

Introduction

Oikocredit UA is a social impact investor and worldwide cooperative with over four decades of experience in promoting sustainable development. The principle of empowering low-income people to improve their livelihoods is central to our work.

Oikocredit supports organisations in developing countries through loans, equity investments and capacity building. We seek to respond to the needs of these organisations and the people they serve by offering solutions that go beyond financing.

In 1995, Oikocredit established the **Stichting Oikocredit International Support Foundation (ISUP)** to, among other objectives, strengthen and complement Oikocredit's development financing efforts in low-income countries with capacity building and/or technical assistance supported by grant funding. Under the service-level agreement between ISUP and Oikocredit UA, the capacity building programmes and projects described in this report were undertaken in 2020.

Capacity building: our unique approach

The capacity building and technical assistance provided with support through ISUP helps Oikocredit UA partners: acquire new knowledge, skills, technology, access to markets, and strengthens their capacity for governance and management, both in financial and social performance.

Oikocredit UA is guided by the following standards in its efforts to help strengthen its partners' social performance:

1. the Smart Campaign's Client Protection Principles (CPP)
2. the Social Performance Task Force's Universal Standards on Social Performance Management (USSPM)
3. the Consumer Protection Code created by GOGLA, the global association for the off-grid solar energy industry.

Helping its partners improve their social performance goes towards supporting them to achieve their growth and sustainability goals, and their social mission.

Oikocredit's capacity building programme is focused on five themes.

1. Financial inclusion: promoting ethical, responsible access to finance in a digitising world.
2. Financial inclusion: helping financial institutions support SMEs to create sustainable jobs.
3. Agriculture: supporting sustainable agriculture for smallholder farmers.
4. Renewable energy: improving household access to clean energy.
5. Social performance management: embedding and advancing social performance management, including use of the CPP and USSPM.

Capacity building activities in 2020

2020 was a year like no other, especially for economically vulnerable groups, who bore the brunt of the pandemic and its consequences. We redoubled our support for the wellbeing of our partners' staff, end-clients and members, and we provided additional emergency funding through a solidarity fund. At the start of 2020, Oikocredit had 11 capacity building programmes operating, and during the year we undertook a further 9 new initiatives. Our capacity building spending over the year was € 0.7 million (the same as in 2019), supporting 71 current and potential partners in 26 countries. 79.1% of this support was for partners in the agriculture sector, 19.7% for financial inclusion and 1.2% for other sectors. The regional split was

24.8% for Africa, 2.8% for Asia, 61% for Latin America and the Caribbean, and 11.4% for global programmes. We are pleased to have maintained this level of capacity support during the pandemic.



Countries where partners received our capacity building support ● Financial Services ● Agriculture

Examples of our capacity building projects

Coronavirus solidarity fund

- **Project overview.** Supporting end-clients and members of Oikocredit partners in meeting new Covid-19 regulations.
- **Partners involved.** By the end of 2020, 38 partners in 19 countries in Africa, Asia and Latin America and the Caribbean were supported through the coronavirus solidarity fund.
- **Project goals.** Help partner organisations stay open by providing funding that goes towards meeting new Covid-19 regulations.
- **When it happened.** 2020 to present.
- **Making it possible.** In the first quarter of 2020, the Oikocredit International Support Foundation (ISUP) created the coronavirus solidarity fund with an initial € 25,000 from Oikocredit. Members and investors also made contributions and by the end of the year, the fund had distributed € 70,287 to the most at-risk partners and their clients. The funds went towards protective equipment, sanitation items and other safety materials as well as Covid-19 awareness training. Oikocredit partner Unocace, for example, used the funds to deliver ‘food kits’ and other supplies to their most vulnerable clients in Ecuador.



With support from the coronavirus solidarity fund, partner Advans Nigeria carried out Covid-19 awareness training for its staff, end-clients and the community.

Advans Nigeria



Awareness and Relief measures with Akshaya Patra

Akshaya Patra Foundation – ISUP end-beneficiary



Unocace

Innovation in Response to Covid-19

- **Project overview.** Supporting the most vulnerable end-clients of several Oikocredit partners in coping with Covid-19 through innovative solutions.
- **Partners involved.** By the end of 2020: two partners in Africa and one partner in Asia.
- **Project goals.** As of December 2020 two projects have been approved with the following goals.
 - ***Digital Solutions for Rural Clients in the Face of the Covid-19 Pandemic.*** Supporting two Ugandan Project Partners, Encot Microfinance Ltd and Rushere cooperative Savings and Credit Society Ltd, to refine and/or design digital products so that their rural clients can continue to access financial services and their activities are not disrupted. This is a project that Oikocredit is doing together with the [Responsible Finance Inclusive Facility](#) from the SPTF and has a term of six months.
 - ***Business Development Services to help Diversify Livelihoods of Covid Affected Clients*** with Chamroeun Microfinance plc. This project will provide integrated services for those families hardest hit by the pandemic. The intention is to support those families who are greatly affected and who wish to engage in new economic activities with free business development services that will help them reduce the risk of business failure in their new enterprise. The targets are to reach at least:
 - ✓ 200 households to receive training for establishing new income-generating activities
 - ✓ 50% accessing finance from Chamroeun to support their new business venture.
- **When it happened.** August 2020 to present.
- **Making it possible.** The funds for this programme have been contributed by Oikocredit International Support Foundation, Oikocredit Stiftung Deutschland and Oikocredit Nederland.

Rwanda Tea Seedling

- **Project overview.** Strengthening of two farmer cooperatives in Rwanda to improve their practices in tea seedling production.
- **Partners involved.** Karongi Tea Factory (Oikocredit's partner) leads the project supporting Karongi's two farmer cooperatives: Katecogro and Cothemuki.
- **Project goals.** 2,000 new smallholder farmers in Rwanda supported in acquiring high-quality tea seedlings, mentoring and developing their skills in high-quality tea farming to diversify their income to reduce incidences of extreme poverty.
- **When it happened.** March 2020 to present.
- **Making it possible.** The funds for this two-year project, worth around € 140,000, were mostly raised through Oikocredit's West German Support Association.



Our donors

In addition to donations from Oikocredit investors and non-investors, as well as Oikocredit's own contribution, our capacity building activities are funded by grants and donations raised through ISUP. Key 2020 ISUP donors and strategic partners included:

- ACT Alliance
- Church of Sweden
- Evangelische Landeskirche (Evangelical-Lutheran Church) in Württemberg, Germany
- Multilateral Investment Fund managed by the Inter-American Development Bank
- Oikocredit Stiftung Deutschland
- Oikocredit Nederland
- Swedish International Development Cooperation Agency (Sida)
- USAID.

Outlook for 2021

Oikocredit has qualified as an implementing partner in the [Smallholder Safety Net Upscaling Programme \(SSNUP\)](#), coordinated by the Swiss Agency for Development and Cooperation, the Luxembourg Directorate for Development Cooperation and Humanitarian Affairs, and ADA Microfinance. This € 55 million, 10-year, public-private partnership aims to support at least 10 million smallholder farmers in Africa, Asia and Latin America by boosting the development of agricultural value chains. Oikocredit is one of five impact investors that will provide and facilitate technical assistance to agricultural organisations through the programme. A first application has been submitted to support the development of weather index-based insurance for smallholder farmers in West Africa.

The ISUP Articles of Association will be updated in early 2021, introducing important adjustments such as the possibility of providing subsidised/concessionary loans. This is aimed particularly at organisations that have undertaken a capacity building programme and then need financial resources to put their learnings into practice and build a financial track record which could eventually qualify them for a loan from mainstream sources. The aim is to pilot this new service under a 3-year programme with the Church of Sweden and [We Effect](#) in a programme called: Innovative Finance for Improved Livelihoods in Kenya and Uganda.

Moreover, in collaboration with ISUP, Oikocredit will continue to provide capacity building support to strengthen organisations in the inclusive finance, agriculture and renewable energy sectors to improve the welfare of low-income entrepreneurs and smallholder farmers. The Covid-19 pandemic and the resulting economic crisis have hit these stakeholder groups the hardest. Therefore we see that providing capacity building support as a catalyst for development is more relevant than ever.