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REPORT

Microfinance Organizational Indicators and MF Rates

December 2007

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**Association of Development for Economic & Social Help
(ADESH)**

**House: 'PRIYA', 5/2, Block-C, Anandapur City Lane, Savar, Dhaka-1340
Tel.: 7710150, 01713000210 E-mail: adesh@bol-online.com**

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Microfinance Organizational Indicators and MF Rates

1. INTRODUCTION

Association of Development for Economic & Social Help (ADESH), from its commencement has been in close touch with the distressed people to uplift their socio-economic condition through implementing integrated development programs in its working areas. A group of young and energetic social promoters established ADESH in December 1988. The overall objective of this organization is to ensuring participation of both men and women for promoting democracy, human rights and establishing a situation of economic justice for achieving a sustainable development society. Traveling a long way in the development field, ADESH has bagged hordes of working experiences, shared those with its stakeholders/development partners, and thus capacitated itself to meet challenges and to initiate promising interventions.

Microfinance program is such a challenging initiative of ADESH, which leads the organization towards a wider sphere of development interventions through which it has been trying to attain socio-economic self-sufficiency of its beneficiaries (here as called by 'clients'), and as well as to achieve financial sustainability of the organization.

2. GENERAL DATA OF THE ORGANIZATION

Name of the Organization : Association of Development for Economic & Social
Help
(ADESH)

Address : House: 'PRIYA', 5/2, Block-C, Anandapur City Lane,
Savar,
Dhaka-1340.
Tel.: 7710150, 01713000210 E-mail: adesh@bol-online.com

Contact Data:

- ▶ Year of foundation : 1988
- ▶ Type of Organization : Non Government Organization (NGO)

► **Legal Status** : i) Registered with the Directorate of social services
No. DH-02552 dated 30.03.91

: ii) Registered with NGO Affairs Bureau No.
DSS/FDO-R-595 dated 3.2.92

iii) Registered with Bangladesh Bank, Micro Credit
Regulatory Authority No. 0091-00396-00079 Dated
29/11/2007.

[This is a legal recognition from the top banking
authority of the government of Bangladesh
“Bangladesh Bank” without which it is not possible
for an organization to run microfinance program].

► **Contact Person** : Mr. Subrato Dey, Director

► **Profile of activities/products and services** : Grassroots level people’s
institution building, Capacity building initiatives, Health and nutrition,
Education, Gender and development, Program for PWDs, Environment
development, Economic development, Microfinance.

► **Vision of Microfinance program** : Poverty eradication of the distressed and
exploited people, especially the women is the vision of ADESH micro finance program
with ultimate goal to empower them in socio-economic life.

ADESH visualize its organized women groups to actively participate in the micro-finance
activities and take loan at a reasonable interest to invest in any financially sound and
profitable enterprise to change their social and economical life.

► **Key Performance Indicators of the Organization (breadth and depth of Outreach,
financial
sustainability performance)**

Breadth of Outreach

Number of Group Members : 5,446

Number of Active Savings Clients: 5,446

Number of Active Credit Clients : 5,124

- **Depth of Outreach**

Average Loan amount per borrower : Taka 8,000 (US \$ 116) [1 US \$= Taka 69.00]

Number of Rural Clients : 4,392

Number of Women Clients : 5,124

- **Indicators of Portfolio Qualities**

Portfolio at risk (more than 30 days) : Taka 1,171,910

Portfolio at risk (over 30 days) : 3.26%

Total Outstanding : Taka 22,257,452

- **Indicators of Profitability**

Equity to total Assets : 47.79%

Debt to equity ratio : 1.09%

Operational Self Sufficiency : 119%

Financial Self Sufficiency : 109%

- **Indicators of Efficiency**

Number of Active Borrowers per Staff : 197

Number of Active Borrower per Loan Officer : 366

Outstanding Gross Portfolio /Loan Officer : Taka 1,589,818

Number of Active Borrower per Branch Office : 5,124

3. MICROFINANCE PROGRAM STATUS BY WORKING AREAS

ADESH at present is working in seven unions of Savar upazila under Dhaka district. Up to December 2007 it covered a total of 5,124 active borrowers (all women). During July 2006 to June 2007, total amount of taka 4,3816,000 was disbursed to these borrowers and repayment rate (RR) stood at 97.69% while 'on-time repayment rate' (OTR) stood at 98.11%. Total outstanding stood at Taka 22,257,452 at the end of December 2007. ADESH from the beginning has been concentrated its all development program activities in these seven unions. Microfinance program has been also fully developed in these unions, which leads the organization to think and intensify viable ideas as to widen the program productively.

Matrix- 1: Union-wise loan disbursement for the year July 2006 – June 2007

(amount in

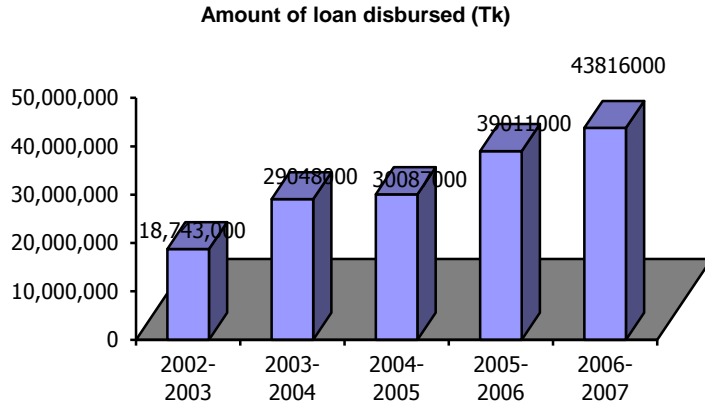
Taka)

| Name of Union | Previous Outstanding | Total loan disbursed in 2006-2007 | Recovery '06-'07 | | Outstanding 2007 |
|---------------|----------------------|-----------------------------------|------------------|----------------|------------------|
| | | | Principal | Service Charge | |
| Savar Sadar | 2334899 | 6116000 | 5292759 | 796455 | 3155380 |
| Tatuljhara | 2690947 | 6303000 | 5802432 | 870767 | 3191445 |
| Ashulia | 2824868 | 8062000 | 6996437 | 1050055 | 3882208 |
| Birulia | 2933880 | 7060000 | 6516700 | 977826 | 3476540 |
| Pathalia | 2493898 | 7081000 | 6233539 | 935402 | 3341359 |
| Yearpur | 1422618 | 2435000 | 2416654 | 362839 | 1440929 |
| Bonoghon | 3406823 | 6759000 | 6396221 | 961201 | 3769591 |
| Total | 18107933 | 43816000 | 39654742 | 5954545 | 22257452 |

[Present value of Bangladeshi Taka: 1 US \$ = Taka 69.00]

- Loan disbursement during last 5 years (July 2002 – June 2007):**

Following graph shows the intensification of microfinance program by year. It depicts that starting from the year 2002, growth of microfinance program has become significant in the financial year 2005 and 2006. From the second-half of the year 2007, this program has been remarkably advanced compared to the past.



- **Five major strengths of microfinance program**

- i) Potential market of microfinance program, vast area to run enterprises
- ii) 100% Staff are skilled and field experienced on Micro Credit & GAD Program
- iii) Microfinance accounts is fully computerized
- iv) Potential and Cooperative Executive Board
- v) Registered microfinance organization under Bangladesh Bank (under Micro Credit Regulatory Authority).

Matrix- 2: Existing Staffing Pattern of ADESH

| Sl. | Position | Number | Gender |
|-----|---------------------------------|--------|--------------------|
| 01 | Director | 1 | Male |
| 02 | Coordinator | 1 | Male |
| 03 | Accounts Officer | 1 | Male |
| 04 | Technical Officer (Information) | 1 | Male |
| 05 | Manager (Info) | 1 | Male |
| 06 | Environment Dev. Officer | 1 | Male |
| 07 | WATSAN Motivator | 1 | Male |
| 08 | GAD Program Officer | 1 | Male |
| 09 | Accounts/Office Assistant | 1 | Female |
| 11 | CHDRP (Disability Program.) | 1 | Female |
| 12 | Asstt. Program Officer | 3 | Male |
| 13 | Asstt. GAD Model Officer | 1 | Female |
| 14 | Credit Supervisor | 14 | Male- 6, Female- 8 |
| 15 | Social Communicator | 1 | Female |
| 16 | Night Guard | 1 | Male |
| 17 | Service Staff | 2 | Female |

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| | | | |
|--------------------|--------|-----------|-----------------------------|
| 18 | Driver | 1 | Male |
| Total Staff | | 33 | Male- 19, Female- 14 |

4. MICROFINANCE RATE ANALYSIS

ADESH always updates its microfinance program activities; the major part of the collected data/information is different ratios calculated on the basis of present status of total operational activities under this program. Following matrices describe some of the important issues of microfinance operations in the field and at office levels.

Matrix- 3: Asset Side of the Balance Sheet as Percentage of Total Asset (%)

| Assets | 2005 | 2006 | 2007 |
|-----------------------|------------|------------|------------|
| Cash at hand and bank | 16.88 | 1.60 | 3.83 |
| Investment | 0 | 0 | 0 |
| Fixed asset | .32 | 7.95 | 12.36 |
| Other assets | 0 | 0 | 0 |
| Loan outstanding | 82.80 | 90.45 | 83.81 |
| Total | 100 | 100 | 100 |

The matrix depicts that gradually the amount of assets has been increasing by years. In case of asset calculation, value of other current assets has been excluded. In future ADESH has a plan to invest money.

At present almost all group members are active borrowers under ADESH microfinance program. As per record 94.04 percent of the total members have been borrowers at the end of year 2007. Cost per unit of money and cost per loan is also very minimal. On time loan repayment rate has been averagely 98 percent during last three years. Operating self-sufficiency and financial self-sufficiency prove efficiency of ADESH management in running microfinance program successfully.

Matrix- 4: Ratios/Indicators for Past and Projected Periods of ADESH microfinance program

| Sl. | Ratios | Actual | | | Projected | | |
|-----|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1.Extending Outreach | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| 1 | Ratio of borrowers to members (%) | 85.49 | 82.86 | 94.08 | 85.59 | 80.90 | 86.48 |
| 2 | Annual growth of borrowers (%) | n.a | same | 18.61 | 13.58 | 7.04 | 13.84 |
| 3 | Average loan size of the year (Taka) | 7,000 | 7,500 | 8,000 | 8,500 | 8,800 | 9,000 |
| | 2. Operating Efficiency | | | | | | |
| 4 | Borrowers per worker (#) | 333 | 332 | 366 | 416 | 366 | 355 |
| 5 | Portfolio per worker (Taka) | 1,187,189 | 1,392,918 | 1,589,818 | 2,289,300 | 2,533,529 | 2,438,490 |
| 6 | Cost per Unit of Money Lent | 0.12 | 0.08 | 0.82 | 0.83 | 0.83 | 0.75 |
| 7 | Cost per Loan Made | 848 | 761 | 697 | 774 | 773 | 727 |
| 8 | Ratio of loan outstanding to total asset | 0.39 | 8.80 | 14.74 | 11.54 | 9.29 | 8.61 |
| | 3. Portfolio Quality | | | | | | |
| 9 | Annual rate of recovery of loan (%) | 97.00 | 97.50 | 98.00 | 99.00 | 99.00 | 99.00 |
| | 4. Profitability Analysis | | | | | | |
| 10 | Operating self-sufficiency (%) | 124.90 | 158.01 | 119.51 | 158.52 | 203.36 | 233.25 |
| 11 | Financial self-sufficiency (%) | 122.96 | 140.34 | 109.00 | 163.33 | 182.60 | 195.50 |
| 12 | Profit (surplus) on interest income (%) | 25.25 | 38.09 | 33.96 | 37.92 | 41.41 | 45.71 |

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| | | | | | | | |
|----|--|-------|-------|-------|-------|-------|-------|
| 13 | Return on Equity (grants and Profit) (%) | 64.42 | 55.29 | 42.45 | 46.15 | 50.00 | 53.47 |
|----|--|-------|-------|-------|-------|-------|-------|

In regards to performance monitoring of microfinance program, the organization is very much concerned on the indicators to be used to measure the on-going status. In doing that, following critical indicators will always be used perfectly, at all levels.

Matrix- 5: Critical Indicators for Performance Monitoring

| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1.Extending Outreach | | | | | | |
| 1 | Ratio of borrowers to members (%) | 85.49 | 82.86 | 94.08 | 85.59 | 80.90 | 86.48 |
| 2 | Average loan size of the year (Taka) | 7,000 | 7,500 | 8,000 | 8,500 | 8,800 | 9,000 |
| | 2. Operating Efficiency | | | | | | |
| 3 | Borrowers per worker (#) | 333 | 332 | 366 | 416 | 366 | 355 |
| 4 | Portfolio per worker (Taka) | 1,187,189 | 1,392,918 | 1,589,818 | 2,289,300 | 2,533,529 | 2,438,490 |
| 5 | Cost per 1000 Taka lent (Taka) | 122 | 84 | 81 | 78 | 72 | 65 |
| | 3. Portfolio Quality | | | | | | |
| 6 | Annual rate of recovery of loan (%) | 97.00 | 97.50 | 98.00 | 99.00 | 99.00 | 99.00 |
| | 4. Profitability Analysis | | | | | | |
| 7 | Operating self-sufficiency (%) | 124.90 | 158.01 | 119.51 | 158.52 | 203.36 | 233.25 |
| 8 | Financial self-sufficiency (%) | 122.96 | 140.34 | 109.00 | 163.33 | 182.60 | 195.50 |

In addition to extending financial support services, there are non-financial services, which are always treated very essential in order to capacitate the borrowers at their level. Year-wise achievements of the last three years and projection of such activities in the next three years are furnished as follows.

It has been revealed that ADESH has been very much keen to aware the people in general on different rights-based activities, and to develop skills in selective areas.

Matrix 6: Status on non financial services

| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|-------|-------|-------|-------|-------|-------|
| | Services | | | | | | |
| 1 | Awareness training (no. of members covered) | 289 | 368 | 5,428 | 6,100 | 6,400 | 6,800 |
| 2 | Gender and HR training (no. of members covered) | 723 | 1,285 | 9,042 | 9,100 | 9,250 | 9,400 |
| 3 | Skill training (no. of members covered) | 154 | 151 | 202 | 300 | 450 | 520 |
| 4 | Other training, workshops etc. (no. of members covered) | 2,283 | 1,467 | 460 | 620 | 750 | 810 |

5. DEMAND AND PRESENT MARKET ANALYSIS

ADESH from its very beginning has been carrying out its development programs within the unions under Savar upazila of Dhaka district. This area, with all its characteristics is a potential region to run economic development activities. As it is closed to the capital city Dhaka, there exist lots of scopes for the people to initiate viable enterprises individually and/or in group. There are poor people in this area, but at the same time there are opportunities for them to earn money through involving themselves in income generating activities. However, people in this regard need start-up capital to run IGAs /enterprises, and ADESH has come forward to provide small loans to some of the people (here as treated as group members) within the village group, organized earlier by the organization. But as per demand of the people of this area, this support is so inadequate that if ADESH has had scope to expand its services, it could multiply this support several times more than it provides now. There are many other NGOs working in this area and run microfinance program as per their own strategies. But ADESH in fact has started development program activities earlier than the others. It has been working with the people in different villages very closely, and established itself as a local level qualified development organization. People feel it as their own organization in this locality. And so, ADESH has more scopes to widen microfinance support services in this area in proportion to needs of the target clients. Following matrix depicts existing status of the people and possible markets for microfinance program operation in this area.

Out of total 37,260 ADESH at present covers only 2635(7%) households who have loans with ADESH. With existing capacity of ADESH of its own, it would be possible to cover 2,800 households by the end of 2008. It is expected that there would be a total of 7092 borrowers, which is 38% more than the existing number of borrowers. Loan outstanding would be Taka 48,769,800, which would be more than double of the present outstanding loan.

Matrix: Population and Households in the working area

(amount in

Taka)

| Name of Union | Total no. Household | No. of potential households with loans | | No. of potential borrowers | | Amount of loan outstanding (in Taka) | |
|---------------|---------------------|--|--------------------|----------------------------|--------------------|--------------------------------------|--------------------|
| | | Existing | At the end of 2008 | Existing | At the end of 2008 | Existing | At the end of 2008 |
| Savar Sadar | 5850 | 420 | 450 | 732 | 1012 | 3155380 | 6967000 |
| Tatuljhara | 5600 | 415 | 460 | 745 | 967 | 3191445 | 7587000 |
| Ashulia | 5800 | 400 | 420 | 860 | 1097 | 3882208 | 7020000 |
| Birulia | 5350 | 415 | 435 | 820 | 1167 | 3476540 | 7240000 |
| Pathalia | 4700 | 440 | 455 | 810 | 1207 | 3341359 | 7660800 |
| Yearpur | 2800 | 185 | 205 | 390 | 520 | 1440929 | 3520000 |

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| | | | | | | | |
|--------------|--------------|-------------|-------------|-------------|-------------|-----------------|-----------------|
| Bonoghon | 7160 | 360 | 375 | 767 | 1122 | 3769591 | 8775000 |
| Total | 37260 | 2635 | 2800 | 5124 | 7092 | 22257452 | 48769800 |

6. CONCLUSION

The micro finance movement has gained acceptance and momentum in the development community largely due to the recognition that the dualistic nature of financial markets in most developing countries like Bangladesh creates a credit gap for poor entrepreneurs. This is because informal sector institutions have limited financial intermediation capacity and those who are unable or unwilling to access informal sector loans are rejected by banks which lack the information and transaction cost advantages possessed by informal institutions. Such a credit gap has led to the entry of specialized institutions that seek to include the excluded in the provision of financial services. Although many of the state run specialized micro credit programs were plagued by such problems as operational inefficiencies, high default rates, and political favoritism in the past decades, non government organization and sometimes for profit organization have been considered as more viable delivery vehicles for micro finances.

NGOs in Bangladesh have had widespread appeal as micro finance delivery vehicles among donors, technical cooperation agencies and consumers for several reasons. First and foremost, NGOs have demonstrated a concern for their constituencies by establishing close linkages with civil society. By including the community in the decision making and governance of financial service delivery, such "participatory development" organization appeals to those who have criticized traditional technical assistance efforts for their top down approaches to development.

Second and on a related note, some NGOs have been both innovative and entrepreneurial in providing the poor with non financial services such as training and technical assistance related to adult literacy, health and business to enhanced sociopolitical development of the poor including the empowerment of women, Third NGOs generally are recognized to be operating on the principles of "trust generosity and ideology (Rose Ackerman 1996) and thus are considered more reliable as an agent for serving the poor than either government or private sector organization. Finally, some NGOs have adopted business like practices and have made program efficiency a key concern. By adopting innovative management and saving/ credit delivery practices, such organization have led to significant improvements in the lives of the poor they serve.

Same as other prospective NGOs in Bangladesh, ADESH has also proved its competency to establish itself as a recognized MF organization through delivering need-based microfinance products to its clients who are active in running viable enterprises and thus become able to lead a better life. One of the ADESH's uniqueness is that, it always keeps its working area within the reach, in line with its existing management capacity and productivity of microfinance services. Considering this fact it has been increasing its operational area one by one. Savar upazila under Dhaka district is a huge market to implement microfinance program advantageously. Adesh's strategy has been to continue its work within this area with more MF products, covering more people under this program.

FORMULA TO FIND MF RATIOS

A. Operating Efficiency Ratios

A.1. Operating Expense Ratio

$$\frac{\text{Total operating expenses (during the period)}}{\text{Average gross loan portfolio}}$$

A.2. Operating cost per Loan Outstanding

$$\frac{\text{Total operating expense}}{\text{Average number of loan outstanding}}$$

A.3. Operating cost per Loan Disbursed

$$\frac{\text{Total operating expense (for the period)}}{\text{Average number of loan outstanding (during the period)}}$$

A.4. Operating cost per unit disburse in Loans

$$\frac{\text{Total operating expense}}{\text{Total amount disburse}}$$

A.5. Risk coverage ratio

$$\frac{\text{Loan loss reserve}}{\text{Portfolio at risk > 30 days}}$$

A.6. Effective Repayment Rate of Clients

$$\frac{\text{All payments received in period (including arrears but excluding pre-payments)}}{\text{Scheduled amount due in period +arrears}}$$

A.7. Effective repayment rate of clients

$$\frac{\text{All payments received from clients in period (including arrears but excluding pre-payments)}}{\text{Scheduled amount due from female clients in period +arrears}}$$

$$\frac{(\text{Gross loan portfolio end of this period}) - (\text{Gross loan portfolio end of previous period})}{\text{Gross loan portfolio end of previous period}}$$

A.9. Percentage of loan in arrears >1 day

$$\frac{\text{Number of loan in arrears >1 day (end of portfolio)}}{\text{Number of outstanding loans (end of portfolio)}}$$

A.10. Percentage of loans repaid from savings and guarantees

$$\frac{\text{Amount realized from savings and guarantees to repay loans}}{\text{Payments received (end of the period)}}$$

A.11.1. Loan loss reserve ratio

$$\frac{\text{Loan loss reserve}}{\text{Gross loan portfolio}}$$

$$\frac{\text{Amount written off during the period}}{\text{Average gross portfolio}}$$

A.12. Portfolio Yield

$$\frac{\text{Income from loan portfolio (including interest and fees)}}{\text{Average gross portfolio}}$$

A.13. Portfolio at Risk >1 day

$$\frac{\text{Value of outstanding loan balance with payment past due >1 day (end of period)}}{\text{Value of outstanding loan (end of period)}}$$

A.14. Portfolio at Risk >30 days

$$\frac{\text{Value of outstanding loan balance with payment past due >30 days (end of period)}}{\text{Value of outstanding loan (end of period)}}$$

A.15. Adjusted Return on Equity (AROE)

$$\frac{\text{Adjusted profit / (loss) from operation after tax}}{\text{Average equity}}$$

A.16. Liability Ratio

$$\frac{\text{Cash and near cash + Deposits in banks + Short term investments}}{\text{Total assets}}$$

A.17. Current ratio

$$\frac{\text{Short term assets}}{\text{Short term liability}}$$

B:

Portfolio Quality Ratios

B.1. Return on assets (ROA)

$$\frac{\text{Profit /(loss) from operations after tax}}{\text{Average assets}}$$

B.2. Adjusted return on assets (AROA)

$$\frac{\text{Adjusted profit / (loss) from operations after tax}}{\text{Average assets}}$$

B.3. Return on equity (ROE)

$$\frac{\text{Adjusted profit / (loss) from operations after tax}}{\text{Average equity}}$$

B.4. Operational Self-Sufficiency(OSS)

$$\frac{\text{Total operating income}}{\text{(Total financing expenses + Provision for loan losses + Total operating expense)}}$$

B.5. Financial Self-Sufficiency (FSS)

$$\frac{\text{Operating income}}{\text{Total financial expenses + Provision for loan losses + Total operating expense + Adjustment for inflation + Adjustment for subsidized funding}}$$

account.

$$\frac{\text{Total operating expense}}{\text{Average number of clients in savings}}$$

savings

B.7. Operating cost per unit outstanding in

$$\frac{\text{Total operating expense}}{\text{Average amount outstanding in savings}}$$

B.8. Average number of Active loan Clients per branch

$$\frac{\text{Number of Active loan Clients}}{\text{Number of branches}}$$

B.9. Average number of Clients with savings per branch (loan and savings)

$$\frac{\text{Total number of Clients with savings}}{\text{Number of branches}}$$

C. Loan officer productivity

C.1. Average gross loan portfolio per loan officer

$$\frac{\text{Gross loan portfolio}}{\text{Total number of loan officer}}$$

C.2. Average number of active loan per loan

officer

$$\frac{\text{Number of active loan clients}}{\text{Total number of loan officer}}$$

C.3. Capital Adequacy Ratio

$$\frac{\text{Total equity}}{\text{Total assets}}$$

D

Capital ratios

D.1. Debt to equity ratio

$$\frac{\text{Total liabilities}}{\text{Total equity}}$$

D.2. Cost of Fund Ratio

$$\frac{\text{Total financing costs}}{\text{Average financing liabilities}}$$

E: Outreach to Loan Clients

E.1. Percentage of Active Loan Clients Receiving

Loan as Members of a group

$$\frac{\text{Number of Active Loan Clients Receiving Loan as Members of a group}}{\text{Number of Active Loan Clients}}$$

E.2. Percentage of Active Loan Clients Receiving

Loan as Individuals

$$\frac{\text{Number of Active Loan Clients Receiving Loan as Individuals}}{\text{Number of Active Loan Clients}}$$

E.3. Percentage of total loan with a disbursed

amount < Tk 200,000

$$\frac{\text{Number of total loan with a disbursed amount < Tk 200,000}}{\text{Number of total loan with a disbursed during the period}}$$

E.4. Percentage of total loan with a disbursed

amount < UShs 300,000

$$\frac{\text{Number of total loan with a disbursed amount < UShs 300,000}}{\text{Number loans disbursed during the period}}$$

E.5. Percentage of Active Loan Clients in Rural

Branches

$$\frac{\text{Number of Active Loan Clients in Rural Branches}}{\text{Number of Active Loan Clients}}$$

An Introduction to ADESH:

ADESH established for develop socio economic development, few enthusiastic young people in 16th December 1988, the Victory Day of Bangladesh after a short informal meeting. The initiators attended in an informal meeting on the day at martyred intellectual mausoleum at Mirpur and discussed mainly on the socio-economic situation of the country. After a thorough discussion later a conclusion was made that a lot of works to be done to change the prevailing dead lock in the society and a massive uprising among people was necessary to share the fruit of development. From next March 1989, the founder members (Mr. Subrato Dey, Dr. Benoy Goswami & Mr. Yeakub Nabi) started small programs by their own initiatives. Later ADESH is registered with the Department of Social Welfare Services in 1991, NGO Affairs Bureau in 1992, and Registered with Bangladesh Bank, Micro Credit Regulatory Authority No. 0091-00396-00079 Dated 29/11/2007.

Vision:

To build an equitable society.

Mission:

Ensure people's participation towards a just and gender balanced society.

Goal:

Ensuring participation of both men & women for promoting Democracy, Human Rights and establish a situation of economic justice for achieving a sustainable development society.

Objective:

- i. Mobilize people into people's organization
- ii. Networking
- iii. Advocacy
- iv. Counseling
- v. More men participation
- vi. Partnership
- vii. Co-ordination & Sharing
- viii. Publicity

Structure:

ADESH is a membership organization comprised of cross section of people coming from various professions and different background. ADESH has total 35 subscribing members out of which 24 are male and 11 are female members.

ADESH has so far 35 general members out of which 11 are women. General members elected 9 members Executive Committee for two years out of which 5 male and 4 are female.

General members meet every year in its Annual General Meeting and approve the annual activities and audited financial statement of the organization. The executive committee is elected for two years. All project and organization staff is reportable to the Executive Director and Executive Director is reportable to the executive committee, who is again accountable to General Members of the Organization.

The Problem Analysis

After socio-economic survey in the working area, ADESH has planned to work in 68 villages of 7 Unions under Savar Thana of Dhaka District. The project is located 20 Km. north of Dhaka city. The working area have a total population of 200 627 consisting of 37 260 households, out of which 18 967 families are reported having no land and another 9 976 households own 0.50 to 1.00 decimal of land only. These 28 943 households are the largest beneficiaries of ADESH.

Savar is the second largest Thana of Dhaka district and partially located within the proposed "development extension area" of the metropolitan city. In Savar Thana, total 66 956 households are officially counted, out of which 84.44% are made of combination of different locally available cheapest and less durable stuff, 10.41% made of long grass and the rest 5.15% are made of straw and bamboo. The average family size is 5.06 person. Only 47.70% have little agricultural land where 52.30% have no land at all. 26.63% dwellers have sanitary latrine. Out of total 378 034 population in Savar, 206 669 are male and 171 365 are female. Sex ratio is 121 male per 100 female as against 113 male per 100 female in 1981. Literacy rate is 37.8% of which 44,8% male and 29.1% are female.

The women those who are oppressed and socio-economically disadvantaged in the area are identified as "target people" for the project. Although ADESH has not officially shown male as the beneficiary, but indirectly all their family members both male and children of the target women are our beneficiary.

The target population are identified 200 627 in 37 260 family in the operating 7 Unions of ADESH, The male and female ratio is 53 : 47. But among the poor, the women are the poorest and most disadvantaged in comparison to the male like consciousness education, control on assets, rights and leadership. Women constitute 49% of target population yet they are subordinate in all human respect due to lack of proper leadership and control of power.

The situation has been widely studied and various reports suggested that the women receive poorer education than men, have little access and security to land tenure and have very limited access to conventional agricultural credit. Eventually they continue to be marginalized without being able to improve productivity. Over 95% of the female-headed households (about 8% of rural households) fall below the poverty line and 30% are amongst the hard-core poor with cash income. Women lack behind men since birth and throughout her life in every single step. The family culture, which constitutes the basic unit of society, sets the norms for male and female roles, contains all discrimination.

b. Address:

House: PRIYA, 5/2, Block-C, Anandapur City Lane, Savar, Dhaka-1340. Bangladesh.
Tel.: 7710150 E-mail: adesh@bol-online.com

c. Contact Person:

Subrato Dey
Executive Director,
ADESH
Tel.: 7710150 (Office) 7710149 (Res.)
Mobile: 01713 000210

Legal Status:

Registered with the Directorate of social services No. DH-02552 dated 30.03.91

Registered with NGO Affairs Bureau No. DSS/FDO-R-595 dated 3.2.92

Registered with Bangladesh Bank, Micro Credit Regulatory Authority No. 0091-00396-00079 Dated 29/11/2007

Operating Area:

| District | Thana | Union | Name of the Village |
|----------------------------------|----------------------------------|-------------------|---|
| D H A K A | S A V A R | Savar | 1. Nama ganda & Tan ganda. 2. Rajhashon. 3. Katlapur. 4. Nayabari. 5. Batpara. 6. Joypara. 7. Dayoga. 8. Karnapara. 9. Jamshing. 10. Talbag. 11. Bank koloni. 12. Katlapur |
| | | Tatuljhora | 1. Jhouchor. 2. Harindhara. 3. Kadamtali. 4. Kanarchar. 5. Nagarchar. 6. Nayapara. 7. Fulbaria. 8. Bagbari. 9. Rishi para. 10. Mayitka. 11. Palpara. 12. Sovapur. |
| | | Ashulia | 1. Nayapara. 2. Kumkumari. 3. Rustumpur. 4. Dayun. 5. Paraghon. 6. Ashulia. 7. Abdullapur. 8. Auckpara. 9. Gouripur. 10. Khazur bagan. |
| | | Birulia | 1. Moistarpara. 2. Birulia. 3. Saddulhapur 4. Dattapara. 5. Vaghribari Harulia. 6. Sampur. 7. Jingira. 8. Vatulia. 9. Kamlapur. 10. Vabanipur. 11. Khagan. 12. Kaliakour. 13. Khoniz nagar. 14. Kakabor. |
| | | Pathalia | 1. Dhania. 2. Chakalgram. 3. Manudia. 4. Charigram. 5. Pandhoea. 6. Gakulnagar. 7. Kurghon. 8. Gopinathpur. 9. Ghugudiea |
| | | Yearpur | Tajpur. 2. Nichantapur. 3. Yearpur. 4. Badhail. 5. Buripara. 6. Jamghora. |
| | | Bonogram | 1. Sadapur 2. Chakulia 3. Bonghon 4. Nikrial 5. Gandira 6. Bariat 7. Konda 8. Baliarpur |
| 1 | 1 | 7 | 71 |

Groups at a Glance

| Name of the Union | Group organized up to June 2006 | Total Members up to June 2006 | Drop out Members/ Group '06-'07 | Group organized in July 2006 – June 2007 | Total Member organized in July 2006 – June 2007 | Total Groups on June 2007 | Total Members on June 2007 |
|-------------------|---------------------------------|-------------------------------|---------------------------------|--|---|---------------------------|----------------------------|
| Savar | 55 | 813 | 168/6 | 5 | 215 | 54 | 849 |
| Tatuljhara | 50 | 849 | 86/1 | 3 | 98 | 52 | 897 |
| Ashulia | 52 | 806 | 114/2 | 3 | 135 | 53 | 880 |
| Birulia | 46 | 763 | 82/2 | 6 | 167 | 50 | 835 |
| Pathalia | 55 | 822 | 105/1 | 6 | 189 | 60 | 896 |
| Yearpur | 25 | 397 | 64/0 | 1 | 25 | 26 | 360 |
| Bonghon | 47 | 763 | 172/1 | 3 | 144 | 49 | 729 |
| Total | 330 | 5213 | 791/13 | 27 | 973 | 344 | 5446 |

Union-wise Monthly Savings in the year 2006 – 2007 is shown below:

| Name of Union | Previous savings June'06 | Total Savings Accumulated (Tk.) in 2006-2007 | Interest on June '07 | Withdrawn | Balance June'07 |
|---------------|--------------------------|--|----------------------|----------------|-----------------|
| Savar Sadar | 1230260 | 376272 | 55338 | 277393 | 1384477 |
| Tatuljhara | 1229226 | 220854 | 60843 | 120376 | 1390547 |
| Ashulia | 1333532 | 330892 | 67038 | 170865 | 1560597 |
| Birulia | 960435 | 358956 | 51069 | 124848 | 1245612 |
| Pathalia | 1132988 | 372777 | 59339 | 135832 | 1429272 |
| Yearpur | 472813 | 102222 | 21408 | 90808 | 505635 |
| Bonoghon | 953281 | 320062 | 45779 | 187143 | 1131979 |
| Total | 7312535 | 2082035 | 360814 | 1107265 | 8648119 |

Union-wise Voluntary Savings in the year 2006 – 2007 is shown below:

| Name of Union | Previous savings June'06 | Total Savings Accumulated (Tk.) in 2006-2007 | Interest on June '07 | Withdrawn | Closes fee | Balance June'07 |
|---------------|--------------------------|--|----------------------|-----------|------------|-----------------|
| Savar Sadar | 225733 | 555250 | 12990 | 358447 | 5661 | 429865 |
| Tatuljhara | 224593 | 453618 | 10862 | 386484 | 3223 | 299366 |
| Ashulia | 219928 | 407233 | 10114 | 338058 | 3565 | 295652 |
| Birulia | 185872 | 479880 | 10261 | 286978 | 3096 | 385939 |
| Pathalia | 157618 | 382975 | 8688 | 271730 | 4084 | 273467 |

| | | | | | | |
|-----------------|----------------|----------------|--------------|----------------|--------------|----------------|
| Yearpur | 52219 | 72327 | 2576 | 52563 | 1749 | 72810 |
| Bonoghon | 118944 | 320866 | 5531 | 255113 | 6025 | 184200 |
| Staff | 4415 | 29093 | 0 | 28640 | 0 | 4868 |
| Total | 1189322 | 2701242 | 61022 | 1978013 | 27406 | 1946167 |

Credit Program (Micro Finance)

VISION:

Poverty eradication of the distressed and exploited women is the vision of ADESH micro finance program with ultimate goal to empower them in socio-economic life.

Fifty percent of the total population of the country is women who are mostly illiterate and isolated from the mainstream of socio-economical life. ADESH with its institution building and gender equity program with women in 6 Union of Savar Thana is trying hard to establish their socio-economic right in the greater society. To gain empowerment of women in their social life, financial independence is the principal factor that has to address at the first priority.

MISSION:

Bangladesh with its 130 million people in 55 Sq. mile area is known as one of the poorest developing country in the global human family. Its political history back in early twentieth century up to 1971 is full of struggle once against the British colonial rule and again against the autocratic military rule of Pakistan. This has made the people of this area to fight twice for their complete independence from the foreign rulers and had to pay the maximum sacrifice of lives and wealth to reach the destiny. The geographical location of Bangladesh in the globe is such that the natural disaster has become an annual event in the life of its inhabitants. This causes an enormous loss of life and wealth every year without any effective protection. The economy thus inherited from the colonial and dictatorial governments is nothing but a hollow nut. The majority people are illiterate and thus poor having no job even to literate youths. Industrial development both in private and government sector is far below than demanded in the labor market. Agriculture sector has no room to accommodate even 40% of the country's labour forces, as argo-base industry has not yet been flourished. The ultimate effect of century long socio-economic exploitation and injustice on the general masses has imposed a silence culture, which made them ignore and unwillingness to any change even if it effects their peaceful citizen life seriously.

Despite of the previous socio-economic and political disparity, the general people of Bangladesh has learnt slowly from experience how to fight back against this discrimination and injustice and even to face the disaster and struggle over for a new life.

Lack of industrial development and inadequate job absorption in agriculture sector surpluses a huge active manpower. But if this sector is given the opportunity to involve in a third option of economical activity, provided with necessary capital and skill with back up services of ensured marketing they could not only enhance their own economical situation but will contribute in national development simultaneously. Many of this people have skill but no capital to start with any economical activity. Most people have no access in any financial institutions run by government or private sector but traditional loan is available at high rate from the local *mahajans*. This *mahajans* are one of the reasons that causes rural people to be uprooted from their homestead because of their inability to pay back their loan and high interest.

ADESH visualize its organized women groups to actively participate in the micro-finance activities and take loan at a reasonable interest to invest in any financially sound and profitable enterprise to change their social and economical life.

ADESH workers collect the loan in 45 installment weekly or monthly in group meetings. Form Tk 7,000/= to 25,000/= loan amount is approved and 13% service charge is charged on loan amount. ADESH pay back 2% of this 13% who are regular in repayment. The outstanding amount is Tk. 1,81,07,933 on June 30. 2006. In the reporting year, 3,750 out of total 5,166 member have been given loan to Tk. 4,38,16,000.00 principal loan, loan recovery Tk. 3,54,545. Few of the members showed their inability to repay and ADESH considered their request up to Tk. 11,739. On June 30. 2007 outstanding amount to 3825 members is Tk. 222,57,452.

Micro finance program has its successful story in Bangladesh and ADESH is no less than that, ADESH has successfully launched its micro finance program since last 7 years and acquired experience to gear it further among the targeted women to eradicate poverty.

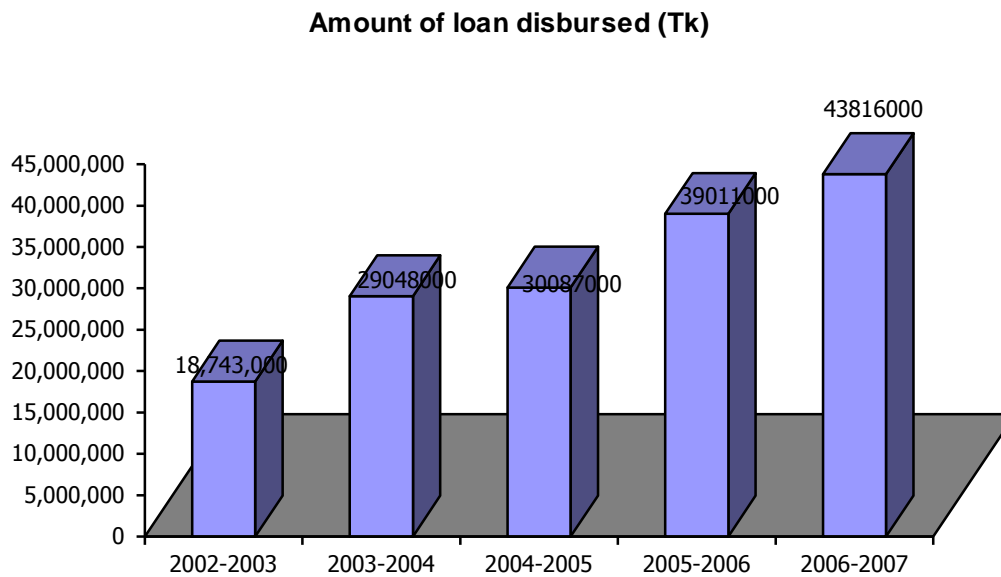
Micro-finance Working Areas (Dhaka Peri-urban) 2005

Union-wise loan disbursement for the year July 2006 – June 2007

| Name of Union | Previous Outstanding | Total loan disbursed in 2006-2007 (Tk.) | Recovery '06-'07 | | Consider | Outstanding 2007 |
|---------------|----------------------|---|------------------|----------------|----------|------------------|
| | | | Principal | Service Charge | | |
| Savar Sadar | 2334899 | 6116000 | 5292759 | 796455 | 2670 | 3155380 |
| Tatuljhara | 2690947 | 6303000 | 5802432 | 870767 | 70 | 3191445 |
| Ashulia | 2824868 | 8062000 | 6996437 | 1050055 | 8223 | 3882208 |

| | | | | | | |
|--------------|-----------------|-----------------|-----------------|----------------|--------------|-----------------|
| Birulia | 2933880 | 7060000 | 6516700 | 977826 | 640 | 3476540 |
| Pathalia | 2493898 | 7081000 | 6233539 | 935402 | 0 | 3341359 |
| Yearpur | 1422618 | 2435000 | 2416654 | 362839 | 35 | 1440929 |
| Bonoghon | 3406823 | 6759000 | 6396221 | 961201 | 11 | 3769591 |
| Total | 18107933 | 43816000 | 39654742 | 5954545 | 11739 | 22257452 |

Loan disbursement picture in last 5 years (July 2002 – June 2007) has been furnished below:



STRENGTH OF ADESH

- a. **Micro Credit Accounts is Computerized**
- b. **90% Staff is skilled on Micro Credit & GAD Program**
- c. **Cooperative Executive Board**

TRAINING RECEIVED FROM CARE INCOME PROJECT

| Name of Training | Date of Training |
|--|-------------------------|
| 1. Self-sufficiency Planning of Savings & Credit Program | 5 – 6 November, 1997 |
| 2. Establishing cost center | 12 February, 1998 |
| 3. Savings & Credit Program Accounting | 1 – 2 April, 1998 |
| 4. Feasibility Analysis of IGAS | 24 – 28 May, 1998 |
| 5. Reorganizing Field with Respect | 10 August, 1998 |
| 6. Loan Disbursement & Recovery Mechanism | 25 November, 1998 |
| 7. Cash flow Management | 26 November, 1998 |
| 8. Financial Planning & Management | 27 November, 1998 |
| 9. Strategic Planning | 1 – 3 December, 1998 |
| 10. Project Design & Proposal Writing | 7 – 11 March, 1999 |
| 11. IGP Management & Planning | 22 – 25 March, 1999 |

Staffing Pattern:

| | |
|---|---------------|
| Director | 1 (Male) |
| Coordinator | 1 (Male) |
| Accounts Officer | 1 (Male) |
| Technical Officer (Information) | 1 (Male) |
| Manager (Info) | 1 (Male) |
| Environment Dev. Officer | 1 (Male) |
| WATSAN Motivator | 1 (Male) |
| GAD Program Officer | 1 (Male) |
| Accounts/Office Assistant | 1 (Female) |
| CHDRP (Disability Prog.) | 1 (Female) |
| Asstt. Program Officer | 3 (Male) |
| Asstt. GAD Model Officer | 1 (Female) |
| Credit Supervisor | 14 (M=6, F=8) |
| Social Communicator | 1 (Female) |
| Night Guard | 1 (Male) |
| Service Staff | 2 (Female) |
| Driver | 1 (Male) |
| Total Staff = 33 (Male = 19 + Female = 14) | |

**Executive Board
of ADESH**

| Sl. | Name | Profession | Position |
|------------|----------------------|-------------------|--------------------|
| 01 | Dr. Parveen Adhikary | Dental Surgeon | Chairperson |
| 02 | Mr. Godfrey Bitu | Business | Vice Chairperson |
| 03 | Mr. Chowdhury Miah | Service | General Secretary |
| 04 | Mrs. Shipra Sarkar | Service | Asst. G. Secretary |
| 05 | Mrs. Ana Banik | Service | Treasurer |
| 06 | Mr. Samir Barai | Service | General Member |
| 07 | Mr. Fazlul Forad | Service | General Member |
| 08 | Mr. Stanly Karmakar | Service | General Member |
| 09 | Ms. Sipra Nagrasara | House Manager | General Member |

Main Consultant : Thomas M.S. Das

Table 1: Data on MF program activities

| Sl. | Aspects | Status in the last three years | | | Projected three years | | |
|----------|---|--------------------------------|----------|----------|-----------------------|----------|----------|
| | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| A | Financial support information | | | | | | |
| 01 | Number of group members | 5067 | 5213 | 5446 | 6800 | 7700 | 8200 |
| 02 | Number of borrowers | 4332 | 4320 | 5124 | 5820 | 6230 | 7092 |
| 03 | Number of active borrowers | 4332 | 4320 | 5124 | 5820 | 6230 | 7092 |
| 04 | Average loan size (Tk) | 7000 | 7500 | 8000 | 8500 | 8800 | 9000 |
| 05 | MF worker (Loan collector) | 13 | 13 | 14 | 14 | 17 | 20 |
| 06 | Loan outstanding at the end of the year (Tk) | 15433460 | 18107933 | 22257452 | 32050200 | 43070000 | 48769800 |
| 07 | Loan disbursement-Principal (Tk) | 30087000 | 39011000 | 43816000 | 54000000 | 58000000 | 69000000 |
| 08 | Loan recovered – Principal (Tk) | 30107280 | 36322212 | 39654742 | 43500000 | 48000000 | 52000000 |
| 09 | Loan recovered – Interest (Tk) | 5419595 | 5866000 | 5954545 | 8000000 | 8500000 | 9200000 |
| 10 | Cost per 1000 Taka lent (Tk) | 122 | 84 | 81 | 78 | 72 | 65 |
| 11 | Total asset (Tk) at the end of the year | 18951153 | 19952239 | 24439647 | 2903000 | 31220000 | 41007000 |
| 12 | Rate of loan recovery | 97 | 97.5 | 98 | 99 | 99 | 99 |
| 13 | Total loan operating cost | 3678613 | 3286730 | 3572916 | 4505000 | 4814000 | 5153000 |
| 14 | Profit earned as per end of each year | 1368582 | 2234563 | 2022450 | 3033700 | 3520000 | 4205000 |
| 15 | Fund received as grant | 2520000 | 2520000 | 2520000 | 3020000 | 3520000 | 3820000 |
| 16 | Fund received as loan | 4996353 | 970000 | 813000 | 9000000 | 12000000 | 15000000 |
| 17 | Cost of borrowing | 645117 | 573300 | 437168 | 850000 | 960000 | 1020000 |
| 18 | Members' savings (Tk) | 6035585 | 8535530 | 10625860 | 13000000 | 14000000 | 15000000 |
| 19 | Cash at hand and bank | 3147052 | 320975 | 1015798 | 1341000 | 1756000 | 2390000 |
| 20 | Investment | - | - | - | - | - | - |
| 21 | Fixed asset | 59745 | 1593367 | 3281272 | 3700000 | 4000000 | 4200000 |
| 22 | Other assets | - | - | - | - | - | - |
| B | Information on extending non-financial services | | | | | | |
| 24 | Awareness training (no. of members covered) | 289 | 368 | 5428 | 6100 | 6400 | 6800 |
| 25 | Leadership training (no. of members covered) | | | | | | |
| 26 | Functional literacy course completed (no. of members covered) | | | | | | |
| 27 | Mother and Childcare (no. of members covered) | | | | | | |
| 28 | Gender and HR training (no. of members covered) | 723 | 1285 | 9042 | 9100 | 9250 | 9400 |
| 29 | Tube well distribution (no. of members covered) | | | | | | |
| 30 | Sanitary latrine distribution (no. of members covered) | | | | | | |

| | | | | | | | |
|----|---|------|------|-----|-----|-----|-----|
| | members covered) | | | | | | |
| 31 | Sapling distribution (no. of members covered) | | | | | | |
| 32 | Skill training (no. of members covered) | 154 | 151 | 202 | 300 | 450 | 520 |
| 33 | Other training (no. of members covered).. please specify | | | | | | |
| 34 | Other training (no. of members covered) Workshop & Seminar | 2283 | 1467 | 460 | 620 | 750 | 810 |

Table 1: Population and Households in the working area

(amount in

Taka)

| Name of Union | Total no. Household | No. of potential households with | | No. of potential borrowers | | No. of potential enterprises run with loan | |
|---------------|---------------------|----------------------------------|-------------|----------------------------|-------------|--|-----------------|
| | | Existing | Future | Existing | Future | Existing | Future |
| Savar Sadar | 5850 | 420 | 450 | 732 | 1012 | 3155380 | 6967000 |
| Tatuljhara | 5600 | 415 | 460 | 745 | 967 | 3191445 | 7587000 |
| Ashulia | 5800 | 400 | 420 | 860 | 1097 | 3882208 | 7020000 |
| Birulia | 5350 | 415 | 435 | 820 | 1167 | 3476540 | 7240000 |
| Pathalia | 4700 | 440 | 455 | 810 | 1207 | 3341359 | 7660800 |
| Yearpur | 2800 | 185 | 205 | 390 | 520 | 1440929 | 3520000 |
| Bonoghon | 7160 | 360 | 375 | 767 | 1122 | 3769591 | 8775000 |
| Total | 37260 | 2635 | 2800 | 5124 | 7092 | 22257452 | 48769800 |