

**Oikocredit  
key figures 2017**

**Investing to  
empower people**

**Development  
financing  
for sustainable  
social impact**

**People, planet,  
profit**

**Our investor  
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**What our  
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# Oikocredit key figures 2017

Key social performance indicators	2017	2016	2015	2014	2013
Clients reached by financial services partners	36 million	40 million	46 million	37 million	28 million
% Female clients	84%	84%	86%	86%	81%
% Rural clients	49%	48%	51%	50%	47%
Financial services partners with a gender policy	51%	51%	50%	50%	50%
People employed by social enterprise partners <sup>1</sup>	50,680	53,600	53,200	124,078	46,607
of which permanent jobs	34,324	36,200	35,000	106,052	31,144
% Social enterprise partners with environmental policy	77%	82%	73%	73%	70%

<sup>1</sup> Excludes financial services

## Five years Oikocredit

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

	2017	2016	2015	2014	2013
Investors	56,000	54,000	51,000	53,000	52,000
Partners in portfolio <sup>1</sup>	747	801	809	805	815
Countries with regional and country offices <sup>2</sup>	31	31	33	34	36
Staff members in full-time equivalents (FTE) <sup>3</sup>	290	269	258	253	254

## Key figures from the consolidated financial statements

€ thousands

Balance sheet	2017	2016	2015	2014	2013
Intangible fixed assets	1,132	1,024	1,182	717	-
Tangible fixed assets	2,247	1,328	623	529	827
Development financing outstanding	981,664	1,047,226	900,153	734,606	590,540
Loss provisions	(69,329)	(77,513)	(64,478)	(54,776)	(46,669)
Term investments	149,851	112,807	120,188	154,587	146,293
Other fixed assets	3,220	998	1,024	1,137	9,576
<b>Total non-current assets</b>	<b>1,068,785</b>	<b>1,085,870</b>	<b>958,692</b>	<b>836,800</b>	<b>700,567</b>
Current assets	151,260	123,405	67,656	70,328	78,657
<b>Total</b>	<b>1,220,045</b>	<b>1,209,275</b>	<b>1,026,348</b>	<b>907,128</b>	<b>779,224</b>
Group equity and funds	1,125,243	1,069,138	935,002	835,008	677,733
Non-current liabilities	56,934	39,877	34,090	42,262	74,531
Current liabilities	36,286	100,260	57,256	29,858	26,960
<b>Total</b>	<b>1,220,045</b>	<b>1,209,275</b>	<b>1,026,348</b>	<b>907,128</b>	<b>779,224</b>
<b>Income statement</b>					
Interest and similar income	82,416	79,594	68,855	65,375	50,270
Interest and similar expenses	(2,068)	(1,544)	(1,381)	(1,242)	(2,336)
Income from equity investments	6,860	21,191	3,278	3,940	1,939
Other income and expenses	(60,169)	4,825	(10,190)	10,784	(18,412)
Grant income	894	796	3,436	1,862	3,661
General and administrative expenses	(37,558)	(33,965)	(31,364)	(28,715)	(26,273)
Additions to loss provisions and impairments	(7,117)	(26,947)	(16,984)	(12,454)	(6,382)
<b>Income before taxation</b>	<b>(16,742)</b>	<b>43,950</b>	<b>15,650</b>	<b>39,550</b>	<b>2,467</b>
Taxes and third-party interests	(3,374)	(2,144)	(1,807)	(4,071)	(1,092)
Additions to and releases from funds	38,555	(12,803)	1,528	(15,013)	11,994
<b>Net income</b>	<b>18,439</b>	<b>29,003</b>	<b>15,371</b>	<b>20,466</b>	<b>13,369</b>
Expenses as % total assets <sup>4</sup>	3.1%	2.8%	3.1%	3.2%	3.4%
<b>Society net income (available for distribution)</b>	<b>18,439</b>	<b>29,003</b>	<b>15,371</b>	<b>20,526</b>	<b>12,560</b>
Proposed dividend	9,608	17,145	15,005	13,200	11,609

<sup>1</sup> Partners in portfolio include financing outstanding as well as partners currently in the process of disbursement, excluding partners that have repaid, been written off or cancelled.

<sup>2</sup> Countries with legal entities that no longer carry out operational activities are not included in this number.

<sup>3</sup> Including staff employed by the regional offices, country offices and national support offices.

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

# Investing to empower people

**Oikocredit is a worldwide cooperative and leading social investor that works with partner organisations to sustainably improve the quality of life of low-income people.**

This year marks 50 years since the idea of creating an ethical investment cooperative first came about. A few years later Oikocredit was founded with the goal of promoting social justice by providing funding to productive enterprises run by or for people on low incomes around the world.

We are proud of what we have achieved since then: We have delivered on our mission and have provided € 3.3 billion in funding to 1,873 partner enterprises, thanks to the support of over 56,000 individuals and organisations investing in Oikocredit.

We provide loans, equity and capacity building support to carefully selected financial institutions and social enterprises. We invest in many areas that the United Nations Sustainable Development Goals address, focusing on three primary sectors: inclusive finance, agriculture and renewable energy.

Oikocredit's decentralised structure reaches across the world. Around 290 staff work directly with our partners in local markets and at our central office in Amersfoort, the Netherlands.

## Meeting new challenges

While Oikocredit's goal has remained constant, the world around us has changed. Social impact investing is now mainstream and more competitive. The low interest rate environment has impacted our results in recent years.

An extra effect we dealt with in 2017 was the strengthening of the euro. Much of our lending and income is denominated in US dollars or correlated currencies, while we receive capital and pay out dividends in euro. The cooperative's consolidated income after taxation showed a negative result for the first time in many years, mainly because of the euro's appreciation against other currencies. Drawing on our local currency risk fund enabled the Society to generate positive income of € 18.4 million.

To meet these challenges we are implementing our updated strategy in 2018 to concentrate our efforts, reduce complexity, improve efficiency, strengthen our capabilities and enhance our role as a catalyst for social impact. We believe this will ensure that Oikocredit remains successful for years to come.



Lilian Mercy Chacha (on the left) employs five workers for her wholesale knitwear and garment business, Lily Garments, in Nairobi, Kenya. Longstanding Oikocredit partner Jitegemea Credit Scheme, a microfinance institution providing loans, savings products and technical assistance to small enterprises across Kenya, gave Lilian her first loan in 2005.

# Development financing for sustainable

Oikocredit channels the funds of its investors to three priority sectors where the need for development finance is high: inclusive finance, agriculture and renewable energy.

## Our priority sectors

Well over 2 billion people around the world have no or only limited access to formal financial services. Such people usually have low and unpredictable incomes, and they lack the resources to cope with unexpected household or livelihood needs, or to invest in working for a better future. Our loans and investments promote inclusive finance through partnerships with microfinance institutions and with banks that support small to medium-sized enterprises. We aim especially to reach underserved rural communities and to promote women's economic empowerment.

Most of the world's poorest people live in rural areas, relying on farming to meet their daily needs. Smallholder farmers are at high risk from impacts of climate change, volatile pricing and unfair competition. Our agriculture portfolio supports small-scale farmers

by providing access to finance and technical assistance for agricultural cooperatives, fair trade producers, and processors and distributors. This helps reduce rural unemployment and poverty, and strengthens local food sovereignty.

Our third priority sector, which responds to challenges of energy exclusion and climate change, is affordable renewable energy. More than 1 billion people live without access to clean, inexpensive energy, mainly in rural and often remote areas. Our loans and investments help provide renewable energy in underserved regions, with an emphasis on off-grid services, which tend to deliver greater social benefits.

## Consolidating our portfolio

Following years of steady – and at times rapid – growth, Oikocredit's development financing portfolio of loans and investments contracted to

€ 981.7 million in 2017, from € 1,047.2 million the previous year. The decrease resulted mainly from the effects of the strengthening euro – most of our lending is in currencies that lost value in 2017 – and increased emphasis in our selection process on balancing risk with social and financial return. At year end our inclusive finance portfolio stood at € 754.8 million, with 512 partners. In agriculture, loans and investments totalled € 157.3 million, with 184 partners. In renewable energy, the portfolio grew to € 49.1 million, with 24 partners.

In Africa, our focus region, the development financing portfolio contracted to € 174.1 million from € 188.7 million after years of substantial expansion, in line with our decision to consolidate our growth. Oikocredit has 189 partners in Africa, and the continent represents 17.7% of our total portfolio. Other regions' portfolio shares are:



Weighing sacks of cocoa beans at the Corporación Fortaleza del Valle factory. Corporación Fortaleza del Valle is an organisation that represents five cocoa growers' associations of around 675 smallholder cocoa growers in Ecuador's coastal province of Manabí. Oikocredit supports the organisation's focus on fair trade production and sustainable farming.

# social impact



Laurete Bittencourt baking cakes in her bakery. Laurete is a client of Oikocredit partner Banco da Família which provides financial services to micro and small-scale entrepreneurs in the states of Santa Catarina and Rio Grande do Sul in south-eastern Brazil. Banco da Família has been an Oikocredit partner since 2005.

Latin America, 49.0%; Asia, 24.7%; Central and Eastern Europe, 3.1%; and other regions, 5.4%.

Our development financing is split between credit (loans to partners) and equity investing. Credit comprises the larger part, but direct equity investing in partner organisations is a growing area of strategic importance. As an active equity shareholder we can do much at a strategic level to help partners improve their social and financial performance, governance and organisational sustainability.

### Development finance outlook

Markets in inclusive finance are maturing, with increasing competition among lenders, while new fintech (financial technology) initiatives offer opportunities for financial services

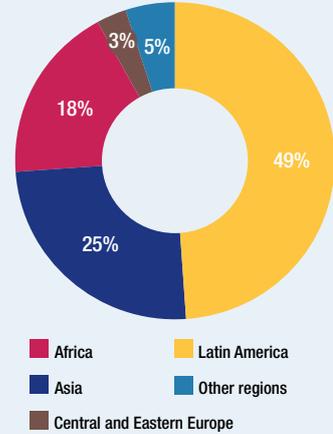
providers to reduce costs and improve efficiency and outreach. Inclusive finance will remain our key focus sector, and we are looking for ways to deepen our engagement with partners in this sector.

Many social investors shy away from the smallholder agriculture sector, where risks are generally high and partner organisations are often small and relatively fragile. The resulting scarcity of funding, together with the potentially greater social impact, means that we will continue to support small-scale farmers and rural enterprises. In renewable energy, new technologies, concepts and business models are emerging, with innovations leading to lower pricing that makes low-carbon energy increasingly affordable and a source of attractive opportunities.

## 2017 in graphs

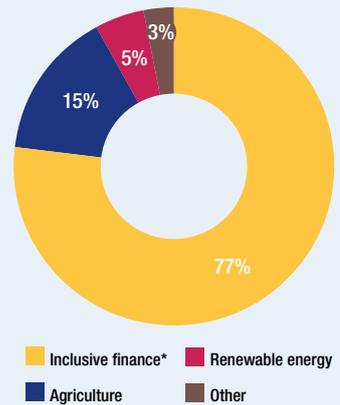
### Funding by region

As at 31 December 2017



### Funding by sector

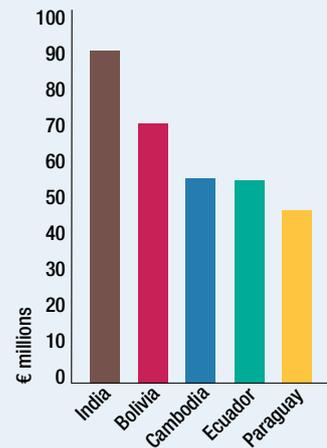
As at 31 December 2017



\* including microfinance and SME finance

### Countries with highest capital outstanding

As at 31 December 2017



# Our partners reach 40

Oikocredit provides funding in 71 countries

## Supporting access to markets

Oikocredit also finances a small number of partners in Europe, North America and Australia that aim to create dignified trading relations to empower producers and consumers. Some, such as Divine Chocolate and Cafédirect, are partially owned by smallholder farmers and producers in Africa, Asia and Latin America.

747  
partners

56,000  
investors



### Colombia

#### More than loans

Corporación Nariño Empresa y Futuro (Contactar) is a private non-profit microfinance institution which was founded in 1991. It operates a network of 47 branches, which serve more than 88,000 clients (2017). Headquartered in the Colombian city of Pasto, Contactar provides short-term loans to micro-enterprise owners in southern Colombia. All Contactar clients receive supervision and advice from a team of experienced professionals to help grow their businesses. Contactar's support to its clients goes beyond simply providing loans and business advice – the organisation provides health and safety programmes and assistance with housing improvements and even supports clients' recreational activities. Contactar has been an Oikocredit partner since 2008.



### Côte d'Ivoire

#### Supporting cocoa farmers

Entreprise Coopérative Kimbe (Ecookim) is a union of 23 cocoa farmer cooperatives in Côte d'Ivoire with over 13,000 members (2017). It provides technical, social and community support to farmers on low incomes in some of the more impoverished areas of western and northern Côte d'Ivoire. The union's main goal is to ensure that cocoa farmers receive a greater share of the profits by selling their produce directly on the international cocoa market. Ecookim members benefit by receiving technical assistance, tailored training and pre-purchase financing. The farmer members produce cocoa beans certified to Fairtrade and UTZ or Rainforest Alliance standards.

# million people



€ 981.7  
million in  
development  
financing



## India

### Delivering clean energy

Punam Energy Private Limited (PEPL), based in Kolkata, is the commercial offshoot of the NGO SwitchON. The NGO has been instrumental in creating awareness about climate change and sustainable living. PEPL aims to create ecosystems with sustainable energy solutions in rural India, and tackle distribution and financing challenges. PEPL's off-grid solar energy solutions include small LED lanterns, home lighting and electrification systems, large installations for institutions, streetlights, irrigation pumps and TVs. All products are marketed under the brand name ONergy. The company is very customer-focused and committed to supplying innovative products which use state-of-the-art technology and respond to its clients' needs.



## Indonesia

### Loans to rural women

Mitra Bisnis Keluarga (MBK) is one of the largest microfinance institutions in Indonesia and a market leader among MFIs in the country. It serves just under one million clients, all female and 80% based in rural areas. The MFI pioneered the introduction of the Grameen lending methodology, offering group loans without guarantee to economically active women on low incomes in rural and peri-urban areas of Java. Most MBK clients are landless labourers who make a living from petty trading, selling food, rearing cattle, and growing fruit and vegetables. MBK provides working capital to its female clients aimed at reducing their vulnerability, tackling poverty and enhancing livelihoods.

# People, planet, profit

**For Oikocredit the triple bottom line means a healthy balance between financial profitability, positive social outcomes and environmental sustainability.**

Oikocredit's work is guided by the principle of empowering low-income people while respecting planetary boundaries. We continually strive to improve our social and environmental performance and that of our partners.

## Capacity building

Oikocredit provides capacity building support to partners through three global programmes – in agriculture, financial services and client outcomes. This work assists partners in improving their knowledge, skills and processes, benefiting their members and clients. It mitigates risk and helps deliver the social returns our investors expect.

In 2017, using funds from institutional donors such as the Church of Sweden, dividends donated by investors and our own resources, we more than doubled our capacity building investments to € 845,500, providing support to 100 partners (up from 45 in 2016). The largest programme area

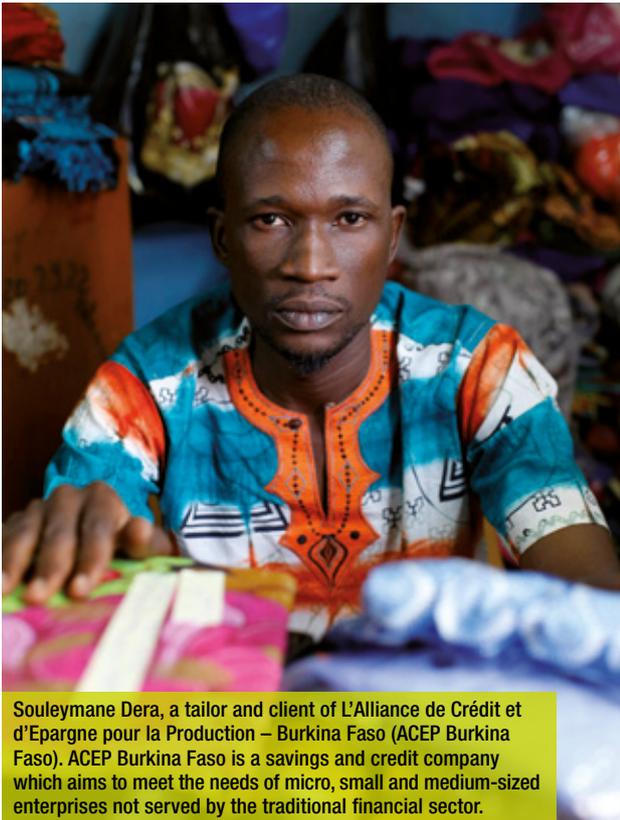
was agriculture, followed by financial services. Employing mainly local technical expertise, these programmes provide specialised training and support in areas like information management, product development, governance and social performance.

In agriculture our programme has included work with farmer-based organisations in Uganda to improve production and productivity, and a risk-mitigation project with partners in Africa, Asia, Eastern Europe and Latin America. With institutional donors and other implementing partners we launched a price risk management project with an innovative learning methodology for coffee farmers in Latin America, and we are developing a smallholder farmer resilience project in East Africa.

Our capacity building in financial services strengthens client protection and helps ensure that partners improve clients'



Ghilic Liviu driving a digger to move the harvested grain. Ghilic is an employee of Agrohoria SRL, an agricultural company which provides farmers in south-eastern Romania with additional income by renting and farming their plots. Agrohoria has been an Oikocredit partner since 2014.



livelihood opportunities. We have trained 69 of our central office and regional staff in the Client Protection Principles (CPP) and have supported partners' CPP assessments. Work in Africa, Asia and Latin America also covers risk mitigation, and we have begun a pilot project in the Philippines to incorporate a gender lens in partners' design of financial products and services.

The client outcomes programme helps financial services partners use aggregated data and client insights to strengthen their social mission. Five client outcomes workshops took

place for partners in Asia and Latin America in 2017. In mid-year we launched a certification scheme for trainers, drawing on expertise from our network of investor members.

### Environment

In 2017 Oikocredit undertook internal training on environmental guidelines to strengthen the integration of environmental impact considerations into our due diligence. We conduct disaster relief management workshops with partners in regions particularly vulnerable to natural disasters. In 2017 we focused on Ecuador by strengthening disaster preparedness of our partners there.

We apply the International Organization for Standardization (ISO) protocol for monitoring our organisational carbon footprint. After several years of offsetting CO<sub>2</sub> emissions through our own projects, we have begun working with the FairClimateFund, which offers Gold Standard Fairtrade Carbon Credits. Our carbon offset funds will be invested in clean cooking technologies for low-income communities in India.

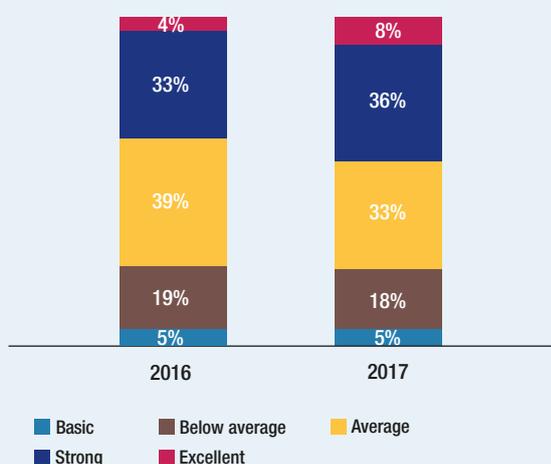
### Monitoring and reporting

Monitoring the changes we make possible through our funding and capacity building is a key focus for us. Knowledge of how well our partners address clients' needs or environmental sustainability enables us to help them improve where necessary and be more accountable ourselves. Over the years we have developed an environmental, social and governance (ESG) scorecard, adjusted for different sectors, to screen partners and assess their performance. Annually, we monitor social performance and environmental indicators of inclusive finance, agriculture and renewable energy partners.

We ask partners for feedback on our own performance and in early 2017 conducted a fourth biennial partner satisfaction survey. The results highlighted the way Oikocredit adds value, how highly partners regard our support, and where we can do better. Each year we publish a social and environmental performance report where we present key statistics and qualitative analysis of our own, and our partners', social and environmental performance.

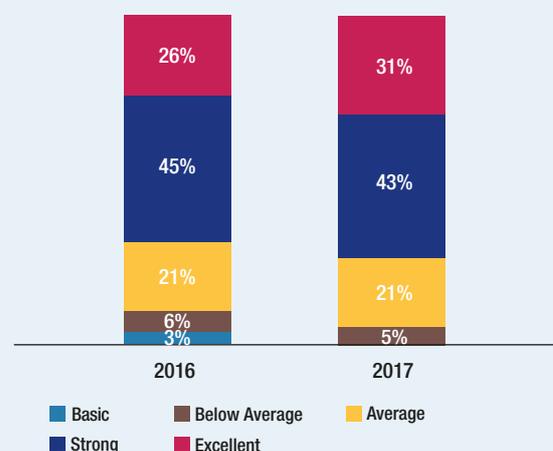
#### ESG score classification inclusive finance portfolio

As at 31 December 2017



#### ESG score classification production and services portfolio

As at 31 December 2017



# Our investor network

**Investors in Oikocredit receive a triple return: financial, social and environmental. We hugely appreciate their indispensable contribution to our mission.**

Around 50,000 individuals and 6,000 institutions invest in Oikocredit. Many have stayed with us for more than 10 years, confident that we use their money to improve livelihoods, promote fair trade, advance gender equality and safeguard the environment. Our cooperative's institutional investors include churches, church-related organisations and ethical banks. Their membership and investments are a strong endorsement that encourages others to trust us with their money.

## Investing with Oikocredit

The majority of Oikocredit's investors provide funds via our 30 support associations, the Oikocredit International Share Foundation or our ethical banking partners.

In 2017 our total lendable funds grew by more than 12%, with gross inflow rising from € 128.0 million to € 143.9 million. Our investor networks in Germany, the Netherlands, Switzerland, Austria and France made leading contributions.

## Making connections

Oikocredit support associations mobilise hundreds of volunteers in educating the public about development issues

and encouraging investing by individuals, churches and social organisations. Our national support offices in Austria, Canada, France, Germany, and the UK and Ireland also educate the public about our work and attract investments.

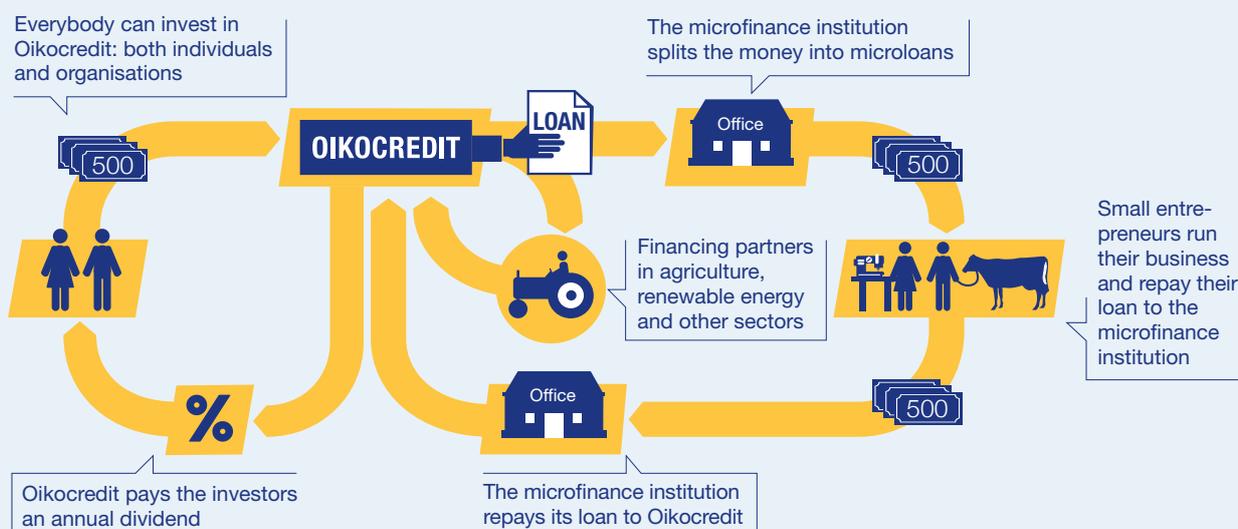
Each year we bring representatives of selected partners to Europe to raise awareness about how our partnerships help low-income people. In 2017, hosting visitors from our Ecuadorian coffee cooperative partner FAPECAFES, we held coffee tastings in Austria, France, Germany, the Netherlands and Spain.

For our yearly study tour, we arranged visits for investors, volunteers and members to inclusive finance partners in the Philippines.

We also organised visits to microfinance, renewable energy and agriculture partners in Ghana, and to our award-winning Egyptian social enterprise partner SEKEM.

## Oikocredit investment cycle

Oikocredit invests around 80% of its development financing portfolio in inclusive financial services (including microfinance) and about 20% directly in sectors including agriculture, renewable energy and other sectors.



# What our investors say



**John Arnold is executive director of the Ecumenical Council for Corporate Responsibility (ECCR), a faith-based advocacy coalition in the UK fostering responsible and positive-impact investment on the part of churches and their members. John and his family live in southern England.**

## How long have you been an Oikocredit investor and how did you hear about us?

I have only recently begun to invest with Oikocredit as a private investor. But I have known about Oikocredit's work for many years, including as a supportive partner of the UK Fairtrade Foundation, where I used to work.

## Why do you invest in Oikocredit?

Life is a journey, and in learning more about social impact investing I wondered how I could make a personal contribution. In the social justice group at my local church we discuss the use of money, which encouraged me to 'walk the talk' and share my personal story. I volunteered with Voluntary Service Overseas (VSO) as a small business adviser in rural Malawi and value Oikocredit's work in making affordable credit available to smallholder farmers.

## What are your views on loans and investments versus donations?

Each has its part to play. Through lending and investment we become stakeholders and take an interest in how a small business develops. To me, charitable donations are a more immediate compassionate response to people in urgent need.

## Do you plan to keep investing in Oikocredit?

Definitely. From a faith perspective, we have an obligation to use our money responsibly, and it is a privilege to be part of this movement. Oikocredit does great work with its focus on financial inclusion, Africa, small-scale agriculture and renewable energy. Off-grid electricity is so important in enabling rural African children to study in the evenings.

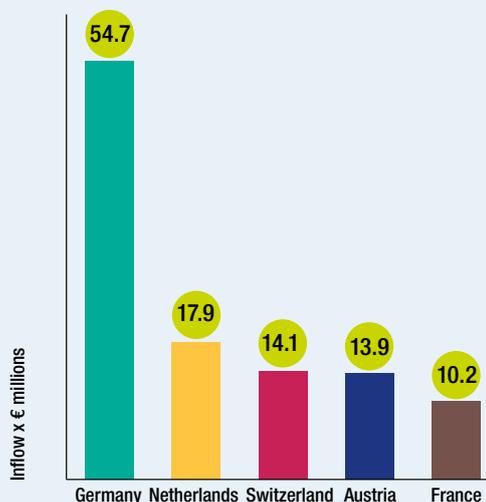
## How would you describe the relationship between ECCR and Oikocredit?

In the UK we have a good relationship. Oikocredit UK & Ireland is an ECCR member, and a recent ECCR members' newsletter included a feature on Oikocredit. We have also worked together during the UK's annual Good Money Week.

# 2017 in graphs

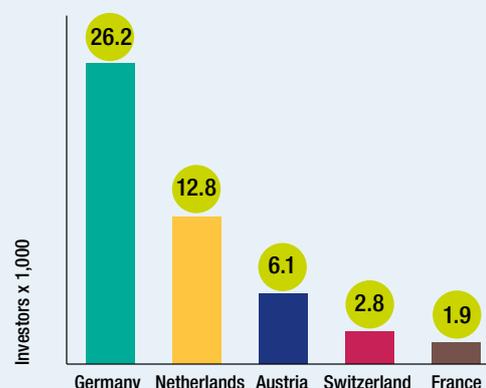
## Net inflow

Top 5 countries as at 31 December 2017



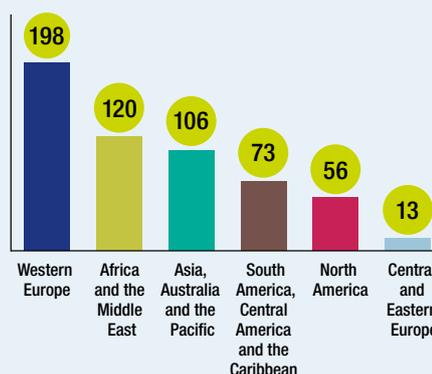
## Number of investors

Top 5 countries as at 31 December 2017



## Number of members per continent

As at 31 December 2017



# Present on the ground

Oikocredit's worldwide network of local offices in 31 countries keeps us close to the partner organisations we support. Our local 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:

- Financial institutions ranging from small rural cooperatives to larger, more established microfinance banks and banks financing small to medium-sized enterprises
- Multi-purpose institutions combining inclusive finance with community services in health or education
- Small to medium-sized 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
- Organisations that take responsibility for their environmental impact
- Partners that are financially sustainable, or can soon become so, and have suitable management in place.

## About the cover photo

Tereza Gluron (front cover) cultivates carnations for flower grower Ernesto Arroyo. Ernesto (pictured below) is a client of Centro de Investigación y Desarrollo Regional (CIDRE), a Bolivian microfinance institution. Through CIDRE he obtained the capital he needed to invest in greenhouses, seeds and irrigation systems.

CIDRE offers various loan products as working capital or investment to micro- and small entrepreneurs and farmers. It supports growing businesses in trade, traditional crafts, services and other activities.

The microfinance institution has started working with the Client Protection Principles as a means to improve its social performance. Oikocredit has provided it with capacity building assistance to improve its risk management policies, procedures and tools, and to train its staff in risk management.



Photographs: Opmeer Reports (including cover), Jet van Gaal, Philippe Lissac

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investing in people

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