

**PERIOD TWO IMPLEMENTATION GRANT REPORT**

**Period from April 1, 2000 to September 30, 2000**

**To the United States Agency for  
International Development**

**In fulfillment of the 1999-2002  
AID/OPPORTUNITY International Grant  
PCE-A-00-99-00030-00**

**Submitted by Opportunity International  
November 2000**

**Attachment 1A**

***Simplified Activity and Financial Statement***

As of September 30, 2000	Year 1	Year 2	Year 3
<b>ACTIVITIES</b>			
1. Amount of Loans Outstanding, Start of Year	276,209		
2. Amount of Loans Outstanding, End of Year	428,295		
3. Average Amount of Loans Outstanding	345,076		
4. Number of Loans Outstanding, End of Year	7,092		
5. Average Loan Size (Outstanding Balance)	2,260		
6. Delinquency Rate (Portfolio at Risk)	12.47%		
7. Long Run Loss Rate (Provision)	2%		
<b>INTEREST RATES</b>			
8. Nominal Interest Rate Charged	36%		
9. Local Inter-Bank Interest Rate	28%		
10. Inflation Rate	7.73%		
<b>CLIENT REVENUES</b>			
11. Interest Income From Clients	301,006		
12. Fee Income From Clients	12,365		
13. Total Client Revenues	313,371		
<b>NON-FINANCIAL EXPENSES</b>			
14. General Operating Expenses	336,539		
15. Depreciation of Fixed Assets	7,296		
16. Loan Loss Provision	11,575		
17. Total Non-Financial Expenses	355,410		
<b>ADJUSTED FINANCIAL EXPENSES</b>			
18. Adjusted Financial Expenses (line 3 multiplied by the higher of line 9 or line 10)	96,621		
<b>TOTALS</b>			
19. Total Expenses (line 17 plus line 18)	452,031		
20. Return on Operations (line 13 divided by line 19)	69%		
<b>OTHER</b>			
21. Total number of savers (including compulsory)	6,791		
22. Total savings outstanding	123,044		
23. Percent women borrowers (of line 4)	90%		
24. Number of total staff	54		
25. Number of loan officers	38		
26. Number of loans outstanding with initial balance >US\$300	6,891		

Currency in US Dollars

ATTACHMENT 1B

TABLE 1-part 2

INSTITUTION: Aging of Portfolio Report			
USD (\$)			
Period Sept 30, 2000			
	# of Loans	Outstanding Balance	Percent
Current Loans	4,399	372,293	86.92
1-30 days past due	1,603	16,691	3.90
31-60 days past due	274	5,219	1.22
61-90 days past due	133	3,428	0.80
Over 90 days past due	683	30,664	7.16
<b>TOTALS</b>	<b>7,092</b>	<b>428,295</b>	<b>100%</b>

Note: Exchange rate: US\$1 = 2,212.26 Pesos

## ATTACHMENT 1B

TABLE 2

<b>UNADJUSTED INCOME AND EXPENSE STATEMENT</b>			
<b>(In USD)</b>			
Exchange Rate: \$1 to	2,212.26		
		Year 1	Year 2
		Year 3	
<b>Income from Loans</b>			
Interest and Fees from Loans	301,066		
Interest and Fee Expense on borrowings	12,365		
<b>Gross Financial Margin</b>	313,431		
Less: Provision for Loan Loss	7,215		
<b>Net Financial Margin</b>	306,216		
Investment Income			
Other Income	4,789		
<b>Total Financial Income</b>	311,005		
<b>Operating Expenses</b>			
Salaries & benefits	284,529		
Other administrative expenses			
<b>Total Operating Expenses</b>	284,529		
<b>NET INCOME BEFORE TAXES</b>	26,476		
Taxes			
<b>Net Income After Taxes</b>			
<b>Donations for operating expenses &amp; asset purchases</b>	50,254		
<b>Donations for loan capital</b>	123,221		

These amounts are from Oct 1/99 to Sept 30/00

## ATTACHMENT 1B

TABLE 3

UNADJUSTED BALANCE SHEET  
(In USD)

	Year 1	Year 2	Year 3
<b>ASSETS</b>			
Cash and Banks	146,198		
Short Term Investments	0		
Gross Loans			
Performing	372,293		
Past Due >30 days	56,003		
Less: Loan Loss Reserve	12,276		
Net Portfolio Outstanding	416,020		
Other current assets			
<b>Total Current Assets</b>	562,268		
Long Term Investments			
Net Property Equipment	126,449		
Other Long Term Assets			
<b>TOTAL ASSETS</b>	688,667		
<b>LIABILITIES</b>			
Demand Deposits			
Time Deposits			
Short Term Loans			
Other Current Liabilities	19,769		
<b>Total Current Liabilities</b>	19,769		
Long Term Concessional Loans	43,097		
Long Term Commercial Loans			
Other Liabilities	110,709		
<b>TOTAL LIABILITIES</b>	173,575		
<b>EQUITY</b>			
Paid In Capital			
Retained Earnings			
Donated Equity	515,092		
Other Capital Accounts			
<b>TOTAL EQUITY</b>	515,092		
<b>TOTAL LIABILITIES &amp; EQUITY</b>	668,667		

As of September 30, 2000

ATTACHMENT 2

**Key Program Indicators**

	<b>Baseline 12/98</b>	<b>Year 1 9/00 Projections</b>	<b>Year 1 9/00 Actuals</b>
Number of Loans Outstanding	3,235	8,496	7,092
Amount of Loans Outstanding (US\$)	350,000	1,050,140	428,295
Portfolio at Risk (>30 days)*	16.3%	11%	12.47%
Long Run Loss Rate		4.5%	2%
Return on Operations**	86%	73%	110%
Operating Efficiency***	39%	54%	45.8%
Client Retention rate (avg. of rates for the 3 products)	83%	83%	85%
Clients per loan officer			
Trust Banks	280	280	260
Solidarity Groups	185	190	200
Individual Loans	90	100	82
Private sector commercial funds raised to support program (annual basis)	0	0	43,097

\*Portfolio at risk: balance of loans outstanding with delinquent payments over 30 days.

\*\*Return on operations: Total client income and fees / Total Adjusted Expenses (line 30 of Table 1)

\*\*\* Operating Efficiency: Total operating costs / Average Gross Loan Portfolio

## **NARRATIVE REPORT**

### **Growth**

Throughout the course of Year One of the IGP, AGAPE has continued the growth and expansion of its operations. As of September 30, 2000, AGAPE had 7,092 clients, an increase of over 3,000 clients from the same time last year, and a portfolio of US\$428,296, a growth of 55% from September 1999. AGAPE also hired twenty-one loan officers in 2000 – ten in Quarter One and eleven in Quarter Two.

### **Variations**

As shown in the Key Program Indicators table above, there are some variations between Year One Projected figures and Year One Actuals, the most noticeable being in Amount of Loans Outstanding. The size of AGAPE's portfolio is significantly lower due to the large devaluation of the peso against the dollar over the past three years. In 1998 the exchange rate was 1,427 pesos to US\$1. Currently the exchange rate is 2,212 pesos to US\$1.

Many of these variations have also resulted from the instability of Colombia's economy due in part to continued violence between guerrillas and paramilitaries. Thousands of displaced Colombians have sought refuge in Barranquilla from the fighting which has led to increased social problems and a rise in the level of insecurity.

The level of unemployment in September 2000 was 20.5% up from 18.1% in 1999. Due to the violence and insecurity in Colombia, multinational companies have left the country leaving thousands of workers unemployed. Recent mergers within the banking system have caused additional thousands to lose their jobs. Also many people working within the health and education sectors of government have not received their salaries for more than four months. As AGAPE's microentrepreneurs lose their own client base due to this unemployment and decreased income, some have had difficulties in making their payments and have left the program to wait for the situation to improve.

### **Personnel and Training**

In July of this year, Iveth Puerta, an economist with a specialization in Human Resources, was hired to be in charge of AGAPE's Human Resource Department. Ms. Puerta has continued to develop and modify the policy and procedure manual created by consultant, Nancy Horn in order to comply with Colombian laws.

Belinda Florez, ED of Opportunity's partner in the Dominican Republic, Gloria Ramirez from the Opportunity Latin America Office and Osman Zamora from Opportunity's partner in Nicaragua worked for two weeks continuing the development of a tool kit for management and methodology procedures and policies.

Adrian Smith and Maria Celeste provided training in improving organizational communication and further formation of the Trust Bank program. Jorge Pacheco, AGAPE's Executive Director, provided training in basic accounting principles to staff working in the Trust Bank Program.

### **Expansion**

Agape is currently conducting a study to determine what funding is necessary to start a branch office in Cartagena. The opening of the office in Cartagena was postponed until next year.

### **Consolidation**

Discussions regarding the consolidation of AGAPE and ADEMCOL (both Opportunity Partners) have taken place with the EDs and members of both boards and there seems to be agreement to move ahead with the consolidation. Belinda Florez (currently in the Dominican Republic) has agreed to become the director of the consolidation process and will relocate to Colombia in December. Sandra Prieto, a consultant with the Latin America Regional Office, will also assist with this process.