



ANNUAL REPORT 2011

ECLOF
INTERNATIONAL



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Our Mission

To invest in human dignity

ECLOF International aims to relieve poverty and restore human dignity. Our means to that end is microfinance.

Micro-financial services offer vulnerable and excluded people and groups access to capital resources that enable them to build sustainable livelihoods. This can open up a path from vulnerability to self-reliance and stability.

ECLOF International's relationship with clients must be a partnership of equals, not the one-way relationship between donor and recipient. Our responsibility is to lend capital on reasonable terms appropriate to the circumstances of our clients. Their duty is to use it well, and then repay it. Both of us do our utmost, in the language of the Gospels, to be excellent stewards of the resources we share.

Our highest priority is to reach vulnerable communities, particularly in rural areas, which are excluded from access to formal sources of finance. We support them without regard to gender, race, creed or political persuasion.

Human dignity is our goal: a world where all can share the God-given benefits of the Earth in security and without fear for the future.



Our Values

An uncompromising belief in justice

HUMAN DIGNITY

We respect the immeasurable value of every human life. Today inequality denies millions of people the chance to enjoy life in its fullness. We will purposefully work to enhance human dignity, so that everyone has access to resources they need to become providers for their families, employees, churches, and communities.

SOCIAL JUSTICE

Everyone has the right to food, education, health, a secure livelihood and the benefits of community life. We will help our clients to reclaim those rights through earning a living, which can protect them against calamity and build confidence in their capacity to choose their own futures.

SOLIDARITY

As fellow-citizens of one world, we will walk alongside our clients to listen to their concerns and work as partners with them as they act to improve their lives. At the international level, we will join, as members of the ACT Alliance, with other organizations to call for an end to the global structures and policies that perpetuate poverty and exclusion.

PARTICIPATION

All men and women have a right to shape their own destinies. In our work we will support vulnerable and marginalized groups. However as women, girls, and young people are disproportionately affected by poverty, we will specifically target initiatives that promote their participation and leadership in the economic, social, and political decisions which shape their lives.



Chairman's Statement & Operations' Report

KIMANTHI MUTUA



DEAR FRIENDS,

On behalf of the board of directors, I am delighted to present this annual report for the year 2011. The year has had its difficulties both for the microfinance sector and the global economy, but we are pleased with the responses by our National Offices who have remained steadfast in their support of low-income people and their commitment to the ECLOF International Mission of relieving poverty and restoring human dignity.

The need for microfinance has never been greater than in today's unstable world with poverty levels increasing in many countries in which we work, clients needing a wider range of services, the issue of over-indebtedness, and the challenge presented to the sector to demonstrate that it has not lost sight of its original social purpose. We remain confident that Microfinance offers excluded and vulnerable people access to financial resources that enable them build sustainable livelihoods, and the ECLOF International network is committed and focused to play a leading role in meeting these challenges.

During the past year, we began to consolidate our Strengths in various fields. We have become more engaged in our relationships with our partners, more dedicated to investing in human dignity thanks to vigorous, focused governance, and more unified as a sustainable global network by working more closely with our National Offices. We also laid important groundwork by closely reviewing our internal network where comprehensive assessments were performed on several National Offices, from which a clear picture of ECLOF International's strengths and weaknesses as a global network emerged. The results of these studies now provide us with the information we need to improve the operations of our National Offices and to build stronger relationships with them, whose staff truly serve at the front lines of our work, who witness the ravages of poverty day after day, and who ceaselessly bring essential help to individuals, families, and communities.

We are very grateful to all of our Ecumenical Partners for their continued support of our work, and in November 2011, members of the Board met with our Partners to renew the relationships that we had built over the years. This was an invaluable opportunity to involve our Partners more closely in the course being taken by the Organization. For us, it also was the perfect moment to bring into sharper focus our own sense of mission.

OPERATIONS' REPORT

2011 has been a year in which ECLOF International has focused on sustainability and stability in the domain of operations. A review of the National Offices performance provides evidence of network sustainability continuing a trend of improved performance over the past three years in all the regions. The loan portfolio grew by 12 % in 2011 to a level of CHF 40 M at the end of the year driven by strong performance in Africa (27 % primarily Ghana and Kenya), Latin American growth of 9 %, and Asian growth of 4 %.

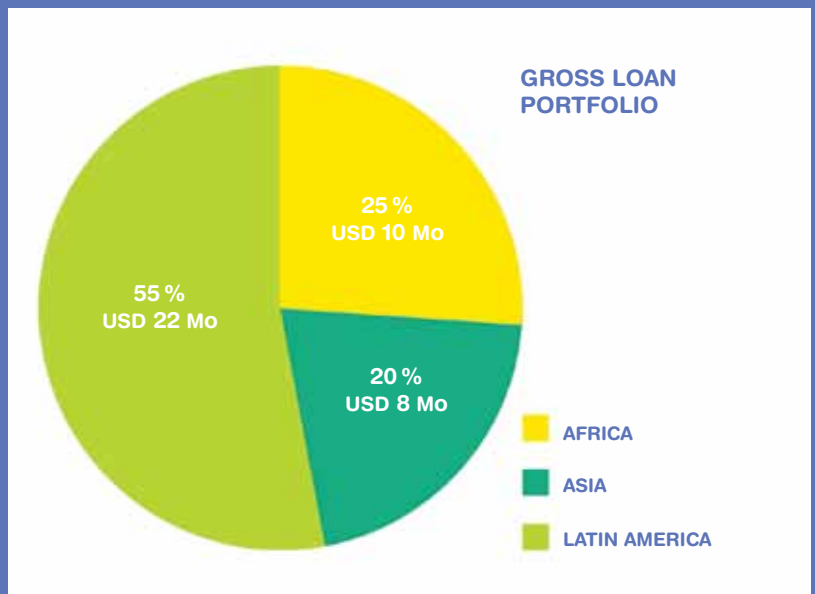
Outreach increased by 17 % with the Network serving 117,000 clients at the end of 2011 with Africa represented 48 % of this total due to a lower average loan size than in the other regions. The network is also serving its mission and focus on vulnerable communities in rural areas with an average loan outstanding of USD 351, and the composition of its borrowers being 53 % rural and 70 % female.

Loan officer productivity at 273 loans per loan officer is reasonable though the overall PAR 30 level of 11 % is an area where we will have to improve in 2012. There was 862 staff employed in the National Offices at the end of 2011, with loan officers representing 50 % of staff, which is ahead of industry standard.

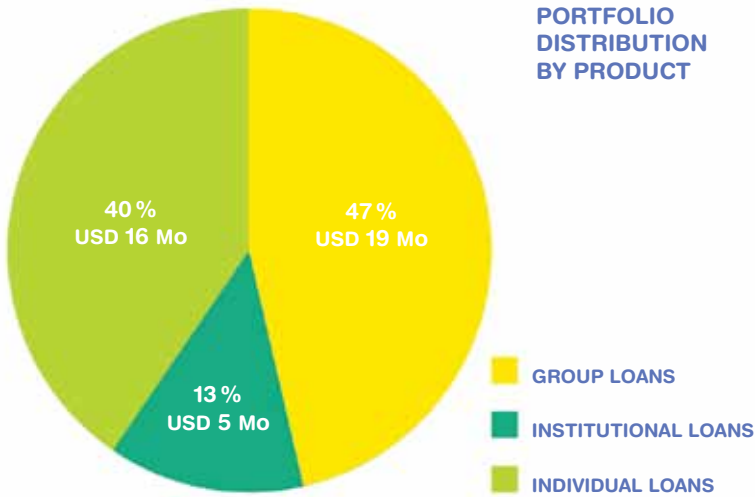
ECLOF International successfully organised a series of regional Social Performance Management workshops with the National Offices in 2011 where one of the results of this initiative was the production of a manual on the implementation of Social Performance Management on the ground. It is now intended in 2012 to use this manual to work with the National Offices to implement and develop social performance reporting within the country offices.

The year also saw the Board evolve into a more compact entity with the Board now comprising of nine members and two Sub-Committees: the Finance and Audit Committee and the Investments Committee. A new Managing Director was appointed in early 2012 and will work with the Board in accordance with good governance practices to develop a sustainable microfinance network which will operate in accordance with international standards. The Board and Management is also working to enhance the staff capacity at EI. Please join me in welcoming Pat Gleeson and in thanking the board for their continued diligence and commitment!

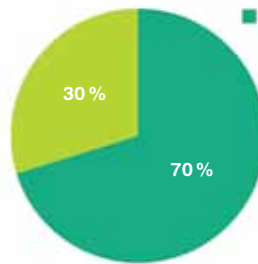
The Board is conscious of the need for ECLOF International to return to sustainability, and a number of initiatives are underway with a view to addressing this need both from the perspective of increasing ECLOF International's income and also managing the costs more efficiently. In the coming year, ECLOF International will continue to work closely with our National Offices and Partners to continue building the capacity required to have a sustainable network operating in accordance with good governance practice, and which is capable of extending outreach to the communities we serve.



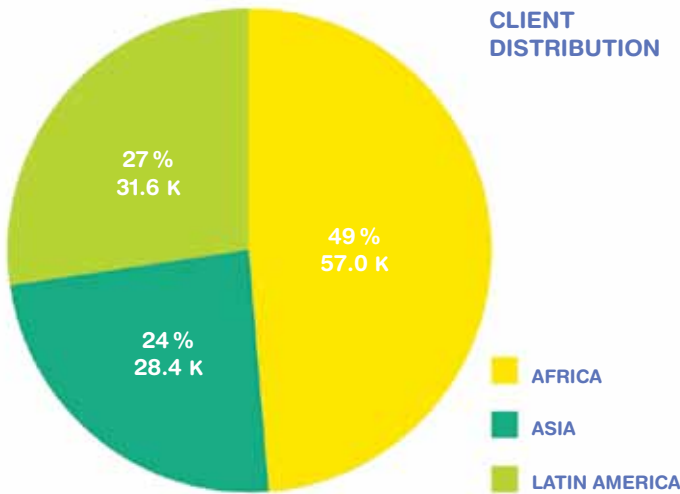
PORTFOLIO DISTRIBUTION BY PRODUCT



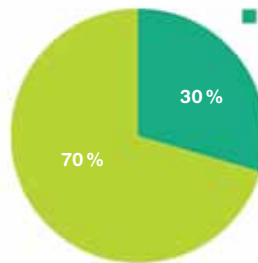
PERCENTAGE OF WOMEN



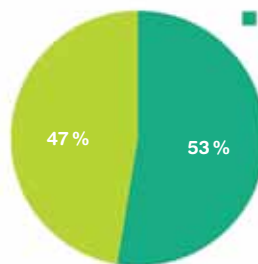
CLIENT DISTRIBUTION



PERCENTAGE OF YOUTH LESS THAN 30 YEARS OLD

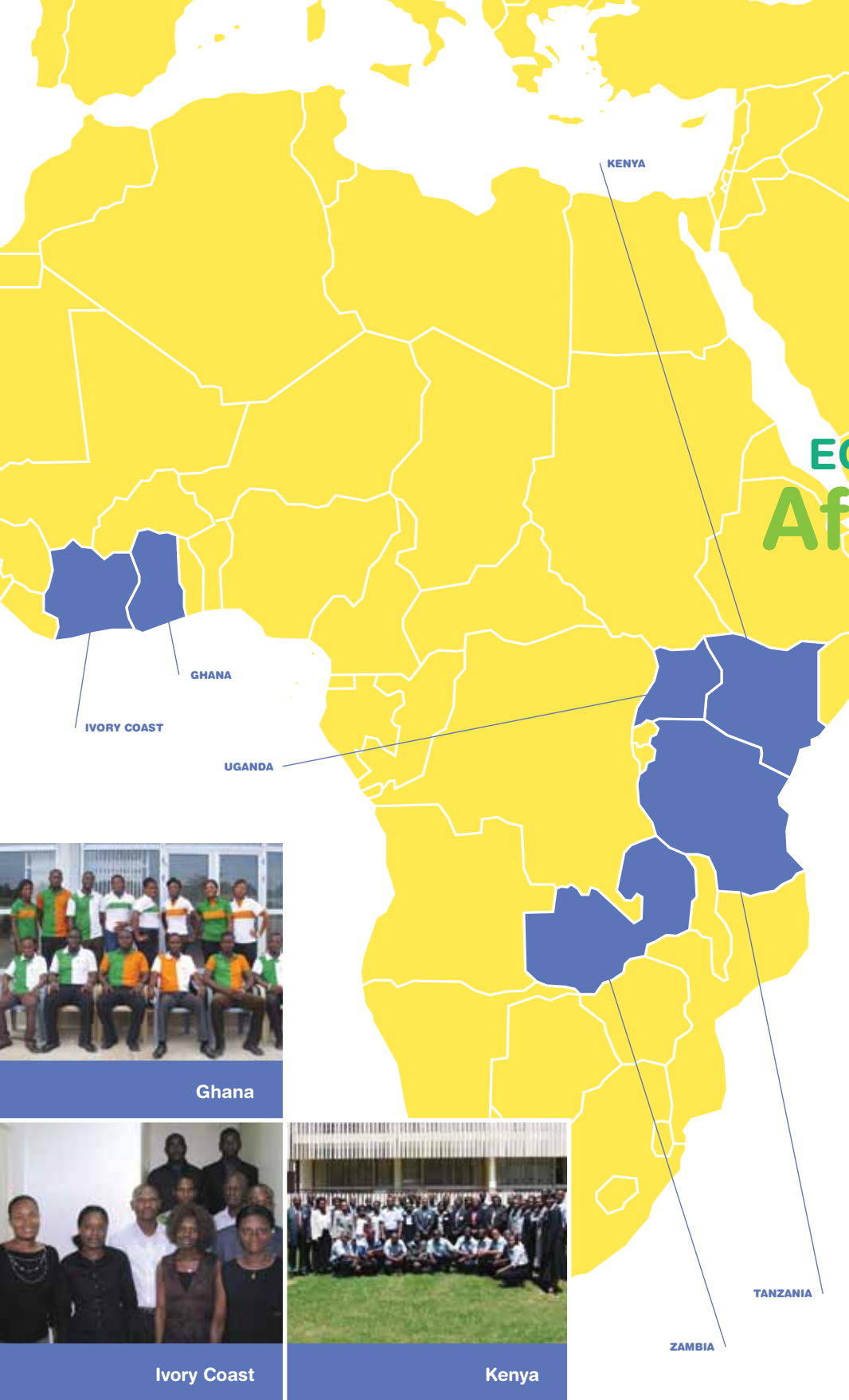


PERCENTAGE OF CLIENTS IN RURAL AREAS



ECLOF International is committed to working with the network in 2012 to build capacity. One of the major initiatives in this area will be the appointment of Regional Support Personnel in the three regions who will play a key role in providing both technical and management support to the network in the region. One of the major challenges facing the network is access to funding and ECLOF International will be engaging with both our traditional and new partners to assist the network in sourcing funding for both technical assistance and lending to clients.





ECLOF in Africa

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ECLOF International



Ghana



Ivory Coast



Kenya



Tanzania



Uganda



Zambia

Nb of offices 6
Nb of branches 40
Nb of staff 329
Average nb of loans/loan officers 316

Portfolio at Risk > 30 days 11%

Average loan amount USD 187
Average group loan amount USD 158
Average institutional loan amount USD 4333
Average individual loan amount USD 202

ECLOF Ghana CCML

ECLOF GHANA UNDERGOES A SUCCESSFUL CONVERSION

The Bank of Ghana issued a notice in July 2011 enforcing new regulatory operating rules and guidelines for microfinance institutions. The notice required that microfinance organizations limited by guarantee convert within six months into limited liability companies. With this new legal structure would then come the opportunity to invite shareholders and to mobilize funds from investors.

Even though it became imperative to restructure and reorganize rapidly the affairs of ECLOF Ghana, the process was substantially eased by ECLOF Ghana's stable foundation, unprecedented growth, and market potential. The transformation culminated with the creation and registration of CCML: "Christian Community Microfinance Limited".

CCML started with a simple reorientation in direction and clear objectives: first, to increase shareholder value through compliance, cost efficiency, and sustainability; second, to increase social performance through community development and fundraising; and finally, to focus on staff and client development.

An extensive effort was at the core of this transformation from ECLOF Ghana to CCML. By establishing a new institution under a new banner, a new understanding of CCML's purpose was established, presenting it as being more than just an MFI. The new CCML logo reflects the Organization's forward-looking nature, while acknowledging the wealth of knowledge and best practices garnered from its previous existence as ECLOF Ghana, as demonstrated by the fact that CCML's logo incorporates colors and motifs from its predecessor. Finally, once CCML's direction was solidified, a set of comprehensive operational changes followed in the creation of various departments to increase efficiency, comply with industry standards, and reduce operational costs.

CCML invested in a new MIS system that allows for on-the-field bio-metric registration, loan disbursements, account deposits and withdrawals, as well as real-time data collection. Moreover, all past ECLOF transactions, receipts, client details, and accounts will be migrated to a web-based platform that facilitates communications between branches and the headquarters.

The review of CCML's operational policies also resulted in the establishment of an Internal Audit Department, the creation of a Legal Affairs outfit, increased attention to communications and marketing, the development of more rigorous staff training program, and the opening of a Risk Management Department.



CORPORATE SOCIAL RESPONSIBILITY: A PRIORITY FOR CCML

Just as CCML incorporates tools to promote its clients' social success, so it believes that Social Performance Management should be a fundamental part of its corporate strategy and structure. CCML makes sure that all of its loan products, programs, and policies benefit the communities and the individuals that it serves. This is why CCML dedicated an entire department to Social Performance Management.

This attention to community development allows CCML to merge its social responsibility procedures with its business strategy seamlessly. This is characterized by the 5% of pre-tax profit that was earmarked for Social Performance Initiatives. For example, with the help of various media outlets, CCML has recently spearheaded the "Save a Cedi, Save a Kidney" campaign through which the public and other stakeholders can make a donation for the creation of a Dialysis Center at the 37 Military Hospital in Accra. CCML is expected to raise \$500,000 to establish the Center. Funds will also be allocated to the maintenance and the sustaining of the Dialysis Center well after its establishment.



Cécile
Yao N'guessan



Colette
Gnamien Ogbosso



Monique
Kouamé N'guessan

ECLOF Ivory Coast

Cécile Yao N'guessan is 59 years old and the happy mother of eleven children. Attracted by trade since her twenties, when she met the President of an NGO who offered Cécile her support and help, she decided to start a small catering business.

But it was not in Cécile's nature to enjoy the fruits of her success alone. She decided to share this wonderful opportunity with other women, who are as entrepreneurial and courageous as she. Together, they created the group Offoyessé and approached ECLOF Ivory Coast to boost their business.

Colette Gnamien Ogbosso used to sell fruits and vegetables at the market of Port Brouet when she first was approached by Cécile to form Offoyessé. Following a first loan from ECLOF Ivory Coast, Colette expanded her business from one to four stalls, selling drinks, rice, and many more products. Since then, her life has changed. She now proudly stands by her husband's side in providing financial support for the entire family.

Monique Kouamé N'guessan has never been to school, just like many of her neighbours and friends. But with the encouragement of her husband she decided to start a small clothing trade to support her family by his side and above all, offer a good education to their children. Unfortunately, after a few years of this activity she encountered some financial problems. This is when she met Cécile and formed Offoyessé. Thanks to ECLOF Ivory Coast's financial support, Monique is now a healthy and blossoming mother and entrepreneur. She owns two shops and was delighted to be interviewed as she took the opportunity to file for a new loan.

LISTEN TO THEIR VOICES : MEET CÉCILE, MONIQUE & COLETTE

One of ECLOF Ivory Coast's most enduring success stories is that of three women from the group Offoyessé. The group's name means "God is kind"; these women have been partnering with the Organization in the development of their business for several years now.

Indeed, the socio-political crisis that followed the elections has strongly impacted the lives of these three women. They have been confronted with the increased cost of living, their diminished purchasing power, and the sudden, sharp rise in the costs of food and transport. Moreover, most of Colette's goods were stolen and three of her stalls at the market were completely destroyed. The three of them lack the financial resources to replace their lost stock. But when we recently met with them again, we saw courageous women full of hope. All of them told us about their intent to overcome their current difficulties and turned to ECLOF Ivory Coast for a new beginning.



**ECLOF KENYA PUTS IN PLACE
A COMPREHENSIVE DEVELOPMENT PROGRAM**

ECLOF Kenya is deploying its Social Performance Management program to demonstrate its commitment to achieving ECLOF's mission, mitigating social risks for its clients, and ultimately producing meaningful changes in the lives of the latter.

ECLOF Kenya's main endeavor is to reduce clients' vulnerability by decreasing the risks involved in lending money to them. Small steps are being taken to achieve this commitment, including strengthening the financial literacy of ECLOF Kenya's clients through well-designed training sessions and courses and creating partnerships to offer wider services for broader development. Indeed, poor health, bad nutrition, and the lack of access to water, sanitation, and alternative energies play a major role in the vulnerability of ECLOF Kenya's clients. By entering into value-adding partnerships, ECLOF Kenya seeks to protect its clients from shocks that would mire them more deeply in poverty. The social priorities of ECLOF Kenya are health and improved access to water, sanitation, and alternative energies with the additional objective of a greater outreach to women.

ECLOF Kenya



**ECLOF AFYA:
A STRATEGY TO PROTECT
CLIENTS AGAINST THE SHOCKS
LINKED TO ILL HEALTH**

A low proportion of Kenya's population is covered by health insurance, with most of the ill not seeking care due to a lack of money.

Following several clients' requests, ECLOF Kenya has relaunched "ECLOF AFYA", a distinctive medical coverage program for its clients. Indeed, this type of coverage used to be provided to ECLOF Kenya's clients by a partner insurance company. In response to significant demand, ECLOF Kenya has decided to enter into a new partnership with British-American Insurance Company to offer similar services.

It offers uniform coverage to all of its clients with an improved delivery system. With this new system, the clients and their families are able to access both outpatient and inpatient medical care, and the bills are then sent directly to the insurer. This is a very popular service that clients are keen to receive.

Moreover, ECLOF Kenya has recently offered a health insurance education program to more than 9000 clients in order to change their perceptions of insurance and increase their protection against risks from illness. The program was made possible thanks to the support of Church of Sweden.

Packages were distributed freely, and included a series of advice on medical health awareness and a call for all to have regular medical checkups.



A healthy stretch.

Raise your hands if you want an AFYA application form!

ECLOF Tanzania

ECLOF TANZANIA'S ANNUAL MEETING BRINGS TOGETHER CURRENT AND FORMER STAFF

For the first time in its 50 year history, ECLOF Tanzania organized a staff annual meeting bringing together current and former employees of the Organization. This event took place on January 15, 2011.

Judith Sando, ECLOF Tanzania's Operations Manager, welcomed the guest of honor, Mr Aminiel Mungure, who is the Chairman of the Board of ECLOF Tanzania and the Chief Financial Officer of the Arusha Lutheran Medical Center.

The meeting allowed the 30 participants to contribute to the success of the Organization by sharing their suggestions on how to improve the operations and the performance of ECLOF Tanzania. A rich exchange of ideas and experiences took place between former employees and current staff, displaying genuine dedication to the mission of the Organization.



Mr. Kisanga is Ezra Joel Yoyo's client. In a recent encounter he told us: "I have ventured in this business for more than ten years now, and it is thanks to ECLOF Tanzania's loans that I have come this far.



“ ECLOF Tanzania has been an economic development portal for many young Tanzanian entrepreneurs for more than two decades now. From simple farming to capital businesses, its support has been felt in a large measure. I have personally heard most clients (especially older ones) say that ECLOF loans have been a blessing to their businesses and families.”

Ezra Joel Yoyo, Loan Officer at ECLOF Tanzania



ECLOF Uganda

ECLOF UGANDA LAUNCHES ITS BIOGAS PROGRAM IN PARTNERSHIP WITH HEIFER INTERNATIONAL AND SNV

In partnership with Heifer International and Stichting Nederlandse Vrijwilligers (SNV), ECLOF Uganda has recently designed a new loan program for its clients: the biogas program. This new program is offered under the patronage of the Uganda Domestic Biogas Program. The latter is run by a public-private partnership comprising Uganda's Ministry of Energy and Mineral Development, the Humanist Institute for Development Cooperation (HIVOS), SNV, and Heifer International in Uganda. ECLOF Uganda is one of the microfinance institutions associated with this program.





The program works in the following manner. HIVOS provides grants through the Government, Heifer provides technical assistance (among other services, the technicians that will construct the biogas digesters), SNV carries out capacity-building projects, and ECLOF extends credit to purchase heifers and offers training in loan management to the beneficiaries of the program.

So far, this new program has proven extremely successful. A pilot has been run with the Bweyale United Women HPI Group in the Masindi District, in northwestern Uganda. This group has acquired four loans worth a total of UGX 65.3 million from ECLOF Uganda which have been used to purchase heifers, whose dung has then been used as the main fuel to enable biogas digesters to operate. 32 members have purchased heifers. Among them, 15 have already constructed biogas digesters which are fully operational.

This program is especially useful in that it targets small-scale cattle and piggery owners in areas where wood fuel has become extremely scarce. The digesters save on expenditures on fuel and reduce the workload of women and children in collecting firewood. Biogas replaces increasingly scarce traditional wood resources and reduces deforestation. Biogas usage cuts down on indoor air pollution by eliminating smoke from kitchens, with obvious health benefits. It also produces fertile organic slurry which improves soil fertility and helps to increase agricultural productivity.





FROM LEFT TO RIGHT
Brian Chibwe (Senior Credit Officer, ECLOF Zambia),
Mukakambotwe Mwanakasale (Credit Officer, ECLOF Zambia),
Alexandra Fiorillo (Microfinance Transparency Vice President),
Charity Banda (Credit Officer, ECLOF Zambia),
Anthony Moonga (Program Manager, ECLOF Zambia),
and Hastings Moono (Credit Officer, ECLOF Zambia).

ECLOF Zambia

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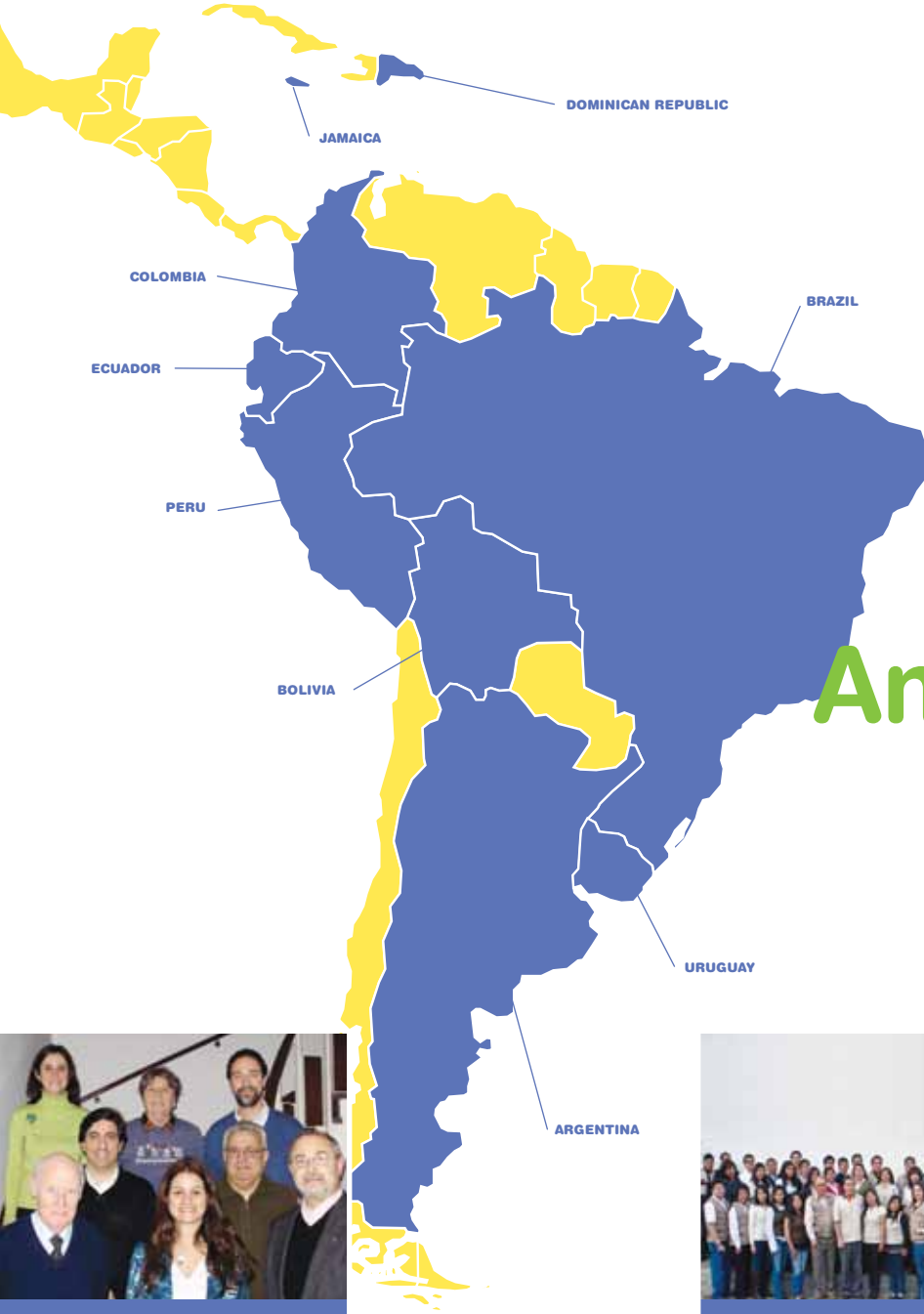
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ECLOF ZAMBIA PRACTICES “TRANSPARENT” MICROFINANCE

Microfinance Transparency is an organization involved in promoting transparency in pricing within the microfinance industry. ECLOF Zambia is one of seven microfinance organizations in Zambia that have submitted their data on loan products, compliance with the law, and repayment procedures to Microfinance Transparency for a full assessment.

ECLOF Zambia participated in a seminar organized by Microfinance Transparency that was also attended by fourteen other microfinance institutions from Zambia. The seminar highlighted several key issues in credit delivery practices, including the need for transparency in the way MFIs communicate their fees to the borrowers and in the manner in which they show and explain the legal documents needed for the transactions, ensuring that the borrowers fully understand what they sign.





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ECLOF International



Argentina



Bolivia



Brazil



Colombia



Dominican Republic



Ecuador



Peru



STAFF & BOARD Uruguay

- Nb of offices** 9
- Nb of branches** 65
- Nb of staff** 347
- Average nb of loans/loan officers** 213
- Portfolio at Risk > 30 days** 10 %
- Average loan amount** USD 689
- Average group loan amount** USD 369
- Average institutional loan amount** USD 10,951
- Average individual loan amount** USD 1205



One of the neighborhoods with which ECLOF Argentina works deserves special attention. Indeed, “El Cruce” is rather special in that it is currently piloting a wide-reaching community project: the creation of a Community Board that will allow community members to discuss and deal with problems within their sector. Thanks to its initiatives, some roads have already been opened for the benefit of the community and the Community Board is currently working on several public space projects, such as the building of a plaza and a community center.

ECLOF Argentina

ECLOF ARGENTINA CARRIES OUT INNOVATIVE WORK IN HOUSING

For more than three years, ECLOF Argentina has been working on housing projects in close partnership with other organizations in the area of Moreno in the Province of Buenos Aires.

This type of partnership allows ECLOF Argentina to offer a more complete intervention: to provide loans to families in the neighborhood to improve their housing, to give technical assistance to develop housing projects, and to offer a way to deal with the neighborhood's problems through the creation of bonds of solidarity among neighbors who all work with ECLOF Argentina.

On housing projects, ECLOF Argentina has notably established a partnership with Construir Comunidad, Fundación Plan Techos. This foundation has been working for more than ten years in different neighborhoods of Buenos Aires and has been rewarded for its work through subsidies and other types of support from the Adjunct Office for Projects of the Evangelical Church of Río de la Plata, the United Lutheran Church, and the Interdisciplinary Seminar for Social Emergency of the School of Architecture of the Universidad de Buenos Aires.



ECLOF BOLIVIA (ANED) REVIVES
BOLIVIA'S AGRICULTURAL HERITAGE
TO MITIGATE THE CLIMATE RISKS
ENCOUNTERED BY THEIR CLIENTS

ECLOF Bolivia ANED

As one of the most environmentally conscious organizations in ECLOF International's network, ECLOF Bolivia (ANED) pays special attention to preserving the ancient agricultural knowledge of Bolivia as a strategy for risk mitigation against climate change.

ANED and the foundation AUTAPO, both of which have considerable experience in this field, have recently decided to join their efforts to collect as many bioindicators as possible in the Altiplano Sur of Bolivia, which is the quinoa-producing sector of the country. They then compiled these bioindicators in a publication, which was made possible thanks to the support of Canadian Crossroads International (CCI) and the Embajada Real de los Países Bajos. This publication, "Bioindicators for the mitigation of risks caused by climate change in the quinoa sector", came out in 2011.

This work is a good example of ANED's endeavors to preserve Bolivia's immaterial cultural heritage. But it is much more than that. With this guide, ANED's clients and other quinoa producers are being offered a fabulous instrument to anticipate climatic risks that would endanger their crops. Indeed, the bioindicators that have been compiled will allow the producers to predict with a good degree of confidence favorable as well as unfavorable climatic events that would impact their production.

WILLOW (SALIX CHILENSIS)

If the sap is sweet and white as snow, the forecast will be for good weather and the crops will be healthy, but if the sap is not oily and sweet, low production of quinoa can be expected.



SCORPION OR LLACALLACHI

If at the time of sowing the scorpion is fat and gray, with pimples on the belly, we can forecast a very good year of quinoa production. If, however, he is skinny and has a green belly, yield for that year will be low.

Indeed, in the past, quinoa producers would base their predictions on several bioindicators. But with the rural exodus as well as the heavy mechanization of agriculture, this knowledge was on the verge of being completely lost. Only a few producers would still remember these precious bioindicators. ANED and AUTAPO sent experts to collect, systematize, and of course validate the bioindicators and published this short guide where one can find bioindicators linked to the flora, to the fauna, and to the climate and the stars.

“Bioindicators for the mitigation of risks caused by climate change in the quinoa sector” was distributed to all of ANED’s field offices for further distribution to their clients. Moreover, ANED’s Risk Management Department expanded this publication into a book, “A contribution to climate risk analysis” which is aimed at educating ANED’s staff and clients in order to better manage credits in the quinoa production chain and to strengthen the productive capacities of small producers with an adequate Royal Quinoa microfinance policy.



ECLOF BOLIVIA (ANED) PARTNERS WITH BANCO UNIÓN TO OFFER SAVINGS OPPORTUNITIES TO THEIR CLIENTS

In Bolivia, microfinance institutions such as ANED that have offices in rural municipalities cannot take deposits, with the consequence that their clients are prevented from opening savings accounts.

ANED is aware of the importance of savings for their clients. This is why the Organization partnered with Banco Unión to increase the variety of financial services offered in rural areas. This partnership allows Banco Unión to process savings transactions at ANED’s branches located in rural areas. Indeed, Banco Unión can take savings but does not have a presence in rural areas, while ANED has its branches in exactly those rural areas where populations could greatly benefit from savings opportunities.

ECLOF Brazil CEADe

ECLOF BRAZIL (CEADE) IS AWARDED THE DIVERSIDAD SEAL FOR ITS COMMITMENT TO WORKING WITH CLIENTS AND HIRING STAFF FROM DIFFERENT ETHNIC GROUPS, CULTURES, AND CREEDS

ECLOF Brazil (CEADe) was awarded the Diversidad Seal by the Salvador Authorities. This prize justly rewarded CEADe's efforts and strong commitment to providing services to clients from diverse communities and hiring staff from a wide variety of ethnic groups, cultures, and creeds, and without regard to gender.

ECLOF BRAZIL (CEADE) IMPROVES ITS CREDIT POLICIES TO BETTER ALIGN THE ORGANIZATION WITH BEST PRACTICES IN THE MICROFINANCE INDUSTRY

Mr Eli Moreno, a senior consultant from SEBRAE (Brazilian Service to Support Micro and Small Enterprises) visited CEADe for three days, from July 4 to 6, 2011. This visit followed the specialized consultancy process that CEADe had launched earlier in the year and whose goal was the generation of new parameters for CEADe to improve its credit policy and to better align it with best practices in the microfinance industry. The objective of Mr Moreno's visit was the drafting with CEADe's staff of the final documents – the new credit regulations and the credit manual – that have now been reviewed and approved by the Board. The drafting of these documents is in fact one of the actions that have been defined in the 2011-2015 Business Plan.



The enterprising Creusa Barbosa Rodrigues was born in Maceió – Alagoas. She is now 61 years old. She arrived many years ago in Salvador with her family to work in the capital. Unfortunately, they had no success in this endeavor. This is why, with the help of CEADe, Creusa decided to open a bar and restaurant in the neighborhood where she lives with her family. Today, she can proudly say that she's managed it for 15 years and that it is greatly successful.



ECLOF Colombia

THANKS TO ECLOF COLOMBIA, 153 YOUTHS EARN A CERTIFICATE IN FINANCIAL EDUCATION

Thanks to the partnership crafted between ECLOF Colombia, Habitat for Humanity, National Learning Service (SENA), and Institute for Social Economy (IPES), with the additional support of Citibank Colombia, 153 youths from the Misión Bogotá Program had the opportunity to earn a certificate in financial education in October 2011.

The goal of the Financial Education Program provided by IPES is to offer education and work training to youths between 18 and 26 years of age coming from poor and underprivileged neighborhoods in Bogota. To offer them guidance in the management of their economic resources and increase their job opportunities, the Financial Education Program offers four training modules: budgets, savings, indebtedness, and insurance.

Once their training has been completed, these youths are hired for a year by IPES to provide customer service in streets, parks, and museums. As such, they are registered in IPES' Entrepreneurial Division and are guaranteed an interesting first job – the one that is often the most difficult to obtain. These vulnerable youths are thus given a good opportunity to become part of the city's formal economy thanks to the support they have from institutions such as ECLOF Colombia.



**ECLOF COLOMBIA
CONTINUES TO CREATE
AND STRENGTHEN
INTER-INSTITUTIONAL
PARTNERSHIPS TO
BETTER HELP THE MOST
VULNERABLE**

ECLOF Colombia entered into an agreement with IPES to support street vendors in a project entitled: “Organization and Regulation of Informal Trading Activities in the Public Space”. IPES works with ECLOF Colombia to support people that derive their income from activities within the informal economy. The objective of this program is to help them increase their productivity and business competitiveness by generating alternative sources of income.

Among the informal business units served by ECLOF Colombia are small “modules” located on main avenues and in strategic locations throughout the city, such as kiosks, sales outlets located in permanent malls, and temporary exhibitions and street stalls. Street sellers use these to sell their products. The kiosks are metal modules installed by the District of Bogota for the sale in public spaces of candies, packaged foods, cigarettes, magazines and newspapers. They have become a productive alternative that allows their owners to generate greater income than what is normally earned by a seller walking the streets to sell his or her products.



**DON RAUL
CHEERFULLY
MIXES
WELL-BEING,
WORK, HEALTH,
AND SPORTS**

Don Raul Ocampo Carvache is a cheerful and optimistic man. At 64 years old, he is a gifted craftsman, a creator of beautiful jewels, and a great sportsman. Don Raul has three children and two grand-children and has been happily married for 48 years.

However, his life journey has not always been easy. He started working when he was 8, later became a mechanic and a taxi driver, and has had many other occupations. He finally decided to start his own business, selling crafts and door locks in the streets of Bogota. In 2008, Don Raul approached the Mayor’s Office and was selected to receive training in a program run by IPES. There, he learned how to serve people, to offer fair prices on goods, and to manage suppliers. IPES then offered him a kiosk for which he pays USD 6.50 per month.

Today, Don Raul is proud to have run the kiosk provided by IPES for almost two years. After three loans granted by ECLOF Colombia, his business is flourishing, he has also bought tools to improve his wife’s business, and he now offers a secure and stable income to his entire family.

ECLOF Dominicana

DOÑA COCÁ: QUALITY, SUCCESS, AND SOLIDARITY

On the cusp of her sixty-first year, Juana María López Sena, popularly known as Doña Cocá, continues to have a strong desire for growth and progress.

She started her business by selling household appliances. She then received a solidarity loan from ECLOF Dominicana and with it, she bought her first display window to sell various kinds of goods. This was in 2001. She got this first loan with three of her friends, and all of them, from their daily expenses, put some money away in a piggy bank to pay back the loan. She became a spontaneous promoter of ECLOF Dominicana's credit system, motivating other women to become entrepreneurs.

She tells us that ECLOF Dominicana has encouraged her to study. As a matter of fact, she has earned eighteen diplomas in a wide variety of courses that range from pastry-making and tailoring to financial education and even water use and conservation.

All these studies are evident in her design work and in her market strategies. She also proudly displays photos of her decoration and pastry services. The reputation of her design work is such that she was invited to decorate the church of the Guerra community for a special event that was attended by the Cardinal.

Moreover, an anecdote that she related to us about a neighbor who was going through an especially difficult economic situation illustrates her sense of solidarity. This neighbor did not have a bathroom or electrical appliances, and her fragile house would get flooded when it rained. Doña Cocá promised to help her. She talked to Futuro Vivo (Living Future), who built a septic tank and a bathroom. Doña Cocá also managed to get her neighbor a bed since she was sleeping on some old chairs, and through the Centro Nacional Pastoral (National Pastoral Centre) she got them to donate to her neighbor the construction materials for the house. But neither she nor her neighbor had the resources for the workmanship. So Doña Cocá went from house to house looking for help. Many made up excuses not to do it, but others did support her and in the end it was possible to build the house. Finally the Lions Club donated the stove and a gas tank. While her neighbor is now happily living in her house, Doña Cocá continues to help other needy people of her community.





Ramón Antonio Rodríguez

“I CELEBRATE MOTHER’S DAY WITH THE CHILDREN, AND FATHER’S DAY AS WELL”

Ramón Antonio Rodríguez is an exceptional young man in many ways. ECLOF Dominicana’s staff dropped by unannounced one day, but found him quite busy cutting a client’s hair. He was extremely friendly, tranquil and expressive. And above all, he is the barber that gives the lie to the old saying that “No barber pays his debts”.

But if paying his debts is a merit, more so is his resilience in the face of life’s difficulties. A hard story defined the road towards the reality of having his own barbershop. His wife left their home around three years ago, leaving him with six children to take care of. Since then he has become their mom and dad. “I celebrate mother’s day with the children, and father’s day as well; and if I have to wash, I wash; if I have to cook, I cook,” he tells us, while he continues to cut his client’s hair.

The need to be near his children led him to open a small space in his house to try out as a barbershop entrepreneur. He perseveres, but credits God’s goodness, which helps him and provides everything that he and his children need. When he talks about his difficulties, his face convinces us that there’s no bitterness inside. He doesn’t boast about the situation because he sees his children healthy and studious.



Doña Cocá

ECLOF Ecuador

ECLOF ECUADOR DEVELOPS A NEW LOAN PROGRAM FOR MIGRANTS

On March 14, 2011, ECLOF Ecuador signed a special agreement with Fideicomiso Mercantil Banca del Migrante, a program that is managed by the Corporación Financiera Nacional. The objective of this agreement was to launch a new loan program specifically designed for Ecuadoran migrants, who have either returned to the country from a stay abroad or are still abroad, as well as for their spouses and relatives.

However, working with this sector of the population has proved to be a real challenge and ECLOF Ecuador encountered several difficulties along the way, notably the problem of how to grade borrowers whose credit score is too low according to the Credit Bureau because they have had no financial experience in Ecuador for several years. Sometimes, migrants applying for credit simply do not have real guarantees to offer ECLOF. Finally, despite great dreams some of them have submitted prospective ventures that are just not financially feasible or lack all technical support to be successful.

These problems can rapidly become insurmountable. But ECLOF Ecuador intends to overcome them all, one by one. For example, to respond better to the needs of clients with weak business proposals, ECLOF has designed a technical support program to advise them in the development of their enterprises. ECLOF Ecuador also facilitates the access of its clients to – and moreover encourages its clients' participation in – the training courses offered by Conquito, a municipal entity which offers a solid education in the development and monitoring of business plans.



Enma Agualongo is 48 years old. She came back from Spain to open a small restaurant for breakfast and lunch, near ECLOF Ecuador's offices in the Mariscal sector. She got the idea with her brother who also takes care of the tables, the decoration, and the cleaning while she is full master in her kitchen.

Ecuador's migration rate is extremely high and leads every day to silent dramas, such as family separation, children left abandoned or under the care of relatives, and other problems that migrants face abroad and that can degenerate into mistreatment, racism, labor exploitation, unemployment, and even prostitution. This is why ECLOF Ecuador cannot give up its efforts and must succeed. The commitment of the staff is truly impressive and even if the program has just started, ECLOF is already expecting to serve 62 clients in the coming months, with a total of 300 indirect beneficiaries.



ECLOF Peru

“Since childhood I have always been very interested in business and now I have my own small grocery warehouse, where I also sell crafts. My business is what introduced me to Ms Suberin, who invited me to join the Solidarity Group “Santa Isabel” of ECLOF Peru. Through ECLOF Peru’s Solidarity Group, I obtained a loan of 500 nuevos soles – about USD 180 – to expand my business. I feel that ECLOF Peru’s support was significant because the workshops and guidance they provided helped me not only to improve my business but also the communication within my family. I was able to sell more; I was also able to provide my family with good food, a better education, improved health and nutrition, and basic services. This makes me so happy because I feel that I’m improving my family’s quality of life. Before, we didn’t have running water or plumbing. Now both have been installed in our home. For me, this is a dream come true and I am very happy and grateful for all I’ve got.”

Augustina Matamoros Crisostomo



“My name is Fortunata Quispe Boza and I have three daughters: Yuri (18 years old), Anali (16 years old), and Rosa (10 years old). Three years ago, my youngest daughter was diagnosed with chronic, incurable schizophrenia and my husband left us. Following our separation, I underwent a period of great depression in which I no longer wanted to live. I had no desire to succeed in anything. Nothing appealed to me other than lying down all day long. I wanted life to end there. Day after day, night after night, it went on like this and there was only anguish and despair for me.

The first year alone with my daughters was harder than I ever imagined living without my husband would be. I was so totally dependent on him that when I saw myself all alone I did not know how to move forward. But after a while I regained some strength, and I asked God to help me overcome life's challenges for my daughters. I understood I had to work; I had to raise these three girls. My ex-husband would send me small sums of money for his daughters every once in a while, but I didn't want to depend on these irregular and unreliable contributions, so I began to sell food.

At first I sold very little, but over time people got to know my business and I began selling much more. I struggled to prepare food each day as sales increased. I spent many sleepless nights thinking about what I would prepare and how I would be able to do it all alone. It took a lot of effort but I managed to establish a juice bar business. It was hard enough to overcome the lack of capital but I also had to learn how to diversify my products and services according to my customers.

In the meantime my husband and I saw an opportunity to give our relationship another chance. We began seeing each other again. Things were different. We had changed our relationship as husband and wife from what it was before. We began living together again and currently continue to improve our lives. We try to keep moving forward, even though the pain remains. It hurts me to remember the difficult times.

Thanks to my juice bar business, Ms. Elizabeth invited me to join the “Brisas de Gamarrita” Solidarity Group of ECLOF Peru. I was given a loan, which I used to invest in my business. ECLOF Peru has supported me since then and they also provide me with workshops and classes that instill motivation in me which I proudly pass on to my daughters by encouraging them to complete their education and to become professionals. Thus they will succeed in life.”

Fortunata Quispe Boza



ECLOF Uruguay FEDU

ECLOF URUGUAY'S (FEDU) CLIENTS FEEL THAT ECLOF IS MUCH MORE THAN JUST A PROVIDER OF FINANCIAL SERVICES

For some years now, ECLOF Uruguay (FEDU) has been offering a special service to its clients free of charge: training courses to help them improve their business ventures. Beyond receiving enthusiastic and positive feedback from FEDU's clients, these courses have clearly helped their participants to strengthen and stabilize their businesses.

The first course during 2011, which focused on Customer Service, was successfully completed in May and the next one on Negotiation in July. The course on Customer Service deserves special mention as it is the first course that was conducted outside the capital, Montevideo, due to the significant number of clients that FEDU has, notably in Canelones. But FEDU has many more courses to offer, ranging from Marketing and Sales to the Project Development and Investment.

In addition to giving FEDU's clients what they need to manage their businesses as best as they can, these courses have proven to be a great way to facilitate meetings and exchanges among different clients, thus allowing them to expand their network and to find new partners and means of support.

“We started out in 2005, when we got our first loan, and we are still working with FEDU. At our beginning, we were two people working and now we are seven. We can also proudly say that we meet our social obligations in full. FEDU's service is deeply human and understanding. They always come up with a shared solution for our projects, which goes beyond their lending us money; we feel safe when they offer to go along with our dreams. We suggest that when people have a work project, they must not be afraid; fear hinders a family's economic goals. At FEDU we do talk, we listen to each other; it is some sort of collective work that we do, that makes us rich, not money-wise but through people; we become human. Then, yes, of course, we work and through this we achieve economic stability for our families, and also for our employees. FEDU empowers us and dignifies our families.”

Ana Fagúndez

“FEDU has worked with our enterprise by offering us both financial support and training courses. The service given to us has been very helpful since we have been provided with support, guidance, and advice. We can interact with the staff at FEDU in an open and trustworthy manner. In the face of any problem we know we can discuss it freely with them, and together we can find solutions. I advise entrepreneurs to come to FEDU and be open about their fears and worries regarding their business. They will discover that together with FEDU, they can find genuine solutions to their problems and drive real development in their enterprises. Moreover, they can also grow thanks to the opportunities for training and education that FEDU offers.”

Mirtha Lagomarsino



ECLOF in Asia & Caucasus



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Armenia



India



Philippines PALAWAN & ABATAN BRANCH



Philippines MANILLA & BAGUIO BRANCH



Philippines GMA BRANCH



Myanmar



Sri Lanka

- Nb of offices 5
- Nb of branches 32
- Nb of staff 186
- Average nb of loans/loan officers 287
- Portfolio at Risk > 30 days 14 %
- Average loan amount USD 304
- Average group loan amount USD 145
- Average institutional loan amount USD 8194
- Average individual loan amount USD 925

**HASAN'S AVDOYAN'S
FAMILY IS REUNITED
THANKS TO ECLOF ARMENIA**

The reunion of Hasan Avdoyan's family and the spectacular growth of his family business is just one of many success stories that enrich ECLOF Armenia's daily work. It shows how, through hard work and financial support, ECLOF clients succeed in improving their social conditions and in offering a better future to their children.

Hasan is proud to house a family of nine. Indeed, four generations gather under the same roof, from Hasan's parents to his grandchildren. The family is engaged in greenhouse activities and livestock breeding. However, their income does not meet the needs of such a large family. This is why, every year, Hasan's sons have had to leave the family and work abroad for several months to earn the necessary income for the family's subsistence.

ECLOF Armenia has been offering loans in Hasan's community since 2002. To gather more information about the Organization and envisage a possible collaboration, he decided to attend one of the seminars organized by ECLOF's staff in his region. This is when his family's life changed. Hasan's family originally had only one cow and three greenhouses. Between a first loan in 2009 and a second one three years later, Hasan succeeded in greatly expanding his production and breeding activities. Not only has he successfully diversified his production, as per the terms of the project designed with ECLOF's staff's help, but he can now fully support his entire needs. The family is reunited. His sons are back home and participate fully in the family's business. The education of Hasan's grandchildren is now assured.

ECLOF Armenia

Hasan Avdoyan



THE CHURCH OF MRGASHAT IS RESTORED THANKS TO ECLOF ARMENIA'S SUPPORT

The village of Mrgashat is located in the Armavir region of the Republic of Armenia. The only church in the village, Holy Mother of God Church, was built in 1865 and consecrated in 1903, before the Soviet period. Unfortunately, it had not been used as a church since 1937, when it was transformed into a granary.

When the Republic of Armenia became an independent state, the people of Mrgashat decided to restore the church themselves. However, their meager resources did not prove enough to restore the church entirely. This is why, through the initiative of the Bishop of Armavir, the community approached ECLOF Armenia to obtain the necessary financial support for this great endeavor.

ECLOF Armenia immediately understood the importance of this church for the community of Armavir and especially for the people of Mrgashat, and granted them a loan to ensure that the restoration process would be finalized by the end of 2011. And so it came to pass. Holy Mother of God Church of Mrgashat was rededicated in a ceremony celebrated by His Excellency Bishop Sion Adamyan on October 15, 2011. Many staff members at ECLOF Armenia were present, and the entire population of the village organized and participated in the sacred rituals.

ECLOF ARMENIA WORKS WITH THE UNITED NATIONS TO HELP REFUGEES AND INTERNALLY DISPLACED PERSONS

ECLOF Armenia has established a special SME Supporting Fund in partnership with the United Nations Industrial Development Organization (UNIDO). UNIDO is currently running a joint program with the UNHCR, the UNDP, the UNFPA and UNICEF, as well as the Government of Armenia, to help refugees and internally displaced persons. The contract to secure this funding was signed on September 30, 2011 and is valid for the next seven years. The fund will be managed by Ms Narine Gyoletsyan, who is the Microfinance Program Officer at ECLOF Armenia, and its primary beneficiaries will be socially vulnerable refugees, internally displaced persons, and local families.



Holy Mother of God Church

LATHA IS NOW PROUD TO GIVE HER CHILDREN AN EDUCATION – FOUR YEARS AGO, THEY BARELY HAD A MEAL A DAY...

35 year old Latha Waghmare comes from a poor Dalit family in Nagpur, in the State of Maharashtra. She is married to Maroti and they have three children. The Waghmare family used to be rag pickers. Any iron, plastic scrap, or old cloth they had found while rag picking would also be collected and hopefully sold. Therefore, their day to day living depended on tiresome walks through the streets and what they could find there.

In 2007, Latha's husband fell ill. They could no longer give their children even one full meal a day, let alone offer them an education. This made the family seriously consider suicide, but this is also when they crossed the path of our Field Officer, Vivek Wilson. At the time, Vivek was informing and training Latha's neighbors on group savings and credit. When he learned about the family's situation, he decided to meet with them to offer not only a viable solution out of their misfortune, but also personal psychological support. He advised Latha to come up with a plan to meet the family's needs. He encouraged her to think about activities she could undertake that would bring a steady income to her family. His frequent visits brought confidence to Latha, who joined a Self Help Group and acquired new skills.

In 2008, ECLOF India granted Latha her first loan. With this money she bought a few utensils that she carried on her head for door to door sale. Moreover, she earned a profit out of this first loan that allowed her to expand her activities. She identified other women who were doing the same thing and proposed to them that they join forces and open a small stall.

ECLOF India

Three loans later, Latha is the flourishing owner of several stalls which offer a secure income to the entire Waghmare family. Before her collaboration with ECLOF India, she and her family were living in a shelter on the pavement made of tin and old clothes and barely had a meal per day. They now have a fully-equipped house and a proper roof above their heads. But Latha's biggest achievement and the one she's most proud of remains this one: she's now able to send her children to an English medium matriculation school.



VALLIAMMA IS AN INSPIRATION FOR ALL OF THE WOMEN IN HER VILLAGE

Valliamma is the leader of the Annamalaiyar Self Help Group and lives in a village in Kanchipuram, located around 80 kilometers from Chennai. In addition to this group, she's already formed eight other Self Help Groups in Rayankuttai, her village. She's a strong and wise woman. Seeing her energy and the way she inspires her peers, one would never think that she's so ill. Indeed, in 2009 Valliamma was diagnosed with blood cancer.

But that didn't stop her from moving on and fighting for her family's well-being. The women in her village say that she's a constant source of encouragement and inspiration for them. Many of them have indeed learnt to face challenges in life by following Valliamma's example.

When she was diagnosed with this disease, Valliamma had just been granted a third loan from ECLOF India. The awful discovery of her cancer, however, did not prevent her from advancing with her work. To this day, she's already received two more loans. Not only did she use them as planned, but she also repaid them promptly and fully. Notwithstanding the pain that she's going through every day of her life, Valliamma invested the third loan in growing her small silk-weaving business. The profit that she made helped her family attain self-sustainability, paid all of the expenses for her daughter's wedding, and allowed her to put money into a saving account that she's used to open a new business.





ECLOF Myanmar's staff
in the process of granting loans



Group training

ECLOF MYANMAR'S STAFF DISCOVER PLANTATIONS CREATED TO PRESERVE THE SOIL OF FOREST PLOTS AGAINST NATURAL DISASTERS

From October 13 to 18, 2011, seventeen representatives from six member organizations of the Thadar Dry Zone Group visited villages in the townships of Myaing and Pokkoku to study the activities of the Action Aid Group. Two employees from ECLOF Myanmar accompanied them and greatly benefited from the observations made during their visit.

They studied such topics as the objectives, organization, structure, and leadership of Self Help Groups (SHGs) as well as the support methods within SHGs for revolving funds, saving, lending, and repayment techniques. In addition to this, they were also fascinated by what they learned regarding the village plantations. These plantations, they discovered, were created to preserve the soil of forest plots. In addition to this, the villagers' practice of cultivating specially selected tracts of land also helped to reduce the effects of natural disasters on the environment.

ECLOF Myanmar

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ECLOF MYANMAR'S GENERAL SECRETARY MEETS WITH NGO, UN, AND GOVERNMENT REPRESENTATIVES

On July 12, 2011, ECLOF Myanmar's General Secretary attended a seminar organized by the Contingency Plan Working Group (CPWG) in Nay Pyi Taw. This was the "Myanmar NGO Contingency Plan Review/ Updating Workshop". The seminar was organized by Myanmar NGOs in cooperation with UNOCHA and its objective was to provide information on the Myanmar NGOs Contingency Plan to the related line ministries, so that in the future the Government, Myanmar NGOs, and UN bodies could coordinate their work more effectively. Among other matters, the Contingency Plan addresses health, education, livelihood, and food and nutrition.



Ms Naw May Aye Shwe, ECLof Myanmar's General Secretary, on the "road" to a village where the Organization administers loans.



Ms Naw May Aye Shwe giving a keynote address at the seminar organized by the CPWG.

ECLof MYANMAR PARTNERS WITH LIFT TO REDUCE EXTREME POVERTY AND HUNGER IN THE COUNTRY

ECLof Myanmar recently built a new partnership dedicated to reducing extreme poverty and hunger in Myanmar with the Livelihoods and Food Security Trust Fund (LIFT). The partnership will help vulnerable and marginalized poor people secure daily access to food. LIFT is governed by a donor consortium including Australia, the European Union, Sweden, Switzerland and the United Kingdom. This specific partnership was crafted by ECLof Myanmar bearing in mind ECLof International's Strategic Framework 2010-2014 and the focus it puts on building new, trustworthy partnerships. Throughout the design process, ECLof Myanmar put special emphasis on the following areas: reducing poverty, giving support to rural areas, specifically to agriculture, and building sustainable livelihoods. To lead the livelihood programs in the selected villages, ECLof Myanmar provided microfinancial aid, technical assistance, and advisory services. Village committees were established with the help of ECLof Myanmar. Moreover, groups for farmers, livestock breeders, small businesses, and fisheries were also formed.



ECLOF Philippines

A HISTORY OF INNOVATION

The desire to venture into an innovative service development process has always been embedded in ECLOF Philippines. In fact, even before it was awarded a grant by the Financial Product Innovation Fund (FPIF), ECLOF Philippines was already one of the few microfinance institutions nationwide that served the high-risk agricultural sector. In 2002, it began to offer its vegetable farming loans in Benguet, and in 2005, it granted loans to rice farmers in Palawan.

ECLOF Philippines is open to seizing every opportunity that comes in order to give support to its increasing numbers of microfinance clients. When a chance for an FPIF grant came, ECLOF Philippines immediately filed the application. Being part of this kind of endeavor sets up opportunities for gaining institutional knowledge and speeds up implementation of a planned intervention.

Initial product development undertakings under the FPIF

The first major initiative completed by ECLOF Philippines under the FPIF grant was a market research project focusing on cashew production. As the third most expensive nut in the world, ECLOF Philippines saw the potential of cashew farming in improving the socio-economic status of farmers in North Palawan.

Following extensive fieldwork, a 13-page market research report was prepared. Its principal finding was that under current conditions, cashew farming simply would not be optimal. Undeterred by these findings, however, ECLOF Philippines did not hesitate to explore and submit other “innovative” proposals for its Benguet and Palawan branches.

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Abatan, Benguet Satellite Office
Quezon, Palawan Satellite Office



Product Innovation in Benguet and Palawan

The Branch Managers Dan Santiago and Tina Tangib observed that the existing agricultural loan products offered in Benguet and Palawan by ECLOF Philippines were a bit exclusive. The vegetable farming loans were only for those who farm flowers, potatoes and also for those who raise hogs. In Palawan, loans were provided only to farmers with irrigated lands. In order to be true to its mission of working with the underprivileged and excluded groups who do not have access to credit, ECLOF management thought of using the FPIF grant for high value crops (HVCs) and non-irrigated rice lands.

HVCs such as carrots, sweet peas, snap peas, green onions, and bell peppers were labeled as such since these crops commanded higher market prices regardless of the season. Indeed, planting HVCs could be a lucrative venture. Other leafy vegetables planted in Benguet such as lettuce and cabbage were not as promising, as the transaction costs were quite high. ECLOF Philippines was thus exposed to a higher level of risk. Other products such as broccoli and cauliflower were very vulnerable to market shocks. The price of these vegetables could nosedive any time, leaving the farmers with no profit at all.

ECLOF Philippines' irrigated rice farming loans were a success in Palawan. But could the same features be offered to the farmers with non-irrigated farms? Santiago thought that offering loans to farmers with non-irrigated lands might be a good idea, though risky. After much thought, ECLOF Philippines declared that they would be ready to take on every possible risk.

It took 14 months to complete the pilot testing of the HVC and Non-Irrigated Rice Farming Loans, in both provinces. During this period, focus group discussions were conducted in each province. The farmers were asked to comment on the loan products' policies and procedures, to identify challenges and issues encountered and to suggest improvements.

Clients of both provinces agreed that they valued the opportunity that was provided to them by ECLOF Philippines. Moreover, they recognized the efforts made by ECLOF's staff members to build personal relationships with them. In this way, trust was built and harmonious relationships developed. The ECLOF staff ensured that any feedback from the clients on their services would be appreciated and would be acted upon appropriately.

This study was realized by JJCISI during the evaluation of the Financial Product Innovation Project of MCPI.



Sharmalee Rajapaksha



**ECLOF SRI LANKA INVESTS
IN THE GROWTH OF A VILLAGE'S
COCONUT FIBER INDUSTRY,
THUS STRENGTHENING THE
ECONOMIC LIFE OF A COMMUNITY**

Sharmalee Rajapaksha is member of a rural development society in her village, Wellarawa, in the Bingiriya AGA division. This area is well known for its coconut trees, and most of the region's industries are linked to coconut cultivation. As such, most members of the community are involved in the coconut fiber industry, which is primarily concerned with obtaining fiber from coconut husks.

Sharmalee has already been granted eight loans from ECLOF Sri Lanka. This has allowed her small business to grow and thus join the ranks of mid-sized enterprises and to offer steady jobs to four family members whom she employed in her fiber mill. In particular, she's recently obtained a loan of LKR 200,000 (USD 1,900) to purchase more raw material (coconut husks) to improve her production and maximize her profit.

Sharmalee intends to improve her business even further to support her family fully, help her community, and offer a good example to her peers.



ECLOF
Sri Lanka

Financial Statements

ASSETS	2011	2010
	CHF	CHF
LONG TERM LOANS TO NATIONAL COMMITTEES		
General Capital	6'191'913	6'191'913
Development Capital	25'792'155	25'549'547
Total Long Term Loans to National Committees	31'984'068	31'741'460
Interest Receivable from NECs (IR)	2'507'080	2'682'355
Special Provision on Long term Loans and IR	(14'828'875)	(14'875'826)
Net Long Term Loans to NECs	19'662'273	19'547'990
LONG TERM INVESTMENTS		
Equity Investment with NECs, net	527'611	462'358
Investment with Oikocredit	11'072	10'771
Total Long Term Investments	538'683	473'129
Total Long Term Assets	20'200'956	20'021'119
CURRENT ASSETS		
Cash on Hand and Short term Deposits	1'907'060	2'367'673
Other Receivables and Prepaid expenses	175'203	210'251
Management fees receivable from NECs	453'067	393'034
Special Provision on Management Fees	(250'000)	(150'000)
Short-term Investments	3'012'761	3'295'108
Total Current Assets	5'298'091	6'116'066
TOTAL ASSETS	25'499'047	26'137'185

BALANCE SHEET AS AT DECEMBER 31, 2011 and 2010

LIABILITIES and FUND BALANCES**2011****2010**

CHF

CHF

FUNDS**Unrestricted funds**

General Fund	(1'710'895)	(1'575'401)
Capital Fund	23'869'510	24'274'349
Disaster Fund	566'911	1'097'818
Guarantee Fund	488'683	488'683
Total unrestricted funds	23'214'209	24'285'448

Restricted funds

Technical Assistance Fund	469'426	-
Guarantee Fund	1'164'668	1'164'668
Total restricted funds	1'634'094	1'164'668

Total Funds	24'848'303	25'450'116
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LONG TERM LIABILITIES

Loans Payable	-	20'000
Total Long term Liabilities	-	20'000

CURRENT LIABILITIES

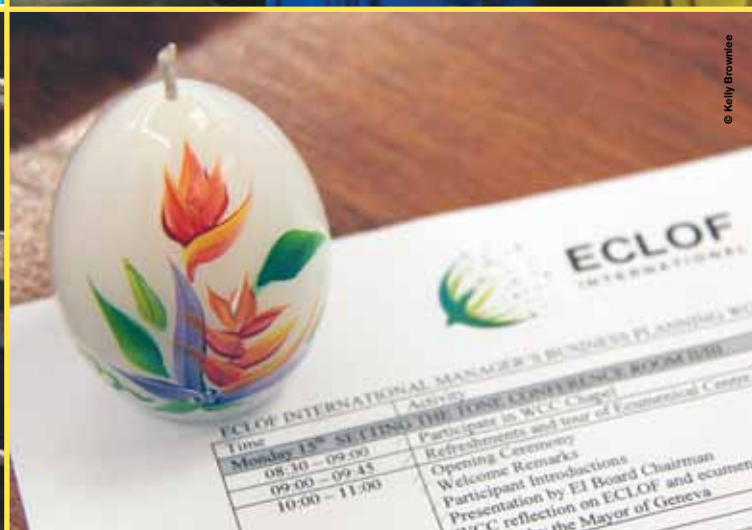
Accrued Expenses and Other Liabilities	160'921	166'617
Short term Loans	489'823	500'451
Total Current Liabilities	650'744	667'068

TOTAL LIABILITIES AND FUND BALANCES	25'499'047	26'137'185
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Income and Expenditure Account for the year ended December 31, 2011

(figures are stated in CHF)

	Unrestricted funds			Restricted funds			Total Funds 2010
	General Fund	Capital Fund	Disaster Fund	Guarantee Fund	Technical Assistance Fund	Guarantee Fund	
FUND BALANCE AT JANUARY 1	(1'575'401)	24'274'349	1'097'818	488'663	-	1'164'668	32'714'281
Funds transfers	263'137	(263'137)	-	-	-	-	-
Funds transfers	-	(606'417)	-	-	606'417	-	-
FUND BALANCES AFTER TRANSFERS AT JANUARY 1	(1'312'264)	23'404'795	1'097'818	488'663	606'417	1'164'668	32'714'281
Revenues							
Contributions	143'000	346'501	-	-	471'192	-	2'166'099
Management fees	465'143	-	-	-	-	-	653'055
Investment and other income	185'123	-	-	-	-	-	188'839
TOTAL REVENUES	793'266	346'501	-	-	471'192	-	3'027'994
Expenses							
Transfers to the NECs	-	-	-	-	-	-	-
Technical Assistance paid by EI	-	-	-	-	313'702	-	313'702
Salaries and related costs and NEC consultants	983'067	-	-	-	294'481	-	2'944'481
Meetings, consultations, travel	99'624	-	-	-	-	-	1'092'209
Office and operating expenses	510'890	-	-	-	-	-	1'22'803
Other financial and non operating expenses	46'767	-	-	-	-	-	272'893
Variance in provision on investment	-	168'205	-	-	-	-	41'293
Provision for loss on LT loans and 1/3 interest	-	(46'950)	-	-	-	-	(46'675)
Provision for loss on the management fees	100'000	-	-	-	-	-	3'335'413
Write-offs / adjustments on LT loans with NECs	-	68'306	-	-	-	-	150'000
Exchange loss / (gain)	(17'544)	(307'775)	-	-	-	-	891'910
TOTAL EXPENSES	1'722'804	(118'214)	-	-	608'183	-	10'292'159
RESULT FOR THE YEAR BEFORE FUND TRANSFER	(929'538)	464'715	-	-	(136'991)	-	(7'264'165)
Funds from Disaster Fund	530'907	(530'907)	-	-	-	-	-
RESULT FOR THE YEAR	(398'631)	464'715	(530'907)	-	(136'991)	-	(7'264'165)
FUND BALANCES AT DECEMBER 31	(1'710'895)	23'869'510	566'911	488'663	469'426	1'164'668	25'450'116



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