

A smiling woman wearing a pink headscarf and a pink patterned dress is operating a large yellow industrial machine. She is looking towards the camera with a friendly expression. The machine has a large funnel-shaped top and a complex base with various components. The background shows a blue door and a light-colored wall.

**Committed  
to client welfare**

# Facts & Figures

At 31 December 2012

## Total development financing portfolio

- Amounted to € 530 million in 2012
- Loans to and investments in 854 partners across 67 countries

## Microfinance

Around 80% of the development financing portfolio, € 420 million, is invested in microfinance through 583 cooperatives, non-bank financial institutions or banks offering diverse financial products, small to medium enterprise (SME) financing, wholesale funds and housing loans.

- Oikocredit continues to invest primarily in small microfinance institutions (MFIs) with less than 10,000 borrowers (53%)
- Our microfinance partners reach 28 million clients and 1.7 million of these through Oikocredit funding
- 84% of those reached are women
- 40% of the clients reached are active in commerce, 24% in agriculture, 15% in service, 12% in production and 8% in other activities
- 56% of clients reached live in rural areas
- 42% of microfinance partners have a gender policy
- 40% of microfinance partners have an environmental policy

## Production and services (social enterprises)

Around 20% of the development financing portfolio, € 110 million, is invested in SMEs, production cooperatives focused on agriculture, fair trade, manufacturing and community servicing organizations focused on health and education.

- 261 production and services partners diversified across a number of sectors, with emphasis on agriculture
- 57% agriculture and livestock
- 20% trade and manufacturing
- 13% education and health
- Oikocredit supports 59 fair trade organizations
- 75 production and services partners engage in environmentally friendly businesses
- 30% of production and services partners have a gender policy
- 72% of production and services partners have an environmental policy

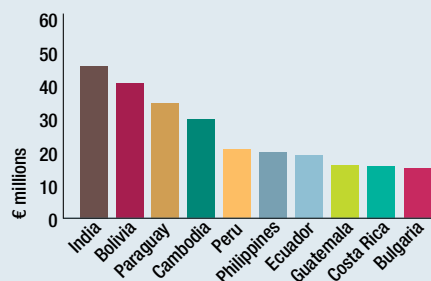
### On the cover U-IMCEC client - Aby Ndao

Using a solar drier, Aby Ndao processes grains into maize, millet products, bissap powder, coffee blends and flour mixtures in Kaolack, Senegal. During a trip to Mali, Aby found a flour mixture used as baby food to fight malnutrition. This inspired Aby to create a baby food mixture called 'Farine Yaye Aby' that is used in food programmes. Aby is a client of the Union des Institutions Mutualistes Communautaires d'Epargne et de Crédit (U-IMCEC), a cooperative MFI aiming to expand its agricultural portfolio by developing financial services for the agricultural value chain.

## 2012 in graphs

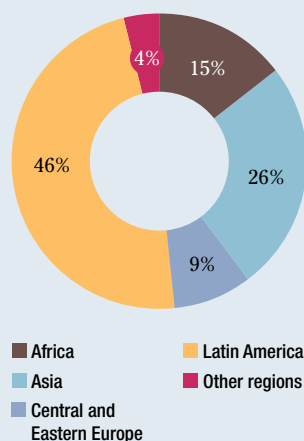
### Countries with highest capital outstanding

at 31 December 2012



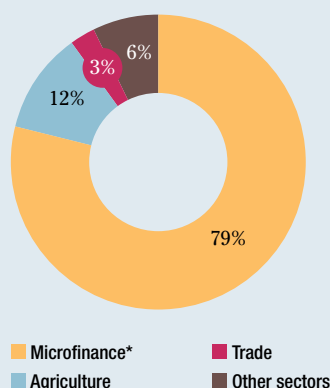
### Funding by region

at 31 December 2012



### Funding by sector

at 31 December 2012



\* including microcredit, SME finance and wholesale funding

# Serving clients better

Social performance means keeping clients' needs at the heart of Oikocredit's work and selecting partners who share this commitment. In 2012, 383 partners reported on initiatives to improve their outreach and responsiveness to clients, protection of client well-being and value creation for clients. We supported 38 partners in using the Progress out of Poverty Index (PPI), especially to monitor change in clients' lives, while staff at 66 microfinance partners received client protection principles (CPPs) training.

We continue to strengthen our focus on how partners help clients improve their lives. Recent activities include client and market studies and surveys in Cambodia and the Philippines, a financial literacy radio programme in Cambodia, support for a debt advice centre in Bosnia and Herzegovina, microfinance research with the International Labour Organization, partner mentoring in Africa and Southeast Asia and introduction of the PPI to Central American partners.

Our mentoring programme, based on the Universal Standards for Social Performance Management, has led partners to change practices and identify internal social performance management (SPM) leaders. Oikocredit staff and local mentoring consultants have also benefited. In addition, last year we organized and supported conferences and workshops on SPM for almost 100 microfinance institutions (MFIs) worldwide.

Product development, marketing, risk management and governance, SPM and agricultural value chains are our defined priorities for partner capacity building. In agriculture, we focus on value creation for farmers and rural communities, including better environmental practices. Internally, we continue to build capacity to choose and support partners effectively. We also now have five Oikocredit colleagues that are certified Smart Campaign assessors.

We evaluated our environmental, social and governance (ESG) scorecard for microfinance partners against comparable audit and rating tools, and our assessment tool emerged as well aligned with international sector norms. We have also implemented an ESG scorecard for production and services partners. Ensuring that partners charge fair interest rates remains a priority. Our microfinance loan contracts now require partners to have a CPPs plan of action and to endorse the Smart Campaign.

Oikocredit's new environmental and climate protection policy covers our own performance, partner relationships and the projects we support. Partners prioritizing environmental benefits are a small but increasing part of our portfolio, mostly involved in organic farming, especially coffee. In Central America, we support sustainable forestry, and we are starting to finance renewable energy and energy conservation.

In early 2013, Oikocredit surveyed partners' satisfaction with our products and services. Our mentoring programme is expanding to Paraguay, Peru and Ghana. We plan to bring our SPM officers and microfinance partners to the annual Social Performance Task Force meeting to share outcomes with others, and we will revisit our regional SPM and capacity building strategies with a view to reaching more partners. Our commitment to measuring, monitoring and reporting on client-level change makes participation in the Microcredit Summit's Seal of Excellence steering committee a natural next step.

**David Woods**  
Managing Director

**Ging Ledesma**  
Director Social Performance & Financial Analysis



*Social performance experts from Oikocredit's regional offices*

# Client outcomes matter

**Achieving the best possible outcomes for clients is at the heart of Oikocredit's work. This requires careful partner selection, monitoring and support and a balanced assessment of outcomes.**

We monitor both social and financial returns and, where needed, give capacity building support to help partners provide appropriate and responsive products and services to address the needs of disadvantaged people. Internally, we strive to enhance our capacity to identify and support these partners.

## Strong social due diligence

In 2012, Oikocredit evaluated its environmental, social and governance (ESG) scorecard for microfinance partners against other social rating tools and found a good correlation. Additionally, our loan contracts with microfinance partners now require endorsement of the Smart Campaign and a client protection principles (CPPs) plan of action. We have also implemented an ESG scorecard for partners in production and services, enhancing further our due diligence regarding such partners.

## Monitoring key indicators

We monitor social performance indicators to ensure our partners reach the right target groups and provide services that work towards positive change in people's lives. A high compliance rate was achieved in 2012, with 634 partners reporting. The development objectives reported by our microfinance partners were to reduce poverty (73%), generate employment (67%), support start-up enterprises (55%), promote gender equality (45%) or improve housing conditions (43%). In addition to loans, many microfinance partners also offer savings (45%), micro-insurance (48%) and non-financial services (63%).

## Financial inclusion

Financial inclusion remains an important objective. In 2012, the number of end-clients reached through Oikocredit funding increased to 1.7 million. The number of people reached by Oikocredit's microfinance partners increased to 28 million. Of the total number of clients reached, 84% are women and 56% live in rural areas. Of the 46% of microfinance partners with a gender policy, 76% offered financial products specifically geared towards women.

## Ensuring client protection

Securing end-clients' welfare is our primary goal. We include compliance with the CPPs as a contractual obligation for microfinance partners, review compliance as part of our due diligence and have staff trained in CPPs assessment. Currently, 59% of our microfinance partners have endorsed the principles. In terms of SPM practices, our microfinance partners have improved. Remarkable is the increase of partners which held a client satisfaction survey, up from 45% in 2011 to 57% in 2012.

## Reporting and accountability

Transparency and accountability are essential in developing a responsible microfinance sector. We encourage our partners to report to the MIX Market, a global, web-based source for financial and social performance data on MFIs. Of our partners, 55% report financial performance and 45% report social performance to the MIX Market. The percentage of microfinance partners that were financially rated increased to 55%. The percentage of partners with an external social rating increased to 25% in 2012.

The social results reflect data reported to Oikocredit by over 634 organizations, reaffirming the commitment of Oikocredit's partners to social goals and performance.

General and financial indicators	December 2012	December 2011
Total development financing outstanding	€ 530 million	€ 520 million
Total portfolio microfinance investments	€ 420 million	€ 410 million
Total portfolio social enterprises	€ 110 million	€ 110 million
Volume of new loans	€ 234 million	€ 211 million
Average loan size to partners	€ 958,000	€ 828,000
Number of partners	854	896
Number of microfinance partners	583	616
Number of countries	67	67

Social performance indicators	December 2012	December 2011
End-clients reached by MFI partners	28 million <sup>1</sup>	25.5 million <sup>2</sup>
MFI clients reached with direct funding <sup>3</sup>	1.7 million	1.6 million
% MFI clients female	84% <sup>4</sup>	83% <sup>5</sup>
% MFI partners with a gender policy	42%	38%
% MFI clients rural	56% <sup>4</sup>	53% <sup>5</sup>
Number of social enterprises	261	XXX
People employed by social enterprises	37,438 (20,556 permanent jobs)	39,323 (24,083 permanent jobs)
% Social enterprises with environmental policy	72%	73%

<sup>1</sup> number of reporting microfinance partners 472

<sup>2</sup> number of reporting microfinance partners 495

<sup>3</sup> as a proxy the number of end-clients reached by partners is multiplied by the relative share Oikocredit has in the financing of the loan portfolio of the microfinance partners

<sup>4</sup> of the 28 million end-clients

<sup>5</sup> of the 25.5 million end-clients

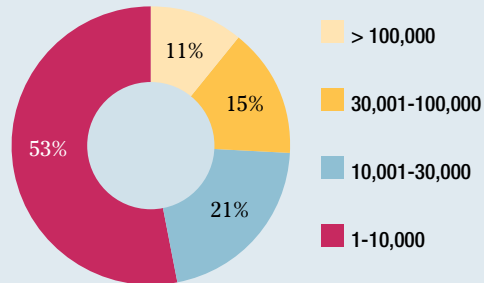
## More information

For more information on Oikocredit's social performance, please visit [www.oikocredit.org](http://www.oikocredit.org)

# 2012 in graphs

## Share of MFIs in Oikocredit's portfolio

by number of clients reached



## Focus on agriculture

Oikocredit continues to prioritize agriculture, including support for fair trade. Of the number of clients reached by our microfinance partners, 24% are agricultural borrowers.

Of our production and services portfolio, € 64 million (57%) is invested in agriculture and 25% in Africa. Our production and services partners support approximately 124,105 cooperative members, employ 37,438 wage workers and reach 168,445 farmer beneficiaries. In 2012, Oikocredit invested in fair trade cooperatives in developing countries (€ 27.5 million) and distributors in developed countries (€ 8 million). Fair trade investments have grown from € 25.6 million in 2011 to € 35.6 million in 2012. This is 32% of the production and services portfolio.

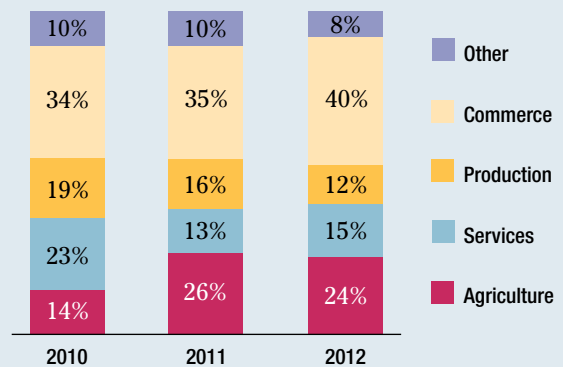
## Environmental policy and 'green' investing

Oikocredit's environmental policy covers our own conduct as a global organization and the partners we fund. We aim to integrate environmental and climate protection throughout our work. 'Green' partners with a positive environmental impact are a small but growing part of our portfolio, mainly involving organic farming but also starting to extend to sustainable forestry, renewable energy and energy conservation initiatives. Of our production and services partners, 72% have an environmental policy. Of our microfinance partners, 40% have an environmental policy. In addition, 24% of the clients reached by our microfinance partners are agricultural borrowers.

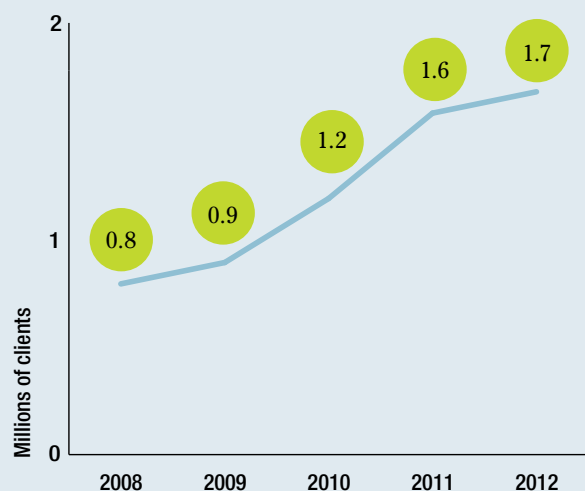


## % Microfinance end-clients per sector

at 31 December 2012



## End-clients reached by Oikocredit funding



Oikocredit aims to reach as many disadvantaged people as possible. To approximate the number of end-clients reached directly through Oikocredit funding, we multiply the relative share Oikocredit has in the financing of the loan portfolio of the microfinance partner with the number of clients reached by the MFI.

# Supporting social effectiveness

**For Oikocredit, social performance means keeping clients' needs at the centre of our work and striving to meet those needs more effectively and efficiently. The first step in our social performance management strategy is the selection of partners who share our commitment to client welfare. The second is improving the effectiveness of our partners.**

Oikocredit's aim is to support a holistic view of microfinance organizations, helping to identify ways in which microfinance institutions (MFIs) can improve outcomes for clients, whilst taking into account the capacity of the institution and need for strong financial performance. In 2012, 383 Oikocredit partners reported taking part in initiatives to improve their performance in such areas as identifying and reaching clients, safeguarding client wellbeing, responding to clients' needs and value creation for clients.

## Focus on client outcomes

As part of our enhanced focus on client outcomes, we undertook a range of activities including:

- Client studies and surveys in Cambodia and the Philippines, and a survey of client-level change indicators collected by partners
- A financial literacy radio programme in Cambodia
- Support for a debt advice centre in Bosnia and Herzegovina
- Mentoring for microfinance partners in Cambodia, the Philippines, Kenya, Senegal, Tanzania and Uganda
- Participation in the International Labour Organization's action-research project on Microfinance for Decent Work

## Fair interest rates

To help keep interest rates charged by partners at fair levels, we are reviewing the annual percentage rates (APRs) that microfinance partners charge their clients. The APR data enables us to understand more clearly the drivers behind interest rates and boost our influence over partners' rate setting. In agreements with partners, we increasingly include a commitment to review interest rate levels periodically.

## What our clients say about us

Oikocredit values long-term relationships based on respect and regularly asks for feedback from its clients, who Oikocredit refers to as 'partners'. Early 2013, Oikocredit conducted a partner satisfaction survey. A representative number of 257 partners responded. These Oikocredit partners said they were very satisfied with the customer service received and the provision of non-financial services such as capacity building. Recommendations were given on the interest rates charged as well as the loan application period. Many partners said they appreciated Oikocredit's focus on strengthening social performance.

## Building capacity

For many partners, access to financing is all that is needed for them to successfully deliver on the promise of improving the quality of life for those involved. However, in some instances, additional support is needed to strengthen the organization and deliver social benefits.

In 2012, Oikocredit funded over 100 capacity building initiatives in response to partners' needs in five priority areas:

- Product development to enhance value
- Market studies and strategic positioning
- Risk management and governance
- Social performance management
- Agricultural value chains

We devoted a significant part of our capacity building to supporting farmers and rural communities. In Kenya, for example, we supported the development of a marketing hub benefiting 200 dairy farmers. In Ghana, funds were allocated to business management and governance training workshops. In Colombia, more than 200 small coffee growers benefited from our workshops on improving crop quality and applying conservation techniques in accordance with fair trade standards. Other support was aimed at bringing biodynamic organic rice to commercial markets in the Philippines. And in Bulgaria, capacity building funds helped develop a biogas digester.

## Universal standards for SPM

In June 2012, the Social Performance Task Force (SPTF) introduced the Universal Standards for Social Performance Management (USSPM) which Oikocredit has adopted. Oikocredit recognises that it fulfils its mission through the work of the microfinance organizations it invests in, its partners. Many microfinance partners have significant potential to become more effective by better tailoring their products and services to the needs of end-clients and improving their systems to ensure that their products are delivered consistently with quality. The USSPM provide a framework for a holistic approach to guide these improvements.

## Mentoring social performance

In 2012, Oikocredit began the second phase of its social performance mentoring programme for microfinance institutions. Microfinance institutions involved in this programme have reported changes in policies, operations and improvements in key result areas such as outreach and portfolio at risk. The mentoring programme uses the USSPM as a framework for improving practices with a positive impact on clients.

## Outlook

Our work on social performance management (SPM) in almost all regions has gone beyond promotion and awareness raising. We will revisit regional SPM and capacity building strategies to see how best to use limited resources to support as many partners as possible.

# Social performance mentoring in East Africa and Southeast Asia

**Oikocredit's social performance mentoring programme involves microfinance partners, local consultants and support organizations. In 2012, the programme continued in East Africa and expanded into West Africa and Southeast Asia.**

Five East African microfinance partners participated in our mentoring programme in 2012: in Tanzania, rural credit and savings cooperatives KAWOSA and Musoma, and Dar es Salaam-based microfinance institution (MFI) Tujijenge; in Uganda, Kampala-based MFIs Remode and RUCREF. Mentoring began with a training workshop for consultants and senior partner staff on how to assess client risks and opportunities for microfinance to create client benefits. Training included a hands-on assessment visit to RUCREF, which supports mainly agriculture based rural clients. Participants then helped RUCREF with action planning to address opportunities for improvement they had identified.

## A clearer picture

Social performance mentoring helps microfinance providers gain a clearer picture of the clients they reach, the products and services offered, the benefits delivered and risks involved. After initial assessment, action planning prioritizes 'quick wins', which enable partners to add value for clients while improving their own social performance management (SPM). Once the consultants had helped all five East African partners draw up action plans, the organizations began to implement their plans, benefiting from the consultants' regular review and guidance.

Tanzanian rural savings and credit cooperatives KAWOSA and Musoma both recognized membership fees as a barrier to reaching the most disadvantaged people. Each decided to offer lower-income people group (rather than individual) membership, enabling group members to share the fees. KAWOSA worked with existing village savings groups, while Musoma set up new groups. Both also focused attention

on enabling clients to make better use of savings, also for emergencies.

## Client protection

Tujijenge, the third Tanzanian partner, concentrated on improving client appraisal and protection and preventing over-indebtedness, training its staff on the client protection principles and integrating SPM into its strategic planning. Recognizing client vulnerability to health and natural disasters, Tujijenge is developing a new health insurance product and other ways to help clients plan for risk, while strengthening its information system to better understand client needs.

In Uganda, the programme has led Remode, a small and ambitious MFI with a focus on urban youth and training, to address the financial exclusion of a nearby slum community. Here its group-based approach to lending has attracted new clients.

In 2012, we also introduced the mentoring programme into Southeast Asia. In the Philippines, the MFI sector is experienced in SPM, so mentoring training has been more of a 'master class' for four Philippine organizations – ASKI, Federation of People's Sustainable Development Cooperatives, Microfinance Council of the Philippines and Seed Finance – alongside Philippine and Cambodian-based Oikocredit staff. Participants undertook an assessment and action planning with the Old Santa Mesa savings and credit cooperative, and the participating organizations have incorporated the training into their work, while Oikocredit staff continue to provide support.

In Cambodia, we trained MFIs Amret and Samic, who are delivering the mentoring directly rather than through local consultants. The programme has also disseminated experience through a seminar for chief executives of 15 partner organizations and via collaboration with the local microfinance network.

## Key lessons

The programme's biggest challenge has been the competing organizational priorities of participating MFIs, consultants and organizations. This has highlighted the value of MFIs integrating social performance into their core strategy rather than leaving it to compete with other matters. Close support and monitoring for mentors have also been important. Social performance is ultimately about building organizational awareness and commitment and creating enhanced value for clients while protecting clients from unexpected hardships. We hope that current partners will benefit as much as our Ugandan partner UGAFODE did, which has achieved better outreach to target groups, significant growth in its client base, and improvements in financial and social performance since it participated in the project in 2011.



*The SPM awareness workshop in Nigeria*

# Reaching **low income clients**

Many microfinance partners report poverty reduction as one of their social objectives and use a poverty targeting tool. Over 80 of these partners use the Progress out of Poverty Index (PPI). The PPI facilitates more focused outreach to disadvantaged people and enables partners to monitor change in clients' lives over time. Our regional offices in Latin America and Asia started promoting the use of PPI in 2007, and in 2012 Oikocredit supported 38 partners in using the PPI.

## Poverty outreach of 28 Oikocredit partners

Country	Number partners reporting	% of clients below national poverty line	% of population below national poverty line	% of population below international poverty line (US\$ 1.25 per day)
Philippines	7	22%	31%	18%
Cambodia	3	19%	30%	33%
India	7	11%	17%	35%
Colombia	2	41%	39%	7%
Ecuador	2	20%	33%	2%
Peru	7	24%	31%	1%

This table gives an overview of poverty outreach of 28 Oikocredit partners active in six countries. Collectively they have surveyed 814,030 microfinance borrowers.

## Measuring progress out of poverty over time in Peru

Movimiento Manuela Ramos - CrediMujer in Peru is an Oikocredit partner providing microfinance to over 18,000 women in both urban and rural areas. The organization had used the Progress out of Poverty Index (PPI) in 2009 to profile all its new clients, and used the PPI again in 2012 with a sample of 81 women clients from its La Libertad branch, all of whom it had interviewed in 2009. Staff selected and trained the PPI interviewers and supervised the process.

Use of the PPI over time can help microfinance lenders know whether and to what extent their clients are moving out of poverty. CrediMujer found that eight of the 20 clients surveyed in both 2009 and 2012 whose incomes had been below Peru's national poverty line in 2009 had moved above the line three years later, leaving only 15% of the sample living below this level in 2012 compared with 25% in 2009. At the same time, the number of women with an income at least twice the national poverty level increased from 20 in 2009 to 28 in 2012.

PPI based interviews also revealed improvements in clients' well-being at a household level. In 2009, fewer than half the clients in the survey lived in a home with a cement, parquet or tiled floor, and more than half had floors of earth, wood or other materials (or were homeless). By 2012, nearly three-quarters of the women had a home with a cement, parquet or tiled floor; 24 had improved their floor, and four had moved house. Twenty-five clients in the survey added at least one new room to their home between 2009 and 2012. The number of women living in a one or two roomed home fell from 33 to 14, while those living in homes with at least three rooms increased from 48 to 67. Access to information also increased, as only one household remained without colour television in 2012, compared with nine households in 2009.

Although the select group surveyed would not be considered representative for all of Peru, the survey does show that a group of women clients in its micro-lending programme made gradual and steady progress out of poverty between 2009 and 2012.



CARD, Philippines



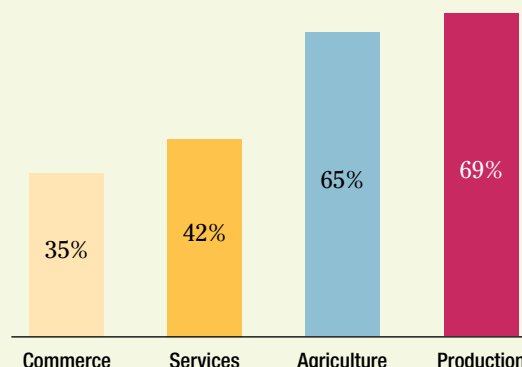
### Surveying client outreach in Guatemala

SHARE in Guatemala is one of 21 Oikocredit partners in Central America which participated in a pilot PPI programme with regional support from Oikocredit. The Oikocredit partner provides microfinance to small and rural enterprises and collected the first sample of relevant client data from 411 clients from seven different branches. The sample took into account a total customer base of 8,438 active clients in May 2012.

Survey sample results showed 49% of clients live below the national poverty line and 51% above. By comparison, national statistics reported for Guatemala show the same percentage of the country's total population living below the national poverty line. The highest percentage was reported for clients involved in agriculture and production. Of those clients living below the poverty line, half were female and half male.

Looking ahead in the region, Oikocredit expects to support seven partners in systematizing the use of the PPI tool in the coming years and using the tool to monitor changes in client's poverty levels over time.

Percentage clients below poverty line per sector



## Holistic approach links health and microfinance

When a poor person experiences an illness, it can be a major setback in their economic situation. The unexpected, urgent costs can burden an individual or an entire family. To tackle this issue, Oikocredit teamed up with Freedom from Hunger to combine health and financial services for microfinance clients in Peru and Ecuador.

Freedom from Hunger has been working with five Oikocredit partners based in the Andes to integrate health education, loans, savings and micro-insurance by linking with health providers. The aim is to develop products and services to help families preserve what they have worked so hard to build up, without losing it all to illness.

The Oikocredit partners taking part in the programme began working with Freedom from Hunger in 2011 to analyze the health concerns and needs of their clients, determine services to provide and identify links with local providers. The research determined the priorities as:

- Educating and raising awareness of health issues
- Forging partnerships with local healthcare providers
- Providing financial products for health, including savings
- Improving insurance programmes

Currently, four microfinance institutions with a combined client base of over 80,000 partners have implemented one or more health products. These include health education, health savings and health loans. Three of the partners are reaching at least 5% of their clients with the new products and planning to replicate and scale up their programmes. As of May 2013, 6,678 clients have received health education and 17,117 clients are using or have access to health savings and health loans.

One of the partners has already expressed an ongoing commitment to continuing and extending the health programme. They aspire to explore and realize opportunities to work with public health providers who are already traveling to more remote, rural areas; to develop health financing products including health savings and health microinsurance; and to incorporate new health curricula. Partners have also expressed a desire to meet with each other to share experiences, lessons learned and to brainstorm ideas for overcoming constraints and for programme replication.



Ecuador and Peru: linking health and microfinance

## Developing women's entrepreneurship

**In 2008, Oikocredit and 11 of its partners were involved in the Microfinance for Decent Work action-research organized by the International Labour Organization (ILO). The programme, which ended in 2012, aimed to measure the impact of decent work innovations on the welfare of microfinance clients. Oikocredit provided support in the screening of partners and analysis of two studies including the IMON study.**

IMON's innovation centred on developing women's entrepreneurship. To address what appeared to be a decline of business activities of women in the country, IMON sought to better understand women's demand for financial and non-financial services, to strengthen its capacity to support women clients and to enhance its connections with its founder Association of Business Women in Tajikistan (NABWT).

IMON's innovation within the programme had two components: entrepreneurship training for women and start-up loans. The ILO trained 37 staff in offering a gender-sensitive training module to prospective entrepreneurs, and IMON then provided the training to 486 women and launched a start-up loan product for women. Programme impacts were assessed among a sample of 906 women,

with a control group of existing clients. Results included improved self-employment, business expansion and increased rates of opening businesses among women who received both training and a start-up loan, better take-up of services and slightly reduced exit rates among new women clients compared with the control group. So far, however, the innovation has not yet empowered women entrepreneurs sufficiently in terms of increased household decision making and reinvesting profits into their business.

IMON has scaled up the innovation and now offers start-up loans, which have proven financially sustainable, as a regular product for women. Overall, between 2009 and mid-2012, 2,164 women received entrepreneurship training through the programme, and 1,285 start-up loans were disbursed. IMON aims to train a further 1,200 women in 2013 and has itself benefited by improving its capacity to deliver financial and non-financial services to women and by increasing the number of trainers on its staff. Other activities undertaken by the company include the launch of a non-financial services department, the development of financial literacy training, a new staff gender policy and staff incentives to reach more women with start-up loans.

## A cooperative market generates benefits



**Members of Cocovico, an Oikocredit partner in Abidjan, Côte d'Ivoire, are mainly women sellers of fresh food produce such as fruit, vegetables, meat, fish and spices. Supported by Oikocredit, Cocovico has built a modern market for cooperative members and non-members, both men and women. Since the market first opened in 2008, traders have also started to sell clothing, cosmetics, bags, shoes, jewellery, electronics and appliances.**

In 2012, Oikocredit evaluated how the market has benefited traders, their households and the wider community,

comparing results with an earlier study in 2009. Based on interviews with the cooperative's managers and a sample survey of long-time and newer market users, 4/5 of them women, our assessment found that the market has generated clear benefits.

Traders who have been present for longer tend to have higher sales and profits, with significantly rising sales between 2009 and 2012 as market users have acquired experience and become more successful. An increasing proportion of traders have invested profits in their business, and more market users had access to credit in 2012 than in 2009.

Members of the cooperative had higher levels of profits than non-members. The market has contributed to job creation, employing 42 people in administration, security, rent collecting and hygiene. It has a dormitory, a literacy training centre and facilities for a health centre (not yet functioning). During Côte d'Ivoire's post-election crisis from late 2010, and despite Cocovico cooperative's income declining during 2011, the market fared better than others in Abidjan, with an influx of users to take advantage of its facilities and relative security.

Cocovico's market has contributed to the fight against poverty. Yet challenges remain, such as reducing the acquisition cost of stores and stalls, starting up the health centre, and improving hygiene, maintenance, management communication with users, and users' access to formal credit.

# Supporting sector initiatives and platforms

**Oikocredit is an active member of a range of sector-wide initiatives, platforms and networks aimed at defining and raising social performance standards in the microfinance industry. Our experience with these partnerships and initiatives has been immensely positive and many have inspired and guided our approach to social performance management.**

## Client Protection Principles (CPPs)

As a member of the steering committee of the Smart Campaign, Oikocredit is active in promoting and developing the CPPs, including assessment guidelines. The CPPs are evolving minimum standards that clients should expect when doing business with their microfinance provider. They cover appropriate product design and delivery, prevention of over-indebtedness, transparency, responsible pricing, fair and respectful client treatment, privacy of client data and mechanisms for complaint resolution. We aim for all partners to endorse the CPPs, review compliance in our due diligence and include compliance as a contractual obligation for partners. A number of our staff have undergone training in assessment of the CPPs, and in 2012 more than 180 Oikocredit microfinance partners participated in CPPs workshops, with over 50 of them also undertaking self-assessments. We have endorsed the Smart Campaign's Client Protection Certification Program, through which microfinance institutions (MFIs) publicly demonstrate their commitment to the people they serve by undergoing an independent third-party evaluation of their standards of care towards clients.

[www.smartcampaign.org](http://www.smartcampaign.org)

## MFTransparency

Oikocredit has been a supporter of MFTransparency since its launch in 2008. This industry organization promotes transparency in pricing in the microfinance sector and provides a tool to calculate the real costs of microloans over time. Oikocredit uses the MFTransparency tool in its due diligence and has supported MFTransparency in seeking cooperation from market players for its detailed country reports.

[www.mftransparency.org](http://www.mftransparency.org)

## Principles for Investors in Inclusive Finance (PIIF)

With a group of like-minded investors and under the leadership of the UN Secretary-General's Special Advocate for Inclusive Finance for Development, Queen Máxima of the Netherlands, we co-developed the PIIF, which provide a framework for responsible investment. We are involved in drawing up the implementation and reporting guidelines for these principles.

[www.unpri.org/piif](http://www.unpri.org/piif)

## Progress out of Poverty Index (PPI)

Our Latin American and Asian offices have promoted Grameen Foundation's PPI among partners. The PPI is a 10 question poverty profiling tool. It enables poverty-focused

MFIs to accurately select their clients. Implementation over time provides information on whether clients have moved out of poverty. Oikocredit supported 38 partners in using the PPI in 2012, and over 80 of our partners are now using this tool.

[www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)

## Social Performance Indicators (SPI)

Our regional offices increasingly use social performance management audit and assessment tools such as the SPI. Developed by the French organization CERISE, the SPI tool provides a comprehensive framework for reviewing an organization's social strategy, the processes employed to implement this strategy and the results of products and services. Key areas impacting an organization's social performance are reviewed, including outreach, benefits to clients and governance. Our offices in Mexico, Central America and the Caribbean have taken forward SPI auditing with 91 out of 105 MFI partners, using the results as a basis for dialogue and support.

[www.cerise-microfinance.org](http://www.cerise-microfinance.org)

## Social Performance Task Force (SPTF)

The SPTF consists of more than 1,300 members worldwide from every microfinance stakeholder group. As a member, Oikocredit has participated in the SPTF's development of standards for social performance management. Until the end of 2012, Oikocredit was one of two investor representatives on the steering committee of the task force.

In June 2012, SPTF introduced the Universal Standards for Social Performance Management which provide a framework for a standardized approach to improving social performance management across the sector.

[www.sptf.info](http://www.sptf.info)

## Study of over-indebtedness in Cambodia

Cambodia has more than 1 million microfinance clients. Concerned about heavy competition among Cambodian MFIs and client over-indebtedness, in 2012 Oikocredit collaborated with its peers in a study of borrowers' experience and perceptions in 44 'microfinance saturated' villages. The study also looked at how MFI lending and client multiple borrowing may drive over-indebtedness. Clients with multiple loans were found more likely to struggle to repay. Our study concluded that the microfinance industry should monitor market penetration and multiple borrowing locally and develop guidelines to prevent over-indebtedness; and that MFIs should limit the number of loans per client and improve repayment capacity analysis and credit appraisal to ensure that clients can meet their repayments.

[www.oikocredit.org](http://www.oikocredit.org)

## Our approach

Oikocredit is one of the world's largest sources of private funding to the microfinance sector. We provide credit to small businesses through intermediary microfinance institutions across the developing world. We also provide credit directly to trade cooperatives, fair trade organizations and small to medium enterprises (SMEs).

We offer a dual return to our investors: social and financial. In addition to earning modest financial returns, investors are secure in the knowledge that their money is being used to fight poverty, promote fair trade and respect our planet's natural resources.

Social performance management is a priority for Oikocredit. Measuring and demonstrating social return on investments is essential, as we strive to know that our investments lead to positive change. In particular, we aim to increase our reach to rural, agricultural communities and are committed to women's empowerment.

We have 854 partners in almost 70 countries. Being close to our clients and knowing their markets through our network of local staff is at the heart of our work.

With a positive track record spanning over 35 years, we know that finance for development works.

## Access to healthcare insurance

The Union des Caisses du Partenariat pour la Mobilisation de l'Épargne et le Crédit au Sénégal (UM-PAMECAS) is a cooperative microfinance institution (MFI) in Senegal which originally began in 1995 as an international aid programme for small credit and savings cooperatives. In 2000, UM-PAMECAS institutionalised and has since grown to become the second largest MFI in Senegal. The MFI now offers savings and credit products to over 500,000 members and clients, employing more than 500 people, half of whom are women. In 2005, UM-PAMECAS started a welfare foundation that provides low-income households access to affordable healthcare insurance and other social services. UM-PAMECAS partnered with Oikocredit in 2008, receiving an initial loan of € 1 million which was mainly used for the expansion into rural areas. A second loan of the same amount was disbursed in 2012, which has contributed to further development of the business and its products. In February 2013, UM-PAMECAS received an award from Oikocredit West Africa for its excellence in social performance management and innovation initiatives.



UM-PAMECAS, Senegal

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

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