



FATEN
Palestine For Credit & Development

A Microfinance Program Under War Situation

Annual Report
2002

Ramallah
March 2003

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I. Executive Summary

FATEN has continued to offer its basic services, while continuously identifying strategies of both diversifying its products and coping with the situation. FATEN continued to offer the groups guaranteed loan, and has made lending policies stricter in order to help ensure repayments. It has also continued to decentralize its operations in order to enhance its sustainability during this period. FATEN also is developing an internal auditing unit and is in the final preparatory phase to release its new Individual Loan product. With these innovations and through partnership with SC and USAID, FATEN hopes to continue its operations, survive the current catastrophic economic period, and offer a full range of products for micro-enterprises when the situation improves.

All this has negatively impacted FATEN's operations. FATEN's clients are primarily impacted in two ways:

- Many clients had to close down their business either because they relied on buying cheap goods from Egypt and Jordan, because their business relied on raw materials from Israel, or because the demand on their product and services dropped dramatically and their business became unsustainable.
- The movement restrictions inhibited the ability of our staff to reach their offices and to visit clients. Similarly, FATEN's clients have been unable to leave their villages and go to the bank in order to repay or receive new loans.

FATEN has identified several strategies for coping with the current period, however, which include decentralization, cost-recovery consultancies, and low-risk loans. This report covers FATEN operations during the year 2002 (January 2002 through December 2002), compares the results of this year-to-year 2001 (the first year of the *Intifada*, before the Israeli reoccupation to the Palestinian cities (Areas A)) and to the year 2000 before the *Intifada* began.

II. Background

Overview of the Political Situation

After thirty one months of the second Palestinian *Intifada* against the Israeli military occupation, FATEN has continued to try to meet its objectives in the harshest of circumstances. In the year 2002, FATEN focused on survival, maintaining basic services while reviewing methods of cutting costs and enhancing its sustainability.

On 28 September 2000, Ariel Sharon¹ visited Al-Haram Al Sharif, a holy site in the Old City in Jerusalem – a visit that was labeled by the UN Security Council as provocative. This visit was followed by a series of clashes in Jerusalem, which soon spread to the Occupied Palestinian Territories in the West Bank and the Gaza Strip. By the end of the first fifteen months FATEN was able to return back to the same level of operation and efficiency as before September 2000, but as the second wave of Israeli military operations began in March, ending in the complete re-occupation of the West Bank and most of the Gaza Strip, FATEN's operations suffered severely.

The re-occupation of Palestinian areas is supported by a system of movement restrictions in the West Bank and Gaza Strip, including an economic blockade imposed in October 2000. This system includes a vigorous network of military checkpoints that aims at dividing the West Bank and Gaza Strip into eight and three distinct areas, respectively. Permanent checkpoints, flying (mobile) checkpoints, and permits for travel within and between the occupied Palestinian territories represent costly obstacles for Palestinians.²

Movement restrictions and curfew have severely affected economic output. The Palestinian economy continues to suffer from massive unemployment and severe limitations on the flow of goods and services. Gross National Income (GNI) in 2002 mounted to 40% less than in 2000.³ Currently, it is estimated that the percentage of Palestinians living below the poverty line (USD 2/person/day) stands at 55% in the West Bank and 70% in Gaza. Currently, 63.2% of Palestinians in the West Bank and 50% in Gaza are unemployed.⁴ The physical damage resulting from the conflict rose to over US \$728 million by the end of August 2002.⁵ The primary cause of the economic crisis is closures imposed by the Israeli military⁶. These restrictions prevent the flow of goods between cities, and also restrict the movement of laborers between cities in the West Bank, Gaza, and Israel.

¹ Sharon who was the head of the Israeli opposition at that time became the Israeli Prime Minister in February 2001.

² Currently 97 Israeli military checkpoints in West Bank and 32 in the Gaza Strip together with road blockades these divide the territories into 220 separate, isolated bantustans

³ World Bank. Two Years of Intifada, Closures and Palestinian Economic Crisis. Summary Report. March 2003.

⁴ Palestine Central Bureau of Statistics (PCBS) www.pcbs.org

⁵ World Bank. Two Years of Intifada, Closures and Palestinian Economic Crisis. Summary Report. March 2003.

⁶ World Bank. Two Years of Intifada, Closures and Palestinian Economic Crisis. Summary Report. March 2003.

More than half of Palestinians in the West Bank and Gaza currently rely on food assistance from UN or other international and local NGOs. In a recent statement, UNRWA announced that more donations of food are necessary in order to continue to feed the 1.1 million people who depend on the agency's assistance.⁷ Unfortunately, with the world's attention focusing on Iraq, UNRWA and other relief agencies are facing food shortages. According to the latest findings of a nutritional study conducted by CARE International and USAID, the level of acute malnutrition in Gaza is 13.3% and 4.3% in the West Bank, while chronic malnutrition stands at 17.5% in the West Bank and 7.9% in Gaza.⁸ Curfews and checkpoints continue to restrict the access and delivery of medical services. Maternal/child health, diabetes, and chemotherapy services continue to be the most difficult to access.⁹

Many of FATEN's clients lost their enterprises for one or more of the following reasons:

- 1) As a result of Israeli bombardment of the house of the client (several cases in Bethlehem and on the borders of North Gaza);
- 2) A house demolition where the project is also a part of the house (as was the case with many of FATEN's clients in Jenin Camp and in the border's neighborhoods of Rafah and Khan Younis);
- 3) Because they couldn't obtain raw materials from Israel and could not access markets in Egypt and/or Jordan; or
- 4) Their products (livestock and/or agricultural produce) died during the curfew period when farmers could not access their livestock or crops.

Movement restrictions presented one of the main obstacles to FATEN's activities and difficulties in issuing loans and monitoring repayments. Although FATEN has three fully decentralized regional offices that provide financial, program, and administrative services to ten branch offices, those clients whose enterprises survived and are still functioning were unable to reach regional offices or banks in main cities to renew their loans and deposit repayments. FATEN will overcome this severe problem through more decentralization. FATEN has begun preparing the infrastructure needed to decentralize all FATEN's branches and to put the proper systems in place to achieve its goals.

⁷ UNRWA Press Release. "Aid for Palestinians suffers due to focus on Iraq." February 10, 2003.

⁸ CARE International West Bank/Gaza Press Release. January 2, 2003. www.carewbg.org.

⁹ CARE International West Bank/Gaza. Health Sector Bi-weekly Report. 7 February, 2003.

III. Program

- A. **Loans Disbursed:** during the year 2002, FATEN issued only 2,951 loans. This is equivalent to 36% of loans issued in year 2001. This raised the total number of loans issued:
- To 11,787 since the eruption of the second *Intifada*;
 - To 29,453 since the spin off from Save the Children;
 - To 54,159 since the initiation of the program in 1995.
- B. **Amount Disbursed:** during year 2002 FATEN disbursed USD 1,620,871. This is equivalent to 35% of amount issued during year 2001. This raised the total amount of loans disbursed:
- To USD 6,607,530 since the eruption of the second *Intifada*
 - To USD 13,366,165 since the spin off from Save the Children.
 - To USD 20,569,606 since the initiation of the program in 1995.

Amount of Loans Disbursed In USD August2000 -December2002

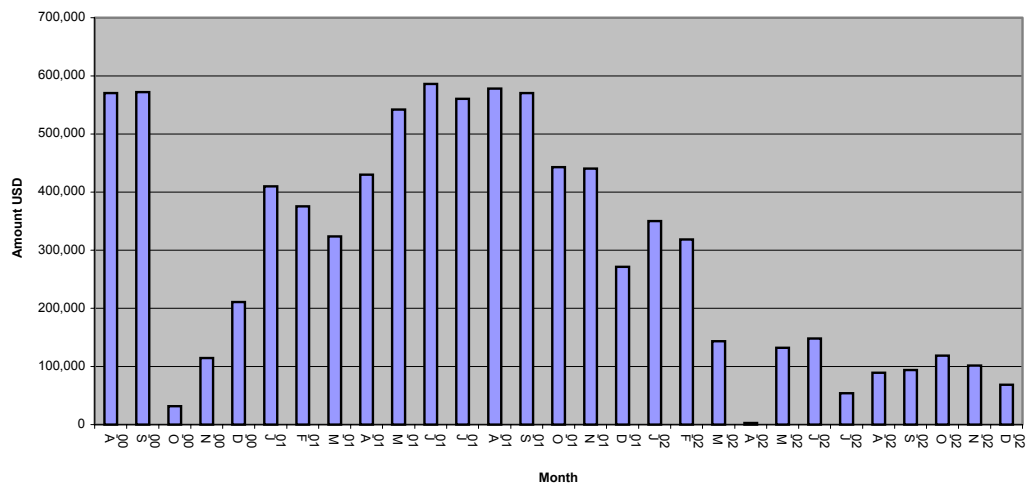


Chart #1

The Israeli military Operation Defensive Shield started late March 2002, during which West Bank was re-occupied; long periods of curfew were imposed with frequent bombings of civilian infrastructure. The continuation of this re-occupation affected FATEN's operations severely, which is clearly reflected in April as shown on the above chart.¹⁰

- C. **Active Clients:** the number of active clients declined to 1,728¹¹ clients as end of FY2002 compared to 4,498 end of 2001.
- D. **Outstanding Portfolio:** the outstanding portfolio declined from USD 1,422,409 end of 2001 to USD 549,396¹² end of 2002.

¹⁰ Third quarter 2000 just before Intifada erupted FATEN **monthly** disbursement was **550,000 USD**.

¹¹ The number of Active clients by the end of September 2000, when the Intifada was erupted was 6,243

Outstanding Portfolio in USD from Aug2000-Dec2002

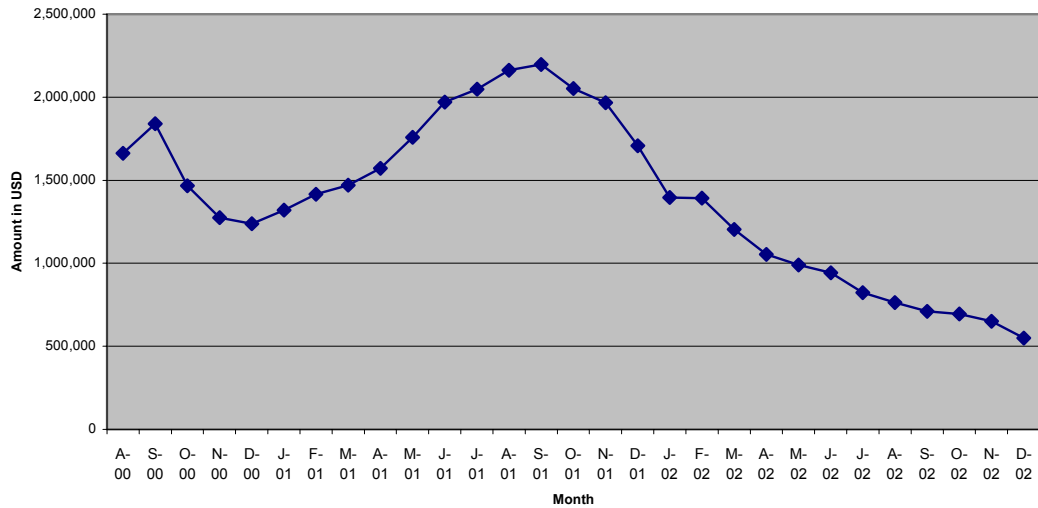


Chart #2

The above chart reflects the outstanding portfolio before the *Intifada* (from August to September) and as the *Intifada* began (on September 29, 2000) the outstanding portfolio went down. FATEN was able to pull it back to the same level of operations before Intifada, however, but as Israel re-occupied the West Bank and where civilians were subject to an ever escalating Israeli military and economic siege, FATEN’s outstanding portfolio went down again.

Table 1: Program Historical Statistics (As of 31/12/2002)

	1995	1996	1997	1998 ¹³	1999	2000	2001	2002	TOTAL
# Loan Disbursed	483	1,723	10,180	10,939	9,671	10,029	8,183	2,951	54,159
Growth # loan disb.	N/A	256%	490%	7.5%	-11.5%	3.7%	-18.4%	-64%	-
Amount Disbursed	135,056	513,923	2,792,616	3,147,296	3,298,635	4,431,888	4,629,321	1,620,871	20,569,606
Growth of Amt Disb.	N/A	280%	443%	12.7%	4.8%	34%	4.5%	-65%	-
#Active Loans (EoP)	347	1,204	5,739	4,949	5,139	4,352 ¹⁴	4,498	1,728	-
Growth # active loans	N/A	246%	376%	-13%	3.8%	-15%	3%	-61%	-
Portfolio (EOP)	79,015	231,111	962,834	808,594	1,107,267	1,187,169	1,422,409	549,396	-
Growth in portfolio	N/A	192%	316%	-16%	36%	7.2%	19.8%	-61%	-
% Female Clients	100%	100%	100%	100%	100%	100%	100%	99.6%	-

Year 2002 was a very difficult year for FATEN. FATEN’s operations were set back 5 years as a result of the severely deteriorated economic situation. Table 1 reflects the decline in portfolio and number of clients. Specifically:

- The West Bank was under curfew for more than 110 days on average during year 2002, where staff and clients could not leave

¹² FATEN’s outstanding portfolio by the end of September 2000, when the Intifada erupted, had reached 1.3 million USD

¹³ During FY 1998 FATEN went through a fraud problem that affected its operations, due to this all the above indicators went down.

¹⁴ The total number of active clients decreased from 5,139 clients as of Dec 31, 1999 to 4,352 clients as of Dec31, 2000, though it reached 6,222 clients by the end of September 2000 when the second Intifada erupted.

their homes. As a result, there were no disbursement of loans and the delinquency rate became very high in the short term, because of lack of access to banks and no access to their businesses. Accordingly, FATEN's written off amounts for this year jumped to unprecedented figures.

- The Gaza Strip came under daily attack, with bombings and house demolitions particularly in Rafah, Khan Younis, and Jabalia . Some of FATEN's clients were killed and many of them lost members of their families in these attacks. Overall, the Israeli military attacks affected FATEN in Gaza even more than in the West bank because of the very high percentage of people who were working in Israel and who lost their jobs and because the borders with Egypt were closed or travel greatly restricted. Most FATEN clients depended on either Israel or Egypt for labor or goods.

C. Products: the current political situation influenced FATEN's strategy. FATEN's main challenge became how to retain its trained and qualified staff, and to maintain the infrastructure which had taken three years to build. FATEN also focused increasingly on new products and modifications to existing products to respond to the situation and to diversify the portfolio to minimize the risk of defaulted payments.

(1) **Group Guaranteed Lending and Savings (GGLS);** the first and one of the major products of FATEN, the methodology of the GGLS is based on the principles of successful micro-finance and group-based lending programs around the world. GGLS loans started from 150 J.D¹⁵ to 1000 J.D for a period of 6months to 10 months with by-weekly payments and compulsory savings. FATEN made some modifications to cope with the current political situation, as follows:

- Decrease loan size to start from 150 J.D instead of 200 J.D.
- Disburse 90% of group loans for amounts of 150, 200, 300 and graduate borrowers whose projects can handle bigger amounts to individual loans. The previous year fewer than 60% received GGLS loans of 150, 200, 300 J.D.
- Minimum group size three instead of five.
- Require notary deed for loans issued in Gaza.
- Target productive, agricultural and consumption activities.

Table 2: the GGLS loan product achievements update (as of 31/12/02)

	1995	1996	1997	1998	1999	2000	2001	2002	Total
Number of Loans Disbursed	483	1,723	10,180	10,939	9,671	9,724	7,534	2,487	52741
Amount Disbursed (USD)	135,056	513,923	2,792,616	3,147,296	3,298,635	4,267,394	4,100,000	1,081,126	19,336,046
Average Loan Size (USD)	280	298	274	288	341	439	544	434	366
Number of Active Clients (EOP)	347	1,204	5,739	4,949	5,139	4,295	4,291	1,467	-
Amount of O/S Portfolio (USD)	79,015	231,111	962,834	808,594	1,107,267	1,136,883	1,211,365	281,155	-
Average Loan Balance (USD)	228	192	168	163	215	265	282	190	-
Percentage of Women	100%	100%	100%	100%	100%	100%	100%	100%	100%

¹⁵ USD 1 = 0.71 J.D

(2) **Individual Loans:** this product is designed for FATEN clients who finished two cycles of the GGLS product and whose projects have developed and grown to the level that their needs exceed what GGLS product can offer. The first loan is USD 700-3000 to be paid back in monthly installments over a period of 4-10 months. Repeated loans can grow gradually to USD 10,000 over a period of two years.

FATEN took several steps for the current situation:

- Decrease minimum loan size to USD 700 instead of 1000 USD.
- Concentrate more on this product because of the good guarantees provided and the financial analysis done for the projects.
- Added new guarantor for this product; either transferred salary or notary deed other than the client's.

Table 3: Individual Loan Product, Phase I: Achievements Update (As of 31/12/02)

	2000	2001	2002	Total
Number of Loans Disbursed	33	177	240	450
Amount of Loans Disbursed (USD)	69,000	323,950	297,044	689,994
Average Loan Size (USD)	2,091	1,830	1,237	1,533
Number of Active Clients (EOP)	33	162	227	-
Amount of Outstanding Portfolio (USD)	42,750	187,288	137,524	-
Average Loan Balance (USD)	1,295	1,156	606	-
Percentage of Women	100%	100%	100%	100%

Table 3 reflects that the number of individual loans disbursed increased from the previous year compared to other products, since FATEN concentrated more on this product because it is less risky. At the same time the average loan size declined to 2/3 of the previous amount, and the outstanding portfolio declined to almost the half. This is because FATEN decided to decrease its loan size to minimize the risk.

(3) **Fast Loan:** this product is offered to groups of at least three active clients who have been with FATEN for more than one year or for individuals who are active in the individual loan product. The loan duration is one month, the application and service fees are paid upfront, the loan size is maximum 50% of the clients' current active loan, and the entire loan has to be repaid in one payment

Table 4: Fast Loan Product: Achievements Update (As of 31/12/02):

	2000	2001	2002	Total
Number of Loans Disbursed	272	479	196	947
Amount of Loans Disbursed (USD)	95,493	185,282	73,450	354,225
Average Loan Size (USD)	351	387	374	374
# of active clients (EOP)	24	45	11	
Amount of outstanding portfolio (USD)	7,535	23,592	2,746	
Average Loan Balance (USD)	314	524	250	
Percentage of Women	100%	100%	100%	100%

Table 4 shows that Fast loans declined in year 2002 because:

- The current political situation is too risky to give such a product.
- This product is only awarded for excellent borrowers with on time repayment, and in such conditions very few clients were eligible for it.

(4) **FATEN Staff Loans:** FATEN is providing staff loans up to USD 25,000 or the annual salary of the staff or the balance of pension and severance of the staff/borrower -in addition to other two staff who can guarantee him “optional”- (whichever is less) and the monthly payments should not exceed one third of the monthly gross salary. These loans are paid on monthly payments deducted from the monthly salary and guaranteed by the staff/borrower pension and severance. FATEN is charging a very low rate compared to commercial banks (Banks’ rate is around 12%) which is approximately 7% annually (5% declining balance +1% flat). These loans are awarded from the staff severance fund.

Table 5: FATEN Staff Loan Product: Achievements Update (As of 31/12/02)

	2000	2001	2002	Total
Number of Loans Disbursed	12	5	10	27
Amount of Loans Disbursed (USD)	62,760	12,720	101,842	177,322
Average Loan Size (USD)	5,230	2,544	10,184	4,440
Number of Active Clients (EOP)	12	13	16	
Amount of Outstanding Portfolio (USD)	48,961	31,070	82,997	
Average Loan Balance (USD)	4,080	2,390	5,187	
Percentage of Women	83 %	80 %	75%	

(5) **NGO staff loans:** FATEN began this product in 2002 to provide credit for NGO staff in a competitive rate and to use its funds in a productive rate due to the low rate provided by commercial banks for interest bearing accounts. This product have same procedures and requirements of the staff loan product.

As a pilot phase FATEN signed an agreement with Save the Children to provide SC’s staff with loans, and the next year it is planned to have similar agreement with other three NGO’s.

Table 6: NGO Staff Loan Product: Achievements Update (As of 31/12/02)

	2002
Number of Loans Disbursed	8
Amount of Loans Disbursed (USD)	69,388
Average Loan Size (USD)	8,673
Number of Active Clients (EOP)	7
Amount of Outstanding Portfolio (USD)	44,973
Average Loan Balance (USD)	6,423
Percentage of Women	42 %

Amount Disbursed 2001 vs.2002 for FATEN Products

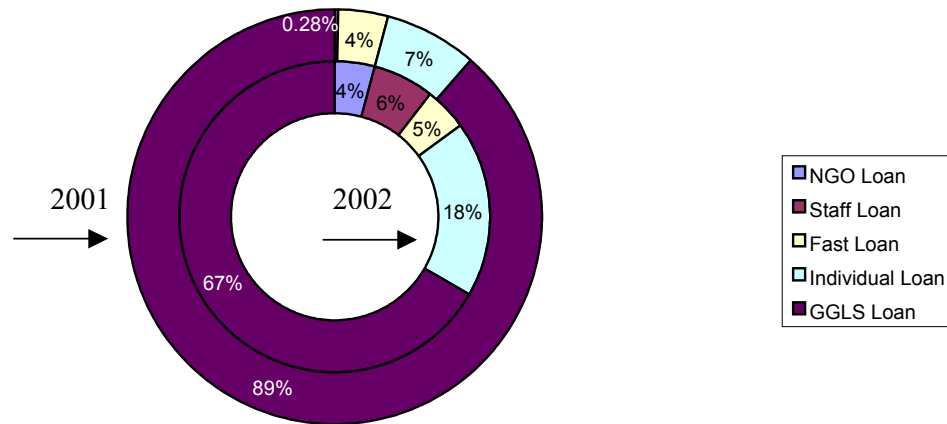


Chart #3

The above chart shows:

- The growth of the amount disbursed for individual loans from 7% to 18% due to the policy of decreasing risk by issuing individual loans.
- FATEN staff loans increased from 0.28% to 6%.
- New product was added which is NGO staff loans that forms 4% of the total amount disbursed.
- Amount disbursed for GGLS product declined from 89% in 2001 to 67% in 2002.
- While for fast loan the percentage of amount disbursed remain the same

(6) Consultancies / Technical Assistance and MIS sales: using the accumulated experience of FATEN key staff, the training materials developed in Arabic, and the financial and administrative system it has developed, FATEN provided during the year 2002 technical assistance for microfinance programs in Yemen, Mozambique, Tunisia and Egypt.

FATEN sold its MIS (AL-FATEN management information system) to ANERA’s (American Near East Refugee Aid) Loan Program in Gaza (Culture and Free Thought) / Palestine. They are the fourth client for this product, as the MIS was also sold in the previous years to ENDA –Tunisia, SCF Mozambique and SCF Egypt.

FATEN tried to increase the consultancies and technical assistance to create extra income, because the major source of income (credit) declined significantly due to the current economic and political situation. FATEN staff, however, faced many difficulties in traveling outside the country, due to blockades, checkpoints and curfews, and age-related travel bans imposed by Israel but also due to new restrictions on travel by Palestinians imposed by Jordan.

Table 7: FATEN Consultancies (# of days)

	1999	2000	2001	2002	Total
ENDA/Tunis	7	10	42	30	89
SC/ West Bank/Gaza FO		8		0	08
SC/Egypt			25	8	33
SC/Mozambique			14	17	31
ANEARA – Palestine				14	14
Yemen				10	10
Total	7	18	81	79	185

Table 8: The Distribution of 2002 Consultancies Days by MFI and Subject

	ENDA Tunis	Attadamon/SC- Egypt	SC Mozambique	ANEARA	Yemen	Total
Program	10	0	0	0	10	20
Financial Management	0	0	0	0	0	0
MIS	20	8	17	14	0	59
Total	30	8	17	14	14	79

IV. Portfolio Quality

A. Portfolio in Arrears and Portfolio At Risk

Table 9: Portfolio in Arrears and Portfolio at Risk FY 2001 Vs FY2002

Month	2001				2002			
	Portfolio in Arrears		Portfolio at Risk		Portfolio in Arrears		Portfolio at Risk	
	1day late	>30days late	1day late	>30days late	1day late	>30days late	1day late	>30days late
January	19.4 %	6.06%	45.42%	27.63%	7.41%	3.12%	19.59%	10.10%
February	19.41%	9.39%	34.86%	27.23%	9.78%	4.63%	22.54%	12.15%
March	19.9 %	14.54%	30.20%	27.16%	13.33%	7.56%	025.08%	13.82%
April	18.51%	14.34%	23.65%	22.49%	20.53%	12.23%	40.81%	20.62%
May	15.98%	13.16%	17.83%	17.20%	24.12%	16.31%	41.18%	23.61%
June	13.40%	12.17%	13.70%	13.47%	26.58%	17.74%	45.26%	27.35%
July	11.66%	11.14%	13.54%	11.33%	28.52%	17.55%	50.06%	33.72%
August	10.26%	9.41%	15.22%	9.71%	27.61%	19.89%	42.43%	32.52%
September	7.30%	6.77%	9.38%	7.16%	25.02%	19.30%	37.48%	29.13%
October	6.68%	4.5%	18.63%	5.31%	25.1%	19.90%	33.6%	27.7%
November	4.69%	1.91%	19.27%	3.09%	22.07%	17.15%	34.06%	22.94%
December	5.24%	1.50%	17.78%	6.15%	16.69%	12.72%	25.49%	17.22%

**Portfolio in Arrears (PIA) & Portfolio at Risk>30days (PAR)
1999-2002 Quarterly**

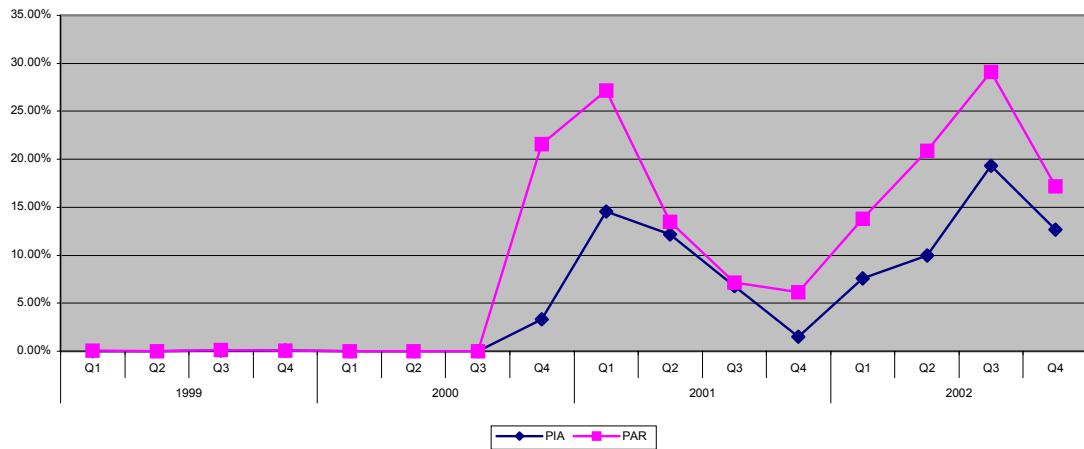


Chart 4

The above chart shows portfolio at risk and portfolio in arrears (>30 days) late as a percentage of the outstanding portfolio from 1999-2002, which shows the excellent portfolio quality FATEN used to have before Intifada. In the fourth quarter of 2001 FATEN was able to retain better portfolio quality comparative to the quarters following the outbreak of the Intifada. FATEN was able to do this by bringing the portfolios at risk and thirty days late down as a result of successful debt collection, some written-off loans, and replaced some of the portfolio with a more clean one

- The Israeli re-occupation of the West Bank and related military actions sharply affected the figures from January 2002 to August 2002.

The high percentage of portfolio at risk is due to

- Written off increased dramatically due to the high delinquency, which decline the outstanding portfolio.
- # of loans issued also declined because of the conservative approach FATEN took in issuing loans which also decrease and affect the outstanding portfolio and ultimately the percentage the portfolio at risk and in arrears.

(B) Loan Loss Provision & Written Off

Table 10: Amount of Provisions, Written off in USD

Month	Amount provisioned During period	Written Off	Collection from Written off
January	27,350	0	5,902
February	31,227	3,931	4,463
March	16,897	1,300	4,069
April	19,984	3,170	1,724
May	11,640	5,183	3,350
June	41,853	31,015	3,520
July	42,144	38,130	6,059
August	30,217	26,008	6,819
September	-5,610	27,425	9,693
October	16,193	14,546	10,105
November	16,035	44,814	7,498
December	-1,075	42,356	13,620
Total	246,855	237,878	76,822

Loan Loss Reserve Vs. Portfolio at Risk

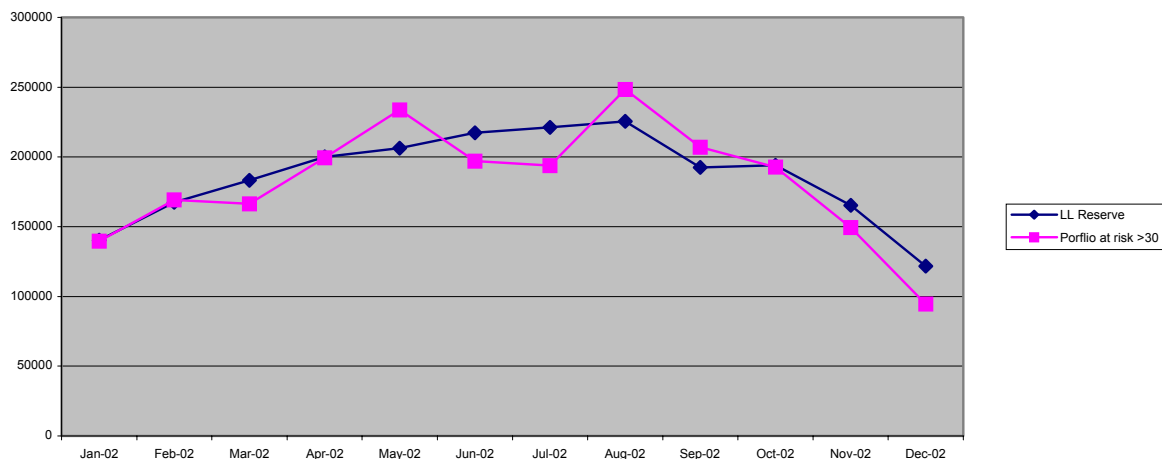


Chart # 7

- This Chart shows the relation between Loan Loss Reserve vs. Portfolio at Risk >30 days. It is clear from the numbers that both variables are very close and FATEN is provisioning for the whole portfolio at risk. Despite writing off some loans (FATEN writes off loans that have due payments above 180 days), FATEN is making intensive efforts to ensure the collection of these payments

Amount of Written off Quarterly in USD 1999-2002

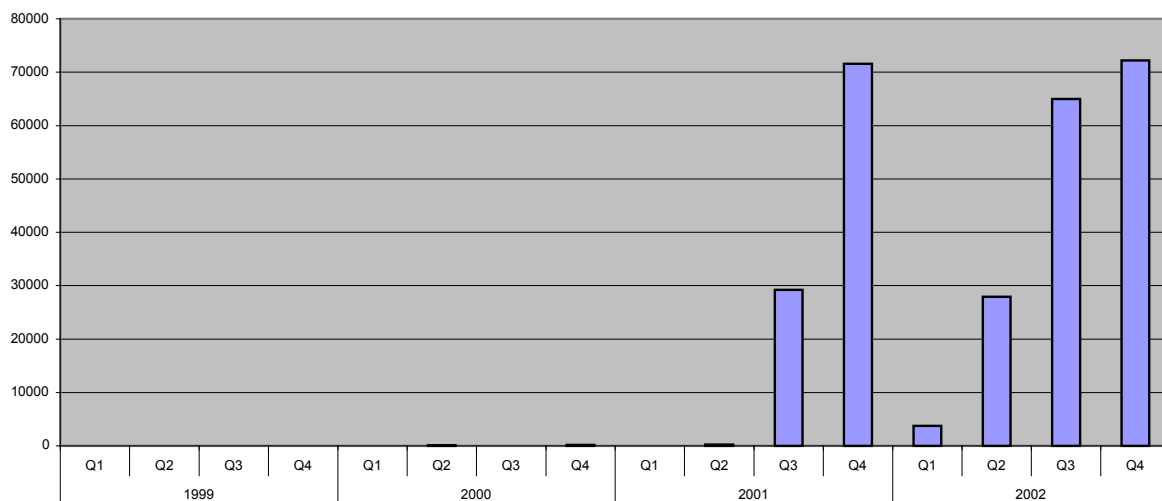


Chart # 8

The above chart shows that before the *Intifada* written-off loans stood at approximately zero, and reached its highest level in the third and fourth quarters of 2001. It came down again before the re-occupation of Areas A, and with that series of military actions until the end of the year the rate continued to increase (see Annex 7).

V. Operating Efficiency

Table 11: Quarterly and Annual Efficiency Ratios

Q U A R T E R	Period	Cost Per Unit Lent	Cost Per Loan Made	Active Loans/ Promoter	Portfolio/ Promoter
		Q2 1999	0.26	88	86
	Q3 1999	0.25	83	104	19,525
	Q4 1999	0.20	74	128	27,682
	Q1 2000	0.21	80	117	25,669
	Q2 2000	0.17	70	131	31,139
	Q3 2000	0.15	75	133	38,081
	Q4 2000 Start of 2nd Intifada	0.49	268	104	28,266
	Q1 2001	0.23	134	98	33,600
	Q2 2001	0.16	93	123	43,983
	Q3 2001	0.17	94	138	47,555
	Q4 2001	0.23	127	112	35,211
	Q1 2002	0.32	123.1	84	26,435
	Q2 2002	1.5	534.5	69	17,604
	Q3 2002	0.96	309.8	55	13,994
	Q4 2002	0.61	187.47	45	11,052
ANNUAL	1999	0.24	81	106	21,539
	2000	0.20	87	121	30,789
	2001	0.19	108	116	39,570
	2002	0.61	215.4	39	9,577

In the quarters before the start of the second Intifada, FATEN's efficiency ratios were improving. One can see a remarkable drop in the cost per unit lent ratio from about 26% in the second quarter of 1999 to 15% just before the start of the al Aqsa Intifada in October 2000. The same can be said about the cost per loan made, which decreased from 88 USD to about 70 USD. During the same period, both the number of active loans/promoter and the portfolio/promoter increased from 86 to 133 and from USD 17,410 to USD 38,081 respectively.

- As a result of the second *Intifada*, these ratios initially underwent dramatic changes. For example the cost per unit lent rose from 15% to 49% in the first quarter of the Intifada. The same with the cost per loan disbursed which rose from 70-75 USD to 268 USD. On the other hand, the number of active clients/promoter decreased from 133 to 104 to 98 and the portfolio per promoter decreased from just over USD 38,000 to 28,000 USD.
- Over the 2nd and 3rd Quarters of year 2001, FATEN managed to return to those ratios in place before the *Intifada*, and even improved some of them. For example, the cost per unit lent decreased again to 16% and 17% respectively over those quarters, and the cost per loan made decreased to 94 USD. In addition, the number of active clients/promoter increased to 138 and the portfolio/promoter increased to USD 47,555.
- Unfortunately, these improvements could not continue due to the severe escalation of Israeli military attacks and the tightening of the siege on almost every Palestinian city, town, village and refugee camp over the last quarter of 2001. By 2002, the situation had continued to deteriorate, and in the second quarter the major Israeli military initiatives had begun and which would end with the reoccupation of the West Bank. During that period, the cost per unit lent and per loan made jumped to its highest level By the fourth quarter of

2002 FATEN's financial standing improved somewhat, in terms of cost per unit lent and cost per loan made. The outstanding portfolio and number of loan/promoter is still in a critical situation but this due to the high amounts written off and the decline in amount of loans issued.

- Two of the annual ratios did improve in 2001 compared to 2000. The cost of unit lent decreased from 20% to 19% and the portfolio per promoter increased from just over 30,000 USD to almost 40,000 USD. On the other hand, the cost per loan disbursed increased from 86 USD to 116 USD and the number of active clients/promoter decreased from 121 to 116. For FY 2002 the annual cost per unit and per loan jumped dramatically while the portfolio reached its lowest level.

Table 12: Operational and Financial Sustainability

	Period	Operational Sustainability	Financial Sustainability
Q U A R T E R	Q2 1999	44%	40%
	Q3 1999	50%	45%
	Q4 1999	59%	52%
	Q1 2000	64%	56%
	Q2 2000	71%	60%
	Q3 2000	83%	69%
	Q4 2000 Start of Second Intifada	58%	50%
	Q1 2001	41%	37%
	Q2 2001	75%	63%
	Q3 2001	105% ¹⁶	82%
	Q4 2001	95%	79%
	Q1 2002	59%	52%
	Q2 2002	30%	27%
	Q3 2002	28%	27%
	Q4 2002	50%	47%
ANNUAL	1999	52%	46%
	2000	69%	59%
	2001	75%	63%
	2002	41%	38%

- The above table reflects the gradual progress in the financial and operational sustainability ratio from 1999 till end of 2001. After the start of the *Intifada*, however, these ratios went down although FATEN was able by end of 2001 to show a better performance than before *Intifada*.
- Unfortunately these numbers went down dramatically in 2002 following the invasions, and during the second and third quarters the operational and financial sustainability ratios reached 28% and 27% respectively. These ratios are the worst in FATEN's history.
- By the fourth quarter of 2002 the numbers were getting improving and there was hope that FATEN would return to the same level of

¹⁶ This dramatic jump in the operational and financial sustainability is partially as a result of good collection from the loans in arrears, some of the loan loss provision was reversed during that quarter which increased the revenues. If the effect of that is neglected those two ratios will go down to 89% and 72% respectively.

sustainability as that achieved in 2001. In 2003, however, it remained unclear the impact of the attack on Iraq and the resulting regional instability would have on the economic climate in Palestine.

Some major reasons for this drop in the financial and operational sustainability are:

- 1) FATEN's policy of not firing any staff because of the high investment FATEN made in developing its human resources, and for moral reasons in that the unemployment rate was so high that it was seen as inappropriate to lay people off.
- 2) By the end of year 2001 when the operations were going back to pre-Intifada rates, FATEN began the process of opening a new branch in Ramallah. This required high investment in early 2002 before the start up of operations.
- 3) The actual working days during FY 2002 were 50% of the total working days due to long periods of curfew.

VI. Staffing

A. Staff Growth¹⁷: By the end of this year there were 79 people¹⁸ working for FATEN (filling 76 positions)¹⁹ compared to 85 people by the end of 2000 (filling 82.5 positions). Table 13 shows the distribution of these staff by post and shows the growth over the last 3 years. From this table we can see that in spite of the current crisis, the number of FATEN staff slightly decreased over year 2002 and this decrease is not due to firing people because of the current situation, but because of bad performance or they resigned. FATEN remained strictly committed not to fire any staff.

Annex 1 shows the distribution of all FATEN staff by branch, region, main office and position. From this annex we can see the effect of the geopolitical situation and accordingly the regional office on FATEN's extensive organigram. More than 16 positions are located in those regional offices. Should FATEN operate under a different geopolitical situation, that number could be replaced with only 4-5 positions without affecting FATEN's work. However, whenever the conditions will go back to normal, FATEN will benefit from this structure by not only having a better outreach, but also a better and faster customer service through its decentralized operations.

FATEN still believes that it can weather the current crisis in the country while keeping all of its staff and without losing its long-term investment in the training of its staff.

¹⁷Annex I shows the distribution of all FATEN staff by branch, region, main office and position.

¹⁸ Only 09 staff members were men and all the others are women.

¹⁹ There are five cleaners in the branches working part-time. Also, the cleaners in the 3 regional offices in addition to the head office are working full time and covering the work of the 4 branches adjacent to the regional and headquarter offices.

Table 13

No.	Title	As of 12/31/2000		As of 12/31/2001		As of 12/31/2002	
		Person	Position	Person	Position	Person	Position
1-	Managing Director	1	1	1	1	1	0.2
2-	Finance & Admin.Mgr	1	1	1	1	1	1
3-	Product Dvlpmnt Specialist	1	1	1	1	1	0.8
4-	Human Resource Ofcr	1	1	1	1	-	-
5-	MIS Specialist	1	1	1	1	1	1
6-	Assistant MIS Specialist	-	-	1	1	1	1
7-	Regional Manager	3	3	3	3	3	3
8-	Branch Managers	7	7	8	8	8	8
9-	Internal Control Officer	1	1	1	1	1	1
10-	Finance & Admin.Ofcrs	4	4	4	4	5	4
11-	Accountants	3	3	3	3	2	2
12-	Recep./ Data Entry	5	5	5	5	6	6
13-	Promotors	42	42	42	42	38	38
14-	Drivers	3	3	3	3	3	3
15-	Cleaners	9	6.5	9	6.5	8	6
16-	Internal Auditor	1	1	1	1	-	1
	Grand Total	83	80.5	85	82.5	79	76

B. Staff Turnover: During the year 2002, 17 people left FATEN and 11 new employees joined the organization. The turnover is approximately 20%, which is the same as the previous year and much better than the year before.

Table 14 shows the distribution of those who left and those who joined FATEN and their positions, and from this table it is clear that the turnover of the staff did not affect FATEN senior and core staff. Despite the high administrative cost, particularly of salaries, FATEN did not fire any staff with the rational of minimizing costs, and the table below reflects that FATEN minimized costs by not replacing staff who resigned.

Table 14

No.	Position	Person	In	Out	Person	In	Out	Person
		As of 31/12/2000	During FY 2001		As of 31/12/2001	During FY 2002		As of 31/12/2002
1-	Managing Director	1	-	-	1	-	-	1
2-	Finance & Admin.Mgr	1	-	-	1	-	-	1
3-	Product Dvlpmnt Specialist	1	-	-	1	-	-	1
4-	Human Resource Ofcr	1	-	-	1	-	1	-
5-	MIS Specialist	1	-	-	1	-	-	1
6-	Assistant MIS Specialist	-	1	-	1	-	-	1
7-	Regional Manager	3	-	-	3	-	-	3
8-	Branch Managers	7	2	1	8	2	2	8
9-	Internal Control Officer	1	-	-	1	-	-	1
10-	Finance & Admin.Ofcrs	4	1	1	4	1	-	5
11-	Accountants	3	2	2	3	-	1	2
12-	Recep./ Data Entry	5	2	1	6	-	-	6
13-	Promotors	42	7	7	42	8	12	38
14	Drivers	3	1	1	3	-	-	3
15-	Cleaners	9	-	-	9	-	1	8
16-	Internal Auditor	1	-	1	-	-	-	-
	Grand Total	83	16	14	85	11	17	79

C. Staff Training & Development

Staff training and development has always been one of FATEN's priorities. The current situation, however, has imposed restrictions and limitations on how much FATEN can do in this regard. Annex II shows all the training activities that took place within and outside FATEN, and the positions and numbers of staff who attended those activities. The impact of the situation becomes clear when the results are compared to the amount of training FATEN staff received in the previous years.

D. Geographical Presence

During the first quarter of 2002, and based on the relatively good results of year 2001, and in spite of the situation, FATEN decided to move forward with its previous plans to open a new branch in Ramallah as part of the southern region. The branch now has one branch manager and three promoters, becoming the tenth FATEN office²⁰.

E. Public Relations and Networking:

²⁰ FATEN has three regional offices in addition to the HQ in Ramallah; Gaza region has five branches: Gaza, Jabalia, Dier Al-Balah, Rafah, Khan Younis; the southern region has three branches: Ramallah, Hebron, and Bethlehem; and the northern region with two branches: Nablus and Jenin

- FATEN continued its active participation in all meetings held by Chemonics to establish a forum for Microfinance institutions and programs in Palestine. FATEN's acting manager is the treasurer of the network steering committee
- Represented by its director and the MIS specialist, FATEN participated in Save the Children's PLG (program learning group) annual meeting for Microfinance institutions held in Bangkok, 1-4 February, 2002.
- A representative from the German fund Aid (GTZ) institution visited FATEN's main office in September 2002 to explore possible ways of cooperation between our two programs.
- FATEN's managing director participated in the USAID conference in Morocco in early June and made a presentation about the attempts to launch an Arab microfinance network. FATEN's managing director is a member in the organizing committee of the founders' meeting of the network.
- Represented by its board member, Dr. Naser Abdelkarim, FATEN participated in launching the micro finance network for the Arab countries in Tunisia. Mr. Abdel Karim was elected as one of its executive committee.
- Mark Edington, the director of Economic Opportunity unit in Save the Children –Washington visited FATEN in December 2002 to participate in a meeting with FATEN, SC and USAID on how to relocate some resources of the USAID agreement to allow FATEN continue its operations under the current situation.

VII List of Annexes

- Annex 1: Staff distribution
- Annex 2: Staff training
- Annex 3: Funds transferred
- Annex 4: Capital assets purchased
- Annex 5: Income statement
- Annex 6: Balance Sheet
- Annex 7: Portfolio

ANNEX I: List of Existing Employees as of December 31, 2002

No.	Position	Gaza Strip						North Bank				South Bank				Gender						
		Khan-Yunis	Gaza City	Rafah	Jabalia	Dier El-Balah	Gaza Region	Total Gaza	Nablu	Jenin	North Region	Total North	Hebron	Bethlehm	Ramallah	South Region	Total South	Main Office	Positions Total	Person Total	F	M
1-	Managing Director							-				-						1	1	1	-	1
2-	Finance & Admin.Mgr							-				-						1	1	1	-	1
3-	Product Dvlpmnt Spclst							-				-						1	1	1	1	-
4-	MIS Specialist							-				-						1	1	1	-	1
5-	Asistant MIS Specialist							-				-						1	1	1	1	-
6-	Regional Managers						1	1		1	1			1	1		-	3	3	3	-	
7-	Branch Managers*	1	1	1	1	-	-	4	-	1	-	1	1	1	-	3	-	8	8	8	-	
8-	Internal Control Officer						1	1								-	0	-	1	1	1	-
9-	Finance & Admin.Ofc						1	1		1	1	1		1	2	1	1	5	5	2	3	
10-	Accountants						1	1								-	1	2	2	2	-	
11-	Recep./ Data Entry						2	2		1	1	1		1	2	1	1	6	6	6	-	
12-	Promotors	3	4	4	5	1	-	17	4	4	-	8	6	4	3	-	13	-	38	38	38	-
13-	Drivers						1	1							1	1	1	3	3	-	3	
14-	Cleaners	0.5	0.5	0.5	0.5		0.5	2.5	0.5		0.5	1	0.5	0.5		0.5	1.5	1	6.0	8	8	-
	Grand Total	4.5	5.5	5.5	6.5	1.0	7.5	30.5	4.5	5.0	3.5	13	9.5	5.5	4.0	4.5	23.5	10	77.0	79	70	9
	%							40%				17%					31%	13%	100%	100%	89%	11%

- (1) The Gaza and North Regional managers are acting as Nablu and Dier Al Balah Branch managers;
(2) The yellow are positions held by men.

Annex II : Training activities within FATEN

Month	Activity	Dates	Attendants	#of Attendants	Facilitator	Location
February	Collection under war situation	01	Nablus branch Promoters		North RM	Nablus Branch
February	Collection & Delinquency Mgt	01	Jenin branch promoters		Jenin BM	Jenin Branch
May	Individual Loans	01	Promoters & BM ²¹	10	South RM	Hebron
September	Collection & Delinquency Mgt	03	Promoters	15	South RM&BMs	Hebron
October	Methodology	02	Khanyounis & Rafah Promoters	07	Deputy RM	Rafah Branch

Training activities outside FATEN

Month	Activity	Dates	Attendants	Organizer	Location
February	Save the Children partners annual meeting	05	Director, MIS specialist, Chairman of BOD		
July	Introduction to Rafeed ²² project	01	Gaza Deputy RM	ARD	Rafah
August	Introduction to Rafeed project	01	RM	ARD	Gaza
October	Participatory Poverty Appraisal	01	RM	UNDP	Gaza
October	Affect of Intifada on Women entrepreneur	01	Credit agent & RM	Women Affair Center	Gaza
November	Developing Industrial Sector in Palestine	01	RM	Legislative Council	Gaza
November	Canadian Project; vision and implementation	01	BM	Ministry of Social Affairs	Annusairat
November	Canadian Project; vision and implementation	01	RM	Ministry of Social Affairs	Jabalia
November	Introduction to Rafeed project	01	RM	ARD	Nablus

²¹ BM=Branch Manager, RM=Regional Manager, BOD= Board of Director, MIS= Management Information System

²² Rafeed is emergency assistance program to the Palestinian in West Bank/Gaza Strip through local NGO's it is USAID funded Project through ARD

ANNEX III : Transfer from Grants 1/1/2002-31/12/2002

Grant Name	Quarter	Loan Capital	MFI Development	Operating Cost	Total \$
1- USAID Grant	Q-1	0.00	0.00	0.00	0.00
	Q-2	0.00	0.00	0.00	0.00
	Q-3	0.00	4,940.57	152,195.68	157,136.25
	Q-4	0.00	2,441.60	94,665.66	97,107.26
Sub-Total		0.00	7,382.17	246,861.34	254,243.51
2- RLF Grant	Q-1	219,507.04	404.89	122,954.75	342,866.68
	Q-2	0.00	0.00	207,044.60	207,044.60
	Q-3	0.00	0.00	42,724.86	42,724.86
	Q-4	0.00	0.00	8,284.87	8,284.87
Sub-Total		219,507.04	404.89	381,009.08	600,921.01
4- Rockdale Grant	Q-1	5,774.65	0.00	0.00	5,774.65
	Q-2	0.00	0.00	0.00	0.00
	Q-3	6,122.54	0.00	0.00	6,122.54
	Q-4	9,890.15	0.00	0.00	9,890.15
Sub-Total		21,787.34	0.00	0.00	21,787.34
GRAND TOTAL	Q-1	225,281.69	404.89	122,954.75	348,641.33
	Q-2	0.00	0.00	207,044.60	207,044.60
	Q-3	6,122.54	4,940.57	194,920.54	205,983.65
	Q-4	9,890.15	2,441.60	102,950.53	115,282.28
TOTAL \$		241,294.38	7,787.06	627,870.42	876,951.86

ANNEX IV: List of Assets Purchased January 1, 2002-December 31, 2002

Item	Description	Quantity	Cost Amount In JD's	Cost Amount In US \$	Funding Source	Location
1- Furniture	Computer Table	1	16.660	23.46	RLF Grant	Hebron Branch
	Plastic Table	2	50.000	70.42	RLF Grant	Ramallah Branch
	Plastic Chairs	24	82.500	116.20	RLF Grant	Ramallah Branch
	Computer Table	2	39.062	55.02	RLF Grant	Ramallah Branch
	Office Desks	6	445.313	627.20	RLF Grant	Ramallah Branch
	Secretary Chairs	6	318.750	448.94	RLF Grant	Ramallah Branch
	Filling Cabinates	6	243.750	343.31	RLF Grant	Ramallah Branch
	Filling Cabinates	1	56.717	79.88	RLF Grant	Head Office
	Office Desks	3	114.503	161.27	RLF Grant	Khan Yunis Br.
	Shutters 50.50 M^2	1	656.636	924.84	RLF Grant	Gaza Region
	Allum.Deviders 98 M	1	10428.480	14688.00	RLF Grant	Gaza Region
			12,452.371	17,538.551		
2- Computers	Dell Server Upgrade	1	851.468	1199.251	RLF Grant	Head Office
	Compaq EVO 300	1	747.630	1053.000	USAID Grant	Hebron Branch
	Serial Adapt. ARN	1	299.052	421.200	USAID Grant	Head Office
	Zippping Drive	1	174.447	245.700	USAID Grant	Head Office
	Cisco Router	1	997.550	1405.000	USAID Grant	Hebron Branch
	Lap Top DELL Insp.	1	1615.712	2275.651	USAID Grant	Head Office
			4,685.859	6,599.801		
3- Tel.& Faxes	Fax Canon L-200	1	473.198	666.476	USAID Grant	Hebron Branch
	Central. + 2 Ext.	3	588.442	828.792	USAID Grant	Hebron Branch
	Motorolla Startac	1	124.733	175.680	RLF Grant	Head Office
	Fax Panasonic	1	319.149	449.506	RLF Grant	Gaza Region
			1,505.522	2,120.454		
4- Office Equipments	Elect. Generator	1	4224.500	5950.000	RLF Grant	Head Office
	Safe Guard ESD105	1	309.375	435.739	RLF Grant	Hebron Branch
	Heaters - Royal	12	174.194	245.344	RLF Grant	Gaza Region
	UPS 600 V	1	84.876	119.544	USAID Grant	Hebron Branch
	Refrigerator	1	185.186	260.825	USAID Grant	Ramallah Branch
	UPS 650 V	1	81.650	115.000	USAID Grant	South Region
	UPS Gomeh 500 V	6	447.300	630.000	USAID Grant	Gaza Region
	Gas Heater	2	117.825	165.951	USAID Grant	Ramallah Branch
Refrigerator	1	91.185	128.430	RLF Grant	Gaza Branch	
			5,716.091	8,050.832		
5- Printers	HP Lazer Jet	1	664.560	936.000	USAID Grant	Hebron Branch
			664.560	936.000		
6- Softwares	Payroll Upgrade	1	830.700	1170.000	RLF Grant	Head Office
			830.700	1,170.000		
7- Buildings	Two Floors 500 M	1	71000.000	100000.000	RLF Grant	Gaza Region
			71,000.000	100,000.000		
Total			96,855.103	136,415.638		
Grant			US\$			
USAID Grant				9,123.138		
RLF Grant				127,292.500		
Total				136,415.638		

ANNEX V: Income Statement in J.D's end of December 2002

	FY 2000	FY 2001	FY 2002
<u>FINANCIAL INCOME</u>			
OPERATING FINANCIAL INCOME			
Interest Revenues on GGLS Loans	419,914.100	432,598.896	195,328.534
Interest Revenues on Individual Loans	3,367.505	22,908.365	40,474.429
Fees Revenues on Individual Loans	795.200	2,840.000	3,521.600
Fees Revenues on GGLS Loans	29,913.000	25,929.000	7,628.293
Late Payment Fees Revenues	5,572.602	6,105.194	3,719.998
Fees Revenues on Seasonal loans	4,749.000	9,402.000	3,570.000
FATEN Consulting Revenues	8,067.375	13,339.126	14,643.750
MIS Sales Revenues	0.000	18,105.000	6,035.000
Interest Revenues on NGO's Loans	0.000	0.000	2,072.290
Fees Revenues on Staff Loans	1,158.294	251.340	511.157
Revenues from Written off Loans	30.000	4,494.596	54,547.467
Other Operating Revenues	119.430	222.972	36.574
Total Operating Financial Income	473,686.506	536,196.489	332,089.092
NON-OPERATING FINANCIAL INCOME			
Interest Revenues on Time Deposits	29,199.116	45,360.861	36,462.638
Interest Revenues on Staff Loans	2,965.236	654.600	1,969.738
Other Non-Operating Revenues	56.277	2.272	1,124.329
Total Non-Operating Financial Income	32,220.629	46,017.733	39,556.705
<u>TOTAL FINANCIAL INCOME</u>	505,907.135	582,214.222	371,645.797
Provision for Loan Losses	68,528.004	88,319.245	175,270.035
<u>NET FINANCIAL INCOME</u>	437,379.131	493,894.977	196,375.762
<u>OPERATING EXPENSES</u>			
Salaries & Benefits	439,921.556	458,418.173	460,031.807
Occupancy expenses	42,756.956	43,918.497	45,721.182
Telecommunications	24,693.085	26,250.281	25,946.182
Transportation & Auto Operation	36,574.744	34,459.155	30,503.678
Program Development & Training	12,686.460	1,324.607	266.836
Audit Fees	6,489.486	6,230.256	7,476.304
Legal Fees	1,960.678	3,994.121	3,287.497
Other Admin. Expenses	55,160.315	55,001.765	56,271.776
Total Operating Expenses	620,243.280	629,596.855	629,505.262
<u>NET INCOME/(LOSS) FROM OPERATIONS</u>	(182,864.149)	(135,701.878)	(433,129.500)

Annex VI: Balance Sheet in J.D's as of December 31, 2002

	31/12/2000	31/12/2001	31/12/2002
ASSETS			
CURRENT ASSETS			
Cash & Current Bank Accounts	147,721.983	238,679.345	193,662.889
Time Deposits Accounts	1,249,352.274	2,098,227.775	3,023,297.835
Total Cash & Bank Accounts	1,397,074.257	2,336,907.120	3,216,960.724
Loans Outstanding:			
<i>GGLS Loan Product</i>	812,537.312	876,438.967	199,180.964
<i>Individual Loan Product</i>	30,352.472	133,471.522	100,032.447
<i>FATEN's Staff Loan Pr.</i>	34,762.311	22,059.702	58,927.872
<i>NGO's Staff Loans Pr.</i>	0.000	0.000	31,930.830
Total Gross Outstanding Loans	877,652.095	1,031,970.191	390,072.113
Less (Loan Loss Reserve)	(92,900.916)	(80,174.128)	(86,498.717)
Net Loans Outstanding	784,751.179	951,796.063	303,573.396
Other Current Assets	27,208.115	23,432.653	14,799.319
Due from Save the Children	17,458.077	49,701.427	1,615.712
TOTAL CURRENT ASSETS	2,226,491.628	3,361,837.263	3,536,949.151
Property & Equipment:			
Property at Cost	156,090.759	156,090.759	227,090.759
Equipment's at Cost	210,313.593	222,048.817	247,903.920
Total Property & Equipment	366,404.352	378,139.576	474,994.679
Less (Accumulated Depreciation)	(58,237.480)	(95,082.194)	(135,424.390)
Net Property & Equipment	308,166.872	283,057.382	339,570.289
TOTAL ASSETS	2,534,658.500	3,644,894.645	3,876,519.440
LIABILITIES & NETWORTH			
CURRENT LIABILITIES			
Employees Pension Fund	91,439.358	151,337.548	209,113.981
Employees Severance	42,918.412	73,004.132	100,262.074
Savings Payable	55,839.778	49,861.181	20,065.427
Other Payables	7,801.770	20,040.082	22,282.470
Due to Save the Children	30,005.297	35,071.373	19,602.369
TOTAL CURRENT LIABILITIES	228,004.615	329,314.316	371,326.321
Long Term Liability - Building	14,200.000	0.000	0.000
TOTAL LIABILITIES	242,204.615	329,314.316	371,326.321
NETWORTH			
Paid in Capital	2,896.800	2,896.800	2,896.800
Donated Initial Loan Fund Capital	484,942.938	484,942.938	484,942.938
Collections from Non-Performing	26,229.546	29,517.155	29,623.655
Collections from Rescheduled	5,013.040	5,013.040	5,013.040
Donated Intial Opertaing Cost	17,737.838	17,737.838	17,737.838
Donated Capital Assets	175,868.303	176,719.606	176,719.606
Sub-Grants: for Loan Fund Capital	1,476,140.028	2,428,495.039	2,599,814.046
Sub-Grants: for MFI Development	130,891.052	151,448.301	156,977.121
Sub-Grants: for Operating Cost	384,249.054	566,026.201	1,011,814.203
Retained Net Surplus/(Deficit) Prior Year	(228,650.572)	(411,514.721)	(547,216.567)
Current Year Net Surplus/(Deficit)	(182,864.149)	(135,701.878)	(433,129.501)
TOTAL NETWORTH	2,292,453.878	3,315,580.319	3,505,193.179
<i>Roundins</i>	0.007	0.010	-0.060
TOTAL LIABILITIES & NETWORTH	2,534,658.500	3,644,894.645	3,876,519.440

Annex VII : Portfolio

Month	OSP	PAR	PAR% to OSP	Amt Prov. During Month	Written Off	Reserve End Month	% Reserve to OSP	Collection from W.off
January	990,864	99,174	10.0%	19,419	0	99,593	10%	4,190
February	988,024	120,063	12.2%	22,172	2,791	118,973	12.0%	3,169
March	855,038	118,192	13.8%	11,997	923	130,047	15.2%	2,889
April	747,657	141,550	18.9%	14,189	2,251	141,985	19.0%	1,224
May	702,865	165,937	23.6%	8,265	3,680	146,570	20.9%	2,379
June	669,773	139,912	20.9%	29,716	22,021	154,265	23.0%	2,499
July	584,834	137,624	23.5%	29,923	27,072	157,116	26.9%	4,302
August	542,160	176,301	32.5%	21,454	18,466	160,103	29.5%	4,841
September	504,610	147,013	29.1%	-3,983	19,472	136,648	27.1%	6,882
October	493,441	136,808	27.7%	11,497	10,328	137,818	27.9%	7,175
November	462,276	106,037	22.9%	11,385	31,818	117,385	25.4%	5,324
December	390,071	67,185	17.2%	-763	30,073	86,499	22.2%	9,670