



2020

Annual Report

Adelante

Empowering women with microcredit

Our Mission

To empower enterprising women with the least opportunity to achieve economic self-sufficiency.

Our Vision

No one lives in poverty.

Our Values

Unity, discipline, hard work and courage.

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Dear Friends of Adelante,

This last year was challenging to say the least. COVID-19 impacts compounded by two major hurricanes have devastated communities throughout Honduras. Adelante clients' vulnerabilities have been exacerbated by sustained economic strains.

Our response to the pandemic needed to be fast and agile. We adapted by modifying loan conditions and offering repayment relief for borrowers that needed it. Options included loan term extensions, interest rate reductions, interest rate forgiveness, upfront capital reduction payments, repayment moratoriums, and refinancing. Nine months after COVID-19 and the associated economic shutdown, Honduras experienced two hurricanes within two weeks of each other. Massive flooding and landslides impacted several regions. Over a quarter of a million Hondurans started to dig the mud out of their homes after the first flood, only to evacuate again with the arrival of Hurricane Iota. An estimated 96,000 took refuge in shelters, but over 100,000 people resorted to living under bridges and along elevated roadways.

While many families have been able to move back to their homes, many have found belongings looted or destroyed. There is also significant trauma and worry about how to rebuild and withstand future disasters. Challenges are intensified by the ensuing health and food security crisis. The Honduran government has been able to mount very little response, and aid organizations are doing what they can, but it is far from enough. Many Hondurans are migrating to a different part of the country or attempting to make the difficult journey North.

Putting our microfinance clients at the center remains essential and we continue to ensure we are listening to and collecting input from all the women we serve. The hurricanes left 325 of Adelante's clients without homes or completely destroyed businesses. Another 800 borrowers experienced significant effects, and twice that have been impacted by transportation and logistical challenges due to the storms' destruction. Disaster relief organizations have been helpful in the short term. Our intent is to ensure long-term support through readily available relevant business services. Adelante field officers have been working closely with borrowers, providing one-on-one guidance on business modifications to help families persist through these difficult circumstances.

Our focus on reaching the poorest of the poor is now more important than ever. Despite experiencing a financial loss this year, Adelante has become more resilient. Innovations and improvements of our software and application suite have enabled our staff to work 100% remotely during quarantine, keeping individuals and families safe while enabling greater efficiencies. With this product we also have instant access to real-time data, giving us better supervising and strategizing capabilities.

It is because of generous supporters that we are able to do this important work. We will continue to take the lead from the capable men and women we work with and serve. We will persist in helping families get back on their feet. The inspiring fortitude and spirit of our borrowers and all involved guarantee our recovery.



Tony Stone, Executive Director



Honduras in 2020

Already facing an economic recession due to the halting of activities to prevent the coronavirus spread, Honduras was struck by two consecutive hurricanes which caused an estimated \$15,000 million dollars* in material damage, leaving hundreds homeless and in financial ruin. This compounded by the already high poverty rate, translates to a very bleak future for the most vulnerable communities across the country.

To overcome this setback Honduras' economy needs to be stimulated with new opportunities given for all the latent human talent to develop and flourish. Our foundational loan product enables economically vulnerable women to take the first step towards economic self-sufficiency. Group loans are given to a group of 3 to 8 women and although each is responsible for the payment of their own loan, they all take the responsibility of paying the entire loan.

*BBC: Huracanes Eta e Iota: la crisis humanitaria que dejaron en Centroamérica las tormentas (agravada por la pandemia)

A woman with dark hair pulled back, wearing a black t-shirt, stands behind a fruit stall. She is holding a clear plastic bag filled with red tomatoes in her right hand. In the foreground, there are several pineapples with green leaves and two large, brown, textured fruits (possibly papayas or coconuts) in a red plastic basket. The background shows shelves with various other fruits and vegetables, including bananas and green peppers.

What We Do

Education + Micro Loans

We Offer

Solidarity Group Loan



Our foundational loan product enables economically vulnerable women to take the first step towards economic self-sufficiency. Solidarity groups of 3 to 8 women receive Loans, and although each is responsible for the payment of their own loan, and they collectively take the responsibility of paying the entire loan.

Individual Business Loan



Experienced clients with stable business are eligible for individual loans. These loans enable clients to borrow more money at lower interest rates.

Home Improvement Loan



As head of household, many clients dream of building a bigger and more comfortable home. Borrowers are given the freedom to invest in improvements to their homes and businesses to ensure their families' health and security.



We Offer

Water & Sanitation Loan



The loan product aims to improve sanitary conditions within our clients' households. The construction ranges from new toilets to sinks and biodigesters. We allied with Water for People, a nonprofit that helps train our staff and clients in proper use of water and equipment.

Agricultural Loan



Women in remote rural areas are provided access to financial capital to farm and provide food for their families. This product is only offered at our Siguatopeque branch.

Loans for Education



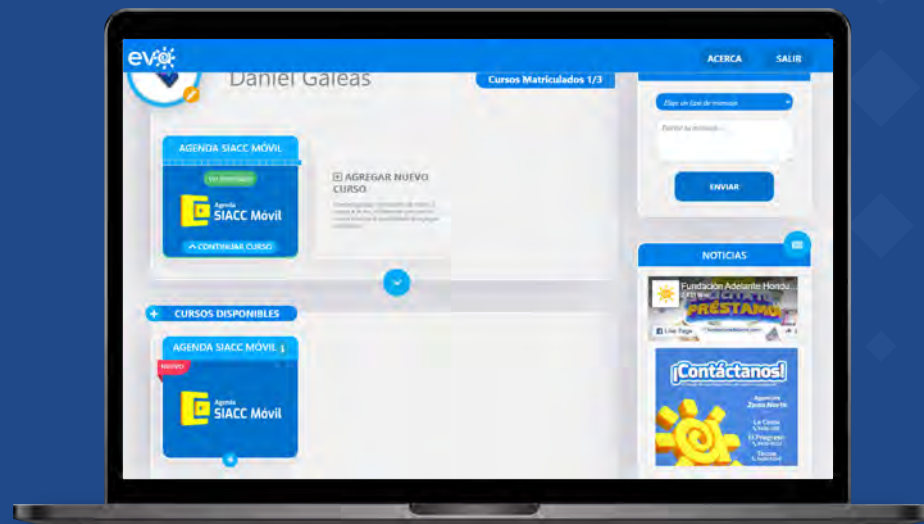
Adelante ensures that our client's children can afford school and strive for a brighter future. This product helps women afford the cost of enrollment, school supplies, uniforms and transportation for their children.





Adelante's Virtual Education (EVA) is our digital platform that allows for the continuous growth of our clients and employees.

Currently in development, it supports written and recorded material alongside evaluations and certifications. Topics range from financial education to business entrepreneurship, customer service and much more.



Education

The road to progress

Courses for Employees:

- Welcome and Adelante's history
- Benefits, Obligations and Rights
- Using the PPI to assess poverty levels
- Use of SIACC Smart calendar and agenda
- Loan Risk Evaluation
- Loan Request Forms
- Small business evaluation and consulting
- Sales and marketing techniques

Courses for Clients:

- Pre-loan training
- Financial Education
- Financial Advisory
- Personal and Professional Formation
- Creative/Artisan Business Opportunities
- Agricultural Technical Assistance
- Technology
- Food Industry
- Sewing
- Health



The **Loan Portfolio Administration System** or **SIACC** (spanish acronym) is our in-house developed tool for scheduling, tracking and record keeping of our clients and their loans.

Designed in-house from the ground up with the necessities of our field operators in mind, it boasts a wide array of tools that allow for extreme time saving and reduced human error. It proved particularly useful during the lockdown for remote operations and we are one of the few organizations in the region with a custom solution that adapts perfectly to our needs.

Digital Transformation

In-house design and development

Features:



Loan Applications and Client Evaluations

Well-being officers can quickly fill forms for clients and automatically get a score to see whether the client can apply for credit or not.



Loan Delivery

Once a client has been cleared for a loan, the officer can deliver the contract for the client to sign and later a disbursement order.



Follow-Ups and Collection

Once a loan is disbursed the operators will do follow up investment meetings. In the case of overdue payments the officer can also visit to make payment arrangements.



Geolocalization

SIACC has GPS data of our clients and operators. This allows the algorithm to assist in the planning by generating the most optimal visitation routes.



Performance Reviews

SIACC allows the easy generation of reports to review the performance of our officers and find areas where we can help them improve in their activities.

←

Solicitud de crédito

GENERAL

RESPONSABLES

REFINANCIAR

RICCY YOLANY OCAMPO MURILLO

Cliente

Monto solicitado

26,500

Verificación buro de crédito

3,000

Deducciones

3,000

Destino de crédito

3,000

Perfil del cliente

8,500

Evaluación cuantitativa

5,000

Evaluación cualitativa

3,000

Supervisión de crédito

18,000

Monto desembolso

5,760

Valor de Cuota

1,161.96

ELSA NOHEMY PONCE RODRIGUEZ

Cliente

Monto solicitado

30,000

Verificación buro de crédito

3,000

Adapting to Emergencies

Covid19 + Hurricane Eta & Iota

In order to adjust to the unique conditions of 2020, we restructured 1,033 loans and utilized our in-house custom software (SIACC) to communicate with and track information from borrowers. SIACC provides solutions to financial reporting, conducting surveys such as the PPI, includes a human resources module, and creates efficient agendas by adjusting task priorities, and geo-tracking real time.

Siguatopeque's branch has done a great job of recovering loans in arrears by negotiating new more flexible terms with borrowers. Coffee and agriculture-related loans have been hit hardest. We continue to offer agricultural loans with innovations to our strategy and an increase of commercial loans in the region.

The Progreso Branch manages the largest loan pool and was hit hardest by both hurricanes. The City of La Lima was completely underwater for both storms. Most of the 325 borrowers displaced from their homes are from this region. We estimate a need of \$200k to \$300k of new loan funds to address Adelante Borrowers' business needs to ensure families remain and have the tools and resources they need to rebuild stronger.



"The water was at our waist"

Alma's Story

Alma resides in Coowle, San Manuel, Cortes, which is one of the areas most affected by the hurricanes that hit Honduras in November. Alma is an Adelante client of six years, and the owner of a once prosperous pulpería (small general store).

Like most people living in this area, she lost most of the items of her home and the walls of the house are cracked and broken. She also lost a large part of her business inventory. "Those were very tough moments...when we least expected it, the water was at our waists. We had no choice but to flee, and leave everything underwater."

Alma returned to her home to see what she could recover. She reopened her business with the few things she was able to salvage, but she needs capital to invest to get back to where she was before. Her plan is to get her business up and running, then later work on her home, in spite of the fact that she fears part of her house may fall down at any moment.



Financials

\$759,583
Program Revenue



\$134,582
Donations & Grants

\$894,165
Total revenue

Total Expenses

\$1,084,253



\$836,261

Program and
Service Expenses

\$188,563

Management and
General Expenses

\$59,430

Fundraising
Expenses

Total Loss

\$251,521



\$191,451

Unrecoverable
Loan Loss

\$60,070

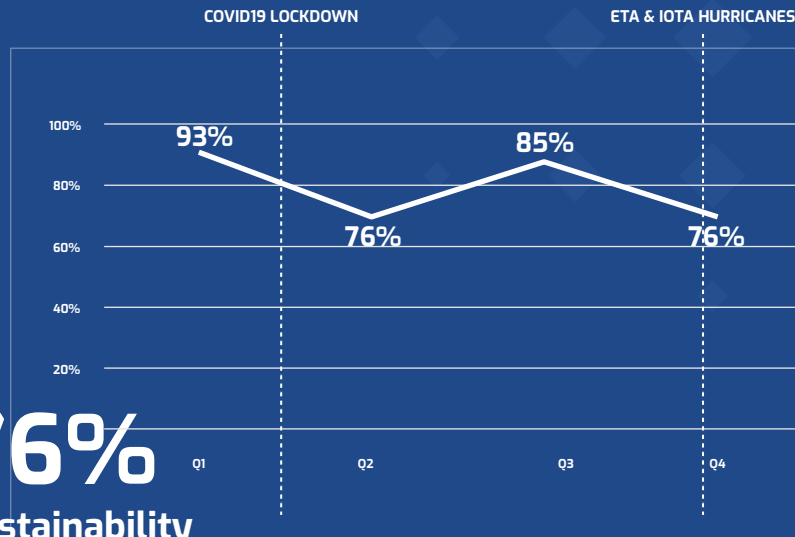
Management
Loss

KPI

Key Performance Indicators

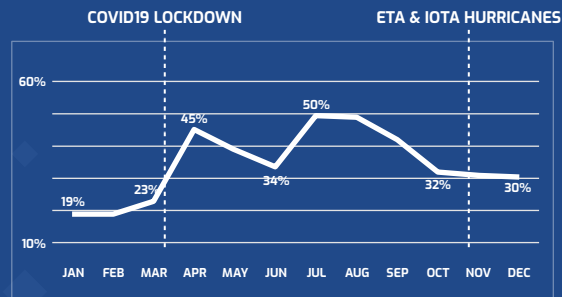
76%
Sustainability

Our sustainability reflects the losses we have had to write off at the end of the year. In spite of the difficulties 2020 presented, we broke even several months.



30.4%
Portfolio at Risk

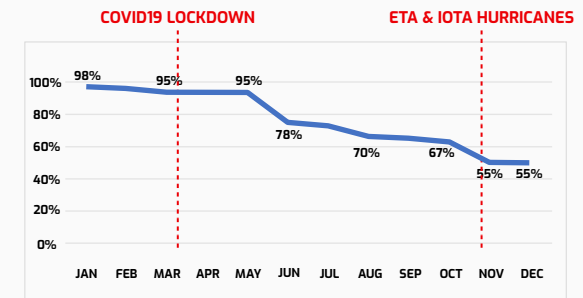
We expect this to improve with over 1,000 new repayment arrangements with borrowers struggling with original loan terms have taken effect.



55%

Staff Retention

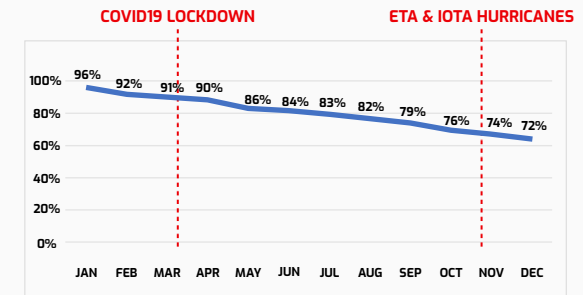
Staff attrition has increased in the wake of COVID-19 and can cause loan pool regions to become neglected, resulting in increases in loans in arrears and higher desertion rates. A strategy of personnel rotation is being implemented to mitigate this risk.



72%

Client Retention

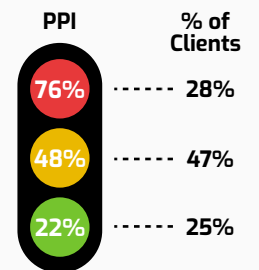
Although our desertion increased from 20% in 2019 to 28% in 2020, it was still significantly lower than 54% in 2018. This is an indication that Adelante's offerings are competitive.



28%, 47%, 25%

Poverty Probability Index

The Poverty Probability Index tells us the % probability that borrowers surveyed live in conditions of extreme poverty. 28% of our clients most likely live in extreme poverty, 47% live in poverty, and 25% are not as poor.



2021 Priorities

- Continue adapting our model to positively impact the most vulnerable populations.
- Launch EVA, our borrower virtual education platform and prepare to expand our agricultural loan program.
- Ensure a successful transition of operational responsibilities through staff management changes for uninterrupted provision of services to Adelante borrowers and their families.
- Expand our online staff training content.
- Continue to track borrower conditions and assess immediate needs of women entrepreneurs through robust monitoring and evaluation.
- Accelerate strategic partnership with organizations in the public and private sector to maximize scale and scope of services.
- Increase and diversify fundraising efforts to expand Adelante's capacity and spur growth.
- Collect borrower input and incorporate women's voices when responding to their needs to share stories and impact.
- Maximize loan pool recovery of the PAR, in particular \$325k that is over 180 days and increase the productive loan pool from 55% to 90%.



Thank You to Our Generous Supporters

Pathways Out of Poverty (\$10,000 +)

John and Elizabeth Kendall
Rich Lang
Women's Empowerment International

Enabling Enterprise (\$5,000 to \$9,999)

Rich Musat
Kathryn and Nick Parlante
Amy and JB Perrette

Delivering Dignity (\$1,000 to \$4,999)

Tim Beeton
Jonathan Brooks
Denver Cherry Creek Rotary Foundation
Kathy and Bruce Fitzgerald
Stephen Fitzpatrick
Bonnie Fleming
Jackson H Fenner Foundation
Ben Gamble
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Charles Hoke
Graham and Catherine Hollis
Margaret M Jones
Janet Lautenberger
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Julie B. Levinson
Lucretia Philanthropic Fund Inc
Kent Scott
Ben and Alexis Sullivan
Unitarian Universalist Church
Susan Vanderberg
Pat and Janet Wiesner

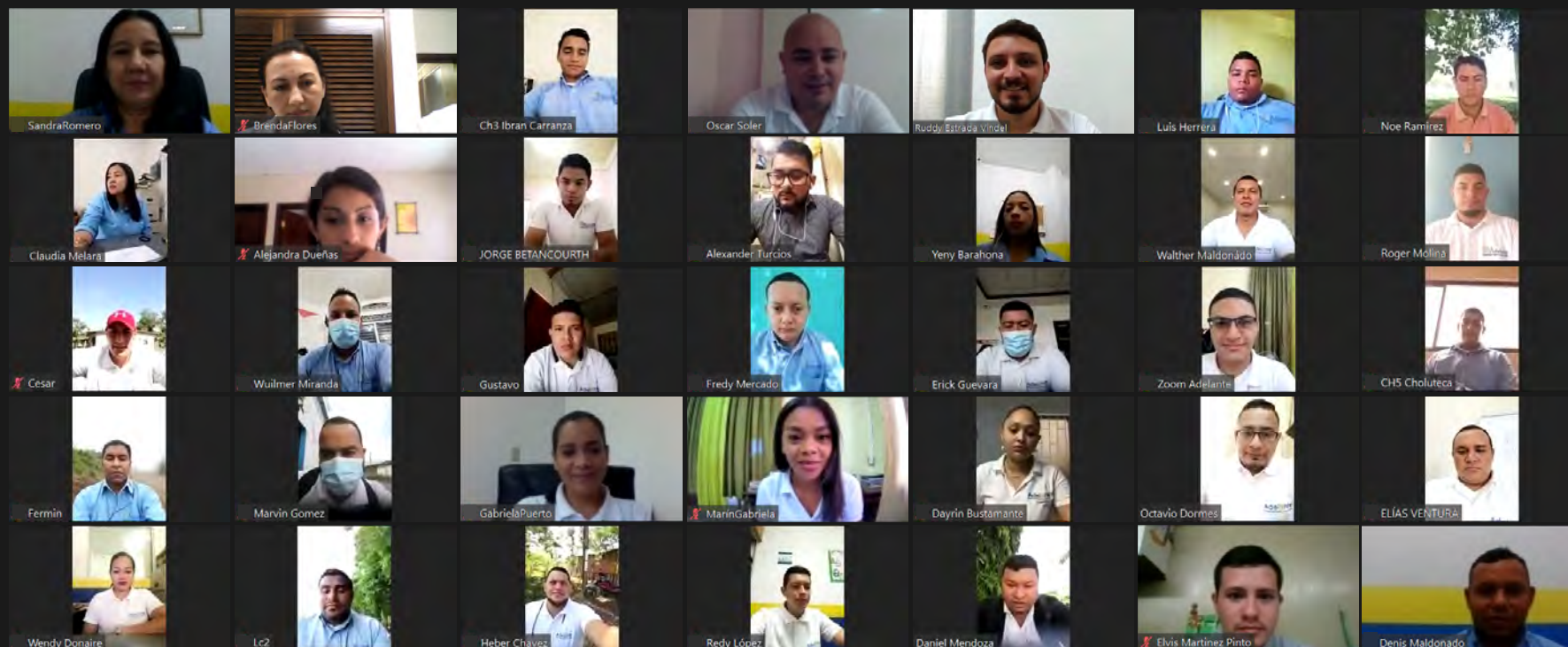
Empowering Women (Up to \$999)

Erick Aasen
Ghada Aboukhater
Myrna Ann Adkins
John Alstrom
Bob and Dina Anderson
Brianne Aubrey
Cynthia D Bach Vickie Bailey
Erin H. and Jon Becker
Ms. Alexandra Benware
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Riemke Brakema
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Matthew and Krista Easton
Federal Home Loan Bank of Dallas
Adriana Fiallos Ng
Randolph and Bonnie Fleming
Sean Fox

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F. Floyd Shoemaker
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Spring International Language Center
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Ronald Stoner
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Sean Sullivan
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Trinity Episcopal Church
Lyric Turner
Tammy Dawson and Victor Vasquez
Catherine and Mark Welch
Stephen Werner
Arthur O. Wilkonson
Kathryn Williams
Kay Wood

This work was made possible thanks to our hardworking board & staff!



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Operation and Business Director
Oscar Mejía

Administrative and Finance Director
Gabriela Puerto

Business and Operations Manager
José Luis Saldivar

Information Technology Manager
Ruddy Estrada

Risk and Compliance Officer
Gabriela Marin

Human Resource Coordinator
Brenda Flores

Education Coordinator
Alejandra Dueñas

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