



**Sustainability
and solidarity**

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Photograph front and back pages:

Vaishadi Rahul Hingmire sells flowers from a small shop with a street stall in Pune, India. She has been a client of Oikocredit partner AMCCSL for 15 years. Read more on page 16.

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Numbers that matter: in brief

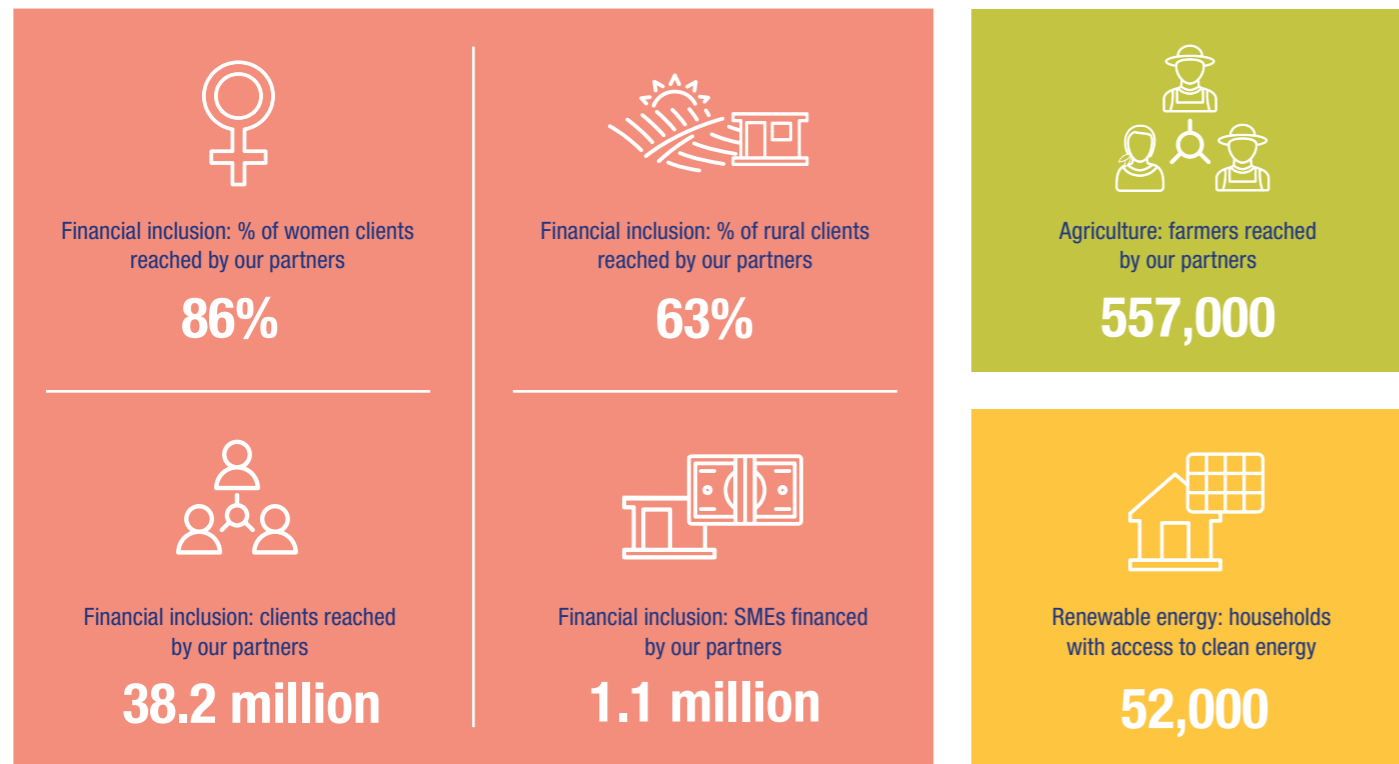
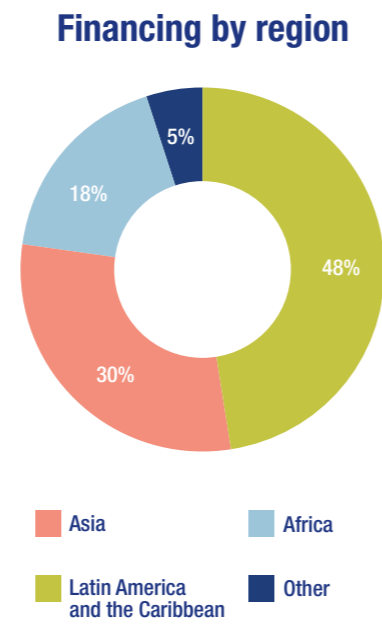
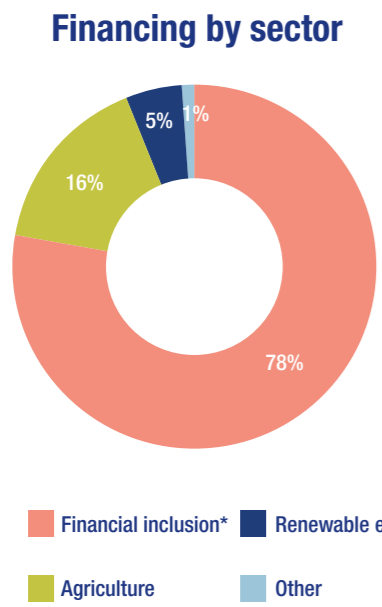
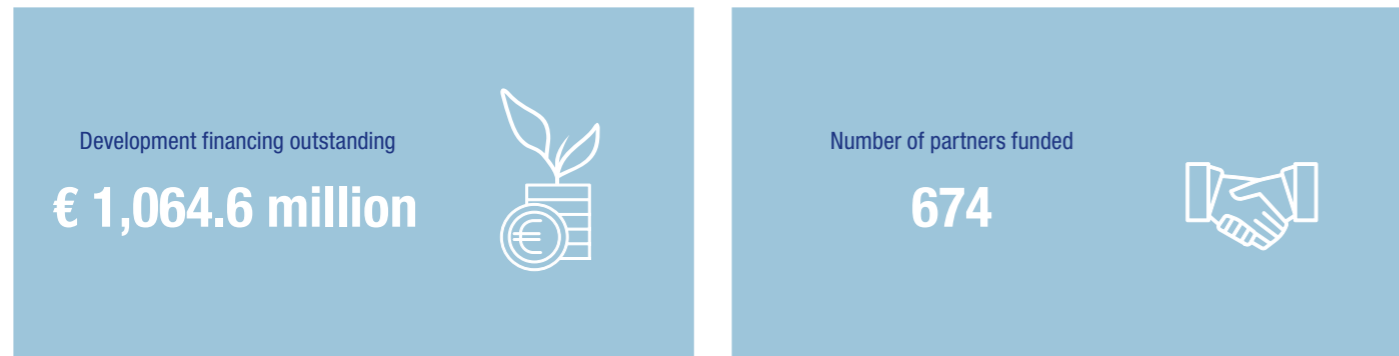


Photo: Carla Manten Fotografie

Strength, stability and solidarity

Forty-five years ago, when Oikocredit began, its founders were aware of the world's problems. Issues dominating headlines included apartheid in South Africa and the Vietnam War. Their reaction to the injustices they saw was to start Oikocredit, creating opportunities both for responsible investment and for disadvantaged people to improve their lives.

Across the decades and through the tumult the world has continued to experience, these two principles remain embedded in Oikocredit's mission. Responsible investment and increasing the choices available to people on low-incomes are at the core of our work and inseparable from one another.

This report evidences how the financing and capacity building Oikocredit offers to partner organisations enables them to enhance the choices they offer to low-income people, and also how the choices our partners make available can help low-income people improve their lives, as explained in the stories shared on pages 16, 17, 20 and 22.

We share data from our activities in 2019, but we also show how the coronavirus has put an emphasis on resilience and continuity through the crisis, both in our own work and that of our partners. On page 11, for example, you can read about capacity building initiatives we developed in direct response to the pandemic.

We work closely with our partners to understand their needs and offer targeted support. By doing this, we enhance their ability to weather challenges and continue the important work they do serving people on low-incomes, which is especially important when the most disadvantaged are suffering hardest.¹

None of this would be possible without the loyal and patient support of our members, investors and donors. They – like Oikocredit's founders – look at the world's problems and respond with compassion, solidarity, and the drive to contribute towards a brighter future for those less fortunate.

I hope Oikocredit supporters reading this report will feel inspired to continue in their commitment to Oikocredit's mission well into the future.

Thos Gieskes
Managing Director
Oikocredit

How we work

Oikocredit* is a social impact investor and worldwide cooperative with 45 years of experience in promoting sustainable development through financing and capacity building. The principle of empowering low-income people to improve their livelihoods is central to our work.

Our loyal and committed investors, members and donors provide the funds for the loans, equity investments and capacity building that Oikocredit provides. We offer our products and services to organisations reaching people with low incomes across Africa, Asia, and Latin America and the Caribbean.

To maximise our social impact, we focus on three sectors: financial inclusion (more on pages 14-17), agriculture (more on pages 18-20) and renewable energy (more on pages 21-22).

Our local presence is essential for selecting the right partners to work with and for providing capacity building (see pages 9-11 for more on capacity building). We strive for long-term relationships with our partners.

The loans, equity investment and capacity building that Oikocredit provides helps our partners build strong, sustainable and social businesses. In turn, our partners increase their outreach and improve access to products and services that meet the needs of people on low incomes.

Oikocredit prioritises this social impact while safeguarding the environment and aiming to generate fair financial returns.

The social impact created includes:

- Opportunities to increase income, savings and insurance coverage
- Stronger businesses and enterprises
- Access to resources to invest in a better future and manage life's downturns

Total assets
€ 1,310.4 million

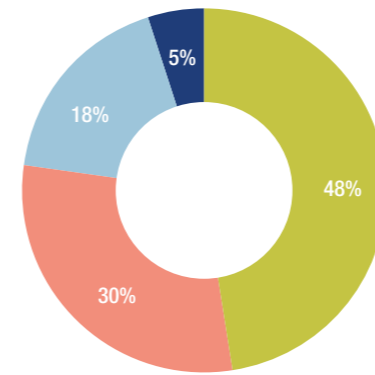


Development financing outstanding
€ 1,064.6 million

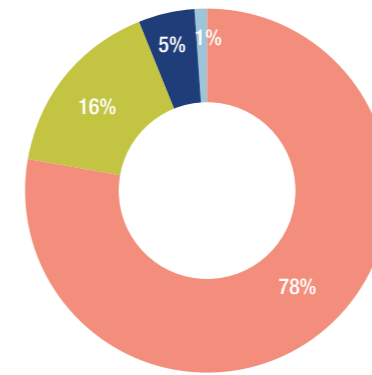


*Oikocredit Ecumenical Development Cooperative Society, which provides its members and investors the opportunity to invest in the development financing of its partners, and the Oikocredit International Support Foundation (ISUP), which provides capacity building support to Oikocredit partners, both belong to the Oikocredit group ('Oikocredit').

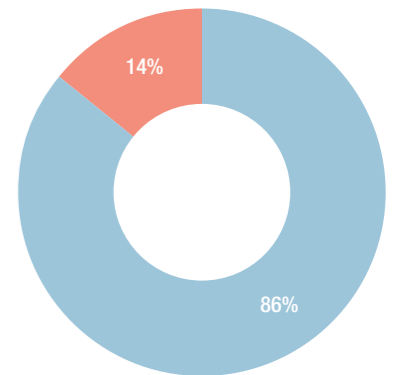
Financing by region



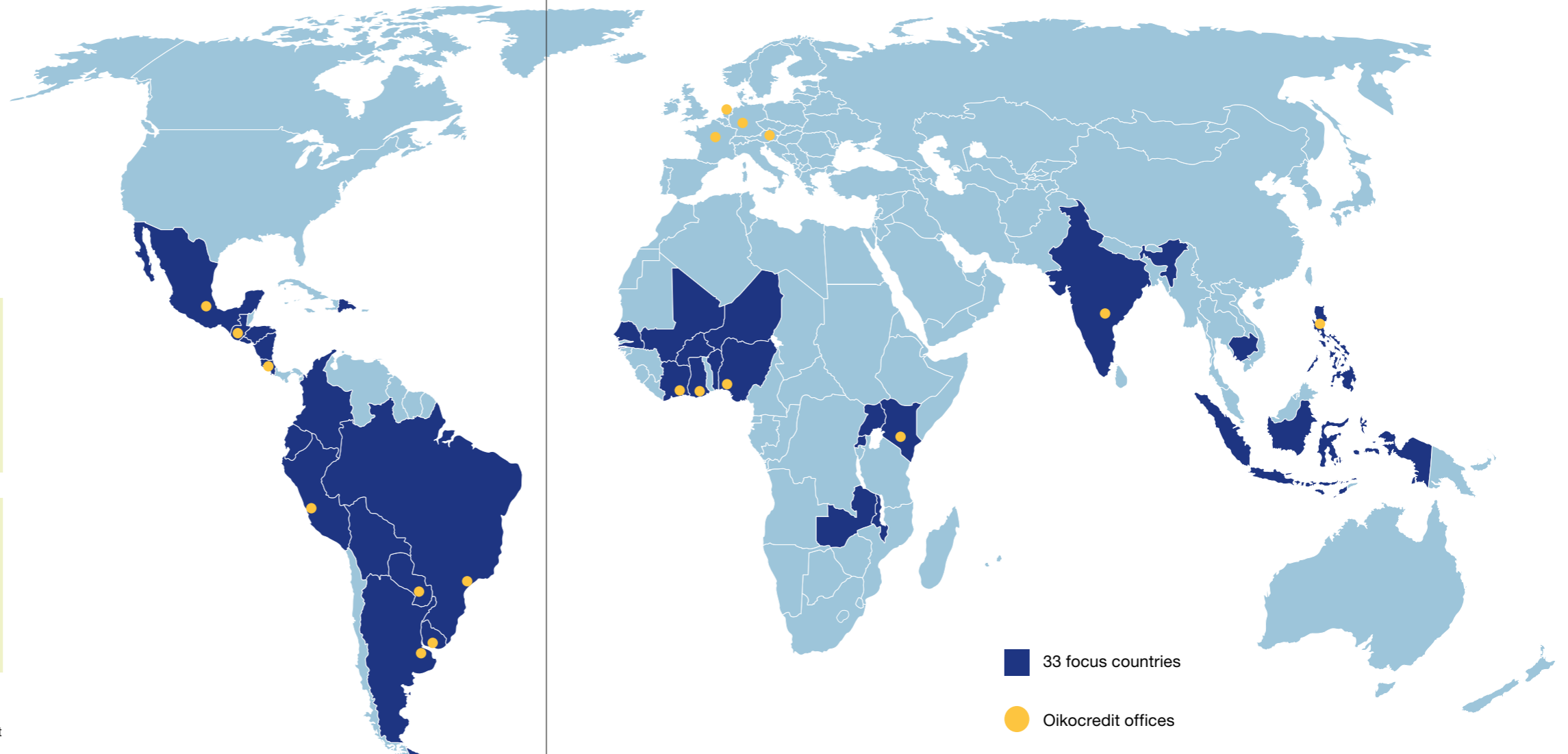
Financing by sector



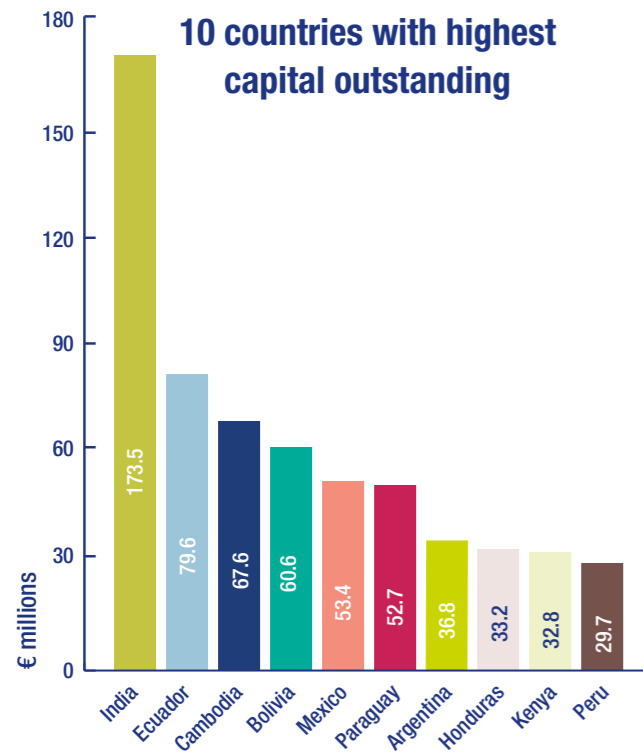
Type of financing



Our presence and focus



How we work



Number of partners funded

674

Number of cooperatives financed

157

Average outstanding financing per partner

€ 1.6 million

Staff members (in full-time equivalents)

201

Credit approvals: € 385.6 million
Equity approvals: € 24.6 million

Total financing approved in 2019

€ 410.2 million

Oikocredit's total annual carbon footprint

946 tonnes

We continue to offset our carbon footprint with Fairtrade and Gold Standard certified carbon credits via the FairClimateFund.



Capacity building: our unique approach

Oikocredit's mission – to improve the quality of life of people with a low income – is directly linked to the work of our partners. Where our partners have the potential to further improve performance, they can increase their social impact.

The capacity building that Oikocredit provides helps our partners acquire new knowledge, skills, technology and access to markets, and strengthens their capacity for governance and management, both in financial and social performance.

The standards we use to help strengthen our partners' social performance include the Smart Campaign's Client Protection Principles (CPP), the Social Performance Task Force's Universal Standards on Social Performance Management (USSPM), and the Consumer Protection Code created by Gogla, the global association for the off-grid solar energy industry.

By helping our partners enhance their performance, Oikocredit supports them to achieve their growth and sustainability goals, and their social mission.

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

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

Oikocredit provides capacity building support through:

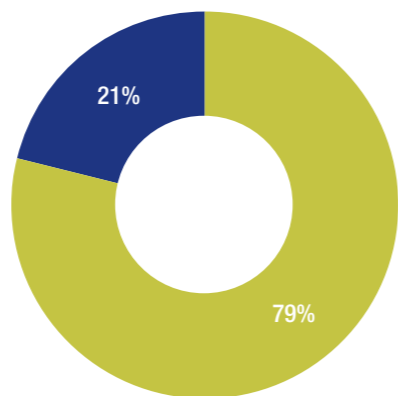
- Direct provision of services by Oikocredit staff
- Capacity building and technical assistance programmes using donor funding
- Referring our partners for support provided by Oikocredit's strategic partners

Our donors

As well as donation funds from our investors and Oikocredit's own contribution, our capacity building activities are funded by donors including:

- Brot für die Welt, Germany
- Act Church of Sweden
- Evangelische Landeskirche in Württemberg, Germany
- Multilateral Investment Fund, managed by Inter-American Development Bank
- Oikocredit Foundation Germany

Who received capacity building?



■ Potential and existing financial inclusion partners
 ■ Potential and existing agriculture partners



Money spent on capacity building

€ 0.7 million



Number of partners and potential partners that received capacity building

75



Number of countries where capacity building took place

24



Farmers reached by agricultural capacity building programmes

42,000



Training for Oikocredit coffee cooperative partners in Peru on price risk management.

Examples of our capacity building projects

Protecting digital microfinance clients in Kenya



Project overview: Supporting a Kenyan microfinance partner to embed principles designed to protect their clients and enhance social impact

Partner involved: Musoni Kenya Microfinance, a mobile money microfinance institution (MFI)

Goals: For Musoni to become the first MFI in East and Central Africa to achieve Client Protection Principles (CPP) certification from the Smart Campaign

When it happened: 2017-2019

The impact: Improved service and protection for Musoni's clients thanks to the changes the MFI adopted to prevent client over-indebtedness and ensure transparency and improved product pricing

Making it possible: In addition to an amount paid by Musoni, Oikocredit contributed € 9,600 of donor funds towards this initiative

“The time saved by the online loan applications enables our loan officers to reach out to other clients, conduct more client training programmes and build quality relationships with clients.”
 Stanley Munyao, CEO Musoni Kenya Microfinance

Helping partners respond to coronavirus

Project overview: Provide resources for partners in response to the coronavirus

Partners involved: By the end of May 2020, over 20 partners across all regions and sectors received direct support from our solidarity fund. Partners also took part in training sessions and webinars

Goals: Enable partners to strengthen their response to the pandemic, so that they in turn can extend extra support to the people with low incomes who they serve

When it happened: 2020

The impact: Partners became better equipped to continue their work and therefore better able to support low-income people through the crisis

Making it possible: By the end of May 2020, Oikocredit had dedicated € 25,000 of its own funds and € 25,000 donated by Oikocredit Foundation Germany to create a coronavirus solidarity fund for partners. Oikocredit staff and other experts also provided training and best practice exchanges

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





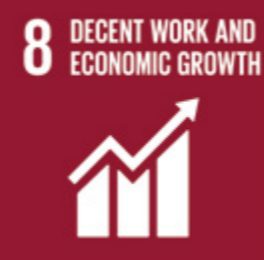


Oikocredit and the Sustainable Development Goals

Oikocredit actively contributes to the United Nation's Sustainable Development Goals (SDGs). In particular we contribute towards SDG 1, 2, 5, 7, 8, 10 and 17.

We evidence our contribution to these goals with over 50 indicators. These indicators are closely aligned with standard impact investing indicators included in the Global Impact Investing Network's (GIIN's) IRIS+ measurement system.

The indicators below provide a sample of the data we collect to track Oikocredit's contribution to the SDGs.

SDG	Goal	Oikocredit indicators	Results
	End poverty in all its forms everywhere	<ul style="list-style-type: none"> Financial inclusion: clients reached by our partners Financial inclusion: % of partners who track the Poverty Probability Index of end-clients Financial inclusion: number of individuals with a savings account Financial inclusion: % of rural clients reached by our partners 	<ul style="list-style-type: none"> 38.2 million 16% 21 million 63%
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none"> Agriculture: farmers reached by our partners Agriculture: median hectares per farmer Agriculture: partners offering sale/provision of inputs as an additional service to farmers Agriculture: average premium above market price that partners pay to their farmers 	<ul style="list-style-type: none"> 557,000 3.3 hectares 71% 17%
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Agriculture: % of women employees % of partners with gender equality as a development objective: Agriculture Financial inclusion: % of microfinance partners offering women's empowerment training 	<ul style="list-style-type: none"> 31% 45% 77% 22%
	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> Renewable energy: households with access to clean energy Renewable energy: number of households using clean energy for income-generating activities Renewable energy: number of households with improved access to clean cooking Renewable energy: CO₂ emissions avoided due to investments in renewable energy 	<ul style="list-style-type: none"> 52,000 10,000 15,000 149,000 tonnes

SDG	Goal	Oikocredit indicators	Results
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> Financial inclusion: SMEs financed by our partners Financial inclusion: % of partners with employment creation as a development objective Financial inclusion: % of partners that build the capacities of end-clients Financial inclusion: number of jobs created or sustained through financial institutions supporting SMEs 	<ul style="list-style-type: none"> 1.1 million 68% 69% 149,000
		<ul style="list-style-type: none"> Agriculture: number of Fairtrade (FLOCert) certified partners % of portfolio outstanding in low-income and lower-middle-income countries Number of cooperatives financed 	<ul style="list-style-type: none"> 53 60% 157
	Strengthen the means of implementation and revitalise the global partnership for sustainable development	<ul style="list-style-type: none"> Number of partners (or potential partners) that received capacity building Number of partnerships with international guarantors for sharing risk on investments in 2019 	<ul style="list-style-type: none"> 75 6

SUSTAINABLE DEVELOPMENT GOALS



Focus sector: financial inclusion

Why do we invest in financial inclusion?

Worldwide 1.7 billion¹ adults have inadequate access to formal financial services and do not have an account with a financial institution or mobile money provider. This leaves them unable to access reliable credit or savings accounts. Most of them have low and unpredictable incomes, and lack the resources to cope with unexpected household needs, or to invest in a better future.

By increasing access to loans and equity investments, Oikocredit helps its partners become stronger and more sustainable social businesses.

Our financial inclusion partners in turn increase access to responsible and reliable financial services for low-income people, and encourage employment generation through provision of financial services to small and medium enterprises (SMEs).

The access to responsible financial services provided by our partners helps empower low-income people. It gives them

access to opportunities to increase their income, savings and insurance coverage, as well as access to resources to cope with unexpected needs, and helps them strengthen their businesses.

In addition to offering loans, equity investment and capacity building in these segments, Oikocredit is also committed to furthering best practice amongst its peers.

For example, Oikocredit was an establishing organisation in two sector-wide initiatives aimed at coordinating the approach of impact investors in response to the coronavirus pandemic.

In April 2020, Oikocredit signed the Covid-19 Investor Statement along with other members of the Dutch Platform for Inclusive Finance (NpM). Then in May 2020, Oikocredit signed a memorandum of understanding (MoU) for debt refinancing coordination principles. By the end of June 2020, nine impact investors with a total of USD 15 billion of assets under management had signed the MoU.

How do we create impact in financial inclusion?

Within financial inclusion, Oikocredit concentrates on three target segments:

- **Microfinance institutions (MFIs)**
 - Providing responsible financial services for low-income people
 - Contributing to financial security and economic empowerment
- **Financial institutions supporting small and medium enterprises (SMEs)**
 - Providing responsible financial services for SMEs
 - Contributing to job creation and retention, and improved financial health for SMEs
- **Non-traditional financial institutions**
 - Providing technology-driven responsible finance
 - For example, fintechs offering digital financial services to individuals and SMEs
 - Using financial technology to increase efficiency and improve services to clients

Contributing to:

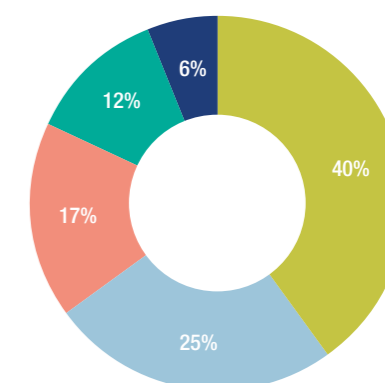


¹ Source: World Bank Global Findex Database 2017

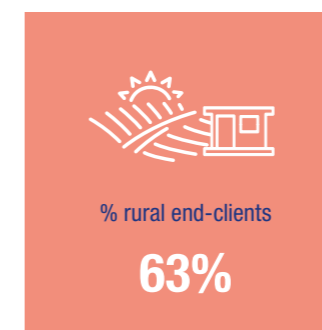
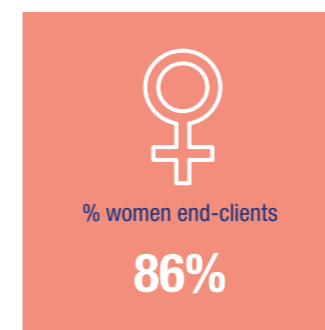
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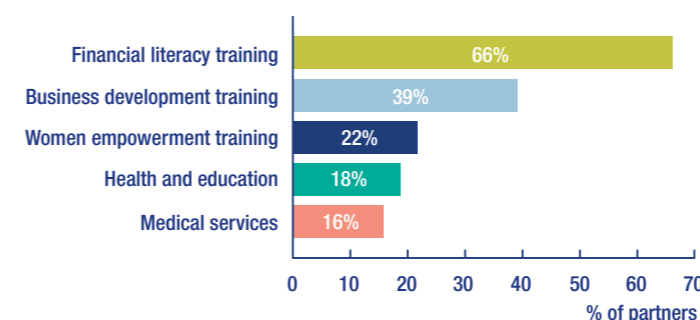
Occupation of microfinance clients



■ Agriculture ■ Production ■ Other
■ Commerce ■ Services



Non-financial services most-offered by microfinance partners



Financial inclusion portfolio

€ 826.3 million

Financial inclusion partners

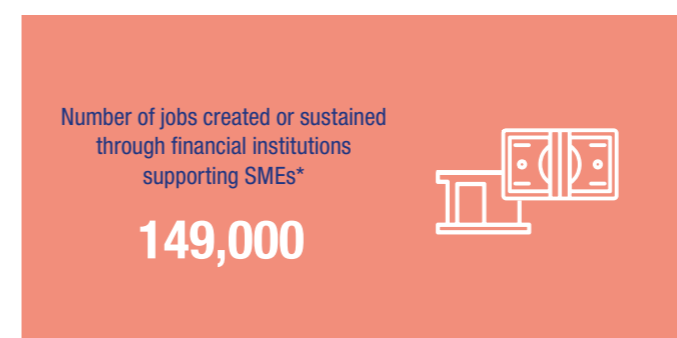
463

SMEs financed by our partners

1.1 million

% of financial inclusion partners offering non-financial services

69%



*Given the number of SMEs financed by financial institutions, this number is likely much higher. However, not all partners offering SME finance track the number of jobs created.

Impact story: microfinance

Annapurna Mahila Coop Credit Society Ltd (AMCCSL), India

About the partner

- **Oikocredit partner since:** 2017
- **Type of organisation:** Cooperative with a microcredit and micro savings programme
- **Type of clients:** Self-employed people on low incomes
- **Number of clients:** 68,000
- **The impact:** Increased access to finance and support services such as community-based insurance and subsidised healthcare for low-income people, leading to improved financial health and access to resources for livelihood needs
- **Supporting this partner:** A loan of INR 100,000,000 (€ 1.2 million) to support their lending programme

About the end-client

Vaishadi Rahul Hingmire (pictured) sells flowers from a small shop with a street stall. Together with her son (also pictured) and others, she strings the flowers together to make garlands that decorate shops and are also used in temples.

Vaishadi has been a client of AMCCSL for 15 years. She is now in her eleventh loan cycle with a loan equivalent to around € 1,500.

Vaishadi and her husband owned two shops when her husband died in 2016. After her husband's death, Vaishadi rented out the second shop.

The income from selling flower garlands has made it possible for Vaishadi to pay for the education of her son and daughter. She has also bought a flat and a plot of land.



Impact story: SME finance

Baobab (formerly Microcred), Côte d'Ivoire

About the partner

- **Oikocredit partner since:** 2014
- **Type of organisation:** Microfinance institution
- **Type of clients:** Micro-, small and medium enterprises (MSMEs)
- **Number of clients:** 33,000
- **The impact:** Increased access to financial and non-financial services for entrepreneurs in urban and peri-urban areas, leading to stronger and financially sustainable enterprises
- **Supporting this partner:** A loan of XOF 2,000,000,000 (€ 3.0 million) for lending to MSMEs

About the end-client

Felix Kanga Yao (pictured seventh from left) opened his pharmacy in 2006. His business went well until a political crisis hit Côte d'Ivoire in 2011 and he had to close for six months.

To restart after the crisis, Felix used a loan from Baobab for XOF 5 million (€ 7,600) to buy new stock, pay his staff and steadily build up his business again.

In 2006, Felix's pharmacy had four employees. After a series of Baobab loans, Felix now owns several businesses, including the pharmacy, a restaurant and a carwash, providing employment for 48 people, including 18 employees at his pharmacy. Felix's latest loan from Baobab was for XOF 60 million (€ 91,000) and he intends to continue expanding his businesses.

Focus sector: agriculture

Why do we invest in agriculture?

Over 500 million smallholder farmers worldwide¹ play a critical role in world food production, but most are vulnerable to climate change, volatile pricing and unfair competition.

Investment in agriculture is one of the most effective ways of reducing rural unemployment and poverty, and contributes to local food security. Yet smallholder farmers often lack access to finance. The untapped demand for smallholder finance is estimated at over US\$ 150 billion.²

To help address this issue, Oikocredit increases access to loans, equity investments and capacity building that help strengthen social and sustainable organisations that work with smallholder farmers.

These organisations – our agricultural partners – help farmers increase productivity, crop diversity and access to markets. This leads to increased income and stronger and more financially stable farming businesses, contributing to the empowerment of smallholder farmers to improve their lives.

How do we create impact in agriculture?

The biggest crops in our agriculture portfolio³ are:

- Coffee
- Grains
- Cocoa
- Fruit
- Vegetables

Oikocredit supports smallholder farmers while promoting crop diversification with climate smart agriculture.

We also collaborate with peer organisations to champion responsible agriculture and responsible financing for agriculture.

For example, in 2019 we embarked on a new partnership with the Maximizing Opportunities in Cocoa Activity (MOCA) project, which is funded through the United States Department of Agriculture's Food for Progress Program and implemented in Côte d'Ivoire by Cultivating New Frontiers in Agriculture (CNFA).

The partnership aims to support the sustainable development of smallholder cocoa cooperatives through income diversification, access to financial services, and the development of an entrepreneurial approach to cocoa farming.

¹ Source: FAO 2017, The Future of Food and Agriculture

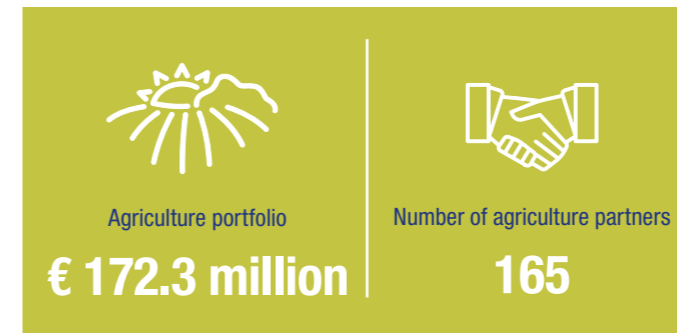
² Source: Initiative for Smallholder Finance, RAF Learning Lab, and Dalberg 2016, Inflection Point: Unlocking Growth in the Era of Farmer Finance

³ Based on the top five crops in investment amounts and in number of partners as at 31 December 2019

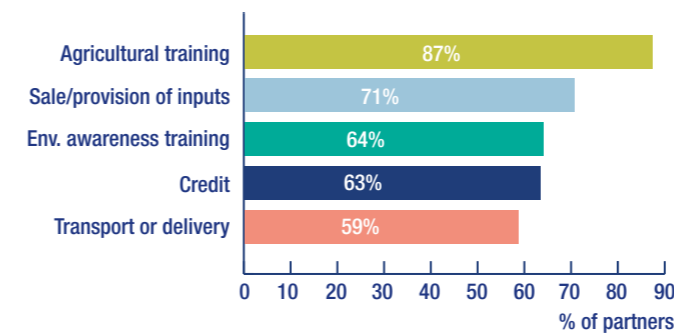
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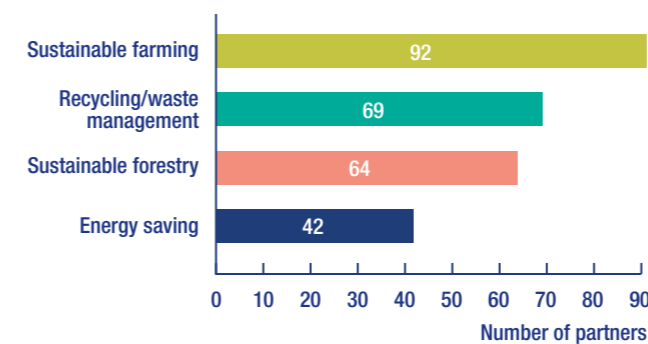
In numbers



Additional services offered to farmers by our partners



Number of partners engaging in environmental practices



Impact story: agriculture

Central Fronteriza del Norte de Cafetaleros (Cenfrocafe), Peru

About the partner

- **Oikocredit partner since:** 2010
- **Type of organisation:** Coffee producing and trading cooperative
- **The impact:** Cenfrocafe represents more than 100 organisations and their 3,000 farmer members, increasing smallholder farmers' access to finance, capacity building and markets, and improving their yields through sustainable practices. This helps farmers increase their income, and improve their social and environmental sustainability
- **Supporting this partner:** A loan of US\$ 2 million for working capital and to finance the construction of a new processing plant. Cenfrocafe has also participated in Oikocredit's price risk management capacity building programme, which helps farmers mitigate the effects of coffee price fluctuations

About the client

Fernando Neira Melendres (pictured) is a coffee farmer and the founder of a Cenfrocafe association. Fernando's farmland covers six hectares, five of which are used for coffee. He grows Caturra, Borbón, Pache, Catimor and regular coffee.

His latest loan of PEN 5,000 (€ 1,300) from Cenfrocafe was used for the coffee harvest. Fernando's association has also had training from the cooperative on crop fertilisation.

"Being in Cenfrocafe has improved our work methods," says Fernando. "So, our prices are higher with Cenfrocafe."



Focus sector: renewable energy

Why do we invest in renewable energy?

Nearly 800 million people¹ live without access to clean, affordable and reliable electricity. More than one third of the world's population² has no access to clean fuels and technologies for cooking, leading to nearly four million deaths a year resulting from indoor air pollution.³

By increasing access to financing for renewable energy providers, Oikocredit helps these partners become stronger

businesses that are sustainable and social. As our partners grow stronger, they reach more customers with products and services that meet the needs of low income people and increase their access to clean energy.

Increased access to clean energy contributes to improved living standards and health, and to empowering low-income people with opportunities in life.

How do we create impact in renewable energy?

We invest in projects that generate maximum social impact, in particular:

- **Off-grid solar**
 - Providing energy-poor homes and businesses with electricity through solar home systems and solar mini-grids
 - Offering a pay-as-you-go plan for customers
- **On-grid infrastructure projects serving energy-poor communities**
 - Using renewable energy technologies like solar, wind, hydropower and biomass
- **Clean cooking**
 - Offering a clean alternative to traditional biomass methods by switching to efficient cook stoves
 - Reducing negative impact on health and the environment

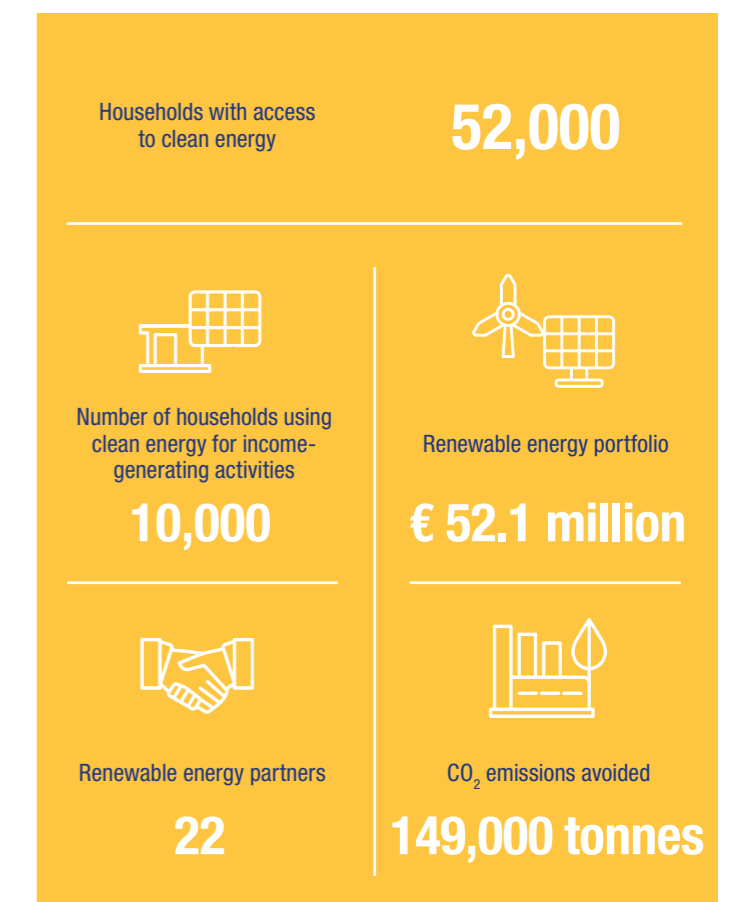
Focusing our work in renewable energy in this way ensures we only invest where there are obvious benefits for local communities, such as improved living standards and health.

¹ Source: World Bank 2020, SDG7 Tracking: The Energy Progress Report

² Source: World Bank 2020, SDG7 Tracking: The Energy Progress Report

³ Source: World Bank 2018, Household Air Pollution and Health Fact Sheet

In numbers



Contributing to:





Impact story: renewable energy

Fourth Partner Energy Pvt. Ltd, India

About the partner

- **Oikocredit partner since:** 2015
- **Type of organisation:** Provider of rooftop solar installations and other renewable energy products such as streetlights and home systems
- **Type of clients:** Hospitals, schools, other institutions, businesses and homes
- **The impact:** Fourth Partner Energy increases access to renewable energy, which in turn promotes energy security, energy affordability and environmental sustainability. Since its foundation in 2010, the company has installed over 1,800 systems at 180 locations across India
- **Supporting this partner:** A loan of INR 210,000,000 (€ 2.4 million) in support of expanding operations

About the client

Nagpure Aashish and Pratik Patil (pictured, celebrating the Indian festival of Holi) are students at the Maharashtra Institute of Technology, Pune – College of Engineering. The college gets a third of its energy from three sets of solar panel installations supplied by Fourth Partner Energy, with two sets mounted on the rooftops and one on the ground.

The College of Engineering chose solar energy from Fourth Partner Energy because their system is easy to use. The college wanted to use renewable energy and save costs, making a saving of 30% in their electricity costs.

The college provides courses in renewable energy and their solar energy installations are used as a teaching case study.

Partnering for impact

We seek to develop partnerships rather than simply conclude transactions or projects.

In addition to the partners in which we invest, Oikocredit works with multiple stakeholders, including the organisations below, to catalyse positive change for people on low incomes.





Oikocredit's mission:

Oikocredit challenges all to invest responsibly. It provides financial services and supports organisations to improve the quality of life of low-income people or communities in a sustainable way.

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