

**Key figures 2013**

**Investing in  
sustainable  
development**

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portfolio growth**

**2013 in graphs**

**28 million  
people reached  
via partners**

**People, planet,  
profit**

**Trusted  
reputation**

**What our  
investors say**



# Oikocredit key figures 2013

Key social performance indicators	2013	2012	2011	2010	2009
Clients reached by microfinance partners	28 million	28 million	26 million	29.3 million	17 million
% Female clients	81%	84%	83%	86%	85%
% Rural clients	47%	56%	53%	50%	53%
% Microfinance partners with a gender policy	50%	42%	38%	42%	39%
MFI clients reached with Oikocredit funds	2.8 million	1.7 million	1.6 million	1.2 million	1 million
People employed by social enterprise partners <sup>1</sup>	46,607 <sup>2</sup>	37,438 <sup>2</sup>	39,323 <sup>2</sup>	77,671 <sup>3</sup>	26,524 <sup>2</sup>
of which permanent jobs	31,144	20,556	24,083	60,918	20,064
% Social enterprise partners with environmental policy	70%	72%	73%	55%	57%

<sup>1</sup> Excludes microfinance. <sup>2</sup> Definition narrowed to include only direct wage employment. <sup>3</sup> Includes indirect employment.

## Five years Oikocredit

The following is an unaudited extract of the full audited financial statements of the organization.  
The full accounts are available in English on [www.oikocredit.coop](http://www.oikocredit.coop)

	2013	2012	2011	2010	2009
Investors	52,000	48,000	45,000	43,000	36,000
Partners in portfolio <sup>1</sup>	815	854	896	863	790
Regional and country offices	36	37	36	36	33
Staff members in FTE <sup>2</sup>	254	250	222	210	183

## Key figures from the consolidated financial statements <sup>3</sup>

€ thousands

Balance sheet	2013	2012	2011	2010	2009
Non-current assets					
Development financing outstanding	590,540	530,543	520,453	481,172	393,802
Loss provisions	(46,669)	(52,855)	(55,539)	(49,814)	(39,932)
Term investments	146,293	147,336	138,515	133,464	121,749
Other fixed assets	10,403	9,183	9,106	9,943	7,281
	700,567	634,207	612,535	574,765	482,900
Current assets	78,657	89,113	59,349	65,018	54,573
<b>Total</b>	<b>779,224</b>	<b>723,320</b>	<b>671,884</b>	<b>639,783</b>	<b>537,473</b>

Group equity and funds	677,733	626,098	575,497	535,632	454,680
Non-current liabilities	74,531	68,023	74,624	81,246	62,017
Current liabilities	26,960	29,199	21,763	22,905	20,776
<b>Total</b>	<b>779,224</b>	<b>723,320</b>	<b>671,884</b>	<b>639,783</b>	<b>537,473</b>

## Income statement

Financial income	56,693	63,366	55,061	46,538	40,565
Financial expenses	(31,614)	(21,228)	(16,791)	(7,857)	(6,019)
Grant income	3,661	2,836	1,890	4,593	4,338
General and administrative expenses	(26,273)	(23,893)	(21,283)	(17,872)	(15,058)
Income before taxation	2,467	21,081	18,877	25,402	23,826
Taxes and third-party interests	(1,092)	1,685	(162)	(701)	(727)
Additions to and releases from funds	11,994	(613)	(3,882)	(11,995)	(4,791)
<b>Net income</b>	<b>13,369</b>	<b>22,153</b>	<b>14,833</b>	<b>12,706</b>	<b>18,308</b>

€ millions

Expenses as % total assets <sup>4</sup>	3.4%	3.3%	3.2%	2.8%	2.8%
<b>Net income (available for distribution) <sup>5</sup></b>	<b>12.6</b>	<b>22.9</b>	<b>15.9</b>	<b>16.1</b>	<b>19.3</b>
Proposed dividend	11.6	10.5	9.7	8.7	7.4

<sup>1</sup> Partners in portfolio include financing outstanding as well as projects currently in the process of disbursement, and excludes repaid, written-off or cancelled projects.

<sup>2</sup> Including staff employed by the regional offices, country offices and national support offices.

<sup>3</sup> Figures up to 2010 include the consolidated 4F Funds. Figures from 2011 onwards exclude the consolidated 4F Funds.

<sup>4</sup> Including expenses covered by grants (for example capacity building expenses) and investments in a new common investment administration system (Titan).

<sup>5</sup> Refer to Society income statement.



# Investing in sustainable development

**Oikocredit is a worldwide cooperative and financial institution that promotes sustainable development by providing loans, capital and technical support to microfinance institutions, cooperatives, fair trade organizations and small to medium enterprises. As a social investor, our work is guided by the principle of empowering people to improve their livelihoods.**

Oikocredit recorded solid financial results in 2013. Net inflow of lendable funds reached a record € 80 million and our total number of investors (individuals and organizations) grew to 52,000. Throughout the year, we increased loan approvals and disbursements and improved our overall portfolio quality. Our operating revenue grew; however, the net result was down from 2012 due to a revaluation of our term investments and the sale of equity holdings in 2012. A proposed dividend of € 11.6 million will be paid to shareholders following approval at the annual general meeting.

At present, nearly a quarter of our partners' clients work in agriculture. We support microfinance institutions that help address rural poverty by lending to farmers and processing organizations. Our partnerships with fair trade organizations

support guaranteed prices for farmers and a premium for social and environmental investment. In 2013, the number of agricultural partners grew, as did the number of approvals for this sector. We also expanded our capacity building for agricultural organizations.

As part of our mission and values, we paid special attention to social performance throughout the year. As part of our investment criteria, we assess impact in terms of our 'triple bottom line' which incorporates social, environmental and financial outcomes. We also supported numerous partners through social performance mentoring, training and capacity building. In total, we disbursed € 3 million in capacity building funds and approved more than 130 support initiatives.



*Employees of construction business Sokhmon Sarmoya in Tajikistan, which received a loan from IMON International.*

# Targeted portfolio growth

**Oikocredit lends to microfinance institutions that provide financial services to low-income earners, with a special focus on rural clients, women, agriculture and trade. We also directly support agricultural producers and processors and other social enterprises, and take equity stakes in selected partner organizations.**

Our credit operations saw record approvals and disbursements in 2013. We supported 815 partners throughout the year, with 566 in microfinance. Our largest concentration of partners is in Latin America, followed by Africa, Asia, Central and Eastern Europe and other regions. Central to our mission is meeting the needs of low-income earners in Africa, a continent of great potential, but a continent that also faces many challenges and risks.

## Portfolio mix and quality

Financial services increased in 2013 mainly due to our microfinance institution (MFI) partners' capacity to absorb larger loans. The agricultural portfolio share decreased slightly; however, loan approvals increased. Lending to other sectors such as education and health remained stable, and we saw a slight increase in our recently launched renewable energy portfolio, which focuses on energy inclusion.

The quality of the development financing portfolio improved in 2013, with overall portfolio at risk PAR (i.e. the percentage

of our portfolio with payments more than 90 days overdue) falling as well as fewer write-offs of bad debt and restructuring of loans than in 2012.

## Support for agriculture

Despite levels of loans to agricultural producers falling slightly in 2013, the number of approvals to agricultural partners increased. This was mainly driven by Latin America and Africa, reflecting our efforts to increase support for smallholder farmers. Lending in agriculture involves challenges often related to climate, remoteness, the need for timely financing as well as access to markets and export opportunities.

Our strategy is to combine finance for selected farmer and processing organizations with capacity building support in financial management and other areas. Our new agricultural unit will help address the challenges faced in this sector through the development of our knowledge and expertise. This will help us to structure our loans more effectively and further support staff and partners. Agricultural value chains were a major area for capacity building growth in 2013.

## Africa

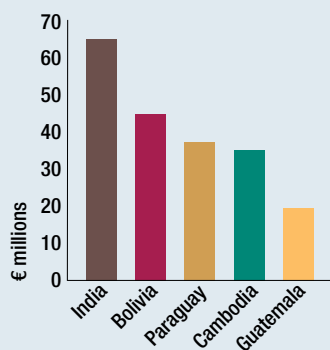
Africa continues to be a priority for Oikocredit. In 2013, our regional managers in Africa came together at our international office in Amersfoort, the Netherlands, to develop a new three-year strategy for regional growth, improved efficiency, agricultural value chain development, staff recruitment and training and capacity building support to partners. In addition to lending to African agricultural processing companies, we plan to finance local banks in Africa that lend to small and medium enterprises, which will help generate employment. In microfinance, we are highly experienced in Africa, support significant numbers of



Coffee berries being delivered to Coopetarrazú's processing plant in Costa Rica.

## Countries with highest capital outstanding

As at 31 December 2013



end-clients and are seen as a leader in social investing.

## Equity growth

Oikocredit's equity portfolio continued to grow in 2013, with almost € 7 million in approved transactions and nearly € 11 million disbursed throughout the year. This resulted in a diversified outstanding





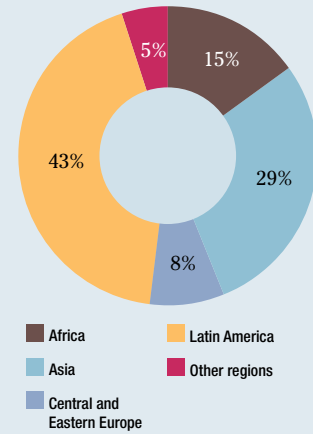
portfolio of € 47 million invested in 51 companies and funds across the globe. We completed a € 2.7 million investment in Darjeeling Organic Tea Estates in India and provided capital increases for partner MFIs in Cambodia, Uganda and Tanzania. As part of our investments, we contribute to effective governance through active board participation.

*‘Support for agricultural value chains’*

## 2013 in graphs

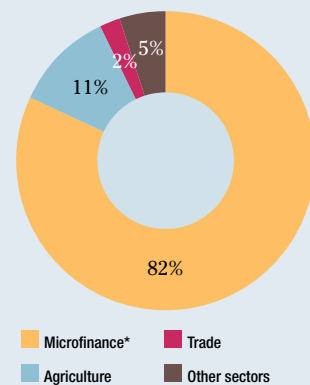
### Funding by region

As at 31 December 2013



### Funding by sector

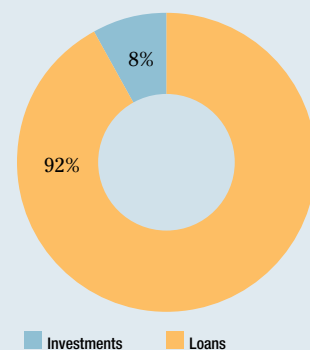
As at 31 December 2013



\* including microcredit, SME finance and wholesale funding

### Funding by type of financing

As at 31 December 2013



# 28 million people reached

■ Oikocredit provides funding in almost 70 countries

## Supporting access to markets

Oikocredit also finances several partners in Europe, North America and Australia which aim to create dignified trading relations to empower producers and consumers. Some, like Divine Chocolate and Cafédirect, are partially owned by farmers and producers in Latin America, Africa and Asia.

815  
partners

€591  
million  
development  
financing



### COOPECAN

COOPECAN is a cooperative of alpaca and vicuña wool producers, located in the Peruvian highlands. Oikocredit partnered with COOPECAN to support this traditional farming sector and contribute to the social development of alpaca farmers. COOPECAN works with around 1,500 active alpaca farmers and their families, encouraging economic, social and environmental development. Membership of COOPECAN gives farmers access to fair prices for their wool, as well as services to help improve the quality of the wool and health of the alpacas. Oikocredit has provided credit to COOPECAN to be used as working capital as well as for the purchase of machinery to process the alpaca fibre.

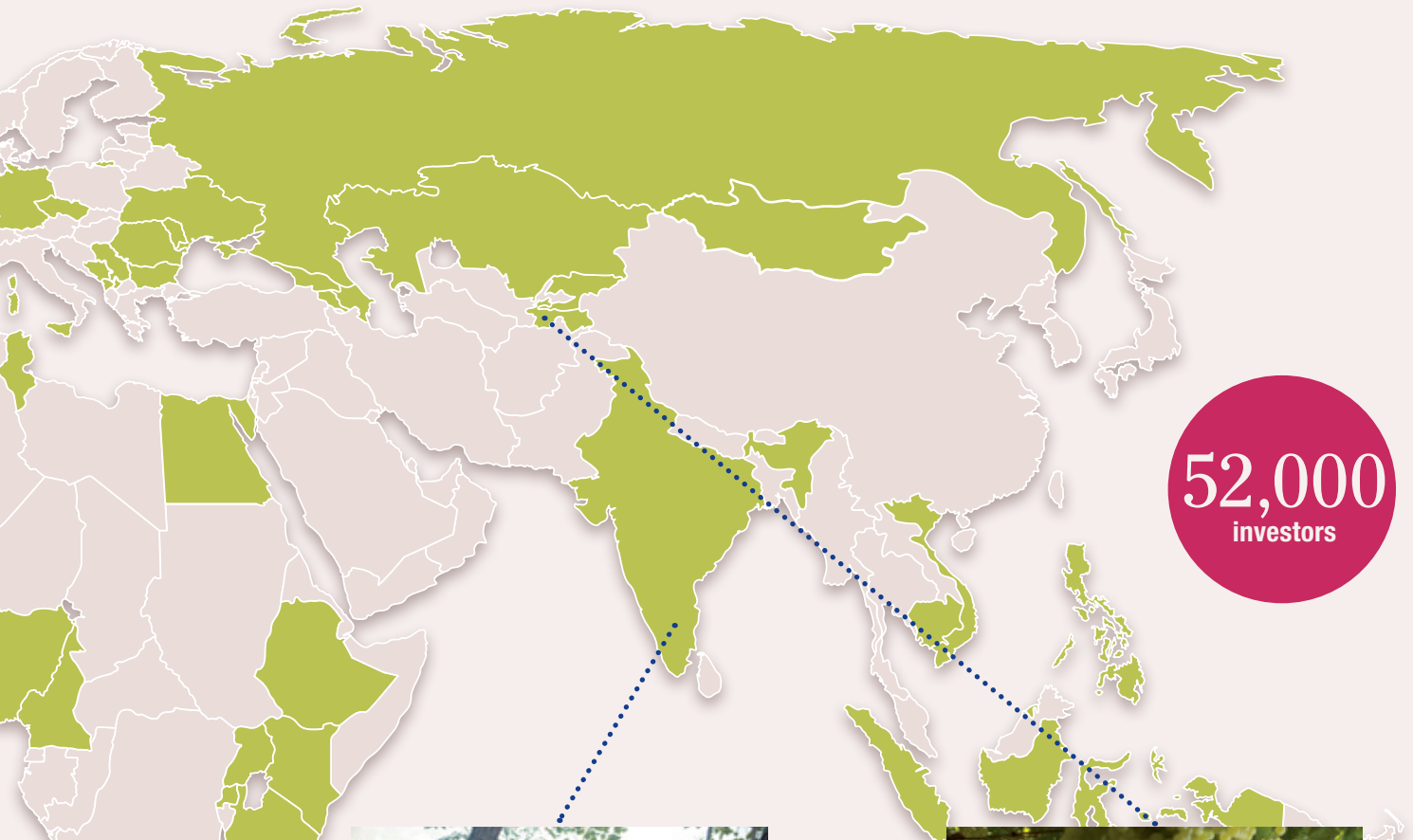


### ALIDé

ALIDé is an MFI which has operated in Benin since 14 January 2006. It grants small loans to low-income women and micro entrepreneurs in Cotonou and the surrounding areas. Its mission is to offer sustainable access to finance and training to families excluded from traditional banking facilities. Its main objectives are: to support associations and women's groups; train women in entrepreneurship and small business management; safeguard the social and economic welfare of women; facilitate women's access to finance and provide social support to low-income women. Oikocredit's support of ALIDé allows it to expand its loan portfolio and to develop new microfinance products.



# via partners



52,000  
investors



## Bharathi

Bharathi Women Development Centre (BWDC) is a voluntary, community-based developmental agency. It serves communities in the South Indian state of Tamil Nadu. It is a not for profit organization, driven by the motto 'uplifting rural women and their status'. It operates in over 540 villages in three districts and covers 1.5 million rural communities with 12,500 active borrowers. BWDC's vision is to develop an empowered and vibrant community with women as the major focus. It has implemented major development programmes such as child and elderly care, education, water and environmental sanitation, health and hygiene, biodiversity and rehabilitation of disabled people. Oikocredit's support of BWDC has significantly impacted the lives of end-clients.



## OXUS

OXUS is a microfinance institution which provides microcredit to small-scale entrepreneurs in Tajikistan. It is among the top five MFIs in Tajikistan with US\$ 21.9 million in total assets and more than 15,000 active borrowers. OXUS provides loans to clients mainly in agriculture, livestock, small trading, services, production and consumer goods. Their aim is to create sustainable livelihoods for micro entrepreneurs, and so help alleviate hardship. OXUS is dedicated to creating and providing the most efficient microfinance services and improving the sustainable livelihoods of its customers. Oikocredit invests in OXUS because it is dedicated to creating opportunities for economic development.

# People, planet, profit

**For social performance management to be effective, we must ensure that our partners deliver real benefits to low-income earners while demonstrating respect for the environment.**



*WAGES client, Jean-Marie Danhossou, working in his pepper field in Togo.*

Oikocredit's social performance management (SPM) begins with careful partner selection based on shared social values. It extends to helping partners develop capacity to achieve our mutual goals, while also working to improve our own social performance.

## **Capacity building and SPM mentoring**

We provide capacity building to strengthen our partners' ability to empower clients not just financially but also socially. In 2013, we provided € 3 million from our own and donors' funds for 130 capacity building initiatives. The agricultural sector represented our main capacity building growth area, increasing from three initiatives in 2012 to 22 in 2013. Risk management, governance and organizational development continue to be key aspects of our capacity building work.

Our successful social performance mentoring programme is now at various stages of implementation in East and West Africa, Southeast Asia, and northern and southern South America. Social performance mentoring helps microfinance institutions (MFIs) gain a clearer understanding of their own clients' needs, the products and services they offer and the benefits and risks involved. Led by carefully selected and trained local mentors, the mentoring begins with questions such as 'who are you reaching, who is being excluded and why?' Partners work with mentors to clarify goals, identify strengths and opportunities, build organizational commitments and write and implement action plans.

## **Environmental policy**

In 2013, we implemented our environmental policy, applying this to both our own operations and partners. Oikocredit's investment guidelines now include sustainability as one of the criteria for new partnerships. Based on this policy, we adopted a precautionary approach to partners' use of genetically modified organisms. The safety of these types of organisms for human consumption, environmental impact and advantages for smallholder farmers has not yet been proven. A key task in 2014 will be to embed our environmental policy in our new agriculture and renewable energy unit's work.

## **Scorecards, surveys and sector initiatives**

We enhanced our environmental, social and governance (ESG) scorecards during 2013 to strengthen operational due diligence. One scorecard is used for financial intermediaries to monitor interest rates, ensuring that microfinance partners charge fair and competitive rates to clients. Our second scorecard is intended for non-MFI partners that directly addresses the needs of low-income earners through non-financial products and services. This scorecard is used to highlight SPM strengths and areas for improvement.

Oikocredit values long-term relationships based on mutual respect, and we regularly ask for feedback from partners. In 2013, we conducted a satisfaction survey and received responses from roughly one third of our partners. Respondents indicated that they were satisfied with our services including our non-financial support such as capacity building. Many respondents were appreciative of our efforts to strengthen social performance.

*'Building a community of practice'*

We maintained active engagement with major sector-wide initiatives such as the Social Performance Task Force, the European Microfinance Platform, the Universal Standards for Social Performance Management, MFTransparency and TrueLift.

We have reached the fifth and final year of our current SPM strategy and will complete the cycle by focusing on client outcomes as we begin to prepare a new strategy. Evaluation of our SPM mentoring work will provide a basis to share what we have learned.





Cocovico vendor in Abidjan, Côte d'Ivoire.



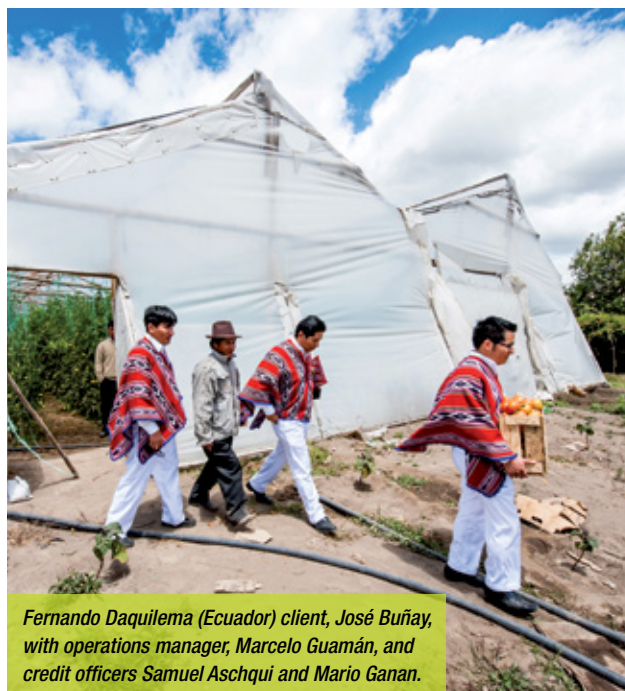
# Trusted reputation

**With growing public interest in ethical investing, and low interest rates worldwide, Oikocredit's trusted reputation has led to our highest ever inflow of funds.**

Our net inflow of lendable funds totalled € 80 million in 2013. Investor numbers rose to 46,000 individuals and 6,000 organizations. Our leading investor countries were Germany, Austria, the Netherlands, Switzerland, the UK and Ireland.

In 2013, we organized a road show which highlighted Oikocredit's work in West Africa and travelled through Switzerland, the USA, France, the Netherlands and Germany. We also organized a study tour to Senegal, where participants (mostly investors and volunteers) visited microfinance institutions, cooperatives and agricultural organizations.

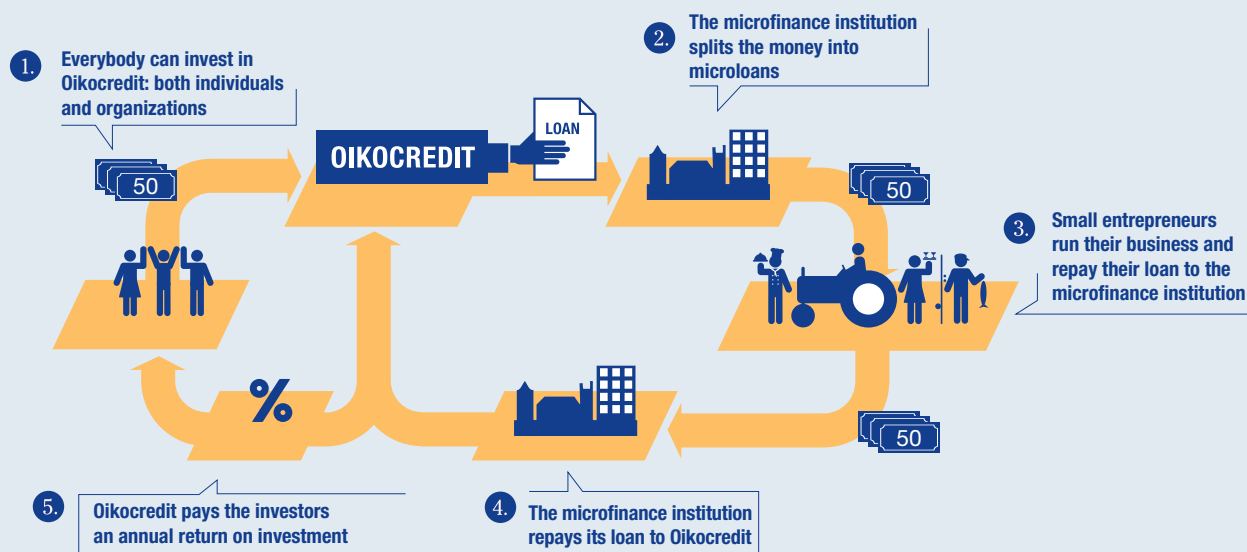
With EU financial regulations changing in 2013, we began a compliance review of our product offerings and legal structures. To provide clearer, more comprehensive and up-to-date information to our stakeholders, we also redesigned our website. As part of our focus on the environment, we amended the articles of association at the annual general meeting (AGM) in June, to include a reference to sustainability as part of our investment criteria.



*Fernando Daquilema (Ecuador) client, José Buñay, with operations manager, Marcelo Guamán, and credit officers Samuel Aschqui and Mario Ganan.*

## Oikocredit Microfinance Cycle

Oikocredit invests around 80% of its development financing portfolio in microfinance and about 20% directly in sectors including agriculture, manufacturing and education.





## What our investors say

**Vu Ndlovu is a Zimbabwean national living in Canada. Vu is the director of Entrepreneur Support as well as executive director of Community Micro Lending Society, a non-profit organization that provides online peer-to-peer lending to micro-entrepreneurs in Canada. Vu is an investor in Oikocredit who also joined the study tour to Senegal in February 2013.**

### How long have you been an investor?

'I've been an investor for two years, when I became a member of my local support association, Oikocredit Canada West.'

### How did you get to know Oikocredit?

'A friend of mine introduced me to a member of a local support association and I became an investor when I joined the support association as a board member.'

### What appealed to you about Oikocredit?

'I've previously worked on a microfinance project in East Africa and I currently work for a non-profit organization that is involved with micro-lending to entrepreneurs in British Columbia, Canada. I have seen how the smallest loan, even in a high-income country like Canada, has the potential to be a powerful tool for people with little to no income. I also believe that providing access to credit for microentrepreneurs can be a key driver of socioeconomic development.'

### Did the study tour change your perspective on Oikocredit?

'It certainly did. I came to fully understand the work that Oikocredit does and the tangible differences it makes on the ground. I was particularly impressed by Oikocredit's country manager for Senegal, Sambou Coly. His dedication and commitment to his work was inspiring and I have no doubt that with staff like Sambou, Oikocredit is investing in partners that make a real difference to people's lives.'

### What was the biggest eye-opener for you on the study tour?

'The biggest eye-opener for me was learning that Oikocredit is involved in more than just the traditional micro loans to microenterprises. The highlight of the tour for me was a visit to a mango producing cooperative that processes fresh mangos for export. It is a partner that has the potential to transform a community.'

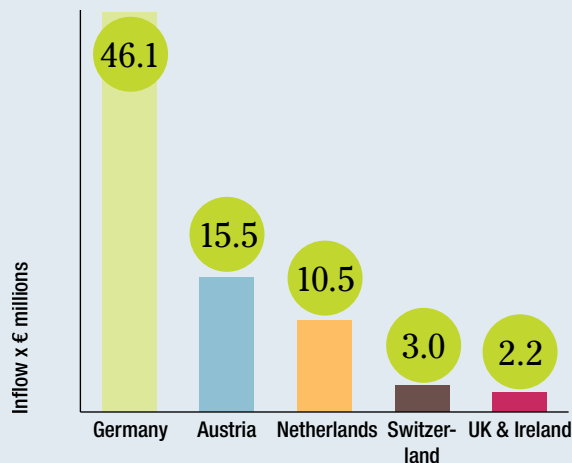


Vu Ndlovu

## 2013 in graphs

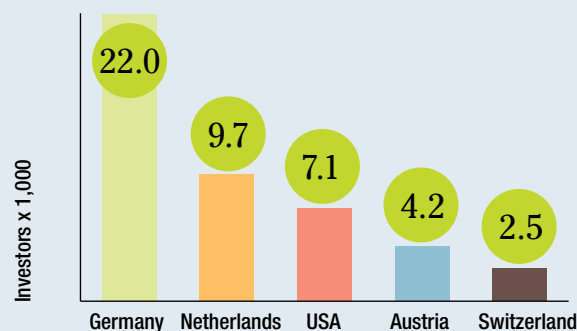
### Net inflow

Top 5 countries as at 31 December 2013



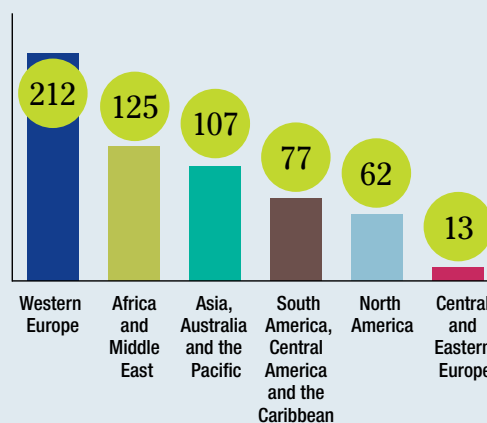
### Number of investors

Top 5 countries as at 31 December 2013



### Number of members per continent

As at 31 December 2013



# Present on the ground

Oikocredit's worldwide network of local offices in 36 countries keeps us close to the partner organizations we support. Local Oikocredit staff know our partners and markets well, and rigorous risk management enables us to provide longer-term financing among disadvantaged communities.

We provide loans, credit lines and equity investments to:

- Microfinance institutions ranging from small, rural cooperatives to larger, more established microfinance banks.
- Multi-purpose institutions combining microfinance with community services in health or education.
- Small to medium enterprises that create jobs for disadvantaged people.
- Enterprises where women are influential in management and/or implementation.
- Producer cooperatives, many of them selling to the fair trade market.
- Organizations that take responsibility for their environmental impact.
- Partners that are financially sustainable, or can soon become so, and have suitable management in place.

# Enhancing the value chain

On the cover Celoso Jallasa Choque. He is a client of Instituto para el Desarrollo de la Pequeña Unidad Productiva (IDEPRO), a non-profit microfinance organization and Oikocredit partner in Bolivia. Don Celoso farms quinoa, a grain that is commonly referred to as a 'superfood' which has been grown in the Andes region for the past 3,000 years. Don Celoso is one of more than 500 quinoa farmers who use microfinance facilities offered by IDEPRO. As quinoa farmers face many challenges including a harsh climate, gaining access to agricultural insurance and investment capital from microfinance providers such as IDEPRO is very important.

IDEPRO has offices in eight out of nine departments in Bolivia, with its head office in La Paz. The remote town of Challapata, where IDEPRO has a rural agency, is known as the 'capital of quinoa' in Bolivia. IDEPRO offers specialized financing to all segments of the quinoa value chain, including producers, processors and trade companies. IDEPRO also offers specialized entrepreneurial financial services which enhance quinoa and other value chains, such as tourism, sustainable forestry and alpaca farming, to help generate inclusive businesses and promote environmental responsibility. IDEPRO has been a partner of Oikocredit since 1998, with its latest loan disbursed in 2012 for BOB 13,720,000 (approximately € 1.5 million). This loan will be used to increase its microfinance services and strategic financing of production chains.



*Celoso Jallasa Choque carrying his quinoa.*

[WWW.OIKOCREDIT.ORG](http://WWW.OIKOCREDIT.ORG)



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