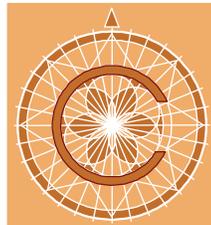

SOUTHERN SUDAN



Agricultural Enterprise Finance Program (AEFP)

SEVENTH QUARTERLY REPORT **April 1, 2004 – June 30, 2004**

Submitted by:



CHEMONICS INTERNATIONAL INC.

July 2004

Under Contract No. 623-C-00-02-00087-00

USAID/REDSO/ECA

Nairobi, Kenya

EXECUTIVE SUMMARY

In September 2002, Chemonics International was awarded the Southern Sudan AEFP contract, a 5-year effort to establish a self-sustaining micro-finance institution (MFI) in Southern Sudan and provide access to working capital for micro-entrepreneurs. AEFP is a key part of the \$22.5 million Southern Sudan Agricultural Revitalization Program (SSARP), which is managed by the USAID Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA), in close consultation with agriculture advisors based in USAID/Washington.

Key AEFP accomplishments and activities during this reporting period:

- Trained new SUMI staff for Maridi and Yambio branches, and began borrower group formation.
- Developed and extended the salary loan product to eligible clients in Yei. Over 200 clients have accessed salary loans. The added revenue should significantly increase the Yei branch's sustainability index during the next quarter.
- Distributed the report prepared by Fion de Vleter on credit opportunities for returned refugees and returned IDPs to the TTF for comment. If funding is possible, the TTF would like to see a stakeholders' workshop conducted on the report's findings for possible follow-up activities.
- Began construction of the branch office in Yambio, due for completion in September.
- Brought 5 senior SUMI staff and 3 Board members to a two-week intensive microfinance workshop at Uganda Martyr's University in Uganda.
- Held the grand opening of the SUMI head office and Yei branch in Yei. The event was attended by nearly 200 people.

For the eighth quarter, July 1 – September 31, 2004, the major AEFP activities will be to:

- Identify and finalize purchase of a plot for the 4th SUMI office in Rumbek.
- Market the salary loan product to eligible NGO clients in Maridi and Yambio branches.
- Begin extending group loans in Maridi and Yambio.
- Begin construction of the Maridi office.
- Send Edward Lokule, SUMI managing director, to the microfinance training workshop at Naropa University in Boulder, Colorado, USA.
- Submit the draft year three work plan to the TTF for approval.

1. Contractor's Report

A. Background

The Agricultural Enterprise Finance Program (AEFP) is a key part of the 5-year \$22.5 million Southern Sudan Agricultural Revitalization Program (SSARP), which is managed by the USAID Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA), in close consultation with agriculture advisors based in USAID/Washington. The other SSARP components include the establishment of six agricultural training centers and a data collection and analysis center. These other activities are implemented by the Catholic Relief Services (CRS) Consortium – comprised of CRS, Winrock International, Vetrinarians sans Frontiers-Belgium (VSF-Belgium), and SUPRAID (a Sudanese NGO) – through a competitively-awarded cooperative agreement. Additionally, a Participating Agency Service Agreement (PASA) with USDA provides supplemental technical support and other resources to the SSARP through a pilot activity fund. This document serves as AEFP's *Seventh Quarterly Performance Report*, covering the period April 1, 2004 through June 30, 2004. It also describes work planned for the coming quarter.

The Agricultural Enterprise Finance Program (AEFP) is in the process of establishing a viable, self-sustaining financial services organization in Southern Sudan in order to provide access to working capital for micro-entrepreneurs. The activity directly supports aspects of REDSO/ESA's 3-year interim strategy for Sudan under Strategic Objective number 8 (SO8), "Foundation Established For Economic Recovery." It specifically supports Intermediate Result 8.2 and 8.3, "Market Support Institutions Created and Strengthened" and "Market Support Programs and Services Introduced and Expanded." SO8 is one of the four objectives which comprise USAID's Sudan Integrated Strategic Plan, 2003-2005.

Established in June 2003 and opened for business in September of the same year, the Sudan Microfinance Institution (SUMI) is designed to foster expanded economic opportunity among Southern Sudanese and constitute an added incentive for Internally Displaced People (IDPs) and refugees to return to their homes through the provision of microfinancial services. During the first phase (five years) of the MFI's development, a microfinance loan program is being launched, which began with a group-based loan product in Yei, South Sudan. As it matures, the MFI will test various loan products, based on both client demand and repayment experience. A salary loan product was developed and successfully released in Yei in June 2004. Later, through a careful analysis of the willingness and capacity of borrowers to repay, it will be determined whether the MFI should diversify and offer some larger-sized loans to small businesses. Cost-recovering interest and fees are being charged by the MFI in order for it to fully cover operational costs by the end of the fifth year of the project.

A second phase of the AEFP can be exercised, based on the experience of the first five years, with the intent of transforming the MFI into a formal bank, introducing a savings component, supporting further geographic expansion, addressing small business finance needs, and achieving full financial self-sufficiency by covering all financial costs, including the opportunity cost of capital. USAID will determine the disposition of the loan capital fund at the end of Phase I, but anticipates that a successfully operating microfinance institution will be allowed to retain the fund as its loan capital, if AEFP objectives have been achieved and are likely to be sustained in the future.

AEFP is intended to support individual agribusiness entrepreneurs, very broadly defined, in all agriculture sub-sectors, including qualified applicants that have graduated from the training centers to be supported by other components of the Southern Sudan Agriculture Revitalization project. Women will

constitute a special target group for microlending services. To increase the likelihood of sustainability through achieving some economy of scale, people in regional population centers will be the main beneficiaries of Phase One.

AEFP Oversight. The Southern Sudan Agricultural Enterprise Finance Program (AEFP) is guided by the SSARP Program Steering Committee. This committee meets biannually and identifies focal areas for program coverage and formulates and concurs with major policies that guide the program. The 10-member Program Steering Committee is comprised of USAID, Natural Resources Management and Utilization Committee (NRMUC), the Development Assistance Technical Team (DATT), and the Southern Sudan Commissioners of Agriculture and Animal Resources, Wildlife and Tourism, Finance, Commerce, Education, Health, and Women and Family Affairs.

Additionally, AEFP receives guidance and support on implementation matters from a Technical Task Force (TTF). The 17-member TTF meets quarterly and is comprised of representatives from the Southern Sudan Departments of Agriculture, Forestry, Fisheries, and Livestock; representatives from the Secretariats of Wildlife and Tourism, Commerce, Finance, and Women and Family Affairs; representatives from the Nuba Mountains and Southern Blue Nile regions; DATT; NRMUC; the Data Center; USAID; and the Chiefs of Party from Chemonics and CRS.

B. Expected Results

Under its 5-year contract as the implementing contractor, Chemonics International has committed to establishing a self-sustaining microfinance institution (MFI) in Southern Sudan that will achieve the following performance measures by the end of Phase One:

- 1 \$3 million in loans by the end of the fifth year;
- 2 100 percent operational sustainability, through complete coverage of operating costs of administration and expendable supplies; and
- 3 At least three loan products available to clients by the end of the fifth year.

To reach these results, Chemonics is also intent on assisting the new Sudanese MFI, SUMI, to meet the following operational and social development parameters:

- 1 50 percent of loans made to women;
- 2 10 percent of loans made to reintegrated internally-displaced persons (IDPs) and returned refugees

While adhering to a strict financial systems model of microfinance services delivery, these social development parameters have been fully incorporated into SUMI's initial mission statement and business plan.

C. Year Two: Current AEFP Activities

During its second year of operation, the Agricultural Enterprise Finance Program (AEFP) has been focusing on continued development of SUMI's institutional and operational systems, physical infrastructure, training, and human resources necessary to expand operations successfully. Running from October 1, 2003 through September 30, 2004, the Year Two AEFP activities are divided into six program sub-components:

- 1 Establishing and developing MFI operations
- 2 Expanding geographic coverage
- 3 Developing loan products
- 4 Training
- 5 Microfinance policy and regulation
- 6 Program management and reporting

Below, each of the AEFP subcomponent activities are summarized, highlighting tasks accomplished in the Seventh Quarter (April 1 – June 30, 2004), and tasks planned for the Eighth Quarter (July 1 – September 30, 2004) as contained in the second year work plan. The task numbering corresponds to the task numbers for each activity in the second annual work plan. The Year Two Work Plan Chart is included for reference in Annex A of this document.

C1. Subcomponent 1: Establish and Develop MFI Operations

Establishing and developing SUMI's operations will be the central task of AEFP year two activities. This will include community outreach in each of the communities where branches are opened, borrower group formation and training, development and institutionalization of the MFI operations systems (including the drafting of an operations manual), and the development of an integrated MIS system for multiple branches. Finally, it will also include capacity development of the MFI Board of Directors.

Subcomponent 1: Tasks completed in the seventh quarter, April 1 – June, 2004:

Task 1.1: Continue community outreach and borrower group formation in Yei. SUMI staff continued community outreach and borrower group formation in Yei, following the client intake projections jointly created by SUMI staff and AEFP trainers during the SUMI staff training in microfinance in August 2003. Nearly 500 clients in Yei now access group loans through SUMI. Additionally, the SUMI grand opening took place during the last week of June and was well attended by clients, as well as by community leaders and other interested parties. There was a lot of positive enthusiasm and as one speaker remarked "Yei never had anything like SUMI even before the war."

Task 1.2: Complete draft operations manual and systems. The operations manual was expanded to include the systems and procedures to be used in extending and managing the salary loan product. The salary loan chapters of the manual were completed in May, and Yei began accepting applications for salary loans in June. Based on the initial experiences in Yei, the manual will be updated and modified as necessary.

Task 1.3: Board of Director meeting and capacity development. . The Board of Directors held the quarterly board meeting, and finalized the selection of a managing director for SUMI. Additionally, three board members attended the microfinance training at the Uganda Martyr's University, highlighted in the training component below. The new managing director, Edward Lokule, came on board on June 1, 2004, and is also a member of the board. Mr. Lokule has five years of commercial banking experience in Uganda with Centenary Rural Bank.

Task 1.4: Begin community outreach and borrower group formation in Yambio and Maridi. The Maridi and Yambio branches opened for business in June, beginning with community outreach and

borrower group formation. The first loans will go out of these branches in August. By the first week of July, Maridi had registered approximately 192 clients and Yambio had registered 155. The slower start in Yambio was due to the recent ebola outbreak in the county.

Task 1.5: Work out integrated MIS system for multiple branches. Involving the head office accountant, managing director, branch managers, and branch bookkeepers, an integrated system using Quikbooks software has been put in place. This will allow the head office to more easily consolidate data from the branches in a timely matter.

Sub-component 1: Tasks to be completed in the eighth quarter, July – September, 2004:

Task 1.1: Continue community outreach and borrower group formation in Yei. SUMI staff will continue outreach and borrower group formation in Yei. This activity will continue indefinitely.

Task 1.2 Board of Director meetings and capacity development. The Board of Directors will hold a quarterly board meeting. Ideally, a new Board member from Yambio and/or Maridi will be selected and join the Board.

Task 1.3. Begin community outreach and borrower group formation in Maridi and Yambio. The AEFP Team will continue to assist the Maridi and Yambio branch offices to extend the group loan product, with the first actual loans going out in August. This activity will continue indefinitely.

Task 1.4: Work out integrated MIS system for multiple branches. The AEFP team is assisting SUMI to evaluate and select a banking MIS application. Once a more formal banking software application is selected, it will be installed throughout SUMI over the next year.

C2. Subcomponent 2: Expand MFI Geographical Coverage

During year two of the program, the AEFP team will assist the SUMI staff and Board of Directors to expand operations to at least two additional communities in South Sudan, Yambio and Maridi. Additionally, initial expansion efforts will begin in a fourth community, Rumbek, late in year two. Actual lending in this fourth community will be started in year three of AEFP.

Subcomponent 2: Tasks completed in the seventh quarter, April – June, 2004:

Task 2.1: Complete construction of the MFI head office in Yei. Construction of the Yei office by Bros and Company was completed in May, with only a few minor issues outstanding, such as the water tank and installation of the solar panels. Once all outstanding details are finished, final payment will be made to Bros, except for a five percent “defects” guarantee that is held by Chemonics for another three months to ensure the structure is completely sound.

Task 2.3: Complete construction of the Yambio and Maridi. Construction of the Yambio branch is moving forward, with the foundation and basic walls completed during this quarter. There was a slight delay due to the ebola outbreak, but things are now back on schedule for completion in the eight quarter.

Subcomponent 2: Tasks to be completed in the eight quarter, July – September 2004:

Task 2.3: Complete construction of the Yambio and Maridi. Construction of the Yambio office will continue into the eighth quarter, and construction of the Maridi office will begin in July.

Task 2.4: Identify office space for 4th MFI office. An office space for the 4th office will be identified in July. This office will be in Rumbek. The Sudan AEFP operations/logistics manager and COP will assist the SUMI staff to make the office plot selection. Construction of this fourth office will begin as soon as possible.

C3. Subcomponent 3: Develop Loan Products

Using the information gathered in the microenterprise market survey, at least two pilot loan products will be developed in year two of the AEFP. The first two loan products will be a group-based loan product already being offered and a salary loan product available to employees of NGOs and other institutions in the communities where SUMI branches are opened. Over time, an individual loan product, aimed at larger microenterprises with greater capital needs, will be introduced if possible.

Subcomponent 3: Tasks completed in the seventh quarter, April – June, 2004:

Task 3.1: Task 3.4: Pilot test and extend employer-guaranteed loan product in Yei. Beginning in May 2004, the Yei branch began offering the salary loan product with the first disbursements released in June. Over 200 new clients registered with SUMI to access the salary loan product in Yei. An additional loan officer was hired and trained to take on the salary loan portfolio.

Task 3.6: Research and develop potential individual loan product. Over time, an individual loan product aimed at larger microenterprises will be developed and introduced. The development process will include a careful analysis of the legal framework that will be used to enforce loan repayment and collateral collection. If it appears the risk of an individual loan is too high, the feasibility of a group-based product for larger enterprises will be explored. Because of the heavy work load involved in opening the Maridi and Yambio branches, this activity has been delayed.

Subcomponent 3: Tasks to be completed in the eighth quarter, July – September 2004:

Task 3.2: Extend group loans in Maridi and Yambio. Using the improved version of the group loan product being extended in Yei after the initial pilot testing, the AEFP team will assist SUMI staff to being extending the group loan product in Maridi and Yambio, beginning in August. As highlighted above, community outreach and borrow group formation activities began in these branches in June.

Task 3.4: Pilot test and extend employer-guaranteed loan product in Yei. As new NGO clients sign up for the salary loan product, the Yei branch will continue to expand its salary loan portfolio. Expansion is necessarily limited to the NGOs operating in Yei town.

Task 3.5: Extend employer-guaranteed loan product in Yambio and Maridi branches. Beginning in September 2004, the AEFP team will begin assisting the MFI staff to extend the employer-guaranteed loan product out of the branch offices in Maridi and Yambio. This will begin with soliciting interest from those institutions employing salaried employees on the ground in each location. Because the salary loans can only be offered to Sudanese employees within the length of their existing contracts, it may not be possible to extend salary loans in Maridi and Yambio until January 2005, the beginning of most employees' one-year employment contracts.

Task 3.6: Research and develop potential individual loan product. Because of the work load involved in setting up the two new branches, this activity will be delayed until next year. This decision was also taken because the Yei branch looks like it will reach operational self-sustainability without the need for the third loan product. Therefore, it is more prudent to ensure good start up of the other branches, while taking more time to research and develop the riskier individual loan product.

C4. Subcomponent 4: Training

Because of the importance of training in this microfinance initiative, we have included it as a separate activity, though it will be fully integrated with the MFI operational development activities in subcomponent one, above. Training activities are a critical counterpart to establishing and developing the MFI operations, as well as expanding the MFI's geographical coverage and developing and delivering each of the loan products.

Subcomponent 4: Tasks completed in the seventh quarter, April – June, 2004:

Task 4.2: Train staff for second and third offices. Selections were made for the two new SUMI branches in Yambio and Maridi and a two-week training workshop took place from April 19-30, 2004, in Yei. The training was conducted by Irene Karimi, AAFP microfinance specialist, and Teresa Maru, short-term microfinance training specialist. New staff members for the Yei office were also trained.

Task 4.3: Train head office staff in multiple branch management. AAFP staff trained the head office accountant in Quikbooks software during the month of May. In June, AAFP trained the second and third branches office bookkeepers in the software, and they will receive additional computer training in July. Eventually, a software MIS package will be selected and introduced at the head office level for consolidating the branch data. AAFP staff are currently researching MIS software options and liaising with the SUMI managing director about selection.

Task 4.6: International training for managing director and other SUMI staff and Board members: During the period May 26 – June 10, 2004, five senior SUMI staff, two AAFP staff members, and three SUMI board members attended a microfinance workshop held at the Uganda Martyr's University in Uganda. The program provided a practical understanding of sustainable microfinance and supplied the participants with the necessary tools to create and operate successful sustainable microfinance lending programs. The training is part of a distance-learning self-study course that can result in an ABA in microfinance from the university.

Subcomponent 4: Tasks to be completed in the eighth quarter, July – September 2004:

Task 4.3: Train head office staff in multiple branch management. Training for the head office staff in multiple branch management will continue into the eighth quarter. This will include consolidation of branch data into a single weekly performance report which will be used as both a management tool and for reporting to external donors.

Task 4.6: International training for SUMI managing director. From July 18 to August 6, 2004, the new SUMI managing director, Edward Lokule, will attend a two-week comprehensive course in microfinance from Naropa University in Boulder, Colorado, USA.

C5. Subcomponent 5: Microfinance Policy and Regulation

As SUMI is setting up operations, SPLM policymakers have been developing a financial regulatory framework for South Sudan. A Financial Institutions Act, a Business Law, and an NGO Law have all been recently signed and put in place. It will be critical for the AEFP program to stay abreast of these policy developments and their implementation, especially as they will affect how the microfinance is or is not regulated. As possible, Sudan AEFP staff will provide guidance and resources to assist in the policy development process as it affects microfinance. The tasks for this subcomponent are necessarily broad, as the exact nature of the policy assistance will need to be agreed upon with the SPLM and USAID.

Subcomponent 5: Tasks completed in the seventh quarter, April - June 2004:

Task 5.1: Liaise with SPLM policymakers regarding microfinance policy. The AEFP chief of party and microfinance specialist continued to liaise with the relevant SPLM authorities regarding financial and microfinancial policy in South Sudan. No significant activities occurred under AEFP in this subcomponent during this quarter.

Task 5.2: Provide training and/or short-term policy expertise as needed. In support of the SPLM's policy implementation efforts, South Sudan AEFP will continue to provide training and/or short-term policy expertise, as requested by USAID and the SPLM. No significant activities occurred under AEFP during this quarter.

Subcomponent 5: Tasks to be completed in the eighth quarter, July – September 2004:

Task 5.1: Liaise with SPLM policymakers regarding microfinance policy. The AEFP chief of party and microfinance specialist will continue to liaise with the relevant SPLM authorities regarding financial and micro-financial policy in South Sudan. A mid-term review of the AEF program is planned for September, which will include attention to policy matters.

Task 5.2: Provide training and/or short-term policy expertise as needed. In support of the SPLM's policy implementation efforts, South Sudan AEFP will continue to provide training and/or short-term policy expertise, as requested by USAID and the SPLM.

C6. Subcomponent 6: Program Management and Reporting

The second year of AEFP will continue to require a number of program management and reporting activities, as required in the Chemonics' contract and agreements made with the PSC and TTF. Activities in this subcomponent for the fifth quarter are listed below.

Subcomponent 6: Tasks completed during the seventh quarter, April - June, 2004:

Task 6.1: Submit quarterly report. The quarterly report for the sixth quarter, January 1 through March 31, 2004 was submitted to USAID and the TTF on time in April 2004.

Task 6.7: Establish monitoring and evaluation system. While adjustments and additions will be made over time, the core components of the M&E system are now in place, including those required for grant compliance, weekly monitoring of SUMI, and qualitative reporting on impact and results. The new

AEFP grants manager, Jennifer Mulli, is in the process of assuming management and evaluation duties in addition to her office and grants management tasks.

Subcomponent 6: Tasks to be completed in the eighth quarter, July 1 – September 30, 2004:

Task 6.1: Submit quarterly report. The seventh quarterly report is this report and will be submitted to USAID and the TTF at the end of July 2004.

Task 6.3. Submit year three work plan. The year three work plan will be developed and submitted in draft form to USAID, the Technical Task Force, and the Program Steering Committee for review in August and September 2004, respectively.

D. Performance

Current status vs. expected end of contract results. Chemonics International is committed to establishing a self-sustaining microfinance institution (MFI) in Southern Sudan by the end of the 5-year contract in September 2007. Below, each project result is listed, followed by its current status:

Expected end of project results:

- *\$3 million in outstanding loans by the end of the fifth year.*

Current Status: By the end of June 2004, 649 cumulative group loans had been issued as follows:

- 424 first loans
- 206 Second loans
- 19 third loans. One client was due to receive his fourth loan during the first week of July.

Additionally 265 salary loans had been issued to employees of organizations based in Yei. The value of the cumulative disbursements amount to Ush. 242,458,500 (\$134,699), with an outstanding loan balance of Ush. 139,912,911 (\$77,729). Additionally, Ush. 16,599,750 million (\$9,222) had been collected in compulsory savings from 649 registered members as part of the group lending program. Among the intake to date, approximately 34 percent are women. (An average exchange rate of Ush. 1,800/\$1 has been used.)

- *100 percent operational sustainability, through complete coverage of operating costs of administration and expendable supplies.*

Current Status: The updated business plan projects 100 percent operational self-sustainability by September 2007. The updated business plan also uses 100 percent operational self-sustainability as a key milestone and indicator of success. The Yei branch was able to cover 65 percent of its June operating costs despite increased costs during the month, arising from two additional loan officers and a cashier. The branch also covered 31 percent of its total branch operating costs to date. The sustainability index of the branch is expected to increase significantly next quarter owing to an increased portfolio from salary loans and bigger repeat loans.

- *At least three loan products available to clients by the end of the fifth year.*

Current Status: Lending began with a group loan product, beginning with community outreach and borrower group formation in early September 2003. An employer-guaranteed salary loan product was launched in May 2004, and an individual (secured) loan product will be designed later in the year, if feasible.

To reach these results, Chemonics is also intent on assisting the new Sudanese MFI to meet the following operational and social development parameters:

- *50 percent of loans made to women*

Current Status: SUMI began registering clients in early September 2003. Of the 1,135 clients registered in three SUMI branches, about 34 percent are women. 870 clients are registered for the group loan product and 265 for salary loans in Yei only. The group loans product has slightly more female clients than the salary loan product because there are fewer women in formal employment among NGOs in South Sudan.

- *10 percent of loans made to reintegrated IDPs and returned refugees*

Current Status: The study of the financial needs of returned refugees and returned IDPs was discussed at the May 2004 TTF meeting. This may inform the ongoing tracking of outreach to returned refugees and IDPs through the AEF program. Of the 1,135 clients registered by SUMI, a big percentage of them indicate they have either been a refugee or an IDP at some point in their lives. A count of the actual number of IDPs and returnees funded will be done by the new SUMI CEO for the next quarterly report.

Annex A:
AEFP Year Two Work Plan Chart

**Annex B:
Sudan Microfinance Institution (SUMI)
Client Stories**



IVANS LUGALA:

Ivans Lugala runs a secondhand cloths shop in Yei town. Ivans has always wanted to expand his business, which is the reason that he joined SUMI in order to increase his capital. Together with his group members, he took his first loan of Ush 200,000 in October 2003. Since then, he has completed payments without any defaults.

The group members are now on their third loan of Ush 500,000, which they took in July 2004. He attributes his success to the group's dedication and determination in repaying their loans on time. The group members usually pay the weekly loan repayment portion for any member who is unable to pay his installment on time, thereby avoiding any penalties.



MARGARET TABU

Margaret Tabu sells dried fish at the open market in Yei town. Margaret has a small table in the market where she places the fish in small stacks. It is her only source of revenue.

Margaret and her five friends – all vendors at the market – decided to join SUMI in October 2003 to expand their business. “We work together and we have known each other for years. The trust is there.” The group has already received two loans that have been paid back easily. Margaret is currently on her third loan of Ush 500,000, which she borrowed in July 2004.

“Our small businesses have prospered. I am now able to feed my kids properly and send them all to school,” says Margaret.

Sudan Microfinance Institution (SUMI)
Maridi & Yambio Expansion Update

Maridi



The SUMI Maridi Branch opened for business in June, led by branch manager, Stephen Kenyi, who was promoted into the position after serving as the bookkeeper in the Yei branch for its first nine months of operation.

Currently, the branch operates out of rented premises pending the construction of their office. Construction of the new office begins in August.

The Maridi branch staff started community outreach and borrower group formation in June. The Branch had registered 192 clients through the group loan product by the first week of July.

Yambio



As seen above, construction of the Yambio branch is moving forward, with the foundation and basic walls completed during this reporting period.

The Yambio branch, led by branch manager, Peter Baagbe, opened for business out a temporary office in June 2004. While initial outreach and borrower group formation was slightly delayed due to the ebola outbreak, things are now back on schedule. By the first week of July, 155 clients had been registered in Yambio.

Annex C:

**SUMI Monitoring Form
&
Income Statement**

**SUMI YEI BRANCH
LOAN MONITORING REPORT**

Report for the period Ended June 30, 2004

		Cumulative to Date		
A. Client Intake & Group Formation				
		Female	Male	Total
1	Client Population last Quarter March 04	109	234	343
2	Clients Registered this Quarter	124	303	427
3	Net Number of Clients	233	537	770
4	Number of Groups Registered		-	105
B Loan Status				
1	Number of loans Disbursed 1st Loans	142	282	424
2	Number of loans Disbursed 2nd Loans	88	118	206
3	Number of loans Disbursed 3rd Loans	3	16	19
4	Number of loans Disbursed 4th Loans			0
5	Number of Salary Loans disbursed	53	212	265
6	Cumulative Number of loans Disbursed	286	628	914
7	Amount of Loans Disbursed 1st Loans	29,550,000	55,050,000	84,600,000
8	Amount of Loans Disbursed 2nd Loans	8,200,000	33,900,000	42,100,000
9	Amount of Loans Disbursed 3rd Loans	1,100,000	7,000,000	8,100,000
10	Amount of Loans Disbursed 4th Loans			
11	Amount of Salary Loans disbursed			107,658,500
12	Cumulative value of loans Disbursed	38,850,000	95,950,000	242,458,500
13	Amount of Loan Repaid (P&I) - Group Loans	23,798,700	68,061,900	91,860,600
14	Amount of Loan Repaid (P&I) - Salary Loans			12,025,127
15	Cumulative Repayments (P&I)			103,885,727
16	Amount of Loans in Arrears	-	83,500	83,500
17	Number of loans in Arrears	-	7	7
18	Outstanding Amount (Loans in Arrears)	-	720,550	720,550
19	Amount of loan in Default	-		
20	Number of Loans in Default	-		
21	Outstanding Amount (Loans in Default)	-		
22	Amount of Prepayment	18,500	193,000	211,500
23	Outstanding Amount - Group Loans			43,077,025
24	Outstanding Amount - Salary Loans			96,835,886
25	Total Loan Portfolio			139,912,911
26	Portfolio at Risk (Rows 8+11/13+14)			0.51%
27	Repayment Rate - Qualitative			99.9%
28	Repayment Rate - Quantitative			100.12%
C. Savings				
	Net Savings/Balance C/Fwd	5,071,300	11,528,450	16,599,750

* Please note that the income statement here is only for the Yei branch. In the next quarterly report, individual reports for each branch, as well as a consolidated report for SUMI at the institutional level, will be submitted.

Income Statement Yei Branch

	1	2	3	2+3	4
	Totals	B/Fwd	June	C/Fwd	Cumulative
	<u>2003</u>	<u>YTD</u>	<u>2004</u>	<u>YTD</u>	<u>Totals</u>
1. FINANCIAL INCOME:					
<i>(Interest & Fees on Loans & Investments)</i>					
Interest from Loans	755,375	7,219,625	2,952,820	10,172,445	10,927,820
Registration/Membership Fees	430,000	522,000	78,000	600,000	1,030,000
Sale of Passbook	430,000	598,000	78,000	676,000	1,106,000
Loan Application Fees	477,000	2,993,700	132,000	3,125,700	3,602,700
Total Income	2,092,375	11,333,325	3,240,820	14,574,145	16,666,520
2. EXPENSES					
2.1. FINANCIAL COSTS:					
<i>Interest on Debt (including Savings)</i>	0				-
<i>Loan Losses</i>	0				-
2.2 OPERATING EXPENSES:					
Salaries	12,610,000	14,519,700	3,245,000	17,764,700	30,374,700
Office Rent	425,000	200,000		200,000	625,000
Office Renovations	786,830		-		786,830
Stationary	3,934,740	4,164,640	400,400	4,565,040	8,499,780
Meetings & Conferences		307,000	-	307,000	307,000
Fuel & Service - Generator	354,000	696,400	105,000	801,400	1,155,400
Travel Expenses (Board & Staff)	-	100,000	80,000	180,000	180,000
General Office Supplies	1,764,310	2,187,710	274,400	2,462,110	4,226,420
Fuel -Motor vehicle		1,028,900	91,300	1,120,200	1,120,200
Teas & Lunches	501,000	1,228,080	340,000	1,568,080	2,069,080
Misc. Expenses	155,000	90,900	-	90,900	245,900
Depreciation					
Computers & Accessories	932,932	1,166,165	233,233	1,399,398	2,332,330
Generator	699,283	874,103	174,821	1,048,924	1,748,207
Safe	30,000	50,000	10,000	60,000	90,000
Furniture	170,069	212,586	42,517	255,104	425,173
Bicycles	13,959	17,449	3,490	20,939	34,898
Total Costs	20,530,880	24,523,330	4,536,100	31,843,795	54,220,918
NET INCOME FROM OPERATIONS (1 -2)	(18,438,505)	(13,190,005)	(1,295,280)	(14,485,285)	(37,554,398)
Operational Self Sufficiency	9%	42%	65%	46%	31%

Income statement Notes

1. Operating Expenses Include:

- Staff Meals
- Office Supplies
- Bicycles Repairs
- Stationery
- Fuel for the generator
- Travel expenses

2. Office supplies

- Calculators
- Cash box
- Crockery
- Printing work

3. Local Government Permits

- SUMI registration with the local Govt.

4. Professional Fees

- Advertisements for the managing directors post
- Electricity wiring of rented premises

5. Occasional labor

- Loading costs for the safe
- Transport costs for the safe – Park charges

6. Reproductions costs – photocopying costs

7. Meeting Expenses – BOD meeting costs

8. Office Equipment/Furniture

- Computers and accessories
- Generator
- Safe
- Office furniture
- Bicycles