COLOMBIA – Case 3

Issue: Continuing after non-profit closes

This site opened in June of 2010 and did relatively well under Sister Consuelo. When the religious order closed the program in this site in early 2012, Sister Consuelo asked if we would let the loan program continue to operate under the direction of a committee of women borrowers. They were not registered in Colombia and did not have a bank account through which funds could enter the country legally but they were only thirty minutes from La Victoria where the administrator was willing to both provide oversight and assist with fund transfers.

WHAT WOULD YOU DO? WHY?
This is what TCP Global did.

The Colombia Project sent smaller allocations, two of $500 and then two of $1000 from September of 2012 through October of 2013 at which time the ladies indicated they did not want the program to become any larger. Unlike the nuns who were supported by their religious order, these women also had job and families to care for and support. They felt that the 20-25 open loans that the current funds supported were the most they could handle. They continued to keep all funds fully invested, made regular visits to maintain a good collection rate and invested all loan funds more than twice per year, but their reports were troublesome. Loans were reported as paid in full although the payments reported to TCP Global indicated one or more payments were missing. This could reflect innocent mistakes or it could result from someone taking the payment and marking it in the borrower’s loan folder but not reporting the funds on the payment log.

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TCP Global discussed with the La Victoria administrator possible ways to compensate the ladies who ran the loan program. If someone was feeling disgruntled and had elected to compensate themselves by taking small amounts from the loan funds, we hoped to take away the excuse for this behavior by providing some level of compensation for their work. Besides, it seemed the right thing to do. It was not clear what the funds were used for, but shortly thereafter they did start withdrawing $35 to $50 every month or so. TCP Global always makes it clear that partners can use their earnings however they choose, but we do usually ask what they are used for since they are typically used for projects that would be of interest to our donors. In this case, we did not ask. Our questioning of their reporting had already chipped away at the trust on which TCP Global relationships are built. It did not seem constructive to ask how they used their earnings.

When TCP Global visited the loan program in 2015 we discussed the reporting issues with the three ladies, not sure if the email exchanges and prior discussions with the La Victoria administrator had been shared with all three. We did not know which of the three ladies handled the actual collections and were concerned that one person might be siphoning off funds without the knowledge of the others. Bringing the problem to light might help them find and stop the leakage of funds, if that was in fact what was happening.

Whereas TCP Global had previously brought each discrepancy to the attention of the person submitting the reports, in late 2016 we opted to simply accept the reports at face value and deduct from their interest earnings whatever balance remained on the loans.
that were reported as paid prematurely. We took the position that closing the program would deprive the community of a valuable resource that the women were providing. Since whatever someone was skimming, IF they were skimming, was of less value than the work the ladies were doing, we did nothing. At the end of 2016, they stopped sending reports altogether and it is our understanding that they continue to issue loans.

Note that oversight is far more rigorous when there is a question of sending additional funds. Technically, a program could be counted as graduated and independent once they have all the funds they need. Any additional reports they send are of far more value to TCP Global than to themselves.

*Lesson Learned:* A committee is capable of running a program even without a non-profit for backup but such all-volunteer efforts are likely to be less stable.