technical assistance to 25 partner institutions in six countries in an increasingly sustainable manner.

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PVO TYPE		SUBPROJ	
APPN		FUND TYPE	
CNTRY CODE		TECH CODE	
PROJ OFFC		NON ADD1	NON ADD2

FORM 1550-11

Project Information

Organization:	Catholic Relief Services -- USCCB
Project/Grant No:	FAO-A-00-99-00054-00
Grant Dates:	9/28/99 - 9/27/05
AID Project Officer:	Thomas A. Kennedy

Total USAID Contributions

FY 2000	$ 739,924
FY 2001	684,904
FY 2002	546,367
FY 2003	423,059
FY 2004/5	355,076
TOTAL	$2,749,330

Project Purpose: CRS seeks to alleviate poverty by transforming its profitable microfinance programs into permanent, specialized institutions to help bring the poorest members of the self-employed workforce into the financial mainstream.

COUNTRY INFORMATION: CRS/Senegal

Location in Country
Dakar, Senegal

PVO Representative in Country
Godlove Ntaw
Catholic Relief Services -- USCC
Immeuble des Eaux
72, Blvd. De la Republique, 1er Etage
Dakar, Senegal
Tele: (221)-823-6621

Project Funding Information ($000)

SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004/5	TOTAL
AID Matching Grant	116	92	96	80	97	$482
PVO	68	69	63	74	56	$330
In-kind	0	0	0	0	0	0
Local	0	0	0	0	0	0
TOTAL	$184	$161	$159	$154	$153	$812

Purpose: CRS/Senegal seeks to establish a formal financial institution with its two strongest microfinance partners, while ensuring that clients of other partners are linked to the formal financial sector.

Status:
In September 2005, CRS/Senegal and its strategic Church partner, Caritas, created a Limited Liability Company with shared capital called: Caisse Autonome pour le Renforcement des Initiatives par la Micro Finance (CAURIE-MF). On 1 October 2005, the new MFI officially began operations.

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PVO TYPE		SUBPROJ	
APPN		FUND TYPE	
CNTRY CODE		TECH CODE	
PROJ OFFC		NON ADD1	NON ADD2

ANNEX B

PORTFOLIO AND FINANCIAL STATEMENTS

Table 1

I.	INCOME STATEMENT (US Dollars)					
		30 June (2002)	30 Sept. (2002)	30 June (2003)	30 Sept. (2004)	30 Sept. (2005)
REVENUE						
1	Interest Revenue from Loan Portfolio	336,767	472,354	463,593	883,177	1,094,676
2	Fee Revenue from Loan Portfolio					
3	**Total Revenue from Loan Portfolio**	**336,767**	**472,354**	**463,593**	**883,177**	**1,094,676**
4	Revenue from Investments	4,100	6,658			
5	Other Financial Revenue					
6	**Total Financial Revenue**	**340,867**	**479,012**	**463,593**	**883,177**	**1,094,676**
EXPENSES						
7	Interest and Fees Paid on Borrowing	15,003	22,480	28,866	16,511	29,384
8	Interest and Fees Paid on Deposits					
9	Loan Loss Provision Expense	159,726	187,752	21,074	8,426	13,064
10	**Total Financial Expenses**	**174,729**	**210,232**	**49,940**	**24,937**	**42,448**
11	Personnel Expenses	268,013	406,633	291,810	526,252	610,398
12	Other Operational and Admin Expenses	126,574	192,115	110,883	175,943	249,619
13	**Total Operating Expenses**	**394,587**	**598,748**	**452,634**	**727,132**	**902,465**
14	**Net Operating Income**	**(228,449)**	**(329,968)**	**10,959**	**156,045**	**192,211**
15	Revenue from Non-Financial Activities					
16	Expenses for Non-Financial Activities and Reserve					30,987
17	**Net Income Before Taxes and Donations**	**(228,449)**	**(329,968)**	**10,959**	**156,045**	161,224
18	Taxes					40,305
19	Donations					
20	**Net Income**	**(228,449)**	**(329,968)**	**10,959**	**156,045**	**120,919**

II.	BALANCE SHEET (US Dollars)					
		30 June (2002)	30 Sept. (2002)	30 June (2003)	30 Sept. (2004)	
ASSETS						
21	Cash and Current Bank Accounts	34,018	571	571	23,075	149,127
22	Short-term Investments	603,247	391,640	39,034	140,025	
23	Long-term Investments					
24	Gross Loans Outstanding	872,057	1,167,334	1,685,427	2,117,417	
25	Loan Loss Reserve	(230,311)	(258,420)	(75,664)	(9,492)	
26	Net Loans Outstanding (line 24 - line 25)	641,746	908,914	1,609,763	2,107,925	2,551,973
27	Net Fixed Assets (after depreciation)	203,168	209,852	205,322	25,379	45,315
28	Other Assets	106,935	165,703	144,236	779,931	196,446
29	**Total Assets**	**1,589,114**	**1,676,680**	**1,998,926**	**3,076,335**	**2,942,861**
LIABILITIES						
30	Payable Account	209,116	351,673	251,475	551,748	895,936
31	Other Payable Account and accrued expenses	10,437	21,561		67,291	162,569
32	Borrowing (concessional)	755,851	755,851	1,064,160		
33	Other liabilities			153,080	1,174,509	475,340
34	**Total Liabilities**	**975,404**	**1,129,085**	**1,468,715**	**1,793,548**	**1,533,845**
EQUITY						
35	Paid-in-Capital	1,170,162	1,205,566	1,205,566	1,081,307	1,113,386
36	Donated Equity (current period)					
37	Donated Equity (previous periods)					
38	Retained earnings (current period)	(228,449)	(329,968)	10,959	148,485	120,919
39	Retained earnings (previous periods)	(328,003)	(328,003)	(686,313)	52,995	174,711
40	**Total Equity**	**613,710**	**547,595**	**530,212**	**1,282,787**	**1,409,016**
41	**Total Liabilities and Equity**	**1,589,114**	**1,676,680**	**1,998,927**	**3,076,335**	**2,942,861**

	III. PORTFOLIO REPORT AND FINANCIAL INDICATORS (US Dollars if applicable)	30 June (2002)	30 Sept. (2002)	30 June (2003)	30 Sept (2004)	30 Sept (2005)
42	Value of gross loans outstanding (start of period)			1,516,037	1,685,427	2,117,417
43	Value of gross loans outstanding (end of period)	872,057	1,167,334	1,685,427	2,117,417	2,551,973
44	Avg. outstanding gross portfolio ((line 45 + line 46)/2)			1,600,732	1,901,422	2,334,695
45	Number of loans outstanding (end of period)	7,838	8,402	8,805	12,206	14251
46	Value of loans disbursed (during period)	2,213,000	2,221,000	1,868,475	1,015,566	9279956
47	Number of loans disbursed (during period)	1,266	1,583	4,200	5,640	37804
48	Number of first time borrowers (during period)			1,307	771	3125
49	Avg. loan size outstanding (end of period) (line 46/line 48)	1,748	1,403	445	180	245.4755052
50	Number of active borrowers (start of period)			8,109	8,805	8805
51	Number of active borrowers (end of period)	7,838	8,402	8,805	12,206	14251
52	Value of voluntary savings outstanding (end of period)					
53	Total savings outstanding (voluntary and mandatory)	483,745	572,217	435,850	221,000	352405
54	Number of active voluntary savers (end of period)	7,838	8,402	8,805	12,206	
55	Total number of active savers (voluntary and mandatory)	7,838	8,402	8,805	12,206	14251
56	Total active clients (end of period)	7,838	8,402	8,805	12,206	14251
57	Number of women clients (end of period)	6,273	6,179	7,271	9,155	11684
58	Number of rural clients (if measured)					
59	Number of loans outstanding with initial balance at or under poverty loan level for your region					
60	Minimum microenterprise loan size US$	100	100	100	100	100
61	Maximum microenterprise loan size	300	350	350	350	420
62	Avg initial loan for 1st time borrowers (during period)				171	100
63	Number of total personnel	65	67	57	73	81
64	Number of loan officers (directly managing loans)	28	30	33	45	45
65	Nominal interest rate charged by program (annualized)	0.70	0.70	0.70	0.65	65%
66	Are savings mandatory? (Y/N)	Yes	Yes	Yes	Yes	Yes
67	Lending methodology(ies) used (village banking, solidarity group, Grameen replicant, individual)					
	PORTFOLIO QUALITY					
68	Outstanding balance of loans after 1 day past due			103,920	47,492	102,425
69	Portfolio at Risk (line 68/line 43)			6%	2%	4%
70	Value of loans written off during period			-	0	0
71	Loan loss rate (line 70/line 43)			-	-	0
	PORTFOLIO AGING (end of period)					
72	Current Loans			1,600,330	2,069,925	2,551,973
73	Loans 1-30 days past due			12,126	14,597	22,425
74	Loans 31-60 days past due			2,699	9,397	35,152
75	Loans 61-90 days past due			2,462	2,629	14,011
76	Loans 91-120 past due			3,063	9,492	11,580
77	Over 120 days past due			64,747	11,377	9,850
77	Total			1,685,427	2,117,417	2,644,991
	MACROECONOMIC INDICATORS					
78	Exchange Rate (end of period) $1 =			8.75	8.75	8.75
79	90 Day CD rate			2.50%	2.50%	2.50%
80	Inflation rate			4.50%	4.50%	5.50%
81	Per capita GDP				2,900	3,100

IV.	FINANCIAL PERFORMANCE RATIOS					
		30 Sept. (2002)[1]	30 June (2003)			
PROFITABILITY						
82	Operational Sustainability	80.00%	102.42%	121.46%		121.30%
83	Inflation Adjustment	16,836	14,909	35,602		58,975
84	Cost of Funds Adjustment	47,674	19,021	(16,511)		(29,384)
85	Total Adjusted Expenses		**486,565**	**746,223**		**932,056**
86	Adjusted Net Operating Income		(22,972)	136,954		162,620
87	Financial Sustainability		95.28%	118.35%		117.45%
88	Return on Equity (ROE)	-14.21%	2.03%	17.21%		14.28%
89	Return on Assets (ROA)	-5.05%	0.60%	6.15%		6.39%
90	Adjusted Return on Equity (AROE)		-4.26%	15.11%		12.08%
91	Adjusted Return on Assets (AROA)		-1.25%	5.40%		5.40%
92	Portfolio Yield	11.58%	32.50%	46.45%		46.89%
93	Funding Expense Ratio	0.55%	2.02%	0.87%		1.26%
94	Cost of Funds Ratio	0.74%	2.22%	1.01%		1.77%
FINANCIAL STRUCTURE						
95	Loans/Assets Ratio	54.21%	80.53%	68.52%		86.72%
96	Investments/Assets Ratio	23.36%	1.95%	4.55%		0.00%
97	Fixed Assets Ratio	12.52%	10.27%	0.82%		1.54%
98	Donated Capital Ratio					
99	Debt/Equity Ratio	67.34%	277.01%	139.82%		108.86%
100	Equity/Assets Ratio	32.66%	26.52%	41.70%		47.88%
101	Earning Assets Ratio	77.57%	82.48%	73.07%		86.72%
EFFICIENCY						
102	Operating Expense Ratio	14.68%	31.73%	38.24%		38.65%
103	Loan Officer Ratio	44.78%	57.89%	61.64%		55.56%
104	Loan Officer Productivity	280	267	271		317
105	Personnel Productivity	125	154	167		176
106	Cost Per Borrower	71.26	52.61	69.21		68.22
107	Cost Per Unit of Money Lent	0.27	0.24	0.72		0.10
108	Client Retention Rate	1,403	93.51%	127.46%		157.46%
109	Average Loan Size Disbursed	1583.00	444.88	180.06		245.48
GROWTH						
110	Growth in Capital	-10.77%	-3.17%	141.94%		9.84%
111	Growth in Assets	5.51%	19.22%	53.90%		-4.34%
112	Growth in Amount of Loans Outstanding	33.86%	44.38%	25.63%		20.52%
113	Growth in Number of Loans Outstanding		165.32%	34.29%		570.28%
114	Growth in Active Borrowers	7.20%	4.80%	38.63%		16.75%
115	Growth in Savings Outstanding	18.29%	-23.83%	-49.29%		59.46%
116	Growth in Active Savers	7.20%	4.80%	38.63%		14.35%

Note: (1) Last year's figures have not been recalculated/verified; shown for illustrative purpose only.

CRS Philippines (RISE)

Represents RISE Portfolio Only

Table 1

	I. INCOME STATEMENT (in local currency)	Sep-01	Sep-02	Sep-03	Sep-04	Sep-05
REVENUE						
1	Interest Revenue from Loan Portfolio	520,000	1,930,417	2,408,769	1,867,893	1,898,612
2	Fee Revenue from Loan Portfolio	194,000	447,500	418,545	364,125	299,562
3	**Total Revenue from Loan Portfolio**	**714,000**	**2,377,917**	**2,827,314**	**2,232,018**	**2,198,174**
4	Revenue from Investments	650,554	591,387	289,515	284,167	189,374
5	Other Financial Revenue	148,824	493,025	272,594	110,631	758,479
6	**Total Financial Revenue**	**1,513,378**	**3,462,329**	**3,389,423**	**2,626,816**	**3,146,027**
EXPENSES						
7	Interest and Fees Paid on Borrowing	93,750	989,583	1,000,000	1,000,000	1,000,000
8	Interest and Fees Paid on Deposits					
9	Loan Loss Provision Expense			145,500	553,875	180,000
10	**Total Financial Expenses**	**93,750**	**989,583**	**1,145,500**	**1,553,875**	**1,180,000**
11	Personnel Expenses	703,569	864,618	806,545	472,649	259,528
12	Other Operational and Admin Expenses	394,098	1,028,482	556,248	3,167,074	696,078
13	**Total Operating Expenses**	**1,191,417**	**2,882,683**	**2,508,293**	**5,193,598**	**2,135,606**
14	**Net Operating Income**	**321,961**	**579,646**	**881,131**	**(2,566,782)**	**1,010,422**
15	Revenue from Non-Financial Activities				11,359	0
16	Expenses for Non-Financial Activities					0
17	**Net Income Before Taxes and Donations**	**321,961**	**579,646**	**881,131**	**(2,555,423)**	**1,010,422**
18	Taxes			220,309	(773,436)	0
19	Donations					
20	**Net Income**	**321,961**	**579,646**	**660,821**	**(1,781,987)**	**1,010,422**

	II. BALANCE SHEET (in local currency)	Sep-01	Sep-02	Sep-03	Sep-04	Sep-05
ASSETS						
21	Cash and Current Bank Accounts	1,430,963	8,622,871	8,544,295	8,298,068	10,310,323
22	Short-term Investments	19,884,708				0
23	Long-term Investments					0
24	Gross Loans Outstanding	9,700,000	23,000,000	23,531,250	22,237,500	22,034,375
25	Loan Loss Reserve (enter as negative number)		(120,750)	(266,250)	(553,875)	(733,875)
26	Net Loans Outstanding (line 24 - line 25)	9,700,000	22,879,250	23,265,000	21,683,625	21,300,500
27	Net Fixed Assets After Depreciation		86,789	65,848	25,319	2,007
28	Other Assets	393,504	384,450	834,814	1,095,111	941,705
29	**Total Assets**	**31,409,175**	**31,973,360**	**32,709,958**	**31,102,123**	**32,554,536**
LIABILITIES						
30	Deposits					
31	Borrowing (commercial)					
32	Borrowing (concessional)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
33	Other liabilities	1,032,511	1,140,824	1,216,602	998,400	940,393
34	**Total Liabilities**	**21,032,511**	**21,140,824**	**21,216,602**	**20,998,400**	**20,940,393**
EQUITY						
35	Paid-in-Capital	10,002,000	10,003,000	10,003,000	10,854,000	11,354,000
36	Donated Equity (current period)					
37	Donated Equity (previous periods)		0	0	0	0
38	Retained earnings (current period)	321,961	454,872	660,821	(1,781,987)	1,010,420
39	Retained earnings (previous periods)	52,703	374,664	829,536	1,031,710	(750,277)
40	**Total Equity (end of period)**	**10,376,664**	**10,832,536**	**11,493,357**	**10,103,723**	**11,614,143**
41	**Total Liabilities and Equity**	**31,409,175**	**31,973,360**	**32,709,959**	**31,102,123**	**32,554,536**

	ADDITIONAL DATA REQUIRED TO CALCULATE RATIOS	Sep-01	Sep-02	Sep-03	Sep-04	Sep-05
41b	Net Fixed Assets After Depreciation (start of period)		0	86,789	65,848	25,319
41c	Total Assets (start of period)	10,001,000	31,409,175	31,973,360	32,709,958	31,102,123
41d	Total Liabilities (start of period)		21,032,511	21,140,824	21,216,602	20,998,400
41e	Total Equity (start of period)	10,001,000	10,376,664	10,832,536	11,493,357	10,103,723

	CALCULATED VALUES USED IN RATIOS	Sep-01	Sep-02	Sep-03	Sep-04	Sep-05
41f	Average net fixed assets	0	43,395	76,319	45,584	13,663
41g	Average Total Assets	20,705,088	31,691,268	32,341,659	31,906,040	31,828,329
41h	Average Total Liabilities	10,516,256	21,086,668	21,178,713	21,107,501	20,969,397
41i	Average Total Equity	10,188,832	10,604,600	11,162,947	10,798,540	10,858,933
41j	Average Number of Active Borrowers	0	0	0	0	0

III.	PORTFOLIO INDICATORS (in local currency where applicable)						
		Note	2001	2002	2003	2004	2005
GENERAL PORTFOLIO INDICATORS							
42	Value of gross loans outstanding (start of period)			9,700,000	23,000,000	23,531,250	22,237,500
43	Value of gross loans outstanding (end of period)		9,700,000	23,000,000	23,531,250	22,237,500	22,034,375
44	Avg. outstanding gross portfolio		4,850,000	16,350,000	23,265,625	22,884,375	22,135,938
44b	Number of loans outstanding (start of period)	(1)		6	13	16	22
45	Number of loans outstanding (end of period)		6	13	19	22	16
46	Value of loans disbursed (during period)	(2)	9,700,000	17,175,000	10,500,000	12,212,500	8,312,500
47	Number of loans disbursed (during period)	(3)	6	7	12	8	9
48	Number of first time borrowers (during period)		5	4	1	1	1
49	Avg. loan size outstanding (line 43 / line 45)		1,616,667	1,769,231	1,238,487	1,010,795	1,377,148
50	Number of active borrowers (start of period)			5	9	10	11
51	Number of active borrowers (end of period)		5	9	10	11	10
52	Value of voluntary savings outstanding (end of period)						
52b	period)						
53	period)						
54	Number of active voluntary savers (end of period)						
54b	period)						
55	Total number active savers - voluntary & mandatory (end of period)						
56	Total active clients (end of period)						
57	Number of women clients (end of period)			Not Applicable			
58	Number of rural clients (if measured)						
59	loan level for your region						
60	Minimum microenterprise loan size						
61	Maximum microenterprise loan size						
62	Avg initial loan for 1st time borrowers (during period)						
63	Number of total personnel						
64	Number of loan officers (directly managing loans)						
65	Nominal interest rate charged by program (annualized)				12.00%	12.00%	12.00%
66	Are savings mandatory? (Yes / No)				N/A	0.00%	0.00%
67	Primary Lending Methodology			Other:	Wholesale Lending		
67b	Secondary Lending Methodology.				N/A	0	N/A
68	Outstanding balance of loans > 30 days past due		0	0	3,000,000	3,000,000	0
69	Portfolio at Risk (line 68/line 43)		0.00%	0.00%	12.75%	13%	0.00%
70	Value of loans written off during period				0.00%	0.00%	0.00%
71	Loan loss rate (line 70/line 43)		0.00%	0.00%	0.00%	0%	0.00%
PORTFOLIO AGING: Number of Loans (at the end of period)							
72	Current Loans				18	22	16
73	Loans 1-30 days past due					0	0
74	Loans 31-60 days past due				1	0	0
75	Loans 61-90 days past due					0	0
76	Loans > 90 days past due					1	0
77	Total		6	13	19	22	16
PORTFOLIO AGING: Value of Loans							
72b	Current Loans				20,531,250	23,831,250	21,750,000
73b	Loans 1-30 days past due					0	0
74b	Loans 31-60 days past due					0	0
75b	Loans 61-90 days past due					0	0
76b	Loans > 90 days past due				3,000,000	3,000,000	3,000,000
77b	Total		9,700,000	23,000,000	23,531,250	22,237,500	22,034,375

Notes:

(1) Number Loans outstanding refers to the number of drawdowns made by the MFI partners.
RISE's credit facility is in the form of a 3-year revolving credit line. Term of loan or drawdown bears an interest rate of 12% and a term of 2 years inclusive of a 1 year grace period.

(2) Refers to the amount of drawdowns made by the MFIs during the period

(3) Refers to the number of drawdowns made by partners during the period

CRS Philippines (RISE)

Represents RISE Portfolio Only

	FINANCIAL PERFORMANCE RATIOS (in local currency where applicable)	2001	2002	2003	2004	2005
	PROFITABILITY					
82	Operational Sustainability	127.02%	120.11%	135.13%	50.58%	147.31%
83	Inflation Adjustment	#REF!	#REF!	332,599	322,588.67	585,644.57
84	Cost of Funds Adjustment	#REF!	#REF!	#REF!	574,000.00	799,999.92
85	Total Adjusted Expenses	1,097,667	3,276,497	2,966,692	6,090,186.67	3,521,250.42
86	Adjusted Net Operating Income	415,711	185,832	422,732	(3,463,370.67)	(375,222.99)
87	Financial Sustainability	137.87%	105.67%	114.25%	43.13%	89.34%
88	Return on Equity (ROE)	3.16%	5.47%	7.89%	-23.77%	9.30%
89	Return on Assets (ROA)	1.55%	1.83%	2.72%	-8.04%	3.17%
90	Adjusted Return on Equity (AROE)	4.08%	1.75%	3.79%	-32.07%	-3.46%
91	Adjusted Return on Assets (AROA)	2.01%	0.59%	1.31%	-10.85%	-1.18%
92	Portfolio Yield	14.72%	14.54%	12.15%	9.75%	9.93%
93	Funding Expense Ratio	#REF!	#REF!	#REF!	4.37%	4.52%
94	Cost of Funds Ratio	#REF!	#REF!	#REF!	4.74%	4.77%
	FINANCIAL STRUCTURE					
95	Loans/Assets Ratio	30.88%	71.56%	71.13%	69.72%	65.43%
96	Investments/Assets Ratio	#REF!	#REF!	#REF!	0.00%	0.00%
97	Fixed Assets Ratio	#REF!	0.27%	0.20%	0.03%	0.01%
98	Donated Capital Ratio	#REF!	#REF!	#REF!	0.00%	0.00%
99	Debt/Equity Ratio	202.69%	195.16%	184.60%	207.83%	180.30%
100	Equity/Assets Ratio	33.04%	33.88%	35.14%	32.49%	35.68%
101	Earning Assets Ratio	#REF!	#REF!	#REF!	69.72%	65.43%
	EFFICIENCY					
102	Operating Expense Ratio	24.57%	17.63%	10.78%	22.69%	9.65%
103	Loan Officer Ratio	N/A	N/A	N/A	N/A	N/A
104	Loan Officer Productivity	N/A	N/A	N/A	N/A	N/A
105	Personnel Productivity	5	3	3	5.50	5.00
106	Cost Per Borrower	476,567	411,812	264,031	494,628.38	203,391.04
107	Cost Per Unit of Money Lent	0.123	0.168	0.239	0.43	0.26
108	Client Retention Rate	#REF!	1.000	1.000	1.00	0.83
109	Average Loan Size Disbursed	1,616,667	2,453,571	875,000	1,526,562.50	923,611.11
	GROWTH					
110	Growth in Capital	3.76%	4.39%	6.10%	-12.09%	14.95%
111	Growth in Assets	214.06%	1.80%	2.30%	-4.92%	4.67%
112	Growth in Amount of Loans Outstanding	N/A	137.11%	2.31%	-5.50%	-0.91%
113	Growth in Number of Loans Outstanding	N/A	116.67%	46.15%	37.50%	-27.27%
114	Growth in Active Borrowers	N/A	80.00%	11.11%	10.00%	-9.09%
115	Growth in Savings Outstanding	N/A	N/A	N/A	N/A	N/A
116	Growth in Active Savers	N/A	N/A	N/A	N/A	N/A
MACROECONOMIC INDICATORS						
78	Exchange Rate (end of period) $us1 =		51.60	53.85230	55.83000	56.00000
79	90 Day CD rate (end of period)		5.280%	5.629%	7.870%	9.000%
80	Inflation rate (annual)		3.100%	3.000%	3.000%	5.400%
81	Per capita GDP (annual in local currency)		3,149	3,196	3,196	3,196
SOURCE: Bangko Sentral Philippines web site < www.bsp.gov.ph>						

USAID/EGAT/MD, Microenterprise Implementation Grant Program - Financial Services

Table 1 for RFA number: EGAT/MD-03-A-001

INSTRUCTIONS: Enter data in the cells with light blue background. Other cells are calculated and do not require data entry.

Line	**BALANCE SHEET (in local currency)**	Note	**Results**			
		Note	**2001**	**2002**	**2003**	**2004**
	ASSETS					
21	Cash and Current Bank Accounts		1,430,963	8,622,871	8,544,295	8,544,295
22	Short-term Investments		19,884,708			
23	Long-term Investments					
24	Gross Loans Outstanding		9,700,000	23,000,000	23,531,250	23,531,250
25	Loan Loss Reserve (enter as negative number)			(120,750)	(266,250)	(266,250)
26	Net Loans Outstanding (line 24 - line 25)		9,700,000	22,879,250	23,265,000	23,265,000
27	Net Fixed Assets After Depreciation			86,789	65,848	65,848
28	Other Assets		393,504	384,450	834,814	834,814
29	Total Assets		31,409,175	31,973,360	32,709,958	32,709,958
	LIABILITIES					
30	Deposits					
31	Borrowing (commercial)					
32	Borrowing (concessional)		20,000,000	20,000,000	20,000,000	20,000,000
33	Other liabilities		1,032,511	1,140,824	1,216,602	1,216,602
34	Total Liabilities		21,032,511	21,140,824	21,216,602	21,216,602
	EQUITY					
35	Paid-in-Capital		10,002,000	10,003,000	10,003,000	10,003,000
36	Donated Equity (current period)					
37	Donated Equity (previous periods)			0	0	0
38	Retained earnings (current period)		321,961	454,872	660,821	660,821
39	Retained earnings (previous periods)		52,703	374,664	829,536	1,490,357
40	Total Equity (end of period)		10,376,664	10,832,536	11,493,357	12,154,179
41	**Total Liabilities and Equity**	A	31,409,175	31,973,360	32,709,959	33,370,780
	ADDITIONAL DATA REQUIRED TO CALCULATE RATIOS					
41b	Net Fixed Assets After Depreciation (start of period)			0	86,789	65,848
41c	Total Assets (start of period)		10,001,000	31,409,175	31,973,360	32,709,958
41d	Total Liabilities (start of period)			21,032,511	21,140,824	21,216,602
41e	Total Equity (start of period)		10,001,000	10,376,664	10,832,536	11,493,357
	CALCULATED VALUES USED IN RATIOS					
41f	Average net fixed assets		0	43,395	76,319	65,848
41g	Average Total Assets		20,705,088	31,691,268	32,341,659	32,709,958
41h	Average Total Liabilities		10,516,256	21,086,668	21,178,713	21,216,602
41i	Average Total Equity		10,188,832	10,604,600	11,162,947	11,823,768
41j	Average Number of Active Borrowers		#REF!	7	10	#REF!

* Enter notes on the sheet (tab) Macroeconimic Indicators. Enter a note reference number in column C.

Note A: Total Assets (line 29) must equal the sum of Total Lialities plus Total Equity (line 41).

#REF!
#REF!

...UCTIONS: Enter data in the cells with light blue background. Other cells are calculated and do not require data entry.

	MACROECONOMIC INDICATORS		Results				
Line		Note*	2001	2002	2003	2004	2005
78	Exchange Rate (end of period) $us1 =	x		51.60	53.85230	55.83000	56
79	90 Day CD rate (end of period)			5.280%	5.629%	7.870%	9%
80	Inflation rate (annual)			3.100%	3.000%	3.000%	5.40%
81	Per capita GDP (annual in local currency)			3,149	3,196	3,196	3196

*** ENTER APPLICANT NOTES HERE FOR ALL WORKSHEETS (tabs)**

Please enter the line number to which the note applies in column A, and the note text starting in column B.

Line #	Note
44b	Number Loans outstanding refers to the number
	and a term of 2 years inclusive of a 1 year grace period.
46	Refers to the amount of drawdowns made by the MFIs during the period
47	Refers to the number of drawdowns made by partners during the period
57	RISE is a wholesale institution that provides loan to Microfinance Institutions. Some of the items in this
78	SOURCE: Bangko Sentral Philippines web site < www.bsp.gov.ph >

CRS SENEGAL MICRO FINANCE PROGRAM[1]

	565	517	533	474
Exchange Rate (1 $ US = F CFA)	565	517	533	474

Table 1

I. INCOME STATEMENT

	(in US Dollars)	Jan. - June 30 2003	July - Dec. 31 2003	Jan - Jun. 30 2004	July - Dec. 31 2004
REVENUE					
1	Interest Revenue from Loan Portfolio	57,123	161,992	73,904	145,058
2	Fee Revenue from Loan Portfolio	5,956	7,896	4,364	6,989
3	**Total Revenue from Loan Portfolio**	**63,079**	**169,888**	**78,268**	**152,047**
4	Revenue from Investments	-	-	-	-
5	Other Financial Revenue	-	8,509	1,213	2,284
6	**Total Financial Revenue**	**63,079**	**178,397**	**79,481**	**154,331**
EXPENSES					
7	Interest and Fees Paid on Borrowing	-	-	-	-
8	Interest and Fees Paid on Deposits	-	-	-	-
9	Loan Loss Provision Expense	-	685	(4,752)	-
10	**Total Financial Expenses**	-	**685**	(4,752)	-
11	Personnel Expenses	86,694	87,651	68,908	79,040
12	Other Operational and Admin Expenses	49,677	60,928	53,481	61,092
13	**Total Operating Expenses**	**136,371**	**148,579**	**122,389**	**140,132**
14	**Net Operating Income**	**(73,292)**	**29,133**	**(38,156)**	**14,199**
15	Revenue from Non-Financial Activities	-	-	-	
16	Expenses for Non-Financial Activities	-	-	-	
17	**Net Income Before Taxes and Donations**	**(73,292)**	**29,133**	**(38,156)**	**14,199**
18	Taxes	-	-	-	
19	Donations	128,177	122,488	83,886	60,181
20	**Net Income**	**54,885**	**151,621**	**45,730**	**74,380**

II. BALANCE SHEET

	(in US Dollars)	30-Jun-03	31-Dec-03	30-Jun-04	31-Dec-04
ASSETS					
21	Cash and Current Bank Accounts	169,859	156,783	98,498	280,306
22	Short-term Investments	-	-	-	-
23	Long-term Investments	-	-	-	-
24	Gross Loans Outstanding	1,169,108	1,327,734	1,363,410	1,581,337
25	Loan Loss Reserve	-	4,863	1,854	-
26	Net Loans Outstanding (line 24 - line 25)	1,169,108	1,322,871	1,361,556	1,581,337
27	Net Fixed Assets (after depreciation)	39,730	79,425	55,707	52,228
28	Other Assets	4,341	152,189	261,257	552,180
29	**Total Assets**	**1,383,038**	**1,711,268**	**1,777,018**	**2,466,051**
LIABILITIES					
30	Deposits	-	-	-	-
31	Borrowing (commercial)	-	-	-	-
32	Borrowing (concessional)	-	-	-	-
33	Other liabilities	-	80,921	71,163	409,604
34	**Total Liabilities**	-	80,921	71,163	**409,604**
EQUITY					
35	Paid-in-Capital	-	-	-	-
36	Donated Equity (current period)	-	52,623	33,635	12,558
37	Donated Equity (previous periods)	1,208,838	1,251,903	1,300,669	1,597,958
38	Retained earnings (current period)	54,885	151,621	45,730	74,380
39	Retained earnings (previous periods)	119,315	174,200	325,821	371,551
40	**Total Equity**	**1,383,038**	**1,630,347**	**1,705,855**	**2,056,447**
41	**Total Liabilities and Equity**	**1,383,038**	**1,711,268**	**1,777,018**	**2,466,051**

III.	PORTFOLIO REPORT AND FINANCIAL INDICATORS				
	(in US Dollars if applicable)	Jan. - June 30 2003	July - Dec. 31 2003	Jan - Jun. 30 2004	July - Dec. 31 2004
42	Value of gross loans outstanding (start of period)	835,834	1,169,108	1,327,734	1,363,410
43	Value of gross loans outstanding (end of period)	1,169,108	1,327,734	1,363,410	1,581,337
44	Avg. outstanding gross portfolio ((line 42 + line 43)/2)	1,002,471	1,248,421	1,345,572	1,472,374
45	Number of loans outstanding (end of period)	9,957	9,092	9,087	8,507
46	Value of loans disbursed (during period)	1,133,767	1,435,585	1,376,221	1,113,531
47	Number of loans disbursed (during period)	9,879	9,899	8,851	6,646
48	Number of first time borrowers (during period)	1,436	2,808	2,522	1,647
49	Avg. loan size outstanding (end of period) (line 43/line 45)	117	146	150	186
50	Number of active borrowers (start of period)	9,414	9,957	9,092	9,974
51	Number of active borrowers (end of period)	9,957	9,092	9,974	8,862
52	Value of voluntary savings outstanding (end of period)	-	-	-	-
53	Total savings outstanding (voluntary and mandatory)	765,206	868,272	979,322	1,191,128
54	Number of active voluntary savers (end of period)	-	-	-	-
55	Total number of active savers (voluntary and mandatory)	9,990	9,216	9,974	8,862
56	Total active clients (end of period)	10,148	9,216	9,974	8,862
57	Number of women clients (end of period)	10,148	9,216	9,974	8,862
58	Number of rural clients (if measured)	NA	NA	NA	NA
59	poverty loan level for your region (estimation)	4,481	4,091	4,089	3,828
60	Minimum microenterprise loan size	-	-	-	-
61	Maximum microenterprise loan size	530	580	531	633
62	Avg initial loan for 1st time borrowers (during period)	53	58	53	63
63	Number of total personnel	31	31	32	32
64	Number of loan officers (directly managing loans)	19	19	20	20
65	Nominal interest rate charged by program (annualized)	20%	20%	20%	20%
66	Are savings mandatory? (Y/N)	Y	Y	Y	Y
67	group, Grameen replicant, individual)	Village banking	Village banking	Village banking	Village Banking

PORTFOLIO QUALITY		Jan. - June 30 2003	July - Dec. 31 2003	Jan - Jun. 30 2004	July - Dec. 31 2004
68	Outstanding balance of loans > 30 days past due	6,794	5,341	-	0
69	Portfolio at Risk (line 68/line 43)	0.58%	0.40%	0.00%	0.00%
70	Value of loans written off during period	0	2,891	-	0
71	Loan loss rate (line 70/line 43)	0.00%	0.22%	0.00%	0.00%

PORTFOLIO AGING (end of period) : 31 December 2004		No. Loans	Value of Loans	% Portfolio
72	Current Loans	8,507	1,581,337	100.00%
73	Loans 1-30 days past due	-	-	0.00%
74	Loans 31-60 days past due			0.00%
75	Loans 61-90 days past due			0.00%
76	Loans > 90 days past due			0.00%
77	**Total**	**8,507**	**1,581,337**	**100%**

MACROECONOMIC INDICATORS)		2004
78	Exchange Rate (end of period) $1 =	474
79	90 Day CD rate	NA
80	Inflation rate/ annual (2002)	2.0%
81	Per capita GDP (1999)/year -- shown in USD	530

IV.	FINANCIAL PERFORMANCE RATIOS		
PROFITABILITY			
82	Operational Sustainability	64.94%	110.13%
83	Inflation Adjustment	32,011	0
84	Cost of Funds Adjustment	0	0
85	Total Adjusted Expenses	154,400	140,132
86	Adjusted Net Operating Income	-74,919	14,199
87	Financial Sustainability	51.48%	110.13%
88	Return on Equity (ROE)	-2.29%	0.75%
89	Return on Assets (ROA)	-2.19%	0.67%
90	Adjusted Return on Equity (AROE)	-4.49%	0.75%
91	Adjusted Return on Assets (AROA)	-4.30%	0.67%
92	Portfolio Yield	5.82%	10.33%
93	Funding Expense Ratio	0.00%	0.00%
94	Cost of Funds Ratio	N/A	N/A
FINANCIAL STRUCTURE			
95	Loans/Assets Ratio	76.62%	64.12%
96	Investments/Assets Ratio	0.00%	0.00%
97	Fixed Assets Ratio	3.13%	2.12%
98	Donated Capital Ratio	75.09%	65.31%
99	Debt/Equity Ratio	4.17%	19.92%
100	Equity/Assets Ratio	96.00%	83.39%
101	Earning Assets Ratio	76.72%	64.12%
EFFICIENCY			
102	Operating Expense Ratio	8.98%	8.86%
103	Loan Officer Ratio	62.50%	62.50%
104	Loan Officer Productivity	499	443
105	Personnel Productivity	312	277
106	Cost Per Borrower	13	15
107	Cost Per Unit of Money Lent	0.09	0.13
108	Client Retention Rate	85.88%	76.26%
109	Average Loan Size Disbursed	155	168
GROWTH			
110	Growth in Capital	4.63%	20.55%
111	Growth in Assets	3.84%	38.77%
112	Growth in Amount of Loans Outstanding	2.69%	15.98%
113	Growth in Number of Loans Outstanding	-0.05%	-6.38%
114	Growth in Active Borrowers	9.70%	-11.15%
115	Growth in Savings Outstanding	12.79%	21.63%
116	Growth in Active Savers	8.22%	-11.15%

MACROECONOMIC INDICATORS		2004
109	Exchange Rate (end of period) $1 =	524
110	90 Day CD rate	N/A
111	Inflation rate/ annual	2.0%
112	Per capita GDP (2002)	530

[1] CRS Senegal had no Matching Grant activities beyond December 2004.