

**Oikocredit  
key figures 2016**

**Diversifying for  
the future**

**Developing  
and diversifying  
our portfolio**

**Focus on client  
outcomes**

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# Oikocredit key figures 2016

Key social performance indicators	2016	2015	2014	2013	2012
Clients reached by microfinance partners	40 million	46 million	37 million	28 million	28 million
% Female clients	84%	86%	86%	81%	84%
% Rural clients	48%	51%	50%	47%	56%
MFI clients reached with Oikocredit funds	5.6 million	5.9 million	1.5 million	2.8 million	1.7 million
Microfinance partners with a gender policy	51%	50%	50%	50%	42%
People employed by social enterprise partners <sup>1</sup>	53,600	53,200	124,078	46,607	37,438
of which permanent jobs	36,200	35,000	106,052	31,144	20,556
% Social enterprise partners with environmental policy	82%	73%	73%	70%	72%

<sup>1</sup> Excludes microfinance

## 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).

	2016	2015	2014	2013	2012
Investors	54,000	51,000	53,000	52,000	48,000
Partners in portfolio <sup>1</sup>	801	809	805	815	854
Countries with regional and country offices <sup>2</sup>	31	33	34	36	37
Staff members in full-time equivalents (FTE) <sup>3</sup>	269	258	253	254	250

## Key figures from the consolidated financial statements

€ thousands

Balance sheet	2016	2015	2014	2013	2012
Intangible fixed assets	1,024	1,182	717	-	-
Tangible fixed assets	1,328	623	529	827	630
Development financing outstanding	1,047,226	900,153	734,606	590,540	530,543
Loss provisions	(77,513)	(64,478)	(54,776)	(46,669)	(52,855)
Term investments	112,807	120,188	154,587	146,293	147,336
Other fixed assets	998	1,024	1,137	9,576	8,553
<b>Total non-current assets</b>	<b>1,085,870</b>	<b>958,692</b>	<b>836,800</b>	<b>700,567</b>	<b>634,207</b>
Current assets	123,405	67,656	70,328	78,657	89,113
<b>Total</b>	<b>1,209,275</b>	<b>1,026,348</b>	<b>907,128</b>	<b>779,224</b>	<b>723,320</b>
Group equity and funds	1,069,138	935,002	835,008	677,733	626,098
Non-current liabilities	39,877	34,090	42,262	74,531	68,023
Current liabilities	100,260	57,256	29,858	26,960	29,199
<b>Total</b>	<b>1,209,275</b>	<b>1,026,348</b>	<b>907,128</b>	<b>779,224</b>	<b>723,320</b>
<b>Income statement</b>					
Interest and similar income	79,594	68,855	65,375	50,270	61,116
Interest and similar expenses	(1,544)	(1,381)	(1,242)	(2,336)	(2,929)
Income from equity investments	21,191	3,278	3,940	1,939	7,415
Other income and expenses	4,825	(10,190)	10,784	(18,412)	(7,883)
Grant income	796	3,436	1,862	3,661	2,836
General and administrative expenses	(33,966)	(31,364)	(28,715)	(26,273)	(23,893)
Additions to loss provisions and impairments	(26,947)	(16,984)	(12,454)	(6,382)	(15,581)
<b>Income before taxation</b>	<b>43,950</b>	<b>15,650</b>	<b>39,550</b>	<b>2,467</b>	<b>21,081</b>
Taxes and third-party interests	(2,144)	(1,807)	(4,071)	(1,092)	1,685
Additions to and releases from funds	(12,803)	1,528	(15,013)	11,994	(613)
<b>Net income</b>	<b>29,003</b>	<b>15,371</b>	<b>20,466</b>	<b>13,369</b>	<b>22,153</b>
Expenses as % total assets <sup>4</sup>	2.8%	3.1%	3.2%	3.4%	3.3%
<b>Society net income (available for distribution)</b>	<b>29,003</b>	<b>15,371</b>	<b>20,526</b>	<b>12,560</b>	<b>22,855</b>
Proposed dividend	17,145	15,005	13,200	11,609	10,520

<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.

# Diversifying for the future

**For Oikocredit, 2016 was another successful year with its development financing portfolio exceeding € 1 billion for the first time. The results reconfirm the cooperative's commitment to using investors' funds to improve the quality of life of people in low-income countries by providing financial services to partner organizations.**

Oikocredit delivered another strong set of results in 2016, continuing its solid track record spanning over 40 years. Total outstanding development financing (loans and equity investments) increased by 16.3% to € 1,047.2 million, from € 900.2 million in 2015. Growth was seen in our four strategic focus areas of inclusive finance, agriculture, renewable energy and Africa. Overall portfolio growth (16.3%) was well above our projected growth rate of 10%.

The past year's portfolio growth was made possible by healthy capital inflow from our members, support associations and investors and through the mobilization of capital via banking partnerships. Our investors' loyalty is a major strength, as is our unrivalled dedication to social impact, but we cannot be complacent and we always aim to optimize delivery of our mission.

## 2016-2020 strategy

We have begun to implement our 2016-2020 strategy and are pleased with progress to date. The strategy commits us

to seek the right balance between social, environmental and financial returns.

While inclusive finance will remain a significant part of our portfolio, as more lenders enter the sector we are pursuing further diversification into agriculture and renewable energy, business development and innovation. With our work also facing challenges from prevailing low interest rates, we intend to further strengthen our organization and to become even better at 'doing good'.

## Outlook

We will continue to implement our 2020 strategy, aiming for steady annual growth of 10%. We are working to 'future proof' our systems and processes so that Oikocredit can meet new challenges as they arise, while bringing all our valued stakeholders along with us. Continuing to balance our goals will remain a major task as we strive to empower low-income people and communities sustainably around the world.



Annika Ngobeni makes traditional skirts using micro loans from the Small Enterprise Foundation (South Africa).

# Developing and diversifying

**In 2016 Oikocredit maintained solid progress in credit, equity and business development while continuing its planned diversification.**

We saw steady growth in our loan portfolio in 2016 at a time of maturing microfinance markets. We continued our strategic diversification into agriculture and renewable energy and our focus on Africa. In equity we increased our long-term investing in, and strategic support for, selected partners while seeking new opportunities.

Our business development strategy guides us in identifying and developing innovative sectors, markets and products, and this has begun to generate new projects.

## Focus areas

Oikocredit's inclusive finance portfolio of loans and investments, including financing for microfinance institutions and lending to banks that support small

to medium enterprises (SMEs), grew by 10.8% from € 735.3 million to € 814.5 million and supported 536 partners. We approved € 300.5 million and disbursed € 319.3 million in inclusive finance. In line with our diversification strategy, inclusive finance decreased as a percentage of our total development financing portfolio to 77.8% (from 81.7% in 2015).

In agriculture our outstanding portfolio (loans and investments) grew by 38.8% from € 113.3 million to € 157.3 million, with 197 partners. With approvals of € 57.0 million and disbursements of € 81.6 million, agriculture's share of the total portfolio increased to 15.0% (from 12.6% in 2015).

We saw strong portfolio growth of 150.3% in renewable energy, from

€ 15.9 million to € 39.8 million, and the number of projects rose to 20. Approvals at € 22.7 million and disbursements at € 28.4 million both increased. Renewable energy now comprises 3.8% of our total portfolio (up from 1.8% in 2015).

In Africa, our priority region, the outstanding portfolio grew by 19.4% from € 158.1 million to € 188.7 million. We approved € 92.4 million and disbursed € 86.2 million in loans and investments, and now support 197 partners across the continent.

Overall, the quality of our portfolio continued to improve.

## Growth in credit and equity

Oikocredit's outstanding credit portfolio grew by 13.4% from € 822.9 million to



Cleaning the solar panels on the roof of the ONergy building in Kolkata (India). ONergy is the brand name for products marketed by Oikocredit partner Punam Energy Private Limited.

# our portfolio



Stana Greceanu at work on her farm. She and her husband are clients of the Romanian microfinance institution Patria Credit IFN SA.

€ 933.4 million. We approved 232 new loans during the year, down from 251 in 2015, and our total number of credit partners fell slightly to 767 (from 776).

While inclusive finance still makes up the largest part of our loan portfolio, lending in our focus areas of agriculture and renewable energy increased markedly. Our credit strategy emphasizes the need to balance social and environmental impact, risk and profitability.

We exceeded our target in equity by approving investments of € 20.3 million and disbursing € 41.4 million, increasing the portfolio's size from € 77.3 million to € 113.8 million. We continued to focus our equity investing on inclusive finance and throughout the agri-business value chain.

We made five new and 17 follow-up equity investments in 2016 and sold our equity stake in the Cambodian microfinance institution Hattha Kaksekar Ltd, which has benefitted considerably from our close support since 2008, for

€ 19.1 million. As a shareholder and board member we actively help our equity partners – currently there are 57 – to enhance their social performance.

## Business development

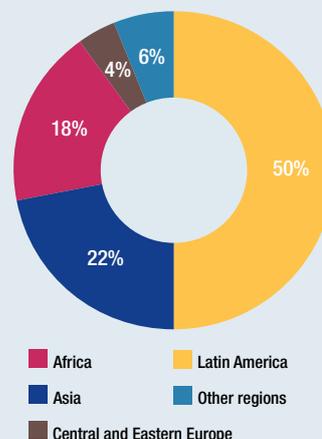
In 2016 Oikocredit's business development unit, which serves both our credit and equity operations, completed its first full year of activity. Our business development strategy focuses on innovation in terms of sectors, markets and products. Potential new sectors we are exploring include healthcare, education, water and sanitation, social housing and waste management. We are especially keen to support SMEs, mainly through intermediary financial institutions.

We seek to foster a culture of innovation within Oikocredit. In 2016 we held our first ideas competition, inviting staff and support associations to present potential business opportunities. The winning idea, for which we have approved funds, is a holistic social housing project in Guatemala.

## 2016 in graphs

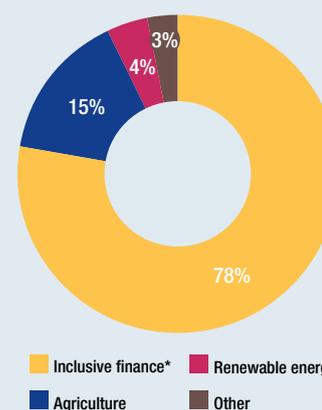
### Funding by region

As at 31 December 2016



### Funding by sector

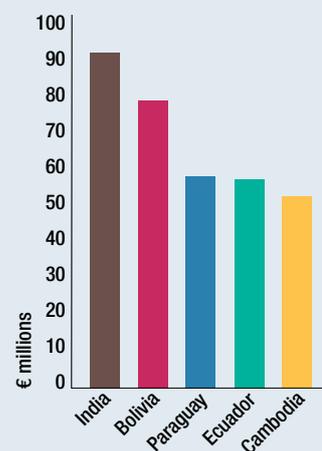
As at 31 December 2016



\* including microfinance and SME finance

### Countries with highest capital outstanding

As at 31 December 2016



# Our partners reach 40

Oikocredit provides funding in 70 countries

## Supporting access to markets

Oikocredit also finances a small number of 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.

801 partners

54,000 investors



### Ecuador **UNOCACE**

Unión de Organizaciones Campesinas Cacaoteras del Ecuador (UNOCACE) is a cooperative association of 12 grassroots cocoa producer organizations comprising almost 800 farmers in south-west Ecuador. Established in 1999, UNOCACE has ECOCERT organic and Fairtrade certification. It produces, markets and exports high-quality cocoa beans and provides members with technical training, pre-export finance and quality control. Most individual members own less than five hectares of land, and many combine crop cultivation with livestock and forestry to ensure a more regular income. Helped by an Oikocredit credit line and long-term loan, UNOCACE has established a good network of international buyers for its cocoa.



### Ghana **PEG Africa**

Working with financing partners responsibility and SunFunder, Oikocredit supports PEG Africa, which supplies off-grid solar home systems to low-income and rural communities in Ghana. PEG Africa serves peri-urban and rural clients typically earning less than US\$ 6 a day as smallholder farmers or fishers. Each solar home system comprises a battery, solar panel, lamps, torch, radio and phone charger, providing clean energy and helping to improve living conditions, income, health and education. Clients pay by instalments and are eligible for credit for additional products such as efficient cookstoves. PEG Africa aims to supply 500,000 households with off-grid energy by 2020.

# million people



€1,047  
million  
development  
financing



## Tajikistan

### Bank Eshkata

Bank Eshkata was founded in 1994 in Khujand, Tajikistan, and became an Oikocredit partner in 2016. With a focus on serving SMEs and close to 600 branches, sub-branches and money transfer points across the country, Bank Eshkata is family-run with several international minority shareholders, including the European Bank for Reconstruction and Development. It offers innovative solutions and products including low-interest loans to support clients in investing in renewable energy, drip irrigation systems and greenhouse equipment. Eshkata has endorsed the SMART Campaign's Client Protection Principles and aims to strengthen its impact on social wellbeing and its focus on environmental protection.



## India

### Darjeeling Organic Tea Estates

Darjeeling Organic Tea Estates Private Limited (DOTEPL) has purchased and renovated 15 abandoned tea estates in Darjeeling and Assam, north-east India, where workers have often been left abandoned by former owners. Its first estate, Ambootia, is internationally known for its delicious organic high-quality tea. An Oikocredit equity partner, DOTEPL is strongly committed to workers' welfare, local producers and best ecological practices. Its workers benefit from a living wage, estate housing and food, fuel, footwear, protective clothing, basic medical treatment, free milk for infants, free primary education for children and a good social security package.

# Focus on client outcomes

**Oikocredit's mission of empowering low-income people sustainably commits us to prioritize social performance. Partner capacity building and a focus on client outcomes have become increasingly essential to this work.**

Capacity building for partners is crucial if Oikocredit's core business of providing access to financial resources is to build resilience and generate positive social impact. We now structure partner capacity building around three global thematic programmes: agriculture, financial services and client outcomes. In 2016 we completed the first full-year's implementation of this approach and increased our capability in fundraising and analysis.

With financing from donors and our support associations, and using our own funds, we approved 45 capacity building engagements in 2016 and spent € 490,000. Of these funds, € 196,000 went to Africa, € 207,000 to Latin America, € 83,000 to Asia and € 4,000 to global initiatives.

## Working thematically

Our capacity building in agriculture involves work with agricultural cooperatives and other organizations to improve business management and governance, and to develop knowledge and skills. The goals are to increase farmer welfare and for farmer-based organizations to better access markets and loans. This requires strengthening at all levels so that staff become more knowledgeable about operational and

financial management and analysis; board members better understand their organizations' strategic vision and reporting; and farmer members and suppliers gain from financial literacy training and increased awareness of their responsibilities.

In financial services we use capacity building to strengthen partners' organizational performance and risk management, and to help them sustainably improve their clients' quality of life. We have provided social performance management capacity building for microfinance institutions in 15 African, Asian and Latin American countries. Our advocacy of client rights through the promotion of the SMART Campaign's Client Protection Principles has brought positive results through partner endorsements of, and formal assessments against, the principles.

Our client outcomes programme combines training and research to build partners' capacity to track, interpret and report changes in clients' lives over time. The programme currently supports 14 microfinance institutions, mainly in India, the Philippines and Nicaragua. We aim to reach 50 partners by 2020. When a partner joins the programme, we assess the specific nature of the poverty its clients face and provide



Valeria González is a quality control employee at Manos del Uruguay, a non-profit fair trade organization selling wool and a range of products made from wool.



Strawberry farmer Manuel Mungobusi is a client of Ambato, an Ecuadorian savings and credit cooperative. Oikocredit investors and volunteers visited him during a study tour to Ecuador in 2016.

training in client data management and analysis. We have shared findings from this programme at peer and academic conferences to drive learning across the sector.

### Donor partnerships

We are enhancing Oikocredit's stewardship of capacity building grants and strengthening our fundraising capabilities in this area. The Church of Sweden, an Oikocredit member, remains a key donor and partner, particularly for training innovations in building organizational and farmer-level resilience with agricultural cooperatives. Another member, the Evangelische Landeskirche (Evangelical-Lutheran Church) in Württemberg, south-west Germany, has committed to fund two capacity building programmes.

We have strengthened ties with the US Agency for International Development (USAID), which has supported our staff training in West Africa, and formed a new partnership with the Inter-American Development Bank to deliver a three-year price risk management project in Latin America in cooperation with Fair Trade USA and Catholic Relief Services. This project aims to bring together value-chain actors to address challenges of

sustainable agriculture, promote the inclusion of smallholder farmer cooperatives in high-value markets, and mitigate the effects of price volatility.

### Environmental strategy

In 2016 Oikocredit finalized a multi-year environmental strategy, which includes further improving internal operations, seeking out 'green' projects and helping partners prepare for natural disasters. To complement our expanding agricultural and renewable energy portfolio, we updated our environmental assessment guidelines, aligning them further with the International Finance Corporation sustainability standards, and improved our environmental due diligence. With our renewable energy unit much involved, we have selected and defined environmental indicators for renewable energy projects.

We continue to calculate and offset our carbon footprint. Funds from our CO<sub>2</sub> compensation fund paid for the installation of a photovoltaic system at the CANDELA nut processing factory in Puerto Maldonado, Peru, and for solar office roof panels at our Indian subsidiary Maanaveeya in Hyderabad, India.

# Healthy inflow and strengthened relationships

**Oikocredit achieved a very satisfactory level of incoming capital in 2016. Besides providing and attracting all-important funds, our members, investors and volunteers help raise awareness about our mission.**

Working with our support associations, members and social and ethical banks, in 2016 Oikocredit raised € 94.3 million in net lendable funds (gross inflow minus redemptions). Gross inflow from our approximately 54,000 investors showed healthy growth.

We commenced new strategic partnerships with two social banks: Alternative Bank Schweiz (ABS), Switzerland, and Banca Etica, Italy, while enhancing relations with the Global Alliance for Banking on Values. ABS's new Oikocredit savings account sparked much interest and helped our Swiss support associations gain stronger recognition.

We established our members' council in 2016 and finalized an inflow network strategy for the coming five years in collaboration with our support associations.

Oikocredit members, our 30 support associations and our banking partners play a key role in educating the public and attracting capital inflow. Twenty-one support associations reported mobilizing almost 500 volunteers in 2016, holding or attending about 600 events and reaching more than 30,000 people. We greatly appreciate our volunteer support association board members, many of whom undertake a heavy workload.

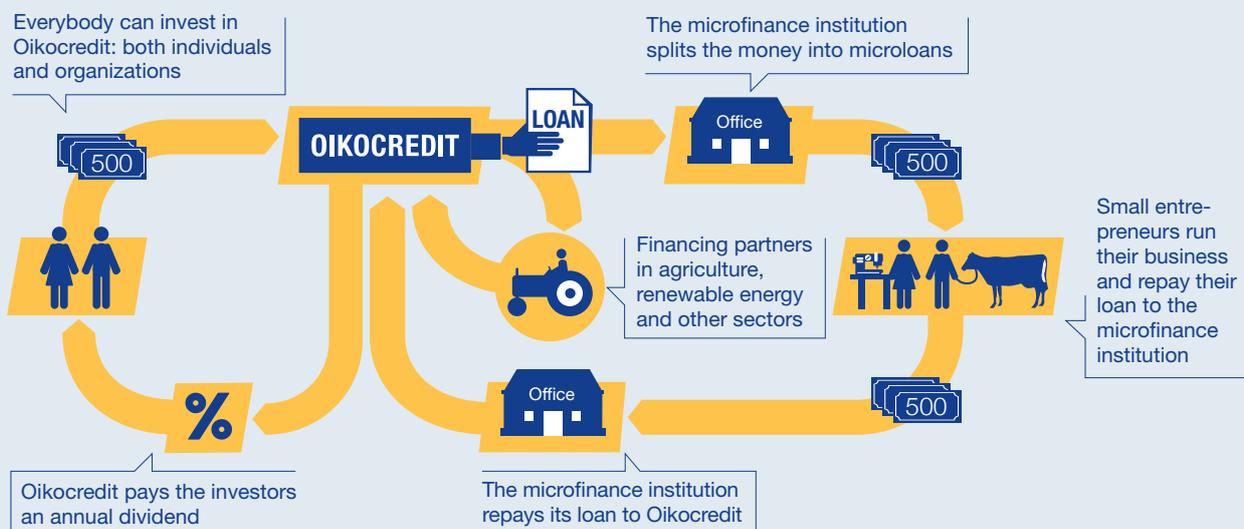
Roadshows, study tours, partner visits and webinars for members and investors help the support associations promote Oikocredit's mission, raise awareness and instil confidence in our work. We held two roadshows in 2016: one across Canada and the other in Austria, Germany and the Netherlands; both roadshows placed our work in the context of the United Nations Sustainable Development Goals.

Our study tour to Ecuador provided investors, inflow staff and volunteers insight into the social development we support there, including women's economic empowerment.

We also organized a visit for support association staff and investors to our Egyptian partner SEKEM, a social enterprise and organic food producer.

## 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

**Karen Knopf, a finance and accounting consultant for not for profit organizations, lives and works in Toronto, Canada with her family. She is an outdoor enthusiast, committed to cooperative and environmental issues, and served as an Oikocredit Canada board member in 2014 and 2015.**

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

I've been an investor for a couple of years. I was familiar with Oikocredit as an alternative investment for many years through my work but I didn't invest until I was more actively involved through the Oikocredit Canada board. I got to meet a lot of people who are very dedicated, clever and kind of fun. And I got to put my money where my mouth is.

## What inspired you to become an Oikocredit investor?

The story that is the simplest and most understandable for me, and as a woman has more power, is where my dollars are placed and where they are put into action. Capital can make a difference. We see that in so many different ways.

## You have both a professional and personal interest in social investing. What do you think is more important?

I'm not sure how you separate them. Generally I've been pretty lucky in that I've been able to apply my trade and skills in organizations doing things that make a difference. When I volunteer I try to make a difference, and when I invest my money I try to make a difference. Because Oikocredit uses ESG (environmental, social and governance) screens, it automatically gets through the gate in my portfolio. And then it does so much more with investing, in and with women, and renewable energy and solar power, so it appeals on a lot of different levels.

## You have a strong interest in environmental issues. How does Oikocredit fit into that?

Certainly the renewable energy investments they've been making are important. And fair trade as well. Often fair trade activities are less harmful and smaller scale. Environmental issues are important issues to me and I think they should be important for everybody, and Oikocredit addresses those on many levels.

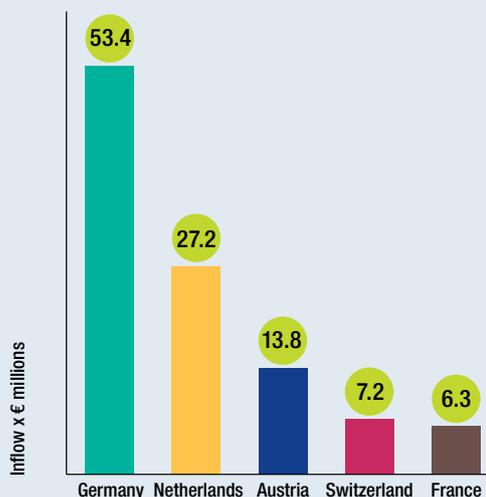


Karen Knopf

# 2016 in graphs

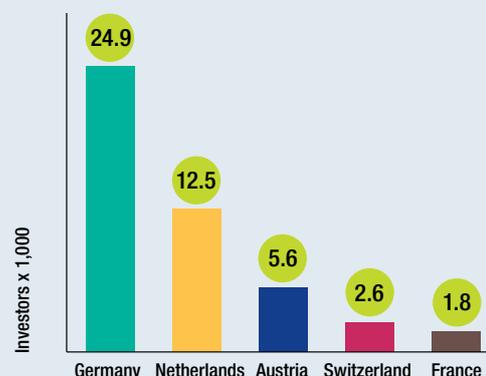
## Net inflow

Top 5 countries as at 31 December 2016



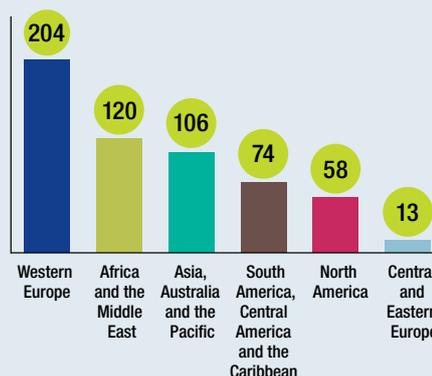
## Number of investors

Top 5 countries as at 31 December 2016



## Number of members per continent

As at 31 December 2016



## Present on the ground

Oikocredit's worldwide network of local offices in 31 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:

- Financial institutions ranging from small, rural cooperatives to larger, more established microfinance banks and banks providing financing to small and medium enterprises
- 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

## Kompanion Bank – support for smallholder farmers

Jazdagul Borbukova (front cover) is a sheep farmer in Kochkor village, Kyrgyzstan, and a client of the Kyrgyz microfinance institution Kompanion Bank. Jazdagul and her husband previously had only a few animals, but now they breed sheep and have a better income, thanks to training and a loan from Kompanion.

Kompanion, an Oikocredit partner since 2007, has more than 110,000 clients. It provides micro loans and technical assistance to Kyrgyz smallholder farmers, livestock herders and shepherds, while promoting sustainable agriculture. In 2014 Kompanion won the European Microfinance Award for its ethnological approach to pastureland management.



Kompanion veterinarian Aibek Salykov (right) providing Jazdagul Borbukova with guidance on how to breed sheep.

Photographs Omeier Reports (including cover), Miriha Montalván, Nicolas Villaume, Oikocredit partners

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



### Oikocredit International

T +31 33 422 40 40  
F +31 33 465 03 36  
E [info@oikocredit.org](mailto:info@oikocredit.org)

Berkenweg 7  
3818 LA Amersfoort  
The Netherlands

PO Box 2136  
3800 CC Amersfoort  
The Netherlands

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