



ANNUAL REPORT 2012



ECLOF
INTERNATIONAL
Investing in Human Dignity

ECLOF INTERNATIONAL IS A SWISS FOUNDATION ESTABLISHED IN GENEVA IN 1946.

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COVER PICTURE - ECLOF DOMINICANA

Milagro de la Cruz has been a client of ECLOF Dominicana since 2007 and won the Citi Award as agricultural microentrepreneur for the year 2010. She cultivates guavas, cherries and vegetables in a rural area in the north of Santo Domingo. Her first ECLOF loan allowed her to invest in PCV tubes to irrigate her plantation, whereas she was previously carrying the water on foot.

ECLOF Dominicana was founded in 1984 and currently serves 17,000 clients, 80 % of whom are women and 14 % work in rural areas.

CONTRIBUTORS ECLOF network

DESIGN Patricia Armada

PRINTER Global Publishing Services

**PRINTING UNDER FRIENDLY ENVIRONMENTAL
PROCESS, PAPER FROM SUSTAINABLE
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Our Mission

TO INVEST IN HUMAN DIGNITY

ECLOF International aims to eradicate 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

KIMANTHI MUTUA



DEAR FRIENDS,

On behalf of the board of directors, I am delighted to present this 2012 annual report.

Last year I spoke about the need to consolidate our strengths and to work closely with our partners and the National Offices in building the capacity required for a sustainable network operating in accordance with good practice. I am pleased to report that we have made good progress towards this goal.

A new regional organisational structure with the recruitment of three locally based regional managers, supported by a field based partner relations manager was introduced. This organisational restructuring, which emphasises a shift towards stronger regional presence and capacity in Africa, Asia and Latin America and a more unified representation of the network to the outside, is beginning to show results. Feedback from the network is encouraging. The closer involvement of ECLOF International as the network apex institution is appreciated. The new regional staff now work closely with the boards and management of the National Offices in determining their strategic direction, financial and social performance, as well as managing relationships. ECLOF International now has the capacity to effectively engage the 19 network institutions in a manner which ensures that each individual national office's business, products, market environment, challenges and technical and loan funding requirements are understood in detail.

In response to the different challenges faced by the microfinance sector in recent years, there is now a renewed focus and commitment to the original principles and objectives of microfinance – the need to provide access to financial services to reduce and eradicate poverty in our communities. ECLOF

welcomes this restatement as we have been to the forefront of maintaining this focus in the work we perform in our network of nineteen national offices. Our network will continue to give priority to reaching vulnerable communities, particularly in rural areas, which are excluded from access to formal sources of financial support. The ECLOF network is very firmly rooted in local communities, where there is a strong awareness of the needs of the most vulnerable. ECLOF seeks to build relationships with like minded partners committed to such an approach.

The board and management are very grateful for the wonderful support provided by our partners. I note with appreciation the strengthening of these relationships and much progress towards identifying new partners. Appreciation is also extended to our many stakeholders for the support in 2012, and we look forward to further growth of an ECLOF network that is fully committed to our mission and serving our customers in a responsible manner.

I also want to take this opportunity to convey my gratitude to the board, management and staff for their leadership, diligence and concerted efforts during the year.



Operations' Report

Operationally, significant progress was made in 2012, though there are challenges in some National Offices. It was a very positive year in many perspectives, particularly the symbiotic interactions in laying strategies for developing capacity to build sustainable institutions. Towards this end, Balance Sheets of a number of the National Offices were restructured with ECLOF International agreeing to write off debt, while providing new loans to some of the smaller countries. These initiatives, together with the ongoing involvement of the regional personnel and ECLOF International participation on the local boards, are important steps in attracting new funders. They will also return a number of the smaller National Offices to sustainability. This is evident from the fact that a majority of the National Offices are now financially sustainable. The regional approach is expected to bring further benefits in 2013.

The overall network loan portfolio grew by 2%, from CHF 39.7M in 2011 to CHF 40.4M, with outreach increasing from 128,000 clients at the end of 2011 to 131,000 clients at the end of 2012. There was strong growth in our African loan portfolio (19%) with a slight decrease in the Asian and Latin American portfolios. The average loan per client is CHF 308 with over 68% women borrowers and 52% rural borrowers.

The network employed 901 staff at the end of 2012, with 53% of them employed as loan officers. There is however a need to improve loan officers productivity which stood at 174 loans per loan officer. There was a slight improvement in the Portfolio at risk > 30 days from 11% (2011) to 10% (2012), but this is an area where there are challenges and further action is required in 2013. The countries continue to display their social relevance through the provision of health insurance in Kenya, working in post conflict zones

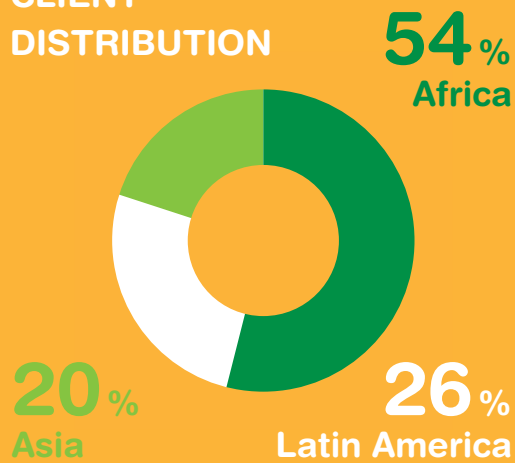
in Sri Lanka, training farmers on organic growing methods in the Philippines, and rural agricultural value chain financing in Uganda. Social performance and social relevance remains a key component of the ECLOF network, and we intend to continue our focus in this area in 2013 through performing social performance audits in the network.

A number of actions were undertaken in 2012 to return ECLOF International to sustainability. Costs were closely managed while income sources were more clearly identified. This resulted in ECLOF International returning a surplus of CHF 9K in 2012 versus a deficit of CHF 399K in 2011, though there were various one off items in 2012 which had a positive impact on the outcome and which will not be repeated in 2013. However, the steps taken should position ECLOF International to return to sustainability within the next two years – without the need for grant support for the secretariat.

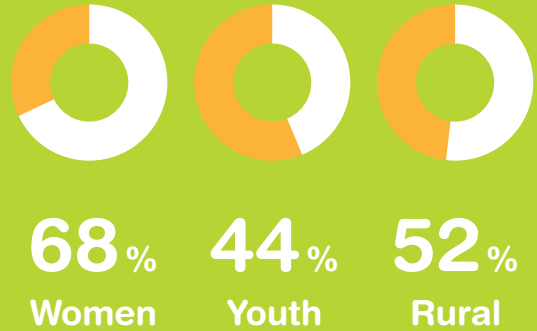
We will continue to build on the initiatives and actions taken in 2012, and we expect a reasonably strong performance in 2013 with further progress on building the ECLOF network and returning ECLOF International to sustainability.



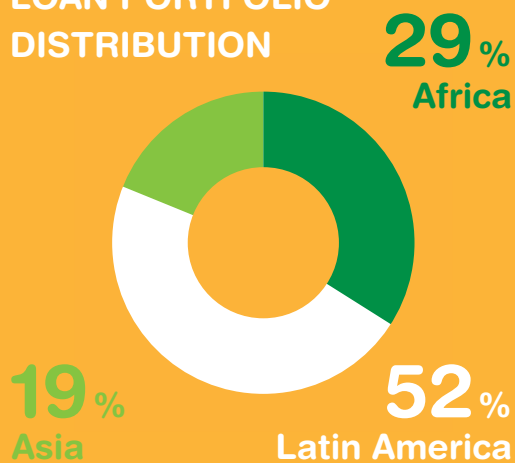
CLIENT DISTRIBUTION



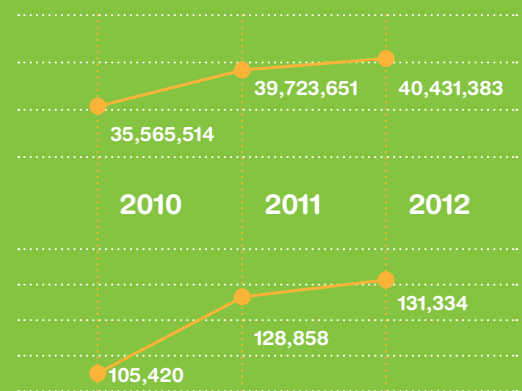
SOCIAL OUTREACH BORROWERS



LOAN PORTFOLIO DISTRIBUTION



LOAN PORTFOLIO in USD



NUMBER OF CLIENTS

Global Portfolio:
40,431,383 USD

Portfolio at risk > 30 days:
10 %

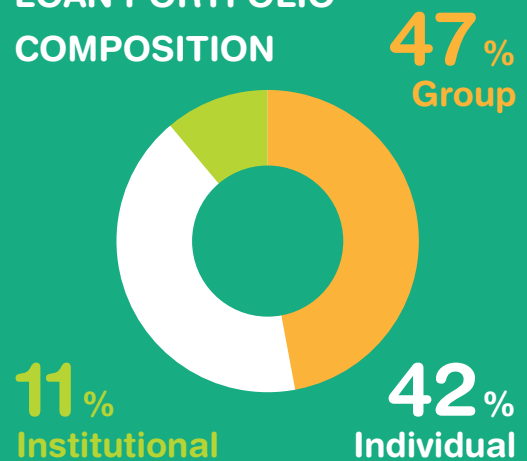
TOTAL NUMBER OF

Staff: 901

Loan officers: 474

Branches: 134

LOAN PORTFOLIO COMPOSITION



ECLOF in Africa



3,049,755 USD

GHANA

Staff: 135
Loan officers: 78
Branches: 18

709,070 USD

UGANDA

Staff: 16
Loan officers: 7
Branches: 2

161,018 USD

ZAMBIA

Staff: 11
Loan officers: 7
Branches: 2

AFRICA

Portfolio: 11,563,427 USD
Portfolio at risk > 30 days: 11%

Staff: 373
Loan officers: 209
Branches: 44

- ECLOF BRANCH
- ECLOF HEAD OFFICE

SOCIAL OUTREACH BORROWERS



62%
Women

60%
Youth

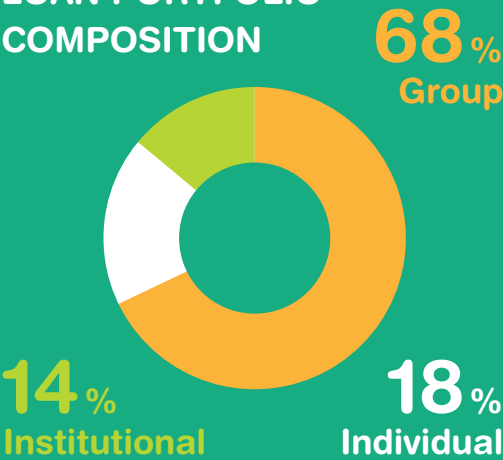
51%
Rural

LOAN PORTFOLIO in USD



NUMBER OF CLIENTS

LOAN PORTFOLIO COMPOSITION



5,444,998 USD

KENYA

Staff: 168
Loan officers: 92
Branches: 16

2,198,586 USD

TANZANIA

Staff: 43
Loan officers: 24
Branches: 6



KENYA

Wilson Mwiti is one of the beneficiaries of ECLOF Kenya WASH products that cover water, sanitation and hygiene needs.

Mwiti lives from the cultivation of his three hectares land. During an ECLOF WASH workshop, he learned about the possibility of improving his productivity through the purchase of a generator and water pipes. This would allow him to become independent from the vagaries of the weather.

He accessed an ECLOF loan in order to buy the necessary equipment, which had a huge impact on his work as he could better manage the plantation and harvest throughout the year.

He could therefore realise his project of specializing in horticultural farming especially focusing on crops that are in great demand. He is proud of his different plantations such as capsicum, onions, citrus fruits, sweet potatoes, maize and beans.



TANZANIA

Mwajuma Albanu managed to improve her life socially, economically and morally by selling potatoes on Soweto Market. She started this business four years ago as her disabled husband and her entire family were relying on her.

She began with a small capital (about USD 110), but she soon got ECLOF's support with a first loan of USD 150 to increase her activities. Over the years, she managed to grow her business and diversified her activities with by-products such as chips. She also renewed her customer base, supplying big hotels among others. She now employs some staff to help her in daily operation.

Mwajuma is a reference in her society, supporting her family and relatives, and creating employment for her community.



AFRICA

Client Stories

ECLOF Ghana (CCML)

THE FIRST LICENSED DEPOSIT-TAKING MFI OF ECLOF

A safe place to save surplus money is at least as important to the poor as having access to credit. In order to offer a complete range of services and serve more clients than ever before, ECLOF Ghana transformed into a deposit-taking microfinance institution in 2012, licensed by the Central Bank of Ghana under the name of “Christian Community Microfinance Limited” (CCML). With transformation came a refocus of strategies towards growth, expansion and innovation to better address the growing demands of poor entrepreneurs in Ghana. What remained unchanged is the mission to eradicate poverty by providing responsible financial services and training to the working poor and strengthening the communities where ECLOF operates.

With a growing network that now covers 5 of the 10 regions in Ghana, ECLOF serves micro entrepreneurs individually and in groups as well as churches and schools. All customers receive training on financial literacy, leadership or entrepreneurship. For individual clients, products include “Kokookor”, an entry loan between 150 to 250 USD for micro enterprises with an insurance that protects clients and their families from indebtedness in case of death or incapacitation; and “Boafo” loans of 200 USD and upwards for mature customers. In addition to compulsory savings required before a loan is made, ECLOF Ghana offers its clients “Semenhyia” micro savings. The product is coupled with a new mobile phone for clients by which they receive account updates via text message, ensuring security and transparency.

INTEGRATING SOCIAL PERFORMANCE MANAGEMENT (SPM)

ECLOF has an integrated SPM in order to make its work more effective in achieving the social mission. During 2012, all Board members, staff and management were trained in SPM; policies and procedures were revised. A training center was set up for both staff and customers; and new larger branches in underserved communities were opened, along with a network of service points to facilitate group meetings and disbursements close to the clients' location. ECLOF earmarks 5 % of its income for community initiatives such as the “Save a cedi, save a kidney” campaign through which donations of so far 150,000 USD have been gathered towards the setting up of a renal center at a hospital.

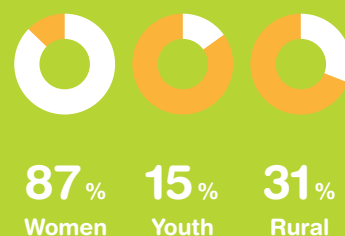
INNOVATION TO BETTER SERVE CUSTOMERS

Since 2012, ECLOF has had an integrated automated MIS which serves as a basis for future mobile banking services. ECLOF has started biometric registration for making transactions safer and is testing SMS confirmations for all customer transactions. It has also started work on a scoring system to aid credit decision making in the future.

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SOCIAL OUTREACH BORROWERS



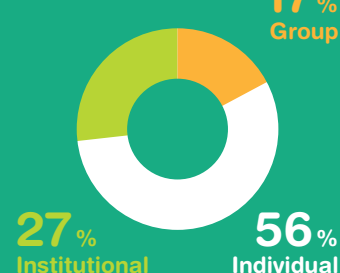
LOAN PORTFOLIO in USD



NUMBER OF CLIENTS



LOAN PORTFOLIO COMPOSITION

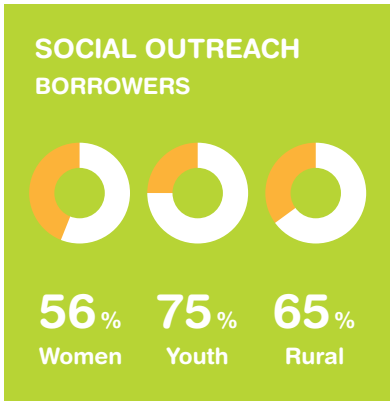




ECLOF Kenya

LOANS AND TRAINING FOR GROUPS OF WOMEN IN RURAL KENYA

Covering six of the eight provinces in Kenya, ECLOF makes most of its loans to clients in rural areas. More than half of these clients are women. Group lending is the most appropriate method of lending to these women, given that they do not have tangible loan collateral and culturally embrace the concept of joint liability. Groups consist of an average of 10–15 members who gather regularly and co-guarantee each other’s loans. Typically loans are taken to finance medical cover, school fees for children or stock for traders. Agricultural loans are used to buy inputs or services for crop farming like seeds, plowing or labor, or for animal husbandry like constructing shelter, purchasing animals or feed. Complementing the loans, clients are trained in business management and financial literacy. With support from Church of Sweden, ECLOF trained over 10,000 clients in financial literacy in 2012 alone.



BRINGING HEALTH INSURANCE TO POOR RURAL FAMILIES FOR THE FIRST TIME

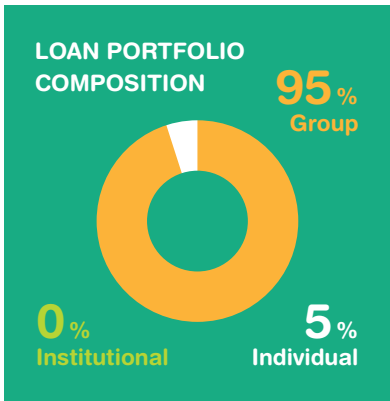
Poverty and ill health often go hand in hand: the poor are more likely to be exposed to health risk because their work is physically demanding and often dangerous, but they are least able to afford health care. In fact, 35 million Kenyans have no health insurance at all.

As one of the first financial institutions, ECLOF Kenya offers its clients micro health insurance policies in cooperation with a local insurance company. For an annual premium of 100 USD, a family of four enjoys inpatient cover up to 2,300 USD and unlimited outpatient cover. In partnership with Church of Sweden, ECLOF Kenya trained its staff and clients to increase awareness and uptake of this opportunity. ECLOF marketed 1,151 policies in 2012 and plans to sell 4,500 in 2013.



FINANCING GREEN ENERGY & WATER, SANITATION AND HYGIENE

ECLOF Kenya actively promotes green energy loans, e.g. for biogas digesters and solar panels. ECLOF’s livestock loans enable farm families to rear animals that provide the raw materials for biogas generation.



In partnership with Water.org, ECLOF conducted a market survey to develop adequate loan products for water, sanitation and hygiene (WASH). In 2012, it granted over 400 loans of on average 400 USD for digging of shallow wells, water harvesting and storage, construction of decent pit latrines and septic tanks. Further, ECLOF offers wash business loans towards water vending as well as pay toilets in rural towns and informal settlements. With funding from Water.org, 3,500 clients and 68 loan officers were trained on proper hygiene, environmental awareness and conservation. For 2013, training of all remaining ECLOF staff and 5,000 more clients is planned.



ECLOF Tanzania

INNOVATIVE GROUP LOANS TO WOMEN AND YOUTH BORROWERS

63 % of ECLOF Tanzania's loans go to borrowers who are traditionally excluded from credit: women or young people under 26. To curb the associated risk, ECLOF has developed a successive array of loan products secured by a three tier guarantee system: the initial Jikwamue ("Emancipate yourself") funds productive projects of solidarity groups of five individuals whose group is then linked to 2–5 other groups to form a larger group of 15–30 for cross guarantee. There is a graduation system where groups receive larger loans after initial ones have been paid off in time. Loan amounts range from around 120 USD to 600 USD with maturities between 6 and 12 months. Clients who have graduated further are eligible for Jitegemee ("Be self-reliant") with amounts between 610 and 6,100 USD. All loans are secured by credit life insurance covering death and severe illness of the clients. ECLOF supports its group loan clients non-financially as well by referring them to seminars like entrepreneurship for youths and by inviting them to participate in trade fairs and exhibitions under the banner of ECLOF Tanzania. A small share of the portfolio are secured infrastructure loans to churches for construction or renovation of church schools, hostels or health facilities.

FINANCING THE AGRICULTURAL VALUE CHAIN

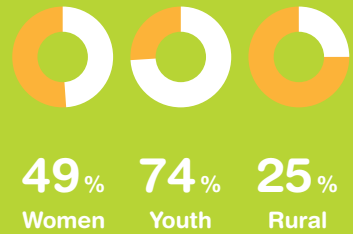
Accounting for 29 % of GDP and 80 % of employees, agriculture is the backbone of Tanzania's economy. Still, access to finance remains illusionary for many rural borrowers. While many banks have begun extending collateral-free and low interest microcredit to the poor, most serve only urban areas, leaving rural areas largely untapped.

ECLOF Tanzania finances the dairy sector value chain in Northern Tanzania and Mbeya. Clients are small dairy cattle farmers normally owning less than five cows who borrow from ECLOF through their cooperatives or producer associations. For example, ECLOF has financed the purchase of cooling tanks for an association in Mbeya where milk is processed into yoghurt, cheese and buttermilk, or a car for Nure Women Dairy group in Moshi at the foot of Mount Kilimanjaro to facilitate transport of milk to town. As a result, dairy farmers in Mbeya and Moshi have a guaranteed market for their milk and a steady source of income.

ECLOF plans to expand its lending to farmers through an agricultural lending initiative in cooperation with local government, churches, meteorological agencies and insurance companies. A pilot project is underway granting individual loans to maize and rice farmers in Moshi Kilimanjaro, Arusha and Usa River for inputs like seeds, fertilizer and pesticides.

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SOCIAL OUTREACH BORROWERS

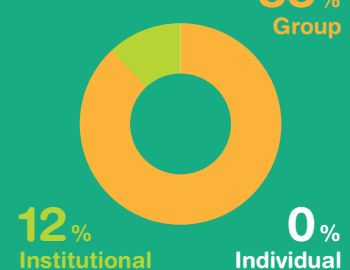


LOAN PORTFOLIO in USD



NUMBER OF CLIENTS

LOAN PORTFOLIO COMPOSITION



SOCIAL OUTREACH BORROWERS



68% Women
22% Youth
62% Rural

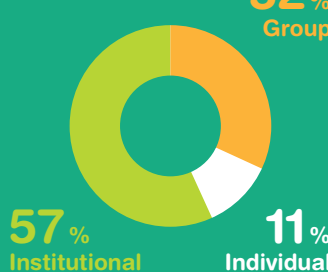
LOAN PORTFOLIO in USD



NUMBER OF CLIENTS



LOAN PORTFOLIO COMPOSITION



ECLOF Uganda

MORE THAN A LOAN ... PILOTING AN INNOVATIVE APPROACH TO AGRICULTURAL FINANCE IN UGANDA

During 2012, ECLOF successfully pilot-tested an agricultural loan scheme in Kigumba, Kiryandogo district, in northwestern Uganda. It addresses the two biggest constraints to smallholders: access to equitable markets for buying inputs and selling produce and access to credit. On one side, the scheme provides group loans towards land cultivation, labor costs or farm inputs. But it goes further: By creating reliable linkages with local service and input providers as well as buyers of agricultural products, the scheme provides smallholder farmers with access to high-quality inputs and secure post-harvest sales. ECLOF Uganda trains farmers in financial literacy, group formation and dynamics and linked service providers provide technical support to ensure proper planting, spacing, fertilization etc. ECLOF even offers its clients an insurance protecting their harvest.

While many projects work to create a connection between farmers, local buyers and service providers, this scheme, with its financing component from ECLOF disbursed directly to suppliers, allows even poor farm households to participate. In some cases, ECLOF even facilitated access to (additional) arable land for farmers so they could exceed the subsistence level they had been operating at. A national seed company leased 400 acres of land to farmers in the first season; the target is to double this acreage during 2013.

In the first six months after opening, the Kigumba branch had disbursed around 250,000 USD of almost entirely agricultural loans. A client survey at the end of the pilot phase showed that clients felt ECLOF had the best agricultural loan product in the Kiryandogo district. A second rural branch was opened on 15th March 2013 in Luwero District along the Kampala-Kigumba road.

FIRST MFI TO OFFER AGRICULTURAL INSURANCE IN NORTHWESTERN UGANDA

Tools for managing risk are vital to sustainable agricultural development. Insurance against adverse weather and catastrophe is such a tool—one that has not been available to smallholder farmers in northwestern Uganda so far. As the first MFI in the region, ECLOF Uganda in cooperation with AIG Insurance offers livestock and crop insurance policies. With a 10% deductible, it protects livestock against natural disasters, injury and theft. Crops are insured against excessive rain and hail, frost, fire and other disasters. The insurance gives farmers confidence which in turn enables them to cultivate bigger acreage than they would have in the past, thus enabling them to better care for their families.



ECLOF Zambia

TOWARDS A FINANCIALLY SUSTAINABLE YET SOCIALLY MINDED MFI

ECLOF Zambia, with two branches in Lusaka and Kitwe, provides poor and marginalized Zambians with an alternative financing source for productive purposes. It serves mainly urban and peri-urban clients with Group Solidarity Loans, Individual Loans and School Project Loans to local churches. Loans are accompanied by business training to borrowers in the areas of entrepreneurship, financial literacy and bookkeeping. 58% of loans are disbursed to women.

ECLOF Zambia became financially self-sustainable for the first time in the third quarter of 2012. On the back of a growing portfolio and outreach, the institution aims to continue on this path during 2013. In February 2012, a second branch was opened in the town of Kitwe to tap into the potential for agricultural loans in the area along the highway between Lusaka and Kitwe. Plans for 2013 envision growing the portfolio to 450,000 USD, while increasing productivity and reducing portfolio-at-risk to a low single digit number. To help achieve this, further staff training, an upgraded MIS and prudent cost management are foreseen. In order to enhance its ability to attract investment for serving more clients, the current company limited by guarantee will be transformed into a company limited by shares by year end 2013.

GROWING THE PORTFOLIO OF AGRICULTURAL LOANS

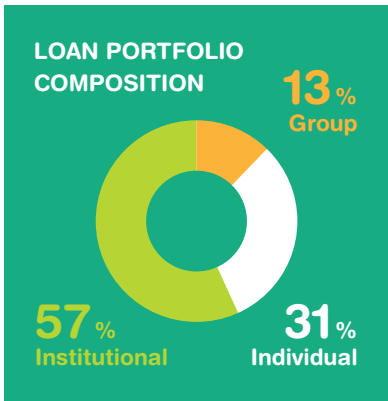
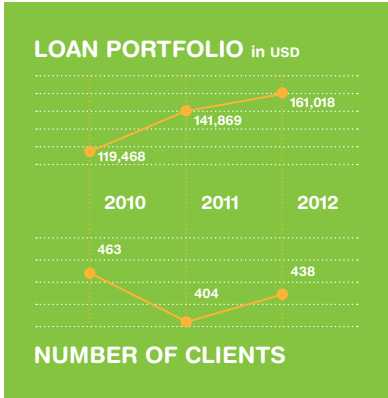
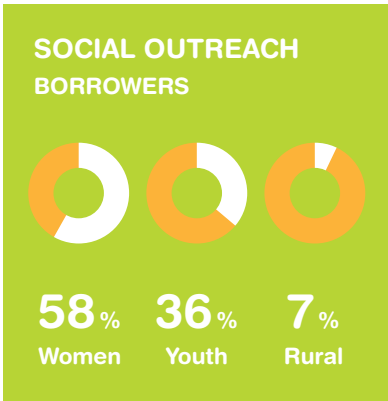
Agricultural production has huge untapped potential in Zambia. But where accessing loans for productive purposes is very difficult for urban entrepreneurs in Zambia, it is almost impossible for farmers.

A key reason for ECLOF's opening a new branch in Kitwe was the ability to better reach out to the vast and underserved rural areas along the highway between Lusaka and Kitwe. Currently, ECLOF has a small agricultural loan portfolio of 3 %, which it plans to grow to 10% by the end of 2013. The envisioned project will provide smallholder farmers with better access to technical training, agricultural infrastructure and financing, in an innovative joint effort between agricultural service providers and ECLOF Zambia as the facilitator and financial service provider.

INITIATED SOCIAL PERFORMANCE MANAGEMENT (SPM)

ECLOF Zambia has started the process of introducing a comprehensive social performance management system into its operation. Two staff members were trained in SPM in Uganda in December 2012 after which one of them became ECLOF Zambia's SPM Champion. Under her guidance, ECLOF has begun integrating SPM into its daily work.

...



ECLOF in Latin America

280,034 USD

JAMAICA

Staff: 4
Loan officers: 1
Branches: 1

1,549,638 USD

COLOMBIA

Staff: 16
Loan officers: 8
Branches: 2

2,276,979 USD

ECUADOR

Staff: 7
Loan officers: 4
Branches: 1

2,132,455 USD

PERU

Staff: 53
Loan officers: 28
Branches: 6

LATIN AMERICA

Portfolio: 20,982,673 USD
Portfolio at risk > 30 days: 8 %

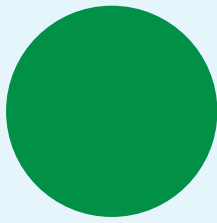
Staff: 348
Loan officers: 159
Branches: 62

6,606,741 USD

BOLIVIA

Staff: 143
Loan officers: 56
Branches: 40

- ECLOF BRANCH
- ECLOF HEAD OFFICE



5,588,186 USD

DOMINICAN REPUBLIC

Staff: 96
Loan officers: 47
Branches: 7



1,328,942 USD

BRASIL

Staff: 22
Loan officers: 11
Branches: 4



1,110,822 USD

URUGUAY

Staff: 4
Loan officers: 3
Branches: 1

108,877 USD

ARGENTINA

Staff: 3
Loan officers: 1
Branches: 1

SOCIAL OUTREACH BORROWERS



72%
Women



28%
Youth



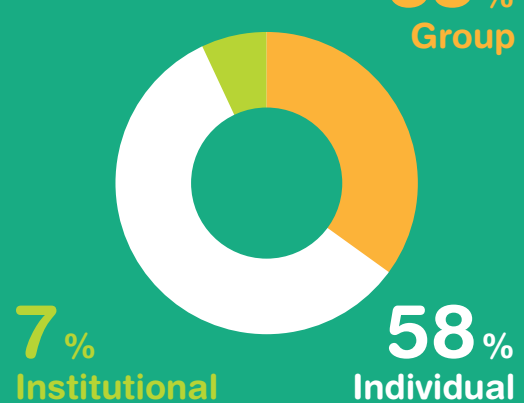
33%
Rural

LOAN PORTFOLIO in USD



NUMBER OF CLIENTS

LOAN PORTFOLIO COMPOSITION





LATIN AMERICA

Client Stories

COLOMBIA

Lilia Angelica Benavides is the 39 year old mother of two daughters aged 16 and 20 years, both of whom are students. She has been living from sewing and assembling shoes since her husband passed away three years ago.

She had learned the job from her husband. When she found herself alone, in charge of her two children, she started working in the family house with a sewing machine. She has developed great skills in this work, creating high quality products and developing her own design. Successful, she grew her customer base, and required financial support from ECLOF Colombia to allow her to meet demand.

In order to get additional revenues, Lilia is also coordinating the transport to school for children from 4-6 am and 5-8 pm, with the support of her eldest daughter.

Lilia shows a lot of motivation in everything she does and the desire to move forward with her daughters. This is the key of her success.

PERU

Carmella sells clothes made of alpaca wool and processed wool in the streets of Huancavelica for over 17 years.

She has five children from 18 to 29 years old and also cares for her mother. She got divorced because her ex husband disagreed with his wife being a merchant. He had wasted everything which led to her becoming bankrupt, and she was left abandoned and ruined with her five children to raise.

She says she was able to overcome this ordeal thanks to the support of her children. Thus, Carmella has loved knitting since she was a child, and passed the gift to her daughters who very much helped her. Today, when her children have time, they also help her selling her products.

Thanks to ECLOF Peru's loan, Carmella could increase her sales, in particular during Christmas time when there is more demand. This allows her to increase her revenues and get closer to her dream of opening a real alpaca store.





ECLOF Argentina

SUPPORTING MICRO ENTREPRENEURS WITH CREDIT AND CAPACITY BUILDING

Typical clients of ECLOF Argentina are micro entrepreneurs developing micro and small production and trade activities and groups of people who share a common interest in starting a small project.

Some clients have started by offering a few products in an improvised table on a street market and today have well-installed businesses. ECLOF Argentina views itself not just as a credit provider but as an advisor to its clients. ECLOF loan officers take an individual approach to each client, dedicating time to loan evaluation and analysis but also to personal advice. ECLOF regularly complements loans with training on financial education and management.

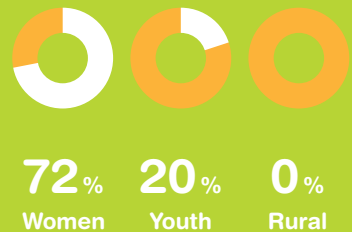
HELPING POOR FAMILIES IMPROVE THEIR HOMES

Housing improvement is an important need of the poor that is catered to by only a few MFIs in Argentina. Serving the poorest neighborhoods of the province of Buenos Aires, ECLOF Argentina offers home improvement loans to low-income families. Given the limited repayment ability of poor families, ECLOF funds incremental improvements of their homes, one at a time. Such as changing a window or replacing a tin roof with a tiled one.

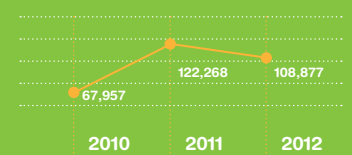
To better address poor clients' housing needs, ECLOF has developed partnerships with a local NGO promoting self-construction and with the architecture department of the university who provide advice on the best way to utilize the loan and create a long-term project for gradually improving their dwelling. Some families, for example, were able to install bathroom and kitchen in their houses, build an additional room or install a collective water tank to supply water for a group of families.



SOCIAL OUTREACH BORROWERS



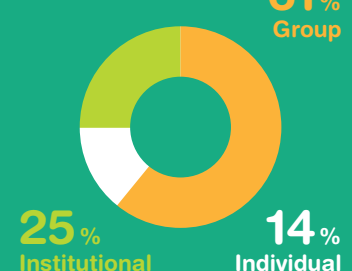
LOAN PORTFOLIO in USD

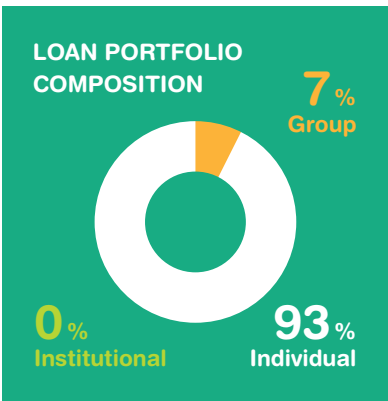
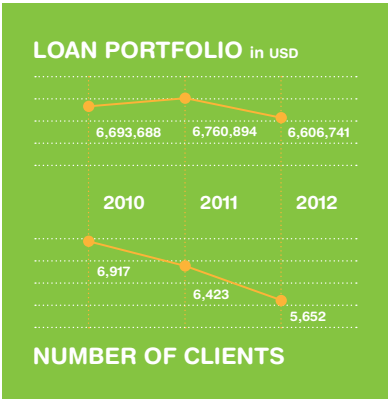
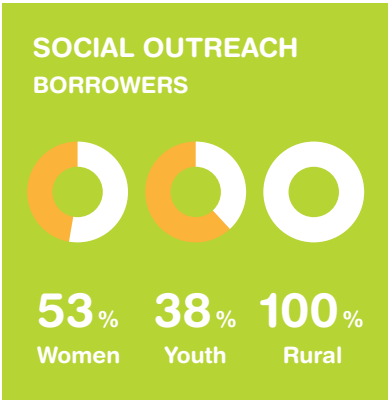


NUMBER OF CLIENTS



LOAN PORTFOLIO COMPOSITION





ECLOF Bolivia (ANED)

ECLOF IS THE LEADER IN AGRICULTURAL LOANS IN BOLIVIA

ECLOF Bolivia’s objective is to improve the quality of life, productivity and family income level of marginalized populations in rural areas through suitable financial and non-financial services. Almost 50% of ECLOF Bolivia’s loans finance agriculture, mostly small producers, and another 10% provide investment and working capital to rural entrepreneurs. Out of ECLOF Bolivia’s extensive network, 8 branches serve communities where no regulated financial services providers are present.

ECLOF offers a unique set of products to rural and agricultural borrowers that ranges from loans over leasing to factoring. It has adapted traditional microfinance products to suit the farmers and rural businesses it supports. That includes custom-made loan maturities and suitable collateral requirements.

But ECLOF loan officers offer advice to their rural clients as well: directly on financial management, on marketing their products or on legal issues, and by referring them to the trainings ECLOF offers in partnership with specialized providers.

**ECLOF TEAMS UP WITH OTHER AGENCIES
TO PROVIDE A WIDE RANGE OF TRAINING TO CLIENTS**

ECLOF Bolivia goes far beyond credit: it offers its clients access to a variety of free-of-charge trainings, ranging from agricultural production techniques and process innovation over basic accounting, management and marketing to financial literacy and civil society-related issues. While ECLOF has created its own trainings, it often partners with local and international service providers and agencies.

Women – who make up more than half of all clients – and young people – 38% of ECLOF Bolivia’s clients – are a particular target group for these services. ECLOF has developed training courses that fit these groups’ realities and have led to significant improvements in economic development, empowerment and management capacity in the rural environment.

**ECLOF WAS LAUDED FOR ITS STRONG SOCIAL ORIENTATION
BY RATING AGENCY MICROFINANZA**

The specialized microfinance rating agency MicroFinanza confirmed ECLOF’s strong social orientation and commitment, highlighting its focus on serving vulnerable client segments in rural areas with limited access to financial services. The rating report pointed out a strategy in line with the social mission; strong rural focus and concentration of the portfolio in agriculture; products that are tailored to client needs, particularly those in the rural economy; a wide geographical coverage that enables growth; and over 70% of loans secured with personal guarantees, only 8% with a mortgage.



ECLOF Brazil (CEADe)

SERVING THE UNDERPRIVILEGED IN THE STATE OF BAHIA

With its 4 branches, ECLOF covers 17 districts in Bahia which are home to around 300,000 people. Some of the served communities are inhabited predominantly by “quilombolas”, particularly disadvantaged descendants of former slaves. Agriculture and trade are their dominant income sources. Of ECLOF’s 22 staff members, 11 are loan officers. Although the distances to clients can be far, they travel mostly by public transport to serve their customers and provide credit and advice.

During the last two years, the institution was able to grow the number of clients it serves by 40% and reach operational breakeven in 2012.

ECLOF HAS DEVELOPED AN EFFICIENT METHOD FOR GROUP LENDING

In Brazil, ECLOF applies an efficient credit methodology for lending to groups of borrowers who jointly bear responsibility for the repayment of their loans. ECLOF stands out among other MFIs and banks with a high level of client service and the short time it takes from loan application to disbursement. The appropriate loan officer incentive system, high loan underwriting standards and the peer pressure effective within the borrower groups lead to excellent repayment rates, even among the poorest of borrowers. ECLOF group clients come from all segments of the economy: from trading food or clothing over car repair and beauty salons to manufacturing.

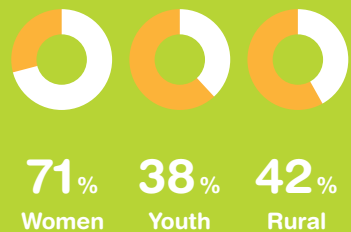
NEW LOANS FOR AGRICULTURE

Given that the majority of people in the state of Bahia work in agriculture and ECLOF Brazil has good outreach to rural areas – where it already has almost half of its clients – it is only consistent that the institution pursues building up a portfolio of agricultural loans. ECLOF is currently piloting an agricultural loan product, with grant support from Church of Sweden, in the city and the 10 surrounding towns around Alagoinhas. The Alagoinhas area is Bahia’s largest producer of lime and its 3rd largest producer of avocado and orange. Still, smallholder farmers lack access to credit and often rely on expensive informal moneylenders to whom they have to turn over all their proceeds after harvest. ECLOF expects to disburse both individual and solidarity group loans with an average loan size of 300 USD. At least half of all borrowers will be women.

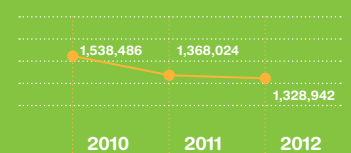
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SOCIAL OUTREACH BORROWERS



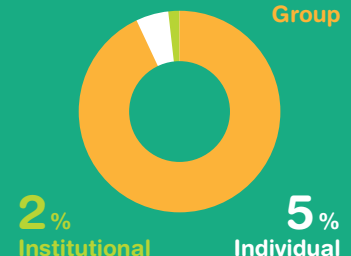
LOAN PORTFOLIO in USD



NUMBER OF CLIENTS



LOAN PORTFOLIO COMPOSITION



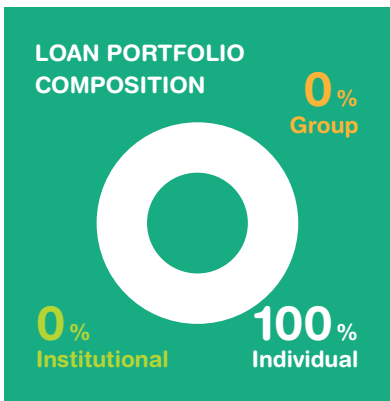
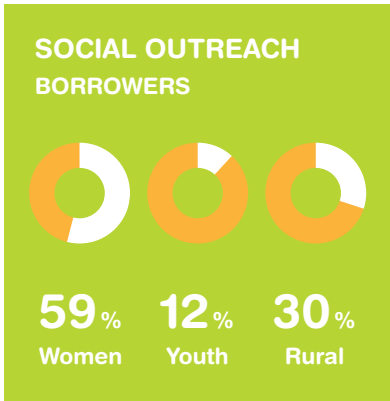


ECLOF Colombia

LOANS AND TRAINING FOR GREEN AGRICULTURE IN COLOMBIA’S “FOOD BASKET”

Despite being known as the “food basket of Colombia”, the department of Boyaca ironically is the country’s second-poorest province. The population is mostly indigenous and afro descendant and the economy agrarian, dominated by cultivation of grains, bananas, coffee and tobacco.

It is especially the countryside with little competition among finance providers where ECLOF stands out given its agile credit processes and quick disbursement. In the rural areas of Cundinamarca and Boyaca provinces, ECLOF Colombia offers loans towards investment in agricultural machinery and equipment and purchase of seeds, fertilizer and agri services. In partnership with the Church of Sweden, ECLOF has since 2012 been offering its actual and prospective clients – most of them small farmers unable to afford capacity building – a complementary training program on sustainable agricultural practice. Objective of the series of trainings is environmentally friendly, responsible agriculture that reduces the use of pesticides and fertilizer to an absolute minimum. Taught by agronomists, it covers the following topics, both in a classroom setting and in practical lessons and field visits: crop rotation, tools and maintenance, water and soil management, fertilization and pest control, workers and environmental protection.



OFFERING “MICROFINANCE +” IN COLOMBIA

With its two branches, ECLOF Colombia serves the greater Bogota area and the adjacent provinces of Cundinamarca and Boyaca. ECLOF Colombia pursues a comprehensive approach to supporting its clients not just with credit but with a host of auxiliary services that help clients improve their businesses and their families’ lives. To achieve this cost-effectively and professionally, ECLOF cooperates with strategic partners.

Since 2010, ECLOF has been engaged in an alliance with Habitat for Humanity to counter the risk of multiple borrowing and over-indebtedness that clients particularly in saturated urban Bogota face through financial education. Workshops provide theoretical foundation and practical tools to clients to better manage their business and household finances, adequately use savings and credit and avoid over-indebtedness.

With Kayros, an architect and construction firm, ECLOF runs a community development program that helps families in need improve their housing conditions: after an initial assessment of the client’s current housing conditions, an improvement plan and budget is drafted by Kayros, then the family’s financial situation is analyzed and a loan provided by ECLOF. This partnership has proven to yield life-changing results for participants and vividly illustrates the ways in which ECLOF Colombia offers more than just loans.



ECLOF Dominicana

SUPPORTING POOR ENTREPRENEURIAL WOMEN WITH SOLIDARITY GROUP LOANS

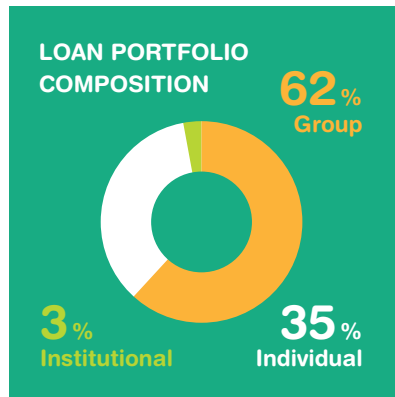
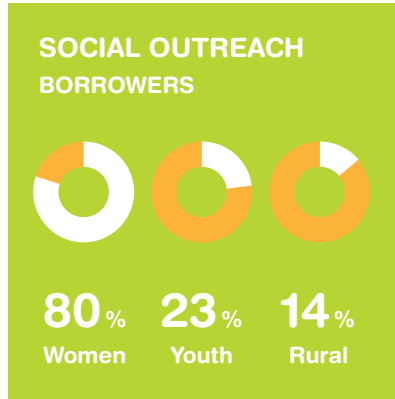
According to the Economist Intelligence Unit, the microfinance sector of the Dominican Republic works well below its potential. Banks attend to the needs of larger enterprises and don't reach out to poorer areas, while MFIs lack the capacity to fully serve the estimated 1.4 million potential clients with limited or no access to financial services (IDB). ECLOF Dominicana specializes in providing credit to the most-neglected of borrowers: poorer urban and rural women. It serves over 17,000 micro entrepreneurs, 80% of whom are women, with loans of around 326 USD – the smallest average loan size among the MFIs in the country. More than half of the 96 staff at ECLOF Dominicana are women as well.

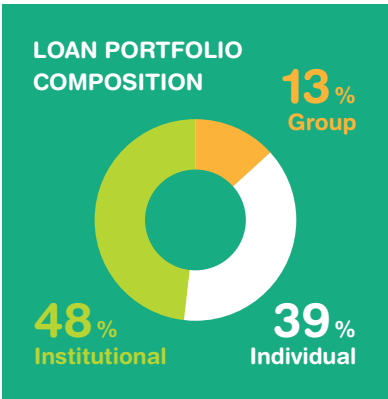
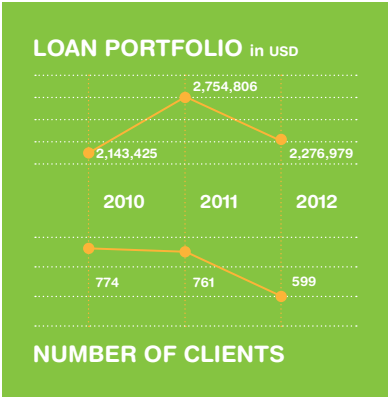
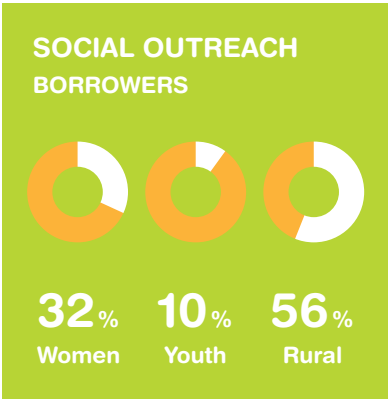
Solidarity group loans strengthen the ties among the group members and allow them to develop their business together with other women. The proceeds of their oftentimes domestically based businesses they tend to invest into the education of their children.

THE ONLY MFI THAT DIRECTLY FINANCES CHURCHES

As a faith-based organization, ECLOF Dominicana has a unique position as a funding partner to the churches in the Dominican Republic. The loans of on average 2,000 USD help churches expand or revamp their premises, buy equipment or run social welfare projects. An example are educational centers run by churches that admit young pupils from poor families that cannot attend public schools. ECLOF loans help churches construct, renovate and equip more classrooms, thus widening the churches' spiritual and social impact within poor communities.

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ECLOF Ecuador

A SUSTAINABLE FINANCIAL INSTITUTION FINANCING URBAN ENTREPRENEURS AND AGRICULTURAL COOPERATIVES

In Ecuador, ECLOF provides much-needed financing directly to entrepreneurs and solidarity groups as well as indirectly via NGOs, agricultural producer associations and cooperatives. The larger loans to intermediaries multiply ECLOF’s outreach, given that one loan to a rural association can serve 50 individual farmers. Through its direct and its second-tier lending, ECLOF reaches clients in 12 of the 24 provinces of Ecuador. With its small but experienced team ECLOF Ecuador achieves a level of operating cost well below the international benchmark. As a result, microfinance rating agency MicroFinanza granted ECLOF Ecuador a financial rating of B+ in June 2012.

HELPING THE MOST VULNERABLE

The income generated from wholesale loans is used in part to enable ECLOF to support the marginalized. For many years, ECLOF has been participating in development projects with credit components designed for those groups. They include disadvantaged young women and people affected by HIV/aids.

ECLOF cooperates with CEPAM, a local NGO that promotes women’s reproductive health and fights to prevent gender-based violence. Thereby, ECLOF provides loans and training to their program participants to empower young women to pursue their own business.

ECLOF has also joined forces with CEPVVS, the Ecuadoran Coalition for People Living with HIV/aids, a non-profit organization whose staff and members are all HIV-positive and work towards improving the quality of life for people living with the disease. ECLOF offers subsidized micro loans together with training in finance and entrepreneurship to demonstrate that the HIV-affected can be equally productive and active members of society. The loans are used to start up small, often home-based, businesses.

FINANCING THE AGRICULTURAL VALUE CHAIN: THE EXAMPLE OF BROCCOLI

For the past 8 years, ECLOF has been a vital partner to the Association of Broccoli Producers of Ecuador. At each of the three annual production cycles, ECLOF now lends about 150,000 USD to broccoli producers at tailor-made loan conditions that suit the production cycle. Loans have helped producers develop storage and processing facilities and start exporting to Europe and North America.

As a result of flourishing businesses, the level of schooling of farmers’ children has improved strongly, and many of them are moving to the cities for higher education.



ECLOF Jamaica

HELPING WOMEN NOURISH THEIR FAMILIES

In Jamaica, the chances of being poor if you are a woman are the highest of all countries (UNSTAT), given that official unemployment is twice as high for women as for men. But one of every two Jamaican households is in fact headed by a woman. The incidence of poverty among these households is particularly high. And 40% of the children living in women-headed households receive no financial or other support from their fathers.

ECLOF Jamaica serves mainly women. The majority of its female clients are bread winners heading their families. They are usually self-employed and started a business with very little capital to nurture and educate their children. In the cities, they are street vendors, cleaners, hair dressers or cosmetologists; in rural areas, they produce and sell vegetables and poultry or engage in processing jams, jellies and sweets.

As a lending institution built on Christian principles, ECLOF provides affordable and flexible micro loans. ECLOF's interest rates are 20% below the National average. While banks and other MFIs ask clients to pledge vehicles, real estate or salaries, ECLOF relies mainly on group guarantees.

FINANCING CHURCH-BASED KINDERGARTENS AND SCHOOLS

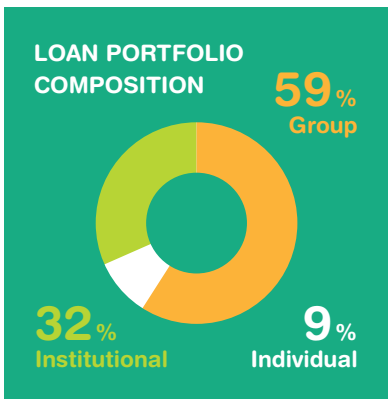
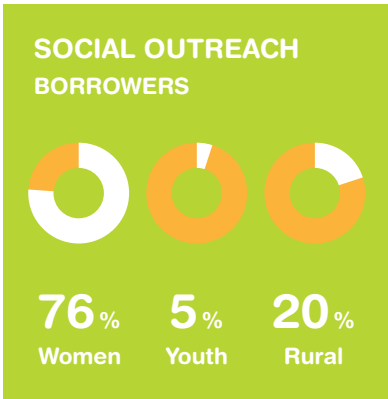
In Jamaica, half of all early childhood institutions such as kindergartens or pre-schools are run by churches. They are especially vital to delivering education to children of the poor. But most banks and MFIs shy away from financing them. ECLOF Jamaica serves this niche market lending directly to churches and related institutions for expansion or capacity building. Allowing churches to set up and expand social facilities has multiplied spiritual and social impact within poor communities: three of the outstanding institutional loans of ECLOF Jamaica alone impact the lives of over 300 children.

LOANS FOR HIGHER EDUCATION

The poorer of university students in Jamaica depend on the Jamaica Student Loan Bureau for funding their university degree. But lately many applications have been turned down by the Bureau, for lack of guarantees or simply because the Bureau could not meet the demand. This has led to riots at the University of the West Indies when students with unpaid fees were barred from sitting exams. There were also reports of increased incidence of students having to drop out of tertiary institutions.

On the basis of salary deductions or other guarantees, ECLOF grants student loans to be repaid within a year. The typical borrower is either a parent who is borrowing for their child or a student who is working but cannot afford the fees in lump sum.

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ECLOF Peru

PROVIDING MICROFINANCE IN PERU’S POOREST AREAS

With its six branches, ECLOF Peru covers three of the five poorest departments of Peru all located in the Andean highland: Puno, Ayacucho and Huancavelica, where Quechua and Aymara indigenous are the majority and poverty incidence ranges from 60 to 77% (UNHCR).

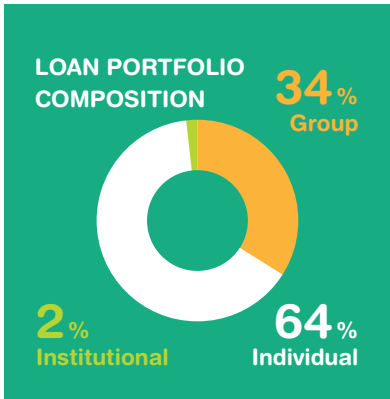
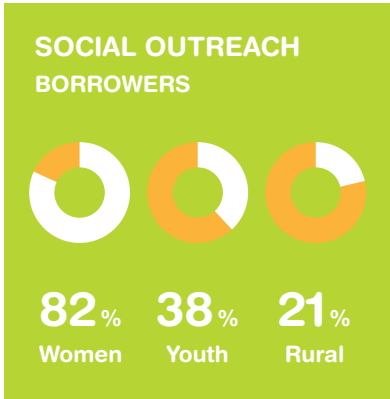
Micro loans provided by ECLOF give entrepreneurs the chance to work and live in dignity; in some areas, ECLOF is the only financing alternative for poor people. Furthermore, ECLOF is the only microfinance institution offering an integral program that includes loans, training for micro entrepreneurs and pastoral care. ECLOF’s borrowers use their loans for handicraft, artisanry, feeding livestock, buying and selling cattle and trading. 82% of the money is lent to women who often use the proceeds from their business for the health and education of their children. To reach their clients in far-off Andean villages, ECLOF’s loan officers travel up to four hours by car or motorcycle.

CLIENT TRAINING

ECLOF Peru’s mission goes well beyond providing credit: it considers itself an integral business support program providing loans and capacity building to urban and rural micro enterprises. Specialized staff, the promoters of non-financial services, administer training in the following five areas (in brackets the number of people trained in 2012): financial literacy (625), business management (700), social development (629), micro insurance (741), preventive health and spiritual care (964). In order to run the trainings in the most effective way and with up-to-date contents, ECLOF partners with a host of renowned local and international organizations active in the fight for food security, health and education.

Providing these non-financial services makes good business sense for ECLOF Peru as well. It helps promote loan and micro insurance products with town councils, educational institutions and unions of artisans.

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ECLOF Uruguay (FEDU)

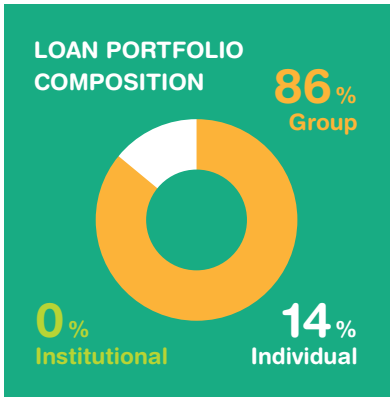
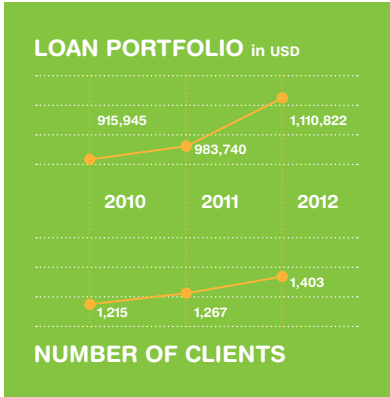
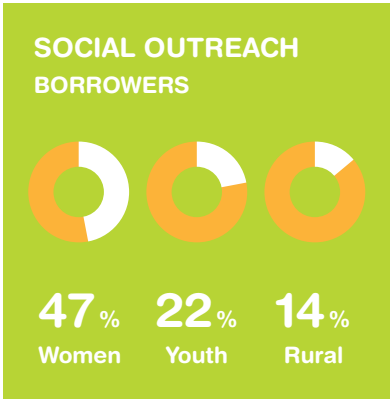
FOSTERING ENTREPRENEURSHIP IN URUGUAY

The entrepreneurial talent of many Uruguayans remains untapped in a country with a relatively large government sector and a population proclaimed “risk-averse” that prefers the safety of a stable public sector job over riskier alternatives. ECLOF Uruguay promotes entrepreneurship by addressing two of its major constraints: access to finance and entrepreneurial education. ECLOF offers loans for productive purposes in urban and rural settings, complemented by training courses on business and financial management. The demand for ECLOF’s loans by far exceeds the supply in a country where consumer loans are readily available even to low-income earners, while credit for an urban microenterprise or small rural production is difficult to access.

EFFICIENTLY GRANTING LOANS IN A DIFFICULT ENVIRONMENT

An interest rate ceiling imposed by the regulator on enterprise loans – which is significantly lower than that for consumer loans – makes efficiency crucial for ECLOF Uruguay. With a small team, ECLOF multiplies its outreach to borrowers through accounting firms and associations of rural producers located in the outskirts of Montevideo and the rural areas of Canelones District. Local accounting firms that serve small traders and producers allow ECLOF the contact to potential borrowers and even space at their offices for the loan officer to meet the clients, thus reducing ECLOF’s direct cost and risk. As a result, ECLOF Uruguay’s operation has been sustainable continuously for the past years.

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ECLOF in Asia & Caucasus



961,887 USD

INDIA

Staff: 26
Loan officers: 16
Branches: 11



2,450,642 USD

ARMENIA

Staff: 17
Loan officers: 11
Branches: 3



1,289,387 USD

SRI LANKA

Staff: 27
Loan officers: 12
Branches: 1

ASIA & CAUCASUS

Portfolio: 7,885,283 USD

Portfolio at risk > 30 days: 16 %

Staff: 180
Loan officers: 106
Branches: 28

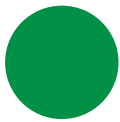
● ECLOF BRANCH

● ECLOF HEAD OFFICE

183,545 USD

MYANMAR

Staff: 14
Loan officers: 7
Branches: 1



2,999,823 USD

PHILIPPINES

Staff: 96
Loan officers: 60
Branches: 12

SOCIAL OUTREACH BORROWERS



80 %
Women

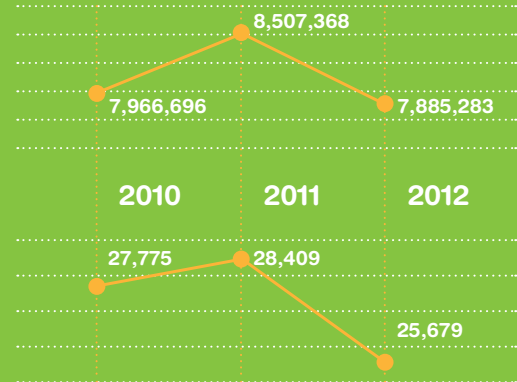


21 %
Youth



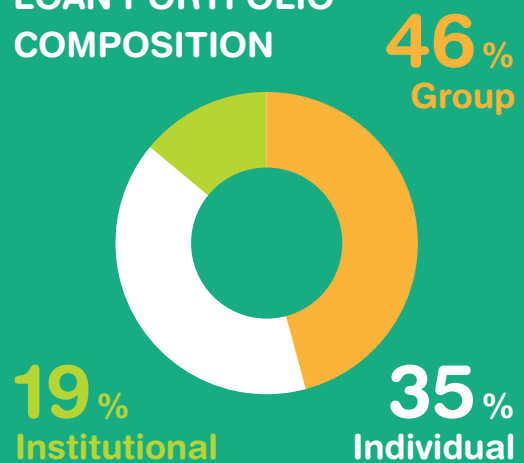
78 %
Rural

LOAN PORTFOLIO in USD



NUMBER OF CLIENTS

LOAN PORTFOLIO COMPOSITION





INDIA

“ECLOF India was the first MFI to venture into our village and speak to me not only of loan but also show me that he was concerned about my development.

I would have always been a labourer slogging for others, and would not have got a land of my own. I am proud now to own a cultivable land. Thanks to the Sir, who came from ECLOF India, and gave me a loan to start.”

AMSA, ECLOF CLIENT



PHILIPPINES

Arturo M. Viray, a 46 year old father of 4 children who are all studying, has been a farmer all his life and cultivates rice, fruits and vegetable. He also owns a motorized fishing boat which is used to manage his fish cages situated in Laguna Lake. His wife sells the fish and vegetable at the public market.

He is very much involved in his community and its political life. He is a bonafide member of the farmers association named Salang Matanda Farmers Cooperative, and he has been serving the local government for three mandates of three years each. His constituents called him “Kagawad Yapak”, because he is often seen barefooted inside the government offices or hall.

Arturo already got three loans with ECLOF that he used for farm inputs and labor cost on his farming ventures. While waiting on the scheduled harvest of his second loan cycle, he faced a natural calamity that wiped out his crops. But he stayed optimistic, faithful and organised, and he managed to be able to pay back his loan in advance. He believes that ECLOF show solidarity to the farmers, not only by providing training on new methodology such as organic based farming, but also by offering financial products tailored to the needs of the farmers.

• • •

ASIA

Client Stories

ECLOF Armenia

FINANCING RURAL COMMUNITIES IN ARMENIA

ECLOF Armenia operates out of the headquarters of the Armenian Apostolic Church in Etchmiadzin. Its three branches cover 8 of the 10 regions of Armenia and give ECLOF a unique presence in poor areas near the border to the conflict zone of Nagorno-Karabakh and the border with Georgia.

71 % of all loans finance the agricultural activities of almost 1,400 farmers individually and in groups. Besides credit, ECLOF provides training to clients. For its various projects that finance and train farmers, ECLOF partners with organizations such as the Izmirlian Foundation, IFAD, the UN and World Bank, the International Committee of the Red Cross and Heifer International.

ECLOF Armenia has developed effective method for providing credit in its challenging environment, leveraging the outreach and influence of the church and constantly capacitating its own staff. The institution has been fully sustainable for the last three years.

A CLOSE PARTNER TO THE CHURCH AND ACT ALLIANCE

ECLOF is a close partner to the Armenian Apostolic Church, the oldest national church in the world, and also collaborates with the Evangelical and Catholic churches in Armenia. Besides cooperation in everyday work on the ground, there is a small portfolio funding renovation and construction of church property. For example, ECLOF is financing the reconstruction of the St. Holy Mother of God Church in Mrgashat. ECLOF is deeply involved with ACT Alliance, the global coalition of more than 130 churches and affiliated organizations working together to transform the lives of poor. ECLOF is a co-founder of the ACT Alliance Armenian Forum and has implemented various ACT projects, for example emergency help after a landslide and a food program for Syrian refugees.

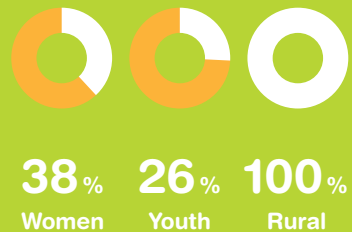
SUPPORTING REFUGEES

IN POST-CONFLICT ZONE NAGORNO-KARABAKH

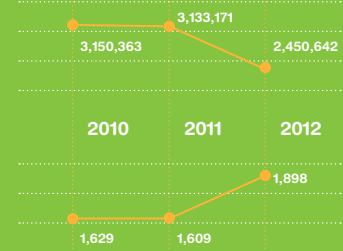
There were more than 300,000 refugees from Azerbaijan who settled in Armenia following the Nagorno-Karabakh war during in 1990-ies. The process of their integration is still on-going. Through its branch near the border with Nagorno-Karabakh, ECLOF reaches out to them, providing opportunities for setting up small businesses and livelihoods for their families. A unique project by ECLOF in collaboration with the International Committee of the Red Cross targets a particularly disadvantaged group among refugees: the families of men and women still missing after the war. ECLOF provides subsidized loans and training to family members of the missing for setting up small businesses.



SOCIAL OUTREACH BORROWERS

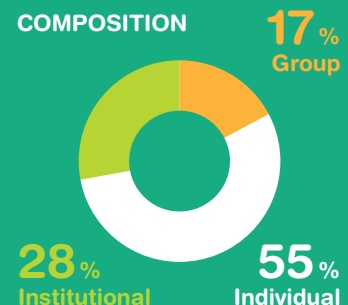


LOAN PORTFOLIO in USD



NUMBER OF CLIENTS

LOAN PORTFOLIO COMPOSITION





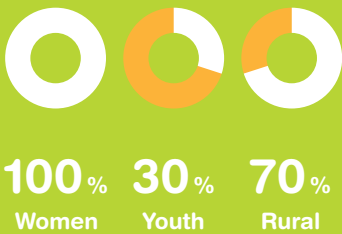
ECLOF India

FIGHTING POVERTY IN SLUMS AND RURAL COMMUNITIES OF TAMIL NADU, MAHARASHTRA AND NAGALAND

Headquartered in Chennai, the capital of Tamil Nadu, ECLOF’s network of 10 branches covers parts of Tamil Nadu and Maharashtra states as well the far north-eastern state of Nagaland. All of ECLOF’s clients in India are women taking up self-help group solidarity loans from ECLOF. 70% of all loans are disbursed in rural communities, over one third of that finances agriculture. The remaining 30% goes to slums and other urban low-income areas. For example, ECLOF India serves the slum Otteri in North Chennai which covers an area of 38 square kilometers. Many female slum dwellers work as part-time house maids who run a small business on the side. Loans from ECLOF India of around 90USD for terms of 6-12 months help these women start or expand their business.

ECLOF loan officers are in close contact with their client groups through weekly face-to-face meetings. They advise them on personal and financial issues and facilitate their access to trainings on financial literacy, bookkeeping and agricultural practices. As a consequence, clients keep coming back; ECLOF consistently maintains a client retention rate of well over 90%.

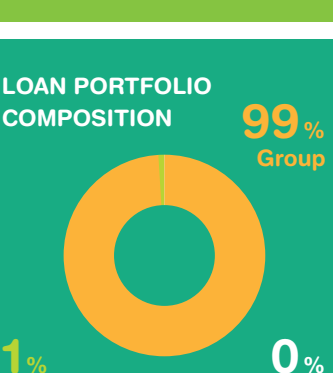
SOCIAL OUTREACH BORROWERS



LOAN PORTFOLIO in USD



NUMBER OF CLIENTS



LOAN PORTFOLIO COMPOSITION



EMPOWERING WOMEN WITH SOLIDARITY GROUP LOANS

All of ECLOF’s loans in India are solidarity loans. 12 to 20 women gather in self-help groups to apply for a loan. With on average 149USD per woman, they start and expand small businesses, such as eateries, petty shops, tailoring, silk weaving, goat rearing or dairy farming. The groups are participatory, meet regularly and allow women to exchange contacts and advice. Studies have shown the empowering effect that this can have on poor women. They feel a sense of community in their group and they have access to the money needed to start or grow their own enterprise. For the first time, this gives them control over resources and the feeling of freedom, strength, self-identity and increases in confidence and self-esteem.

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ECLOF Myanmar

OPERATING CONTINUOUSLY AND VIABLY THROUGHOUT CRISIS

Since 1988, ECLOF Myanmar has continuously been running a small but viable microfinance operation throughout times of conflict, political crisis and restrictions. After the recent easing of political control by the military government, ECLOF expects a favorable environment for the coming years. The government has recognized microfinance as a key tool for poverty reduction. The IFC estimates that the demand for microfinance exceeds supply four times, particularly among farmers.

From the head office in Yangon, ECLOF covers 8 townships in the south and west of the country. Most clients live in the countryside without electricity and running water. Some of these communities are predominantly inhabited by Karen, a Christian minority in Myanmar.

VILLAGE COMMITTEES – A TAILORED GROUP LENDING METHODOLOGY FOR MYANMAR

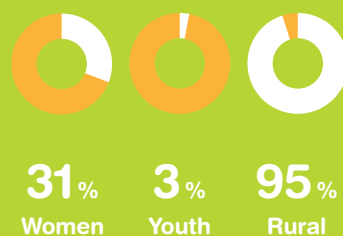
More than two-thirds of Myanmar's population live in rural areas and 54% are involved in agriculture. There are 142 licensed MFIs in the country, 4 of which are cooperatives (IFC). Whereas all cooperatives and most MFIs concentrate on urban lending, ECLOF reaches out almost exclusively to rural areas: 95% of all loans are made in rural areas.

While this brings significantly lower levels of competition, it also means working with some of the poorest entrepreneurs in the country. ECLOF's group lending methodology has been tailored over the last 25 years to meet these challenges. The institution lends to the village community, represented by the village committee, which in turn disburses the loans to individual groups. The most frequent loan security are deposits in combination with the group liability. The village committee approves the loans, acts as a custodian of the deposits made by the group members and oversees repayments.

ECLOF's agricultural loans make up 66% of the portfolio. They offer adequate repayment terms suitable for crop production and animal husbandry. All loans are complemented by a training component to enhance business skills and livelihoods, for example on bookkeeping, water sanitation and hygiene (WASH). For some trainings, ECLOF partners with the local government or other NGOs such as Actionaid, Thadar, Myanmar NGO Network, and Contingency Plan Working Group.



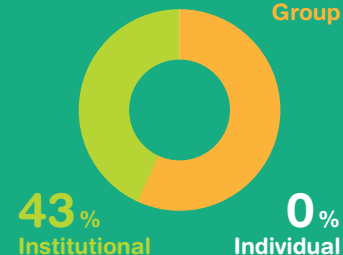
SOCIAL OUTREACH BORROWERS



LOAN PORTFOLIO in USD



LOAN PORTFOLIO COMPOSITION





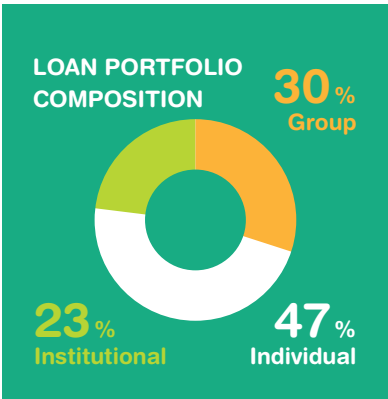
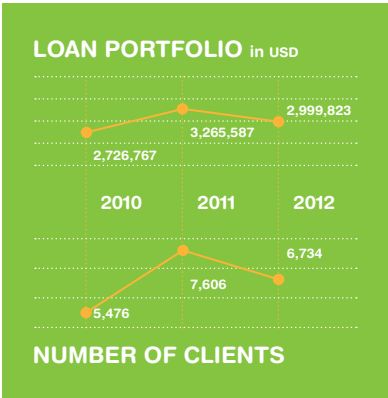
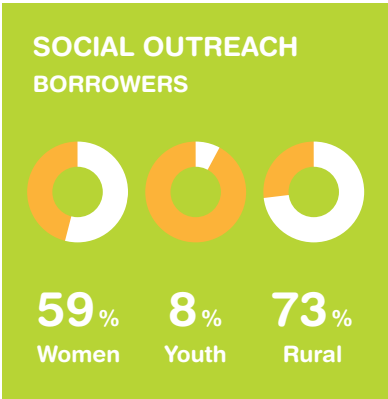
ECLOF Philippines

ECLOF PHILIPPINES – LEADER AND INNOVATOR IN AGRICULTURAL MICROFINANCE

ECLOF Philippines reaches out to its clients with 4 branches and 7 satellite offices and has gained a reputation as a leader and innovator in agricultural microfinance in the country. Almost three quarters of all loans are made in rural areas, almost entirely for agricultural purposes.

ECLOF’s typical clients use their loans for buying farm inputs, paying labor or services, investing in livestock, fish cages or pens. Before clients can receive a loan from ECLOF Philippines, they will save a part of the needed amount and deposit it with ECLOF as collateral. The deposit can only be withdrawn in case of a family emergency or after the loan has been repaid. Most loans are made to solidarity groups of 3–5 farmers co-guaranteeing each other’s loans. Farmers with 2 or more hectares or 20+ larger or 50+ small animals are eligible for individual loans. Besides direct financing, ECLOF also grants institutional loans to cooperatives of farmers. A small share of the portfolio is dedicated to financing churches and schools. Non-financial services include client training and credit life insurance. Training provided by ECLOF emphasizes sustainable agricultural practice. There are regular workshops and a learning farm that (potential) clients can attend.

The proven methodology combined with constant product and process innovation has ensured operational sustainability at ECLOF Philippines for the last four years, despite the challenges and risks inherent in agriculture.



ECLOF’S “LEARNING FARM” TRAINS SMALLHOLDERS IN INTEGRATED FARMING

ECLOF’S real-life “Learning Farm”, built and operated with support from the Church of Sweden, is an integrated research and training facility for smallholder farmers. The core of the farm is an organic rice paddy complemented by a bio-intensive vegetable garden, greenhouses, duck, goats and Carabao (water buffalo), altogether forming an efficient lossless system. Throughout 2012, 85 farmers have been trained and have started applying their knowledge to their own smallholding. In 2013, ECLOF aims to train at least 200 smallholders at the farm. Graduates of the Farm are provided with organic inputs and eligible for loans from ECLOF to start organic agriculture. Many past participants now produce organic fertilizer for their own use and for selling. The learning farm also acts as a research center to test and develop ideas and products. For example, they recently harvested organically planted and grown rice to determine yield and cost. The gathered empirical data will serve to encourage clients to go organic.



ECLOF Sri Lanka

COMMUNITY LOANS TO WOMEN IN RURAL AREAS – “SHARING AND CARING”

The mission of ECLOF Sri Lanka is to support vulnerable rural communities, and in particular women there who suffer from the absence of fair sources of finance for agricultural self-employment and micro enterprise. Operating out of Colombo, half of ECLOF's staff is constantly in the field.

Besides commercial banks and financial houses, over 300 registered organizations provide microfinance in the country. ECLOF stands out in providing personalized service to clients. Almost 100% of loans are made to groups of women, applying a tailor-made lending technology suited to the rural environment: ECLOF loan officers are closely involved in their communities, working with the local government in the formation of borrower groups from within the community. Group members guarantee each other's loans and support each other in personal and business terms (“Sharing and caring”). After approval and disbursement of the loans by ECLOF, the local government continues playing an important role in hosting regular group meetings and supervising loan repayment. As a result of this approach, ECLOF Sri Lanka is running a sustainable operation with impeccable repayment rates which has turned out a profit every year for many years.

Besides rice production, vegetables, fruits and fishery, most clients engage in home tea gardening and dairy farming. Prices for both products are state-regulated, thus ensuring reliable incomes for farmers. The long-standing successful cooperation with local governments in the various regions gives ECLOF a clear advantage over new lenders entering the market. After loans are disbursed, ECLOF's staff trains clients frequently in business topics such as entrepreneurship, book keeping, leadership as well as in social issues such as child care and strengthening women and families.

HELPING RESETTLE MANNAR

DISTRICT AFTER 30 YEARS OF ARMED CONFLICT

The District of Mannar in Northwestern Sri Lanka was only pacified in 2009 after 30 years of civil war. Presently, communities are being resettled and livelihoods need to be established. There is an estimated 176,000 people living in Mannar; 60% of those working are self-employed. Main economic activities are crop agriculture, mostly rice, as well as fishery and livestock husbandry. Small and cottage industries include drying of fish, pottery, carpentry, handicraft and jewelry manufacturing. With support from Episcopal Relief & Development, ECLOF Sri Lanka is among the first three MFIs to start lending in the post conflict zone in 2013.

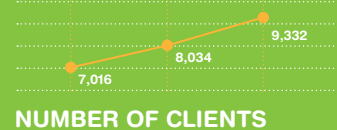
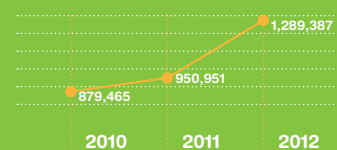
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SOCIAL OUTREACH BORROWERS



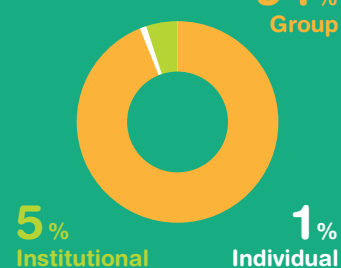
95% Women 25% Youth 80% Rural

LOAN PORTFOLIO in USD



NUMBER OF CLIENTS

LOAN PORTFOLIO COMPOSITION



Financial Report

BALANCE SHEET IN CHF

AS AT DECEMBER 31, 2012 AND 2011

ASSETS

LONG TERM ASSETS

	2012	2011
Long term loans to National ECLOF Committees (NECs)	27,492,595	31,984,068
Provision on long term loans	(9,568,845)	(13,556,054)
<i>Net long term loans</i>	17,923,750	18,428,014
Interest receivable from NECs	1,339,457	2,507,080
Provision on interest receivable	(585,494)	(1,272,821)
<i>Net interest receivable</i>	753,963	1,234,260
LONG TERM INVESTMENTS		
Equity investment with NEC, net	571,578	527,611
Investment with Oikocredit	10,976	11,072
<i>Total long term investments</i>	582,554	538,683
Total long term assets	19,260,267	20,200,957

CURRENT ASSETS

Bank balances and short term deposits	4,265,879	4,919,821
Management fees and other receivables from NECs	165,628	453,067
Provision on management fees	(128,888)	(250,000)
<i>Net short term receivables from NECs</i>	36,740	203,067
Other receivables and prepaid expenses	243,525	175,203
Total current assets	4,546,144	5,298,090
Total assets	23,806,411	25,499,047

LIABILITIES & FUND BALANCES

FUNDS

	2012	2011
Unrestricted funds		
Capital fund	22,489,737	23,869,510
General fund	(1,701,561)	(1,710,895)
Disaster fund	566,911	566,911
Guarantee fund	488,683	488,683
<i>Total unrestricted funds</i>	21,843,770	23,214,209
Restricted funds		
Technical assistance fund	290,682	469,426
Guarantee fund	1,164,668	1,164,668
<i>Total restricted funds</i>	1,455,350	1,634,094
Total funds	23,299,120	24,848,303

CURRENT LIABILITIES

Accrued expenses and other liabilities	72,698	160,921
Short term loans	434,593	489,823
Total current liabilities	507,291	650,744
Total liabilities & fund balances	23,806,411	25,499,047

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED DECEMBER 31 IN CHF

AS AT DECEMBER 31, 2012 AND 2011

	2012	2011
GENERAL FUND AT JANUARY 1	(1,710,895)	(1,312,263)
INCOME		
Contributions from donors.....	376,786	437,481
Management and other fees.....	191,010	465,143
Interest income on loans.....	130,095	0
Investment and other income.....	197,401	185,123
Total income	895,292	1,087,747
EXPENDITURE		
Employees, consultants and related costs.....	811,934	1,001,729
Operating expenses.....	511,696	886,333
Other financial and non operating expenses.....	30,645	46,767
Losses on management fees receivable.....	15,263	100,000
Release of one third loan provision.....	(500,000)	0
Exchange loss / (gain).....	16,420	(17,544)
Total expenditure	885,958	2,017,285
Result for the year before fund transfer	9,334	(929,538)
Transfer from disaster fund	0	530,907
Result for the year after fund transfer	9,334	(398,631)
General fund at December 31	(1,701,561)	(1,710,895)

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