

PRESENTATION OF THE 3 FINALISTS

Alalay Sa Kaunlaran Inc. (ASKI), Philippines

ASKI was created in 1986 in the year of the 'EDSA people power revolution', after a series of popular demonstrations contesting the difficult living conditions experienced by the population, levels of poverty and unemployment. Since then, the institution is promoting socio-economic development through client-focused financial and non-financial services anchored on Christian principles. ASKI is not only focused on providing micro-credit; the organization is also engaged in doing community development work and outreach programs, such as the children scholarships programme, the feeding programme, the health programme for senior citizens, the medical and dental mission, relief giving to typhoon victims and donating to charitable organizations.

The initiative presented for the 4th European Microfinance Award supports the agricultural sector and focuses on ASKI's agricultural loan product for farmers and agri-businesses. The product was conceptualized in 2004 and it is now the most popular financial product in ASKI's portfolio accounting for 41% of the total portfolio. Credit is used by small farmers for crop production, acquisition of farm machinery (water pumps, solar dryers), infrastructure development (foot and hanging bridges) and other agro-enterprise needs. Additionally, ASKI's staff provide technical assistance in farming, while market linkage support is implemented in partnership with government agencies and NGOs. ASKI's staff have recently been certified as official trainers on the 'value-chain development methodology in agriculture'. For market linkages in particular, ASKI has an agreement with the National Livelihood Development Corporation (NLDC), which helps ASKI connect farmers to large companies, and the Ministry of Industry to connect farmers to local markets. The agricultural loan requires no collateral, applies individual liability, a lump sum repayment system (balloon payment after harvest – which is good for farmers' liquidity), and charges a monthly interest rate of 3%. Since the agricultural sector is always at risk because of the country's exposure to typhoons, all farmer clients are required to subscribe to the crop-insurance programme, delivered through a partnership with a private insurance company. The complete product enhances knowledge and productivity of small farmers and helps beneficiaries increase their yield, produce good quality harvests, and reduce postharvest losses because of adequate infrastructure and proper use of adapted techniques. 18,856 farmers are benefitting from this initiative. Crops produced and supported include rice, maize, onion and root crops. Aside from different crops, ASKI also assists those engaged in livestock production. The government plays a vital role in implementing the technical assistance process through public-private partnerships. Through these partnerships ASKI's farmer beneficiaries are enabled to address their needs and those of their families, as well as positively contribute to the food security programme of the country.

Banco para el Fomento a Iniciativas Económicas S.A. (BANCO FIE S.A.), Bolivia

BANCO FIE S.A. is the largest MFI in Bolivia with 119 agencies spread in the 9 regions of the country and 2,371 staff. BANCO FIE S.A. began operating as a bank in May 2010, continuing the operations of the 'Fondo Financiero Privado para el Fomento a Iniciativas Económicas S.A.' (FFP FIE SA) which, in turn began operating as a regulated entity in March 1998. FIE FFP S.A. was founded to continue the microfinance operations of its main stakeholder, the NGO called Centro de 'Fomento a Iniciativas Económicas' (FIE NGO), which was initiated in 1985 by five very committed Bolivian women. BANCO FIE S.A.'s mission is to become the country's micro and small business favourite financial institution, because of its recognized solvency and the quality of its services, attracting investors committed to the equitable and inclusive development of Bolivia.

The initiative presented for the 4th European Microfinance Award is an individual loan for agricultural producers and animal herders. The Agricultural Loan addresses the food security issue throughout the entire value chain, generated from the producer to final consumer. The conditions of the Agricultural Loan are adapted to the producers' business cycles and the average amounts of disbursement are on average below USD 3,500 allowing micro-business owners to support the productive agricultural chain, by financing either inputs provision, transportation facilities or marketing solutions. No guarantees are requested, BANCO FIE S.A. evaluates its clients' repayment capacity. The Agricultural Credit Unit, composed of experts in the agricultural sector, is central to the management of the Agricultural Loan. This Unit manages a database on yields, prices, weather factors and external factors that could affect the production and the market. The Agricultural Loan is offered in the 121 agencies at national level and represents 6% of the gross portfolio of the institution accounting for 5.03% of total clients. The initiative is facilitated by a supporting environment, where governmental policies and technical assistance programmes encourage initiatives for the agricultural sector and food sovereignty in Bolivia. The main problem addressed by the Agricultural Loan is the limited financing mechanisms for entrepreneurs engaged in agriculture production, forest crops, livestock, poultry, fish and livestock breeding that require loans to invest in working capital. BANCO FIE S.A. has supported more than 40 food products with its Agricultural Loan, mainly: milk (10%), grains (10%), potatoes (5%), banana (5%), coffee (10%), and cattle raising (4%). Since the launch of the product only two years ago 12,794 people have accessed it, making BANCO FIE S.A. one of the five biggest funders of the agricultural sector in Bolivia. The success of this product has spurred the Bolivian financial sector to serve rural areas and support agriculture. BANCO FIE S.A. has demonstrated to other financial institutions, that the agricultural sector can be sustainably financed even when loans are given to small farmers and herders; and that it is possible to serve all regions in Bolivia (not only in the west where most developed regions are). BANCO FIE S.A. plans to open many new rural agencies which will have a direct impact on the agricultural portfolio. Rolling out the Agricultural Loan product will be facilitated by the 22 partnerships established between BANCO FIE S.A. and small producers associations involved in the production of milk, dairy, quinoa, coffee, cattle, fish, poultry, oil, chestnut, chocolate, winemaking, peanuts and fruits.

Kompanion Financial Group (Kompanion), Kyrgyz Republic

Kompanion, was established in 2004 and it provides microloans along with science based support for small holder farmers and livestock holders. In 2012, the organization formalised its focus on food security and established a Development Department (DD) which provides agricultural extension services with 16 agronomists, 17 veterinarians and 15 mobilizers implementing one year farmer trainings. Kompanion uses an ethno-ecological approach to food security. Ethno-ecology is the study of how people make decisions about natural resources management, and it draws primarily from ecology, anthropology, sociology and economic theory and methods. The lack of information and the degradation of land productivity, keeps people in Kyrgyzstan in poverty and food insecure. Kompanion supports initiatives aimed at organic production and small holder farmers whose work accounts for 77% of total fruit and 52% of total vegetable production in the country.

The initiative presented for the 4th European Microfinance Award is the 'Home Garden Development Initiative' which comprises four different technical assistance schemes and a credit component called Credit for Conservation. The four different schemes are: 'Eco-Garden' with a focus on fruits in home gardens; 'Alpine Greenhouses' to improve access to vegetables in harsh growing conditions, 'Garden in a Box' to improve diversification of vegetables growth and consumption and 'Cellar' to improve storage for a year-round access to food for families.

The 'Home Garden Development Initiative' works with small holder farmers to improve their home garden production and to promote biodiversity for long term nutrition benefits and sustainable land management. It consists of providing communities with technical assistance and specific training using the ethno-ecological approach. Kompanion targets communities by ranking villages by poverty level and access to formal financial services. When a village is selected for an initiative, Kompanion's mobilizers organize an open community meeting, introducing the initiative and describing the process; all households in the community can participate. Participants are organized into groups, generally by location. Then, the one year long training for the chosen scheme begins. Trainees with regular attendance after three training sessions are eligible for a specially designed and discounted loan product 'Credit for Conservation' with the aim of encouraging households to implement food security by promoting practices that improve the long term productivity of their home gardens. The 'Credit for Conservation' loan is an individual loan with joint liability. It can be used to purchase fruit tree saplings, seeds, fencing of the garden to protect it from livestock damage, purchase of beneficial insects for pest control, cellar improvement or construction, irrigation improvement, land purchase, soil testing, manure or other organic input purchase etc. All these purposes are eligible for a discount 'Credit for Conservation' loan. Any Kompanion client can request an individual consultation with one of the agronomists or veterinarians. The Credit for Conservation has a lower interest rate to motivate communities to participate and promote intercommunity assistance and cooperation in order for communities to continue these activities on their own. Loan sizes depend on the group's repayment capacity. In 2011 Kompanion offered 1351 'Credits for Conservation' among which 94 loans are specific to the 'Home Garden Development Initiative'. The 'Home Garden Development Initiative' is integrated into Kompanion's regular business practice. The four schemes are self-financed by Kompanion. The value proposition for Kompanion is that prosperous communities mean prosperous businesses. Therefore, by reinvesting in community mobilization and training, the organization promotes the Kompanion brand while promoting food security, environmental conservation and improved livelihood opportunities for the rural households of Kyrgyzstan.