



# Microcredit for Mothers

## annual report 2012

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Mrs. Lali is 33 years old, married and mother of four children. In Nepal Microcredit for Mothers collaborates with Dhulikhel hospital in Kavre, servicing over 1,9 million Nepalese in the region. Mrs. Lali receives, besides health prevention training, a small loan from Dhulikel hospital. She has used her loan (EUR 55) to invest in goats. She wants to breed goats. With buying one goat she can breed two new goats in six months and sell them at the local market. Lali dreams of a better future for her family. A better house, secondary education for her children and more individual independence. She can almost feel it.

The story of Mrs. Lali from Nepal



# Introduction

Microcredit for Mothers (MfM) exists since 2005. Eight years ago we started with a revolving fund of 1500 euro. At that time this money has been provided through loans to 21 women in Sri Lanka with help from our local partner there, BBSWI.

Meanwhile that same amount of money has been redistributed for five times, partially to the same women to expand their business and to new groups of women.

Now in 2012 Microcredit for Mothers is mainly active in eight countries: Bangladesh, Cambodia, India, Indonesia, Laos, Nepal, Sri Lanka and Vietnam.

By 2012 Microcredit for Mothers is managing a revolving fund of over EUR 255,000.

This is the total amount which we have distributed through loans to women in the several countries and which will be distributed once more as soon as the loans have been returned. Since our foundation was established over 20,000 women have received a loan through Microcredit for Mothers.

The last year we have been focusing our efforts to expand our running microcredit programs, strengthen the relationship with our local partners in Asia, acquiring new funds in the Netherlands and further professionalize our 100% voluntary organization.

In 2012 we continued expanding funds with our partners Friends Indeed/Ardar. The women in the region where Ardar is active receive a loan and as soon as they are able to provide their children with one meal a day the mothers send their children to school.

In Southeast Asia we were able to upscale the pilot phase (started 2011) with our partner GDG and BTA in Laos. Participants of this particular program use the microcredit loans to produce bamboo products such as baskets and chairs.

Donations have been stabilized since last year. In 2012 we were able to acquire over EUR 58,000 in new funding. This is mainly the result of our very active funding team which has developed lots of new initiatives and approached new companies.

The Female Leadership Journey 'Kracht van de Ontmoeting' was one of the main successes. The ever increasing reputation of Microcredit for Mothers resulted in a steady pattern of private donations despite a high competitive charity market due to the crisis.

Thanks to all our donors and volunteers we were able to help over 5,298 women in 2012. Thus enabling us to help over 12,000 children to a better future.

# Table of Contents

## Microcredit for Mothers annual report 2012

### Introduction

#### 1. Annual Report

##### 1.1 General information: mission, goals and way of working

Strategic outline 2012

Our methodology and way of working

CBF-mark

ANBI status

##### 1.2 Activities and financial position

South Asia

South East Asia

Financial update Revolving Funds

Fundraising

Expenses used for Microfinance activities

##### 1.3 Organization

Board

Managing Director

Organization

Volunteer policy

#### 2. Financial Report 2012

General information

##### 2.1 Balance Sheet

##### 2.2 Overview Income & Expenditure

##### 2.3 Notes to the Balance Sheet

##### 2.4 Notes to the statement of income and expenditures

##### 2.5 Ratios of expenditure

2

3

5

5

6

6

7

7

7

7

8

8

8

8

9

9

9

9

9

10

10

10

11

11

13

14

#### 3. Microcredit for Mothers in practice

16

Project visit Vietnam, the story of Esther Zwinkels

17

Project visit Laos, the story of Mei Ki Liu

17

The second Female Leadership Journey 'Kracht van de ontmoeting'  
to Nepal

17

# 1. Annual Report

This chapter will describe Microcredit for Mothers' (MfM) strategic outline and operational activities for 2012 besides giving an overview of our mission and goals.

## 1.1 General information: mission, goals and way of working

The foundation MfM is established in The Hague and registered at the Chamber of Commerce under number 30204889..

### Mission & goals

Our mission is to improve the life situation of underprivileged children in developing countries, which helps them to grow up as independent adults in human worthy living conditions and can be of significant value in developing their community and country.

We aim to help their mothers to be autonomous and independent women by giving them access to a microcredit. We believe that a microcredit can be the accelerator to improve their lives and that of their families.

MfM focuses on mothers because scientific research still proves that women add the highest value to their families' conditions and will be the multiplier effect to the development of their communities. Microcredit also contributes to the empowerment of these women living in mainly male dominated countries.

Our duty is to reach those families who are (1) excluded from other micro finance institutions or other financial service organizations and (2) absolute and relative the poorest of the poor in their communities. We are able to reach them through our local partner network. We are offering them a microcredit, saving opportunities, entrepreneurial training and female leadership (women empowerment).

We as MfM believe in sincerity, transparency and win-win for all parties involved.

We try to achieve our mission and goals by the following activities:

- advise about income generating activities and capabilities to break the vicious circle of poverty
- stimulate independent life conditions for the women of underprivileged children by supporting them to adopt a new handicraft
- share knowledge with and between our local partners to achieve maximum impact
- raise funds to be able to support mothers of the underprivileged children
- invest in the sustainability of the income source of our target group
- inform and train the women about entrepreneurship and microcredit
- promote the economic opportunities for micro entrepreneurship in developing countries
- connect people in developing countries with people in the Netherlands to share experiences, knowledge and best practices in methodology



Microcredit for Mothers distinguishes herself in the market because:

- the foundation aims at the poorest of the poor, those who are not able to even get a loan from an MFI (Micro Finance Institution)
- MfM achieves a multiplier effect in the local communities to focus on the entrepreneurial potential of women
- the foundation is able to improve the life circumstances of these women and their families by providing these poorest of the poor with small loans
- the foundation has a strong network via her partners who are able to access this target group of the very poorest.
- MfM is able to realize their activities with a strong team of 30 professional volunteers with an average age of 35

### **Strategic outline 2012**

In 2012 we aimed reaching more of the excluded and poorest women by strengthening our existing local partner network and professionalize our internal organisation. We will focus on quality instead of quantity.

Our goals in 2012 were:

- Give 5000 new mothers access to a microcredit with our growing revolving fund
- Expand our local partner network and have a minimum of 2 partners in each of our 8 countries which we service
- Encourage and strengthen the relation with our local partners and volunteers
- Raise EUR 100.000 in the Dutch market in collaboration with our donors
- Professionalize our voluntary organisation
- Improve our brand value

In 2012 we were able to accomplish most of our goals. We have reached 5298 new women. Together with 3 new local partners we have expanded our local partner network in Asia up to local 22 partners. We have raised EUR 58.170 in the Dutch market. And we have signed a Letter of Intent with a Dutch family (Dutch Microfinance) willing to invest in MfM. Our brand value has increased substantially with regard to our website visits, fund raising requests at [info@mvm.nl](mailto:info@mvm.nl) and number of new donors. We experienced a substantial outflow in our fundraising & communications team, but also a quick recovery and inflow with our own peer-to-peer network.

### **Our methodology and way of working**

Microcredit for Mothers acquires funding in the Netherlands. Our fund is a revolving fund since 2005. We work together with (often small) local organizations to provide loans in Asia. These local organizations already have established a relationship of trust with the local communities. We also work closely with local MFI's (Micro Finance Institutions) in South- and Southeast Asia. Our most important asset is the relationship we have with our local partners.

Our local partners receive a fund of MfM based on the detailed project proposal including the name, age, type of business, loan usage etc per woman. Our local partner will disburse the funds to the women in their communities.

Microcredit for Mothers has the following approach:

- Loans which have been returned are redistributed to a (new) group of women
- Women who have been granted a loan are not required to provide a collateral. These poorest of the poor who we want to reach are often not able to. We do ask however a few (small group) of women to guarantee the loan (Grameen methodology).
- Microcredit for Mothers does not charge any interest to our local partners. Local partner organizations are allowed a minor interest rate which is in comparison to the market under the condition that they use it for the benefit of the organization and the microcredit program.
- Women usually return their loan by a tenth a month on average. Our goal is to have every woman return her loan within a year.
- All funds are locally invested in order to have the largest impact on the local economy with the microcredit programs
- The board, management and volunteers of the foundation receive no compensation for their activities
- The foundation aims to reduce costs as much as possible. We strive to provide the families in Asia with the donated funds as close to 100% as we can get
- The foundation pursues full disclosure and transparency.

### **CBF-mark**

Microcredit for Mothers consciously did not obtain the CBF-mark. The reason is simple; this mark costs money, which can amount to several hundred euros a year. We have decided not to pay for the mark but instead save costs and therefore donated money, so it can be distributed to the women in Asia. However to provide a form of guarantee and reliability all information regarding activities, revenues and expenses are accessible to anybody on the internet. The foundation publishes her results and annual accounts on the website. Microcredit for Mothers also drafted a document which defines how the foundation satisfies the criteria of the CBF. This overview can be downloaded from our website: <http://www.microkredietvoormoeders.org/nl/nlfaq/criteriaCBF.pdf>.

### **ANBI status**

Microcredit for Mothers has been classified as an ANBI (Algemeen Nut Beogende Instelling) by the Dutch tax authorities since 2008. ANBI status may provide donors with a tax advantage (deduction in the income tax return of donation made). This however depends on the specific facts and circumstance of each case.

## **1.2 Activities and financial position**

In 2012 we were still active in eight countries divided into two major regions:

1. South Asia: Bangladesh, Nepal, India and Sri Lanka
2. Southeast Asia: Laos, Vietnam, Cambodia and Indonesia

We have focused on deepening each country by strengthening the relationship with our existing partners and to find new partners in the already active countries.

Our intention in 2012 was quality instead of quantity. We have expanded our portfolio in India, Nepal and Laos. In 2012 we were able to reach 5298 new women with over 12000 children.

### **South Asia**

In India we have strengthened our relationship with Friends Indeed and local partnership Ardar. We have expanded our revolving fund with another EUR 11.165 as we have agreed upon in 2011 if a good performance was lived up to. We were also able to expand our revolving fund with Rural Action in Development Society by initiating the first Female Leadership Journey in 2012 to connect Dutch female leaders



with our female leaders in the programs of MfM. Each Dutch woman that participates donates 10 microcredits to the women in the project and villages we visit. This expansion took place in 2013.

In Bangladesh 2012 we have encountered some problems in our projects. Since 2008 we are helping female sex workers to escape from inhumane circumstances and risks to their health conditions. These women were excluded by all financial service organizations in the Dhaka region. Together with our local partner Asarr we were able to run a very successful program until the summer of 2012. Achieved impact at the women was so far enormous. Women were able to set up new businesses in e.g. candles and become less dependent on their prostitutional income. In September 2012 the government decided to demolish their working building which made them flee into the region without paying the outstanding loan amounts. Our partner Asarr acted very decisive and was able to collect some of money with a lower installment frequency for the women in this terrible situation. With consensus of our partner we have depreciated the fund and continue with the other programs in Bangladesh.

## South East Asia

In Laos, 2011, MfM has started a new project with our local partner Gender Development Group (GDG). GDG started in 2008 a collaboration with the local district authorities, Bamboo Traders Association (BTA) and the Lao women Union at community level of Sangthong district. Together they offer and promote microcredit to the women producer groups for improving their production standards to meet market demands. MfM is helping three main products groups: (1) Banana fiber cloth weaving products, (2) Bamboo handicraft furniture and products and (3) Women tailor group. The number of women involved is 136 having 324 children in 11 villages. The average loan size for the women is EUR 100. The total fund size in 2012 is EUR 12,668.

## Financial update Revolving Funds

In 2012 the overall revolving fund has decreased from EUR 275,050.00 per ultimo 2011 to EUR 255,389.11 per ultimo 2012. This is mainly due to the currency depreciations of the funds and the large amounts of bad debt depreciation in Sri Lanka, India and Bangladesh.

As the revolving funds in the various countries are set in local currency, MfM incurs a currency valuation risk. As for most countries, in 2012, the EURO lost value against the local currency, a currency depreciation loss of EUR 14,303.11. Details of this amount per country can be found in the financial report in chapter 2.

The total amount of bad debt depreciation for 2012 amounts to EUR 22,522.78. Although this is unfortunate, we do take into account the fact that this is part of the risk of our business as the purpose of Microcredits for Mothers is to serve the poorest of the poor. This means that the possibility exists that we have to write down on (part of the) loans as they are not repaid by the women.

Nevertheless, in 2012, we have also started new micro financing programs in India and Laos for a total amount of EUR 17,165. Also, we provided our Nepal project with funding for capacity building in the amount of EUR 1,249.

Furthermore, due to the excellent fundraising activities, we were able to grow the Future Fund Reserve with an amount of EUR 35.951,67, resulting in a total value of

the Future Fund Reserve per ultimo 2012 amount of EUR 44.960,54. This amount is reserved for new micro financing projects. The aim of MfM is to make sure that this reserve is fully utilized in the upcoming years.

## Fundraising

In 2012 the overall income from fundraising amounted to 58.170,34. This amount consists of donations from private individuals, foundations & corporations. Also, additional funding was raised by organizing a Female Leadership Journey where part of the participant's contribution is a donation to provide microcredits to women living in the country visited during the journey. This results in a substantial amount of additional funds. In January 2012 the First Female Leadership Journey took place to India (ref chapter 3- Female Leadership Journey story).

## Expenses used for Microfinance activities

To fund and maintain the projects and start new projects, the foundation incurs certain costs. These costs consist mainly of the depreciation costs as explained above, bank costs, fundraising costs (marketing & communication, internet etc.), administration costs and costs incurred by and for our volunteers (travel expenses & representation costs).

Costs in relation to the administration as well as fund raising costs are extremely low. We are very proud to achieve these results with the help of our volunteers, who do not receive any remuneration and, except for certain travel costs to visit the projects, pay their own costs (such as telephone, print and internet costs). Also, we maintain close relationships with some of our Dutch partners who enable us to make very little costs on printing, communication and other marketing tools.

Details of the costs made by Microcredit for Mothers can be found in paragraph 2.4. Furthermore, paragraph 2.5 shows the expense ratios of MfM.

## 1.3 Organization

### Board

The board of Micro credit for Mothers 2012 consists of the following persons:

- *Samantha Rolefes,*  
*chairman and founder*
- *Ilse Visser*
- *Ed Monchen*



Samantha has been working in the ICT sector since 1996 both in the Netherlands and in the United States. At this moment she is a Principal Consultant at PA Consulting Group and specializes in management- and IT consulting. Samantha is chairman of the Board and also one of the founders of Microcredit for Mothers.

Ilse has a managerial background. She founded an employment agency for internationals in 1996, Undutchables. At this moment the agency has 6 offices and an excellent reputation in the market.

Ed has 22 years of experience in (international) managerial- and marketing positions amongst others with HP, VODW and Aon. At the moment he is COO with the ATM foundation which benchmarked and indicates the access to medicine for the pharmaceutical industry via the Access to Medicine Index.

None of the board members receive any compensation for their efforts and none of the board members have additional positions with conflicting interest.

The board meets once every two months. The responsibilities of the board are stated in the articles of association of Microcredit for Mothers, version 2011.

### Managing Director

As of September 2011 mrs. Angelique Timmer has been appointed the position of managing director. Angelique has a position as Associate Partner with the consulting firm BoerCroon. She also has been active for Microcredit for Mothers since 2008 in the role as program manager.

### Organization

Microcredit for Mothers runs entirely on volunteers who dedicate their time to the foundation besides their own jobs and lives. In September 2011 a new organization structure was implemented with 4 coordinators managing each a team of volunteers. In this way initiatives are aligned more effectively and the teams are managed more directly. In 2012 an average of 30 volunteers dedicated themselves for the foundation.

### Volunteer policy

All tasks and activities of the foundation are performed by volunteers. With each volunteer a volunteer-agreement with a 2 year duration is signed which states a clear description of his or her duties. Program managers are responsible for managing the microcredit programs. They maintain the relationships with our local business partners, manage with our local partners that reporting on projects is being done frequently, measure impact and research possibilities to expand our activities.

Our goal is to have our program managers visit and evaluate every project once a year. For each country in which Microcredit for Mothers is active we have at least one program manager. We also have volunteers assigned for supporting activities, website management, recruitment, fundraising, marketing and communication. The team meets every month.

Other alignment with partners and within the team is naturally being done by all types of modern communication.



# Financial Report 2012

## General information

The Financial Report is a fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 “Fund-raising institutions” of the Dutch Accounting Standards Board.

This annual report is based on a reporting period of one year. The financial year coincides with the calendar year. All Amounts are in EURO's

The assets and liabilities are carried at the nominal value. Revenue and expenditure are allocated to the period to which they relate. Transactions in foreign currency are converted with the exchange rate of the transaction date. In foreign currency denominated assets and liabilities are converted per balance sheet date in the functional currency with the exchange rate of that date. The exchange differences are accounted as expenditure in the statement of income and expenditure.

*NOTE ON CHANGE IN PRESENTATION:* Compared to the Annual Report 2011 the presentation of the financial report has changed with the purpose to provide readers a more clear and understandable overview of the numbers. For comparison reasons, the 2011 numbers have been changed in the new format as well.

## 2.1 Balance Sheet

Summary of the balance sheet:

BALANCE SHEET		2012	2011
(amounts in euro's)			
<b>Assets</b>			
Financial Assets (revolving funds)	1	255.389,10	275.050,00
Cash & Cash Equivalents	2	57.497,52	44.635,11
Amounts receivable	3	99,63	216,97
<b>Total Assets</b>		<b>312.986,25</b>	<b>319.902,08</b>
<b>Equity</b>			
Continuity Reserve	4	12.500,00	12.500,00
Revolving Funds Reserve		255.389,10	275.050,00
Future Projects Reserve		44.960,54	9.008,87
<b>Liabilities</b>			
Amounts payable	5	136,61	23,91
Amounts received in advance		0,00	23.320,00
<b>Total Equity &amp; Liabilities</b>		<b>312.986,25</b>	<b>319.902,78</b>

A more detailed explanation can be found in paragraph 2.3

## 2.2 Overview Income & Expenditure

Summary of statement of income and expenditure

		2012	budget 2012	2011
(amounts in euro's)				
<b>Income</b>	6			
income from fundraising		58.170,34	100.000,00	52.748,14
other income		99,63	480,00	1.596,68
<b>Total income</b>		<b>58.269,97</b>	<b>100.480,00</b>	<b>54.344,82</b>
<b>Expenditures</b>				
Spent on behalf of the objective / Funds to projects	7	41.322,57	5.520,00	37.866,84
Acquisition costs	8	124,95	3.132,00	2.223,24
Administrative costs	9	531,68	450,00	364,82
<b>Total expenditures</b>		<b>41.979,20</b>	<b>9.102,00</b>	<b>40.454,90</b>
<b>Result</b>		<b>16.290,77</b>	<b>91.378,00</b>	<b>13.889,92</b>
<b>Appropriation of result</b>				
Revolving Funds Reserve		-19.660,90		40.456,46
Future Projects Reserve		35.951,67		26.567,24
		<b>16.290,77</b>		<b>13.889,22</b>

A more detailed explanation can be found in paragraph 2.4

## 2.3 Notes to the Balance Sheet

### Financial Assets (1)

The Financial Assets consist of the Revolving Funds. These Funds represent the micro credits that are provided to the various projects, i.e. the women in the 8 Asian countries. The term of 1 micro credit is, generally speaking, 1 year. However, the loans to these women are not provided by us directly but are provided by our partner organisations in the various countries. We cooperate very closely with these partners and the micro credits can only be granted under the terms and condition as set by our foundation. The Financial Assets are therefore in fact the loan receivables to the partners.

Below a detailed overview of the financial assets of the foundation, per country, per partner, can be found.

Country	Project	2012 euro	2011 euro
Bangladesh	ASSAR2	3,173.81	6,358.57
	MANGO1	2,821.17	5,652.06
	Banana	5,642.33	5,652.06
<b>Total</b>		<b>11,637.31</b>	<b>17,662.69</b>
Cambodia	Chamroeun / EDM	10,268.81	10,348.84
India	MFSW 1	0.00	1,451.01
	Sarala – Kolkata	16,553.20	21,026.68
	Manush - Hakkipikki	4,628.41	4,860.90
	Friends Indeed/ARDAR - Ananthagiri	64,051.73	57,191.27
	Sanghamithra - Bellary	8,181.31	8,676.95
	Sanghamithra - Kolar	28,323.13	29,745.81
	RAIDS - Budabudakala	8,289.70	8,856.50
<b>Total</b>		<b>130,027.48</b>	<b>131,809.12</b>

Indonesia	Kopdit Anna3	5,311.47	5,626.27
	Rambutan	3,847.73	4,379.82
	Komida	25,759.95	28,184.84
<b>Total</b>	<b>34,910.53</b>	<b>38,182.30</b>	
Laos	Gender Development Group (GDG)/ bamboo traders (BTA)	12,668.29	6,852.21
Nepal	Dhulikhel Hospital	9,144.70	3,490.64
	Salambu		1,272.63
	Dapcha		1,308.99
	Bahunipati		1,908.94
	Dhulikhel 2		1,418.07
<b>Total</b>	<b>9,144.70</b>	<b>9,399.27</b>	
Sri Lanka	BBSWI4	2,607.65	2,968.25
	BBSWI5	0.00	677.91
	Papaya 2	0.00	5,728.38
	JSK 3	0.00	4,270.86
	JK 2	7,286.46	3,660.74
	KIRDO 5	2,977.79	3,389.57
	Markoesa	2,977.79	3,389.57
	MMSLS3	2,680.01	3,050.62
	VOVCOD1	0.00	5,084.36
<b>Total</b>	<b>18,529.69</b>	<b>32,220.27</b>	
Vietnam	The Dariu Foundation (TDF) 1	14,216.07	14,404.09
	Entrepreneurs du Monde (EDM)/Chi Em 1	13,986.24	14,171.22
<b>Total</b>		<b>28,202.31</b>	<b>28,575.30</b>
<b>TOTAL</b>		<b>255,389.11</b>	<b>275,050.00</b>

#### Cash & Cash equivalents (2)

	2012	2011
ING Bank	12.548,19	6.757,75
Triodos Bank	40.843,75	33.988,75
ASN Bank	4.105,58	3.888,61
<b>Total</b>	<b>57.497,52</b>	<b>44.635,11</b>

#### Amounts Receivable (3)

This concerns amounts receivable which relate to the year 2012 but which are received in 2013 – for example interest on a bank account.

#### Equity (4)

	2012	2011
Appropriation of result		
Revolving Funds Reserve	-19.660,90	40.456,46
Future Projects Reserve	35.951,67	-26.567,24
<b>Result</b>	<b>16.290,77</b>	<b>13.889,22</b>

#### Continuity Reserve

The Board of the Foundation has decided that at all times a reserve of EUR 12.500 must be present to make sure the foundation is able to fulfill all short-term obligations as well as any future unexpected expenses.

#### Revolving Funds Reserve

The Revolving Fund Reserve consists of the equity that is used to fund / provide loans to the different local projects in accordance with the purpose of the foundation.

#### Future Projects Reserve

The Future Projects Reserve consists of part of the equity and net result which is still available for (future) funding of the projects in accordance with the purpose of the foundation.

#### Amounts Payable (5)

This concerns amounts still payable which relate to the year 2012 but which become payable in 2013.

## 2.4 Notes to the statement of income and expenditures

Income (6)			
Income from fundraising			
	2012	Budget	2011
Individuals	26.015,57	30.000,00	29.170,14
Foundations and associations	4.044,00	0,00	0,00
Corporations	8.663,19	30.000,00	23.578,00
Events	19.447,58	40.000,00	0,00
<b>Total income from fundraising</b>	<b>58.269,97</b>	<b>100.480,00</b>	<b>54.344,82</b>
other income			
Interest income	99,63	480,00	1.596,68

In 2012 the overall income from fundraising amounted to 58.170,34. In comparison with 2011, the donations from private individuals remained fairly stable. However, due to the financial crisis in the Netherlands, fewer donations were received from corporations. New funding however was raised with various foundations which appointed MfM as their cause for donations for 2012.

MfM did not receive any income from legacies or inheritance.

In January 2012 the first Female Leadership Journey took place. The destination of the Journey was India. When participating in this Journey, part of the participant's contribution is considered a donation to provide microcredits to women living in the country visited during the Journey. This results in a substantial amount of additional funds.

Because of the success of the first Female Leadership Journey, a second Female Leadership Journey was organized in October 2012 to Nepal.

### Expenditures on behalf of the objective / Funds to projects (7)

Total funds to projects amounted EUR 41.322,57 in 2012. A detailed overview of these costs can be found below.

Expenditures spent on behalf of the objective/ Funds to projects			
	2012	Budget	2011
Capacity building	1.249,00	0,00	0,00
Currency result	14.303,11	0,00	13.848,51
Depreciation of bad funds	22.522,77	0,00	7.010,33
Representation costs	320,00	480,00	0,00
Staff expenses	0,00	0,00	8.568,00
Social security expenses	36,30	0,00	0,00
Travel expenses	2.791,39	4.800,00	3.503,58
Bank costs (variable)	100,00	240,00	166,42
Events	0,00	0,00	2.390,00
Printing costs	0,00	0,00	2.380,00
<b>Total</b>	<b>41.322,57</b>	<b>5.520,00</b>	<b>37.866,84</b>

In accordance with plan and mission of Microcredit for Mothers these expenditures were used to support all projects in the 8 different countries.

### Capacity Building/Currency Results / Depreciation of bad funds

Each project can apply for additional funds which can be used for local capacity building. Examples of capacity building are the education of local staff on microcredit financing or administrative requirements.

In 2012, the capacity building costs were made in our Nepal Project for a health education program at Dhulikhel Hospital.

All our projects are funded in local currency. Therefore, the foundation runs a currency risk. In 2012, the currency loss amounted to EUR 14.303,11

Some of our projects run a high risk for bad debt depreciation. In 2012, substantial amounts had to be written off in India, Sri Lanka and Bangladesh due to unforeseen circumstances (ref. 1.2).

Below an overview is provided which shows the changes in the value of the different funds per country.

Country	2011	Additional funding	Capacity building	Depreciation bad	Currency funds	2012 result
Bangladesh	17,662.69			-5,994.98	-30.40	11,637.31
Cambodia	10,348.84			0.00	-80.04	10,268.80
India	131,809.12	11,165.00		-4,918.83	-8,027.81	130,027.48
Indonesia	38,182.30			-322.53	-2,949.24	34,910.53
Laos	6,852.21	6,000.00		0.00	-183.91	12,668.30
Nepal	9,399.27	1,249.00	1,249.00	-259.52	4.95	9,144.70
Sri Lanka	32,220.27			-11,026.92	-2,663.67	18,529.68
Vietnam	28,575.30			0.00	-373.00	28,202.30
<b>TOTAL</b>	<b>275,050.00</b>	<b>18,414.00</b>	<b>-1,249.00</b>	<b>-22,522.78</b>	<b>-14,303.11</b>	<b>255,389.11</b>

#### Representation costs & Travel Expenses

Our volunteers regularly visit the local projects, but do not receive full remuneration for their trips. Travel expenses are paid by the volunteers from their own account.

However, the foundation contributes to their travel expenses with an amount of EUR 450 for each volunteer visiting a project. In 2012, the travel expenses amounted to EUR 2.791,39. In addition, some expenses were made on activities for the volunteers (representation costs).

#### Bank costs (variable)

Costs that are made to transfer the funds to an International Bank account of the local partner.

#### Acquisition Costs (8)

	2012	Budget	2011
Fund acquisition	0,00	3.000,00	2.083,41
Internet costs	124,95	132,00	139,83
<b>Total</b>	<b>124,95</b>	<b>3.132,00</b>	<b>2.223,24</b>

#### Administrative Costs (9)

	2012	Budget	2011
Trade name & legal costs	224,25	0,00	0,00
General Administrative costs	58,07	0,00	0,00
Contribution & other costs	24,08	300,00	226,56
Bank costs (fixed)	224,56	150,00	138,26
round-off difference	0,72	0,00	0,00
<b>Total</b>	<b>531,68</b>	<b>450,00</b>	<b>364,82</b>

#### 2.5 Ratios of expenditure

	2012	2011
Expenditure to projects/total income	70.92%	69.68%
Expenditure to projects + net result added to Future Projects Reserve / total income	98.87%	95.24%
Costs fundraising/income fundraising	0.21%	4.21%
Costs management and administration/ total expenses	0.91%	0.67%

#### **Ratio expenditure to projects/total income**

This ratio indicates which part of the income is spent on projects. The 2012 ratio of 70.92% is almost identical to the 2011 ratio.

A percentage under 100% implies in many cases that there is an addition to reserves. This is indeed the case as the result of 2012 (EUR 16,290.77) is added to the Future Projects Reserve. This amount will also be used in the future on projects. Therefore, in our view, a Ratio where the net result (which is added to the Future Projects Reserve) is also taken into account, provides a better understanding of the actual percentage of income that is used for the strategic goal of the foundation.

#### **Expenditure to projects + net result added to Future Projects Reserve / total income**

The ratio expenditure which includes the net result which is added to the Future Projects Reserve provides a good understanding of the total income that is used to fulfill the strategic goal of the Foundation. This percentage is 98.87% in 2012. We are extremely proud of the fact that this percentage is - again - above 95%.

#### **Ratio costs as a percentage of fundraising**

The ratio costs for fundraising was 0.21% in 2012. This ratio indicates the relation between costs of fundraising and total income of fundraising. We are extremely proud of the fact that we are able to raise funds with an exceptionally low amount of costs.

#### **Ratio management and administration/total income**

The ratio management and administration is 0.91% in 2012. This ratio indicates which part of the income is spent on management and administration costs. MfM did not incur any management costs.

# Microcredit for Mothers in practice

## Project visit Vietnam, the story of Esther Zwinkels

“Being a newly appointed project manager Vietnam, I visited one of our MfM projects in Vietnam in March 2012. Although I had been working as a volunteer, I was not active as program manager, and therefore had never been on a project visit before to see for myself the great results we manage to achieve with our volunteers.

I visited our partner Anh Chi Em (‘Brothers and Sisters’) in Dien Bien province, an area in the northwest of Vietnam, in which a substantial number of ethnic minorities live. The women in the project primarily invest in agricultural activities, such as pig and fish breeding, and rice cultivation. Vietnam is experiencing rapid economic growth, but this goes with ups and downs, and not everyone benefits from the improvements equally.

Although the Vietnamese government spends a lot of money on micro finance, the women make clear they need guidance. Therefore, Anh Chi Em distinguishes itself from other organisations by offering more than just a loan. Aside from providing courses on running a small business, attention is paid to acquiring knowledge of agricultural matters: How to increase the production from the land? And how to prevent animal diseases from spreading? The clients learn for example not to house their cattle next to the kitchen, and not to have the cattle walk around the house freely, to prevent diseases. These are sometimes very small, simple, and self-evident measures, which can make a huge difference in the communities. Just like micro finance in itself!”



## Project visit Laos, the story of Mei Ki Liu

In 2011 Microcredit for Mothers started in cooperation with SNV (Netherlands Development Organisation), Gender Development Association (GDA) and Bamboo Traders (BTA) a project in Lao People's Democratic Republic in Sangthong district, Vientiane Province. For this project BTA had set up partnership with Lao Women Union (LWU).

In Sangthong district there are 17 producer groups who sell their products to BTA of these groups approximately 200 are women. The products these groups produce is summarized as followed: cotton cloths, banana fiber weaving, tailoring and bamboo products like furniture and small products like incense sticks.

Currently 150 women are involved in this project and the loan size is approximately 90 euro. The loan is used for purchasing equipment and raw material. Each women has set up a business plan and gets training in how to run her business and how to achieve the market demanded quality.

In April 2012 I made a field trip to Lao PDR, Sangthong district is a two hour drive from the capital Vientiane, the road is unpaved and is hard to reach during raining season.

I first visited a woman who made furniture of white bamboo (a very thick bamboo specie) and specialized in producing couches. She has invested her money in buying tools for her workshop and raw material. It takes two days for her to produce a bamboo couch. With help from her husband, if it's finished, the couch can be sold for 40 USD to BTA. In the future she wants to grow white bamboo on a plot behind her house so she can sell the bamboo and doesn't need to buy it for producing the couches.

In Ban Houahang I visited 12 women producer group members. They produce different products like small bamboo furniture, cotton weaving and producing banana fiber products like table cloths and placemats. The tools and material are bought in other villages in their neighborhood so it has a positive effect on the local economy. The profit they make is used for the family basic needs and all women are trying to save money in order to send their children to higher education in Vientiane. One woman has set her goal for expanding her cotton weaving workshop so she can hire other women and help them. I hope she will succeed in her goal!

The last visit I made was in a small village called Ban Naphor. In this village eight women have received a MfM loan. Their main activity is to produce bamboo furniture, the men will collect the bamboo, all eight families in Ban Naphor are involved in the same activity.

In the past their main income was rice farming but their income heavily depended on different circumstances like the weather and the quality of the rice grown. In order to grow rice they needed to cut and burn trees and plants in the forests to make rice paddy fields (slash and burn agriculture). After the soil is exhausted they had to find another plot to create rice paddy fields, a lot of forests are being destroyed by this form of agriculture. But nowadays the village has been very successful and don't need to grow rice anymore, so less forests in this area are being misused for agriculture.

I am very happy to have met some of the women, hearing their stories and their opinion and have seen and experienced the positive effects of the loans provided. This is definitely a project we need to continue and expand to other districts because bamboo is the most important non timber forest product for the Lao people and has a lot of potential to help them to achieve a small but sustainable income





## The second Female Leadership Journey 'Kracht van de ontmoeting' to Nepal

We as Microcredit for Mothers believe in connecting people. We believe that women from the Netherlands learn from our women in the microcredit programs in Asia and viceversa. Some scientists call this an era of value-crisis; new norms and values come into place. In fact the norms and values we're looking for are common in the small communities where the women of MfM are active. During the Female Leadership Journey we facilitate 3 engagements: the engagement with yourself, engagement with the women of Microcredit for Mothers and the engagement with local nature & culture. In collaboration with our reliable and very professional partner Lab for Leaders ([www.labvoorleiders.nl](http://www.labvoorleiders.nl)), Anita Tamminga, we are able to provide a life changing journey for the women participating.

In October 2012 we have visited Nepal. Our local partner Dhulikhel hospital in the province Kavre welcomed us in their communities. The CEO of the hospital Dr. Ram

introduced us to his organization where he shared his core values with us regarding leadership: transparency, dedication and simplicity. His mission was to bring healthcare to the poorest in the mountains of Nepal. And he succeeds. With over 18 outreach center he is able to bring prevention programs, modern technology to communicate, last year graduates for internships in the centers and care to his clients.

We encountered the 40 women participating in the MfM microcredit program, after a hike of about 6 hours in the Nepalese mountains. During 2 day we have done business together. Dutch women helping to collect feedstock for the goats, prepare dinner, assist in the grocery shop etc. Besides doing business together we stepped into their culture by dancing and singing together.

Our take out was: gratitude, dare to share, laugh and compassion. A journey we will never forget and will share with our families and friends back in the Netherlands.

