



EUROPEAN DIALOGUE

4th European Microfinance Award
Microfinance for Food Security

Prepared by Francesca Agnello and Ilaria Caramia



Number 6, June 2013

Edited by the European Microfinance Platform

6
o
N



EUROPEAN
MICROFINANCE
PLATFORM

NETWORKING WITH THE SOUTH

4th European Microfinance Award Microfinance for Food Security

European Dialogue Number 6, June 2013

Prepared by Francesca Agnello and Ilaria Caramia

With the support of



GRAND DUCHY OF LUXEMBOURG
Ministry of Foreign Affairs

Directorate for Development Cooperation



THE GOVERNMENT
OF THE GRAND-DUCHY OF LUXEMBOURG
Ministry of Finance

FOREWORD	3
INTRODUCTION	5
ASKI - ALALAY SA KAUNLARAN, INC , PHILIPPINES	13
BANCO FIE - BANCO PARA EL FOMENTO A INICIATIVAS ECONOMICAS S.A. , BOLIVIA	21
KOMPANION FINANCIAL GROUP , KYRGYZSTAN	29
GROOMING PEOPLE FOR BETTER LIVELIHOOD CENTRE , NIGERIA	37
IDEPRO – DESARROLLO EMPRESARIAL , BOLIVIA	45
JUHUDI KILIMO , KENYA	53
MIDE - MICROCRÉDITO PARA EL DESARROLLO , PERU	61
SILVER UPHOLDERS MICROFINANCE UGANDA LTD , UGANDA	69
TUBA RAI METIN , EAST TIMOR	77
UNION EL EJIDO - COOPERATIVA DE AHORRO Y CREDITO , ECUADOR	87
CONCLUSIONS	93

FOREWORD

Microfinance For What?

While the international community is slowly but surely gearing up for the post-2015 discussions, the topic of financial inclusion is gaining traction in the wider framework of the concern for inclusive growth for the period that will follow the implementation phase of the Millennium Development Goals (MDGs). In this context, it is interesting to observe that a specific question keeps on popping up:

“Inclusive finance to what end?”, or even more bluntly: “Microfinance for what?”

It is a legitimate question for sure, especially at times when the practice of results based management has pushed development actors, including microfinance operators, to account for more than just easily quantifiable outputs, and provide evidence of genuine development outcomes. And while access to a range of adapted financial services remains of course an important element of financial inclusion, it is not the access per se that defines the development outcome. This outcome may well be triggered by the use of financial services; but it is measured in terms of poverty reduction, in terms of social and/or environmental impact.

Ever since its inception in 2006, the European Microfinance Award has always been rewarding microfinance initiatives designed for a special purpose, be it innovation, social responsibility or value chain financing. The 2012 Award did not escape that tradition, even more so that its topic clearly stated the case: “Microfinance for Food Security”.

A quick look at the World Food Programme’s (WFP) statistics show that hunger and undernourishment remain daunting tasks: 870 million people in the world do not have enough to eat; the vast majority of hungry (98 percent) live in developing countries, where almost 15% of the population is undernourished, and Asia and the Pacific have the largest share of the world’s hungry people (some 563 million).

Still the joint 2012 IFAD-FAO-WFP report on “The State of the Food Insecurity in the World” suggests that if appropriate actions are taken to reverse the slowdown in 2007-08 and to feed the hungry, achieving the Millennium Development Goal (MDG) of reducing by half the share of hungry people in the developing world by 2015 is still within reach. WFP calculates that US\$3.2 billion is needed per year to reach all 66 million hungry school-age children.

Each of the above was reason enough to focus the 4th European Microfinance Award on the contribution that microfinance can make to foster food security. 20 applications from 11 countries were submitted for the Award and underwent the traditional, rigorous three steps selection process. In the name of all e-MFP Board members, I would like to thank all the colleagues who have invested their time and energy in vetting the applications, first and foremost the president, Prof. Muhammad Yunus, and the members of the High Jury. They did not take the task lightly of selecting the winner from the three finalists. Our special thanks go to HRH Grand Duchess Maria Teresa for honoring the Award Ceremony with her presence and to EIB President Dr. Werner Hoyer for hosting the event.

Congratulations to Microfinance Institution ASKI, from the Philippines, and its Executive Director Rolando Victoria for the initiative “Increasing the small farmers’ productivity through financing, market linkages and capacity building programs”!

Marc Bichler, UNCDF Executive Secretary

INTRODUCTION

Convinced that microfinance is an important tool for poverty alleviation, the Luxembourg Ministry of Foreign Affairs - Directorate for Development Cooperation announced the creation of the European Microfinance Award in 2005. The European Microfinance Award is organised jointly by the Luxembourg Ministry of Foreign Affairs - Directorate for Development Cooperation, the Luxembourg Round Table on Microfinance and the European Microfinance Platform (e-MFP) to promote microfinance initiatives, highlight their contribution and stimulate breakthroughs in the field of microfinance and each time focuses on a different innovative topic. In 2012, the 4th European Microfinance Award identified the issue of “Microfinance for Food Security”.

Food Security

The right to food is a basic human right, declared in Article 25 of the Universal Declaration of Human Rights. The definition of food security first originated in the World Food Conference in 1974. Since then, the definition has varied considerably over the last 38 years and stakeholders still debate specific terminology. For the purpose of this Award the following definition of food security has been adopted: “*Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life*”¹.

This widely accepted definition points to the following dimensions of food security:

- 1 *Food availability* - the availability of sufficient quantities of food of appropriate quality, supplied through domestic production or imports (including food aid). Food availability addresses the “supply side” of food security and is determined by the level of food production, stock levels and net trade.
- 2 *Food access* - access by individuals to adequate resources (entitlements) for acquiring appropriate foods for a nutritious diet. Entitlements are defined as the set of all commodity bundles over which a person can establish command given the legal, political, economic and social arrangements of the community in which they

1 FAO. 2006. Food Security. Policy Brief, issue 2. Rome: Food and Agriculture Organization of the United Nations. ftp://ftp.fao.org/esa/policybriefs/pb_02.pdf.

live (including traditional rights such as access to common resources). Food access addresses the demand for food and it is influenced by economic factors, such as physical infrastructure and consumer preferences.

- 3 *Utilization* - utilization of food through adequate diet, clean water, sanitation and health care to reach a state of nutritional well-being where all physiological needs are met. Sufficient energy and nutrient intake by individuals is the result of good care and feeding practices and is especially important for infants and young children. For the broader household, food preparation, diversity of the diet and intra-household distribution of food are also important. This brings out the importance of non-food inputs in food security.
- 4 *Stability* - to be food secure, a population, household or individual must have access to adequate food at all times. They should not risk losing access to food as a consequence of sudden shocks (e.g. an economic or climatic crisis) or cyclical events (e.g. seasonal food insecurity). The concept of stability can therefore refer to both the availability and access dimensions of food security.

Microfinance for Food Security

Food security is a broad issue, too broad to be effectively achieved by a single set of specific interventions. The issues relating to food security must be tackled comprehensively; microfinance can contribute, but financial services, where possible, need to be coupled with other services in order to face a challenge as complex as that of food security. Strategic alliances and partnerships with other actors can facilitate the provision of technical assistance services, market linkages support and market access. These partnerships can involve the public sector, producer organizations, NGOs, commercial banks, rural entrepreneurs, government programs, international cooperation programs, and other stakeholders.

Some of the major challenges faced by rural financial institutions are to reduce transaction costs, mitigate the risk of the loan portfolio, and find new forms of guarantees, adapted to every context of intervention.

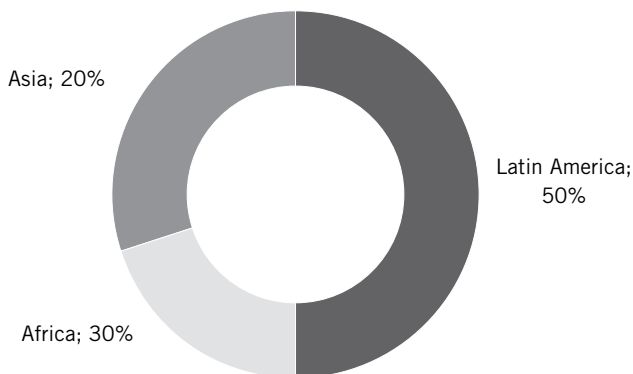
The objective of the 4th European Microfinance Award on Microfinance for Food Security is to highlight and stimulate such initiatives and partnerships that represent breakthroughs in promoting food security.

Microfinance institutions, by broadening financial inclusion, play an important role in fostering food security. Through their financial products and innovative partnerships, microfinance institutions can:

- enhance agricultural² production, productivity, and diversification,
- supply safe and better quality food,
- support food transformation,
- strengthen food distribution networks and food commercialization,
- ensure adequate food storage and preservation,
- reduce post-harvest losses,
- support defence mechanisms for speculating attacks in situations of price fluctuation,
- contribute to build ‘shock-absorber’ systems avoiding pre and post-harvest food crop loss,
- foster organic and sustainable farming,
- increase women’s access to tools and/or processes that increase productivity in agriculture,
- guard and support valuable traditional farming practice,
- expand opportunities and empower communities and groups.

Selection Process

Twenty applications from eleven countries were received for the 4th European Microfinance Award. Most of the initiatives presented were from Latin America (ten) and especially from countries such as Bolivia, Peru and Ecuador. Six applications were received from Africa and four from Asia and Central Asia. The geographical location of the applications received is as follows:



² Agriculture, as utilized in this document, includes both crop and non-crop agriculture, livestock, fishing, etc.

Each application went through a rigorous evaluation procedure and selection was based on a transparent range of indicators (financial viability, social performance, relevance of the initiative for microfinance for food security, financial sustainability of the initiative, up-scaling potential, replicability, innovation and quality of the proposal).

e-MFP was responsible for the pre-selection of the first ten applications, from which the Luxembourg Round Table on Microfinance nominated the three finalists.

The High Jury composed of Professor Muhammad Yunus, Nobel Peace Prize Laureate 2006; Philippe Loop, Head of Unit, Private Sector Development, Trade and Region Integration at European Commission – EuropeAid; Marc Bichler, Executive Secretary UNCDF/e-MFP Chairman; Camille Thommes, General Director of the Association of the Luxembourg Fund Industry (ALFI); Thomas Seale, President LuxFLAG; Pit Hentgen, President of the Association of Insurance Companies, Luxembourg; Sanjay Sinha, Executive Director of M-CRIL; Tesfaye Befekadu, CEO of Harbu Microfinance and Edvardas Bumsteinas, Senior Investment Officer, European Investment Bank, had the difficult task of selecting a winner from these three finalists.

The 4th European Microfinance Award was presented on 15th November 2012 in the premises of the European Investment Bank (EIB), by Her Royal Highness The Grand Duchess Maria Teresa of Luxembourg, with Professor Muhammad Yunus, Chair of the High Jury, President of the Yunus Centre and Nobel Peace Prize Laureate 2006, in the presence of the Luxembourg Minister for Development Cooperation and Humanitarian Affairs, Marie-Josée Jacobs, the President of the EIB, Werner Hoyer and (by video link) the European Commissioner for Development, Andris Piebalgs. Werner Hoyer, EIB President gave a warm welcome to the participants and hoped that the winner of the 4th Award “would seize this opportunity to use microfinance as an effective tool to foster financial inclusion and contribute to sustainable economic development”. Marie-Josée Jacobs, Minister for Development Cooperation and Humanitarian Affairs, reinforced the commitment of the Luxembourg Cooperation in fostering innovation in the research and development of new microfinance products and services, including the development of microinsurance, microenergy, and microfinance for education and for agricultural production. She introduced the video made in Ethiopia of the 2010 European Microfinance Award winner, Harbu Microfinance, which presented an initiative of integrated development for a rural community, through the creation of a soybean value chain.

After the video, Andris Piebalgs, European Commissioner for Development, declared that microfinance institutions must support greater rural development and agricultural production and offered his gratitude to the finalists for their valuable contributions.

The three finalists were announced: ASKI (Alalay Sa Kaunlaran Inc.) from the Philippines, Banco FIE (Banco para el Fomento a Iniciativas Económicas S.A.) from Bolivia, and Kompanion Financial Group from Kyrgyzstan.

Professor Muhammad Yunus then addressed the audience and explained how “today we have come to a stage where things that used to be impossible, suddenly become possible, suddenly become routine and suddenly become uninteresting because they are so “routine”. But yesterday these were completely impossible. Therefore, as we move forward, the distance between possible and impossible is shrinking”. “Then”, he went on to say, “why don’t we take all the impossible things we have in front of us to make sure to make them possible tomorrow. If we make up our mind, we can do that, we can build a world completely different from the one we have today. Microfinance is an initiative which demonstrated the power of this.”

Professor Yunus and Her Royal Highness The Grand Duchess then presented the 4th European Microfinance Award with a prize of €100,000 to the Philippine Microfinance Institution ASKI, represented by its Executive Director, Mr. Rolando Victoria for the initiative “Increasing the small farmers productivity through financing, market linkages and capacity building programs”.

Mr. Victoria said: “To date almost 19,000 Philippine farmers are benefiting from these loans, which are making a valuable contribution to the needed food security initiatives of our country. We are honoured to receive recognition from such an esteemed Jury. We will use the funds to invest in further opportunities for the farming community which would provide them with additional sources of income to sustain the daily needs of their family.”

Professor Yunus also presented certificates to the two other finalists: Banco FIE from Bolivia and Kompanion Financial Group from Kyrgyzstan who were highly praised by the High Jury.

e-MFP would like to share in this publication the experiences of institutions from the south that designed successful initiatives to foster food security. In this issue we present the three finalists for the 4th European Microfinance Award and the seven other institutions which were included in the second round of the selection process for the 4th European Microfinance Award on Microfinance for Food Security.

We hope this issue will inspire MFIs, their networks and their partners to find ways to promote Microfinance for Food Security. The Dialogue is Open!

Microfinance for Food Security Initiatives

ASKI, Philippines

Name of the Initiative: Increasing small farmers productivity through financing, market linkages and capacity building programs

BANCO FIE, Bolivia

Name of the Initiative: Agriculture loan

KOMPANION, Kyrgyzstan

Name of the Initiative: The Home garden development initiative: an ethno-ecological approach to food security

GROOMING CENTRE, Nigeria

Name of the Initiative: Nigeria agro dealers support (NADS) scheme

IDEPRO, Bolivia

Name of the Initiative: Financing good fruit agricultural practices

JUHUDI KILIMO, Kenya

Name of the Initiative: Dairy value chain financing

MIDE, Peru

Name of the Initiative: Women's leadership and micro finance services: a food security plan for rural families in the Cusco region, Peru

SILVER UPHOLDERS MICROFINANCE, Uganda

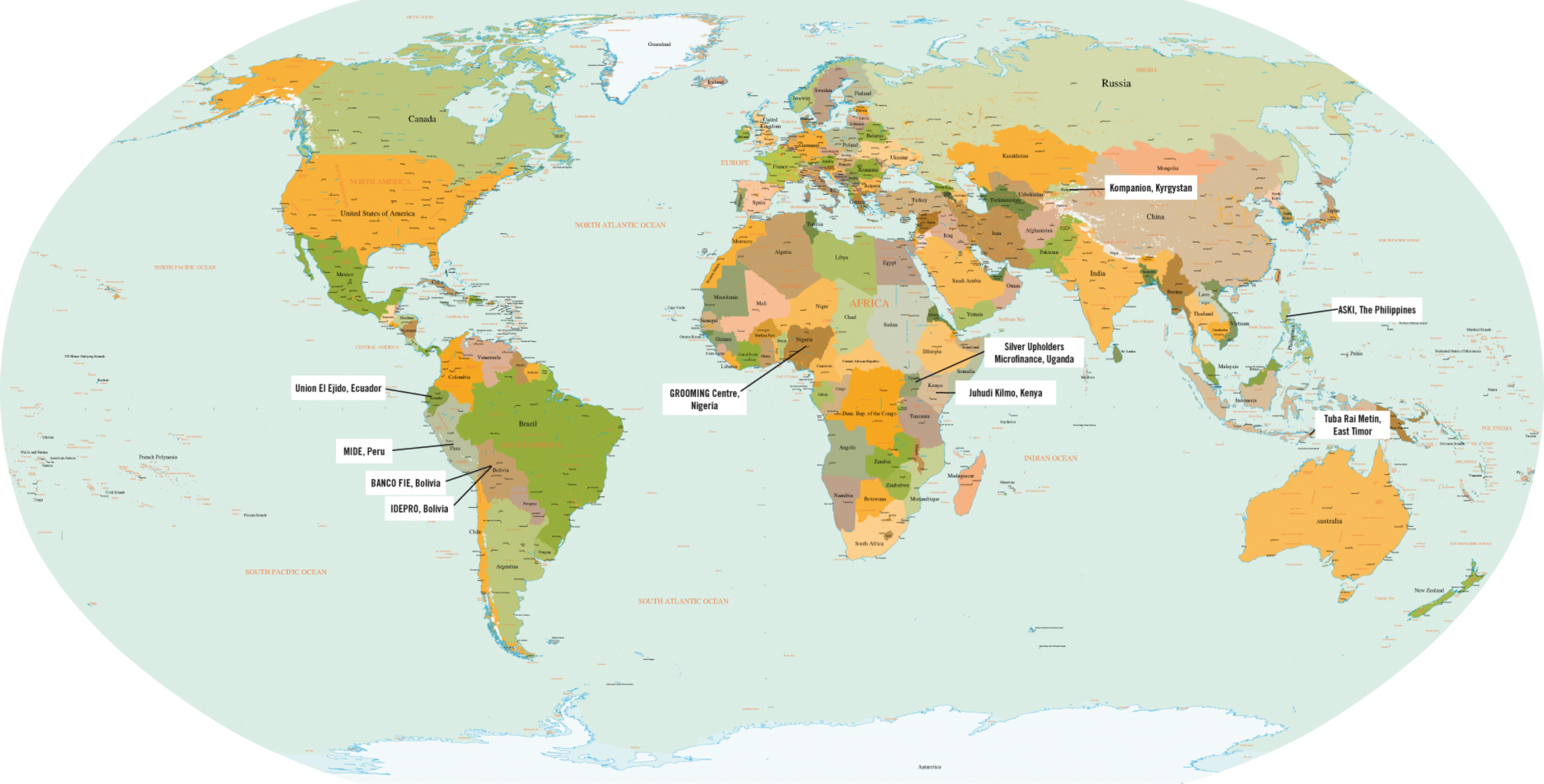
Name of the Initiative: A global initiative to support and promote the role of female small scale crop farmers in enhancing food security within the East African region

TUBA RAI METIN, East Timor

Name of the Initiative: Pioneering efforts of "lending cum financial literacy" for agricultural activities in East Timor

UNION EL EJIDO - COOPERATIVA DE AHORRO Y CREDITO, Ecuador

Name of the Initiative: Millennial agricultural practices of Imantag



Union El Ejido, Ecuador

MIDE, Peru

BANCO FIE, Bolivia

IDEPRO, Bolivia

GROOMING Centre, Nigeria

Silver Upholders Microfinance, Uganda

Juhudi Kilimo, Kenya

Kompanion, Kyrgystan

ASKI, The Philippines

Tuba Rai Metin, East Timor



ASKI - ALALAY SA KAUNLARAN, INC, PHILIPPINES

Increasing small farmers productivity through financing, market linkages and capacity building programs

Legal status:³	Microfinance Institution
Country:	Philippines
No. of clients :	72,212
Date of establishment:	1987
Portfolio:	€ 20,799,597
Average loan size:	€ 219
e-MFP supporting member:	OikoCredit

Snapshot of the initiative

ASKI's microfinance initiative for food security consists of providing micro agriculture loans to smallholder farmers⁴, ad-hoc farmers support services, crop insurance, and sustaining market linkages to private sector enterprises. The complete product enhances knowledge and productivity of small farmers and helps them increase yields, produce good quality harvests, and reduce postharvest losses.



©2012LuxDev

³ All data was provided by the microfinance institution and refer to December 2011.

⁴ For the purposes of this document, references to smallholder farmers is meant to include smallholder agriculture, fishermen etc.

Institutional overview

The Alalay Sa Kaunlaran Inc. (ASKI) was created in 1986 in the year of the 'EDSA people power revolution' when it was widely felt that poverty and unemployment were becoming huge social issues in the Philippines. In response to these major social issues, a group of business leaders in Nueva Ecija, moved by Christian compassion, created ASKI with the aim of supporting the local economy through micro-enterprise development. From a handful of loans services, ASKI is now among the top 10 MFIs in the Philippines in terms of portfolio and active borrowers; ASKI covers 19 provinces in Central Luzon and in Regions 1 and 2 with its 38 branches and 778 staff. ASKI is not only focused on providing micro-credit; the organization is also engaged in doing community development and social work, such as the children scholarship programmes, feeding programmes, and health programmes for senior citizens. The institution has been promoting socio-economic development through client-focused financial and non-financial services. ASKI offers loans, savings insurance, and payment services⁵ and, in addition, scholarships, training on business development and environmental management. ASKI achieved financial and operational self-sufficiency in 2011.

ASKI scored 78/100 on the self-reported SPI highlighting a strong poverty-focus.

Description of the initiative presented for the Award

ASKI's initiative consists of providing micro agriculture loans to smallholder farmers, ad-hoc farmers support services, crop insurance, and sustaining market linkages to private sector enterprises. The initiative, dating from 2004, is now the most popular financial product in ASKI's portfolio, accounting for 41% of the total portfolio.

The target group for this initiative is smallholder farmers that need support to sustain their agribusinesses. The initiative aims at helping them set up their agribusiness but also at providing them with equipment to increase their productivity and thus their income.

Financial assistance: the agricultural loan requires no collateral, applies individual liability, a lump sum repayment system (balloon payment after harvest), and charges a monthly interest rate of 3%. Credit is used by small farmers to purchase farm inputs such as seeds, fertilizers and pay for land preparation which needs farm equipment such as tractors. Irrigation facilities, solar dryers, and construction of foot and hanging bridges for crop production, transportation and market linkage are provided to client

5 In the Philippines MFIs are not allowed to hold savings from the general public. However ASKI deducts 15% of the client's total loan and holds it in the form of capital build-up (CBU). The CBU is also used to fund the financial education program offered to ASKI's clients

groups by ASKI as part of its commitment to enhancing the productivity of Filipino farmers.

Technical know-how: ASKI's staff provides technical assistance in farming, and has recently been certified as official trainer on the 'value-chain development methodology in agriculture'.

Market linkage: in partnership with government agencies and NGOs, ASKI sustains market linkage for small-holder farmers. ASKI has operational agreements with the National Livelihood Development Corporation, Catholic Relief Services, the Department of Agriculture and the Jollibee Foundation in helping farmers supply their produce to consolidated corporations such as the Jollibee Foods Corporation (for onion farmers), one of the biggest hamburger chains in the Philippines or the San Miguel Foods Corporation (for cassava farmers).

Insurance: because of the country's exposure to typhoons, all farmer clients are required to subscribe to the crop-insurance programme of the Philippine government which protects farmers from the risks of disasters, while ASKI can be assured a return from their investments. In addition ASKI subscribes to the government Agriculture Guarantee Fund Pool.

Through the partnerships described above, ASKI's farmer can address their needs and those of their families, as well as positively contribute to food security in the country. Crops produced and supported include rice, maize, onion and root crops. The initiative is financially profitable. Under this initiative ASKI released €7.9 million loans⁶ that were used for crops and livestock production with a PAR(1) of 1%⁷ as of May 2012.

How relevant is the initiative for achieving food security in the Philippines?

In the Philippines, 41.5% of the population lives in poverty, compared to 76.8% in South Asia and Pacific, and the percentage of people with access to clean water is high (91%). However, in terms of food quality, national indicators highlight that protein intake and diet diversification (40%) is lacking. This is reflected in the fact that in the Philippines the number of people undernourished grew from 15 million in 1990 to 16 million in 2012 (although the proportion of undernourished to the total population has actually decreased from 24.2% to 17%), and 20.7%⁸ of children under the age of 5 are underweight, although families' spend, on average, more than 43% of their total expenditures on food consumption.

6 December 2012.

7 Please note that ASKI's PAR is very seasonal: in the dry seasons it tends to be very low, while in the typhoon seasons it increases a lot. For example in September 2011 PAR(30) for the whole institution was of 9%.

8 "The State of Food Insecurity in the World", FAO, 2012.

Agriculture is one of the country's strength in fostering food security, but small farmers especially in remote communities, still suffer from the lack of infrastructure, such as irrigation facilities, crop-drying facilities, and bridges, and have limited information about agriculture innovations which results in low farm yield, lack of knowledge, and low land productivity. The Philippine government provides technical and infrastructure support to small farmers to meet targeted food security and self-sufficiency (particularly for staple food) however the support of the private sector is encouraged through public-private-community partnerships.

In addition the Philippines are frequently hit by typhoons, partly attributed to climate change, and all throughout the year, even during summer, rains are frequent and often incessant for long periods of time.

ASKI's microfinance initiative for food security addresses small farmers needs for the acquisition of farm machinery (water pumps, solar dryers), infrastructure (foot and hanging bridges) and provides technical assistance and market linkage support in partnership with government agencies. ASKI's compulsory Crop-Insurance Program⁹, is a vital financial service for farmers; it helps to reduce the risks of their investments with effects on income stabilization, but also on investment incentives and thus raises their incomes in the long run.

What are the results of the initiative?

The total number of farmers benefitting from the credit program, as of December 2011, were 18,856 with a portfolio of €7,513,047.84¹⁰. In addition ASKI provided irrigation facilities, 30 units of water pumps benefiting 300 families in 9 villages, two solar dryers benefiting 380 families, and three hanging and foot bridges that are now being used by 700 families. These infrastructures contribute to reducing pre and post-harvest crop losses as farmers can dry their products easily using solar dyers, can expect a better harvest than from the previously non-irrigated plots, and ease the transportation from the farm to the market by using hanging bridges. ASKI also assists those engaged in livestock production.

ASKI measures clients' satisfaction through "satisfaction surveys" conducted internally by their Research and Development Unit. Feedback from clients gives ASKI information about which products and services are well perceived or not. In addition, based on reported observation by ASKI's community development officers and agro-enterprise officers, clients who benefitted from the intervention were able to save

9 ASKI's Crop Insurance Program is delivered in partnership with a private insurance company.

10 Exchange rate applied is of 56 Pesos to 1 Euro.

more and provide additional investments for their farming activities. Some farmers were able to buy vehicles, some were able to redeem their jewellery from the local pawnshop, some sent their children to school and renovated their house. Furthermore, farmers developed higher self-confidence, they could talk to people in high positions and address their concerns.

Links ▶ www.aski.com.ph

ASKI Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	5,8%	4%
Write-off Ratio	2.86%	2.64%
Portfolio Yield	46.32%	44.77%
Debt on Equity ratio	6.17	6.40
The EIR of the most representative loan product	38.6%	38.6%
Return on Equity	19.8%	35.22%
Return on Assets	2.8%	4.82%
Operational Self-Sufficiency	99%	114%
Financial Self-Sufficiency	99%	118%

Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	48,094	72,212
% women borrowers	78%	73%
Number of voluntary savers	n/a	n/a
Number of members	n/a	n/a
Gross Loan Portfolio (€)	€ 11,243,177.47	€ 20,799,596.64
Deposits (€)	€ 2,794,188.62	€ 3,712,840.37
Number of Branches	38	38
% of branches located in poor areas (please see A, below)	10 branches out of 38 26.3%	10 branches out of 38 26.3%
% branches in places where there are no other MFIs or bank branches (please see B, below)	4 branches out of 38 10.5% (Baggao, Baler, Dinalungan and Tumauini)	4 branches out of 38 10.5% (Baggao, Baler, Dinalungan and Tumauini)
% of clients in rural areas	83%	86%
% of clients estimated to be "poor" (please see C, below)	27.23%	27.70%
% of portfolio for small loans (please see D, below)	95%	95%
Client retention rate	78.64%	78.90%
Number of male employees and number of female employees	362 male, 194 female	535 male, 243 female
Staff turn-over	0.13%	0.13%

A) ASKI verifies the poverty likelihood of its operational areas by conducting surveys and interviews using a tool developed by the Grameen Foundation..

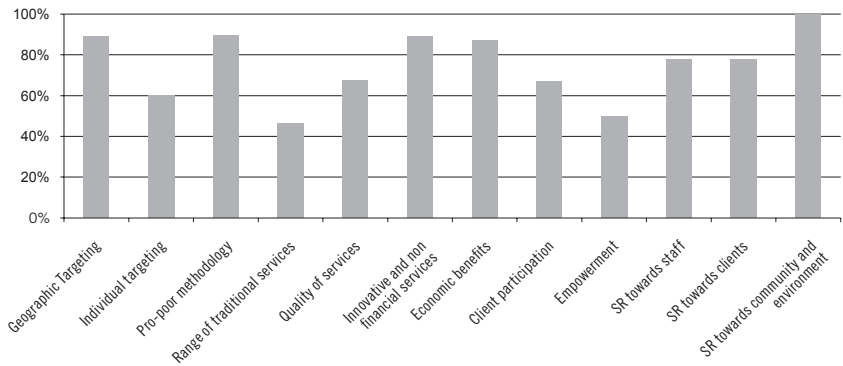
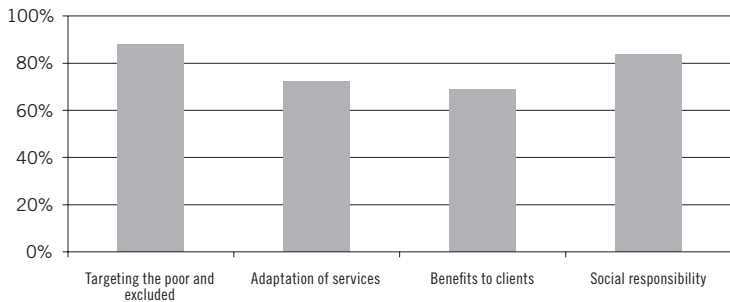
B) To determine where to open a branch, ASKI conducts market research and competition analysis.

C) To determine which clients are poor, ASKI uses the Grameen Foundations' Progress out of Poverty Index (PPI) survey forms. ASKI is currently using the National Poverty Line (NPL) and \$4.32/Day/PPP benchmark.

D) In ASKI, small loans range from 95 to 2,830 Euros (exchange rate of €1 - 53 Pesos)

Social Performance Indicators

SPI (Cerise) results: August 2012 – total score 78/100





BANCO FIE - BANCO PARA EL FOMENTO A INICIATIVAS
ECONOMICAS S.A., BOLIVIA

Agriculture loan

Legal status:¹¹	Bank
Country:	Bolivia
No. of clients :	175,579
Date of establishment:	1985 (1985(ONG),1998 (FFP-fondo financiero privado), 2010 (BANCO)
Portfolio:	€ 449,784,093
Average loan size:	€ 3,110
e-MFP supporting member:	Oikocredit

Snapshot of the initiative

Banco FIE's Agricultural Loan is well tailored to the needs of rural smallholder farmers and to their production cycle. Although recent, Banco FIE's rural credit activity has been exemplary in sustainably financing rural entrepreneurs. In just over two years Banco FIE has become one of the five principal funders of the agriculture sector in Bolivia and encourages the traditional financial sector to move to rural areas and support agriculture.



©2012LuxDev

11 All data was provided by the microfinance institution and refer to December 2011.

Institutional overview

BANCO FIE (Banco para el Fomento a Iniciativas Económicas S.A.,) was initiated, first as an NGO in 1985 thanks to the impetus and commitment of five Bolivian women in a context of profound social crisis. Banco FIE began operating as a bank in May 2010 and is now the largest microfinance institution in Bolivia, with 119 agencies spread in the 9 regions of Bolivia and, 2,371 staff. Banco FIE provides microfinance services, such as loans, savings and other financial products, initially to urban entrepreneurs. Lately, Banco FIE ventured in rural areas, opened new branches and experimented with new microcredit products for rural entrepreneurs. Banco FIE is financially and operationally Self Sufficient.

On its latest Social Rating Report (Microfinanza Rating, January 2011) Banco FIE scores A+ highlighting a very good capacity to effectively translate its mission into practice and to promote social values. There is very high likelihood to achieve social goals.

Description of the initiative presented for the Award

The initiative presented for the 4th European Microfinance Award focuses on Banco FIE's Agricultural Loan product for entrepreneurs engaged in agriculture and livestock production. The loan is used by entrepreneurs to invest in working capital and productive assets and is tailored to the needs of the production cycle of agricultural and forest crops, livestock, poultry, fish, and the breeding of other animals. The Agriculture Loan is an individual loan where the spouse is a co-signer and includes options where no material guarantees are requested; the repayment schedule is tailored to the repayment capacity of the client with one average loan timeframe of 18 months when it is for working capital or 48 months when it is for investment capital, and the average number of quotas assigned per year is 3. The interest rates are based on the riskiness of the initiative funded with, as an incentive, a 5 percentage points discount compared to Banco FIE's other loan products (on average it was 16.95% in December 2011). The average size of Agriculture Loans is below 3,700 USD. Banco FIE established an Agricultural Credit Unit, composed of experts in the agricultural sector; this Unit is central to the management of the Agricultural Loan and manages a database on yields, prices, weather and other external factors that could affect production and the markets. These aspects are used to cross-check the information provided by the producers. With the generation of this information, Banco FIE can grant financing to the agricultural sector with conditions according to each production activity. In addition, Banco FIE creates strategic alliances with entities that offer technical assistance and market access to farmers and herders and with small producers associations involved in the production of milk, dairy, quinoa, coffee, cattle, fish, poultry, oil, chestnut, chocolate,

winemaking, peanuts and fruits (22 partnerships established). The initiative is facilitated by a supporting environment, where the Government, with its policies and technical assistance, favours food sovereignty in Bolivia.

The Agriculture Loan has supported more than 40 products mainly: milk (10%), grains (10%), potatoes (5%), cattle raising (4%), poultry (4%), banana (5%) and coffee (10%). To reach the agriculture sector, Banco FIE is opening new branches in rural areas which will have a direct impact on its agricultural portfolio.

How relevant is the initiative for achieving food security in Bolivia?

In Bolivia the proportion of population under the global poverty line¹² is of 24.9%. The population spend 38.8% of income on food consumption. In terms of food quality, the diet is not diversified (46%¹³) with a percentage of children underweight of 4.5% and a very high undernourished population, even though it decreased from 34.6% in 1990 to 24.1% in 2012¹⁴. Another relevant aspect in analysing the Bolivian situation is the income distribution which is among the most unequal in Latin America.

The indicators above describe the situation at the aggregate level of the country, however, the situation in rural areas is much more critical than the situation in urban areas and women and the indigenous population are both more susceptible to poverty because of Bolivia's economic situation.

The Bolivian government launched an agricultural production model aimed at boosting food sovereignty by supporting small farmers, in order to generate surpluses to cushion the swings in international food prices. The new law (Law 144 - *Ley de la revolucion productiva comunitaria agropecuaria*) issued in 2011 established the institutional and political foundations for the new agricultural production model which combines modern scientific farming standards and techniques with ancestral indigenous traditions aimed at producing and storing food during periods of climate adversity and prioritizing organic production in harmony and balance "with the kindnesses of mother earth". Like the economy at large, agriculture faces major structural obstacles which keep it from reaching its vast potential. The lack of roads hinders farmers from getting their products to domestic markets and a lack of credit for farmers is a long-standing problem caused by strict lending procedures of the commercial banking sector.

12 % of Population living under \$ 2 /day PPP (GFSI 2012 – data 2008)

13 This indicator measures the share of non-starchy foods (all but cereals, roots and tubers) in total dietary energy consumption. A larger share of non-starchy foods signifies a greater diversity of food groups in the diet.

14 "The State of Food Insecurity in the World" FAO, 2012.

The results of the Agricultural Loan and the strategy used to step into the rural micro and small enterprise sector boost financial inclusion through access to credit and comprehensive financial services in underbanked and/or unbanked areas and markets. In just two years, with the Agriculture Loan, Banco FIE has become one of the five biggest funders of the agriculture sector in Bolivia. The success of the Agriculture Loan offered by Banco FIE has spurred the Bolivian financial sector to move to rural areas and support agriculture; this was often seen as a risky sector where financial institutions tended to fund only large investments. Banco FIE has shown everyone that the sector can be sustainably financed even when loans are given to small farmers/herders and in all regions of Bolivia (not only in the West, most developed regions). This is the reason why in 2012 the Ministry for the Development of Rural Areas (Ministerio de Desarrollo Rural y Tierras), within its program to enhance food security in Bolivia, asked Banco FIE to present publicly its success with this product.

What are the results of the initiative?

Initiative Outreach and Volumes: Banco FIE covers 14% of all the 337 municipalities of Bolivia, affecting, directly and indirectly, 230,000 families. The Agricultural Loan is offered in the 121 branches at national level and represents 5.3% of Banco FIE's gross portfolio (USD 30,764,000) accounting for 5.03% of its total clients (9,495 loans), with a default rate (1 day) of 0.33%.

Client Satisfaction: The customer satisfaction rate is 84% overall for Banco FIE's products (no differentiated analyses are done for customer satisfaction for specific products). Banco FIE uses the implicit indicator of the constant increase of credit applications, in addition to specialized technical training institutions and associations of producers constantly seeking to partner with Banco FIE to generate strategic alliances.

Links ► www.bancofie.com.bo

BANCO FIE - BANCO PARA EL FOMENTO A INICIATIVAS ECONOMICAS S.A.

Banco FIE Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	0.70%	0.66%
Write-off Ratio	0.37%	0.16%
Portfolio Yield	18.89%	17.72%
Debt on Equity ratio	10.46	10.87
The EIR of the most representative loan product	21.35%	20.22%
Return on Equity	21.81%	22.34%
Return on Assets	1.98%	1.90%
Operational Self-Sufficiency	119.80%	118.01%
Financial Self-Sufficiency	119.74%	118.10%

Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	146,819	175,579
% women borrowers	55.24%	53.58%
Number of voluntary savers	470,625	565,775
Number of members	0	0
Gross Loan Portfolio (€)	314,964,671	449,784,093
Deposits (€)	275,017,095	379,981,680
Number of Branches	104	119
% of branches located in poor areas (please see A, below)	44.23%	46.22%
% branches in places where there are no other MFIs or bank branches (please see B, below)	3.85%	3.36%
% of clients in rural areas	17.78%	20.50%
% of clients estimated to be "poor" (please see C, below)	43.17%	34.11%
% of portfolio for small loans (please see D, below)	32.32%	28,92%
Client retention rate	18.80%	16.47%
Number of male employees and number of female employees	954 male, 987 female	1,186 male, 1,184 female
Staff turn-over	1.83%	1.75%

A) Banco FIE verifies the poverty level of its operational areas according to the poverty percentage statistics conducted by the National Institute of Statistics of Bolivia in the 2001 census. All offices located outside the capital cities have more than 50% of people whose income is less than one dollar a day.

B) Banco FIE identifies municipalities where there are no other MFI or regulated bank: Chimoré (Cochabamba), Cotagaita (Chuquisaca), San Lorenzo (Tarija) and Uriondo (Tarija).

C) Banco FIE determines the poverty level of clients on the basis of the international model created by the Grameen Foundation, the Progress out of Poverty Index(PPI).

D) In Banco FIE, small loans are considered those of less than or equal to \$5,000.

Social Performance Indicators

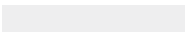
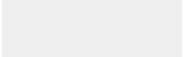








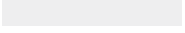


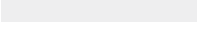


Social Rating by Microfinanza - January 2011: Score A+

Final Opinion

Banco FIEs' board, management team and staff have a strong social commitment, along with a formalized strategy with goals and social goals. There is room for improvement in the definition of certain key elements of the mission. The risk of diverting from the mission in the medium term is limited, the bank's transformation process was transparent and did not affect the delivery of products and services to their target customer. In general, social performance monitoring has a good internal analysis of quality of service, review of social indicators and implementation of good practice, however there remains an area for improvement in monitoring the change of clients' goal.

The demonstrated social responsibility towards staff is very good, with a good level of participation and social values. Banco FIE, shows a proper credit cost and in line with the regulated system specialized in microfinance. There is transparency in the transactions, and good practices for controlling the risk of clients' over-indebtedness. On the other hand, the interest in protecting the environment and the community have been detailed in formal policies, and in turn translated into systems and projects.

The breadth of scope is very good with a wide geographical coverage nationwide. The depth of scope is intermediate and broadly consistent with the target population of micro and small enterprises. However, the results of financial inclusion demonstrate space for improvement, reaching 41% customers without prior access to credit. The range of financial credit and savings services is very good. Financial services are tailored to the needs of the target customer thanks to the wide distribution network, the flexibility of the conditions and the suitable customer service.

Social performance	Good		81%
- Performance of the social management system	Good		79%
Mission and strategy	Very Good		
Systems for tracking and monitoring	Good		
Aligning the systems with the mission	Good		
- Social Responsibility	Good		83%
Social responsibility to staff	Very Good		
Customer Protection	Very Good		
Contribution to change in the lives of clients	Good		
Responsibility to the community and the environment	Good		
- Scope	Good		79%
Adjusting the depth of scope to the mission	Good		
Breadth of scope	Very good		
- Quality of services	Very good		86%
Variety of services	Very good		
Adapting to the needs of customers	Very good		

The home garden development initiative: an ethno-ecological approach to food security

Legal status: ¹⁵	MFI
Country:	Kyrgyzstan
No. of clients :	137,310
Date of establishment:	2004
Portfolio:	€ 46,396,623
Average loan size:	€ 338
e-MFP supporting member:	BlueOrchard Finance S.A.

Snapshot of the initiative

Kompanion's Home Garden Development initiative consists of providing training on organic home garden production for year-round access to nutritious food, applying traditional management and dietary practices. Registered trainees are eligible for a specially designed loan product called Credit for Conservation to encourage households to invest in food security-promoting practices.



©2012LuxDev

15 All data was provided by the microfinance institution and refer to December 2011.

Institutional overview

Kompanion, founded in 2004, is the largest MFI in Kyrgyzstan. Its 1000 employees, working in 157 offices, offer financial services in remote areas where few or no other financial institutions are active. Kompanion's approach of providing micro loans (individual and group) along with science-based capacity-building support helps small-holder farmers and livestock holders build healthy and financially stable livelihoods for themselves and their communities. In 2010 Kompanion formalized its focus on food security and established the Development Department comprising 16 agronomists, 17 veterinarians and 15 community mobilizers for extension services. Kompanion is operationally and financially self-sufficient. They compiled SPI CERISE tool (score: 62/100). Kompanion shows a high focus on rural areas and they identify areas of operations based on poverty/exclusion criteria and they conduct surveys to identify poor clients (once a year). The percentage of women clients is very high (84%).

Description of the initiative presented for the Award

The Home Garden Development initiative consists of training small-holder farmers on improving their home garden production using organic methods; the aim is to increase households' income from the sales of their produce, to promote biodiversity for long-term nutritional benefits and for sustainable land management. The specific trainings offered are based on the ethno-ecological approach (see Box 1) and provide trainees the possibility of accessing a tailored and discounted loan called *Credit for Conservation*. The first training scheme based on the ethno-ecological approach was developed by Kompanion in 2006 with the "Apple project". Given its success, in 2010 Kompanion started the Home Garden Development initiative which comprises four different training schemes: "Eco-Garden" focusing on the production of fruits in home gardens; "Alpine Greenhouses", to improve production of vegetables in harsh growing conditions; "Garden-in-a-box", to improve diversification of vegetable growing and consumption, and "Cellar", to improve storage for year-round access to food. This initiative targets poor communities where participants are organized into groups, generally by location (neighbours), of 15-20 people. Trainings are one-year long with 5-10 training modules per initiative. Registered trainees, with regular attendance, are eligible for a *Credit for Conservation* loan for households to invest in food security-promoting practices that improve the long-term productivity of their home gardens. The *Credit for Conservation* is a group loan which requires no collateral and applies joint liability. These loans are priced lower (0.5% per month) than Kompanion's break-even cost to encourage households to improve their long-term food security and their land value. *Credit for Conservation* loans can be used to purchase fruit tree saplings, seeds, fencing to protect the garden from livestock damage, insects for pest control, cellar improvements or construction, irrigation improvements, land, soil testing,

manure or other organic inputs. Loan size depends on the repayment capacity of each group and monthly flat rates vary from 1.5% to 1.6% (flat). *Credit for Conservation* loans range from 70 to 2,000 US\$ (first loan), while the average size is of around 450 US\$. The average loan timeframe is 10 months.

The four schemes of the Home Garden Development initiative are self-financed by Kompanion. The 'Home Garden Development Initiative' is integrated into Kompanion's regular business practice. The four schemes are self-financed by Kompanion. Kompanion re-invests in Kyrgyzstan and uses it for grass-roots community mobilization and training through the Development Initiatives. The value proposition for Kompanion is that it promotes the Kompanion brand while promoting food security, environmental conservation and improved livelihood opportunities for the rural households of Kyrgyzstan. Kompanion understands that prosperous communities mean a prosperous business and Kompanion's continued reinvestment in communities can help them become more prosperous creating positive feedback loops, or virtuous circle. In conclusion, the initiative itself is not profitable (-14%), but it is subsidized with profits coming from Kompanion's microfinance activities.

How relevant is the initiative for achieving food security in Kyrgyzstan?

In the Kyrgyz Republic the number of people undernourished decreased by 50% between 1990 and 2012 while the proportion of population undernourished decreased from 15.5% to 6.4%¹⁶. Even though nearly every household in Kyrgyzstan has access to land, 36% of Kyrgyz households are still food insecure and up to 30% of their children are undersized due to micronutrient deficiencies. Kyrgyzstan has a harsh climate, volatile temperatures, and the challenges that Kyrgyzstani farmers face are many. Micronutrient deficiency is at the heart of the food security problem in Kyrgyzstan, thus enhancing dietary diversity is critical for improving Kyrgyzstan's food security. In addition to this, the lack of information and the decreasing land productivity keeps people in Kyrgyzstan in poverty and food insecure. The *Home Garden Development Initiative* promoted by Kompanion focuses on the entire home garden ecosystem. Home gardens in Kyrgyzstan have an average of nine fruit and nut species and 13 vegetable species. The message of the initiatives is intentionally focused on the agroecosystem and addresses improved production and diversification for better food availability, income-earning opportunities and diverse dietary consumption (calories and micronutrients). Improved home garden production increases physical access to food, quality and thus can improve food security.

16 "The State of Food Insecurity in the World", FAO, 2012.

What are the results of the initiative?

Initiative Outreach and Volumes: In 2011, the Home Garden Development Initiatives were implemented in 52 villages throughout the Kyrgyz Republic; 1802 people participated in the trainings – 1,237 registered and 565 non-registered attendees. 84.4% of participants shared training information with an average of 4.1 other households¹⁷. A total of 240 training sessions were held on 14 different topics. In 2011 Kompanion offered 1,351 *Credits for Conservation* for a total of 917,000 \$ from which 94 are specific to the Home Garden Development Initiative (71,500 \$). The portfolio quality for the *Credit for Conservation* loans is very good, there have been no delinquencies and no loan write-offs. The percentage of the Kompanion portfolio relating to Credit for Conservation (December 2011) is 1.5%.

Client Satisfaction: 96% of survey respondents found Kompanion's trainings helpful or extremely helpful (average score of 4.2 on a scale of 5)¹⁸.

Changes Observed: Kyrgyzstan's 2010 revolution and communal violence and instability disrupted the usual impact measurement system for the Home Garden Development Initiatives. Kompanion was unable to launch the 2011's Initiatives (planned to be launched in October 2010 with trainings completed in October 2011) until after elections for the new Parliamentary Government were completed. It simply was not possible to gather people. From previous years monitoring: Home Garden Development Initiative participants significantly increased practices that enhance soil quality such as composting (27% of households; 11% increase) and use of organic fertilizers, such as manure (87% households; over 100% increase) – Eco-Garden Report (2010) 7% of households tried the use of beneficial insects to control pests – Over 40% of participant households thinned their fruit trees and refreshed them by grafting. Participant households significantly increased their pruning activities (79% of households) – 40% of participant households invested in their future agricultural production by planting new saplings.

BOX - The ethno-ecological approach

Ethno-ecology is the interdisciplinary study of how people make decisions about natural resources management that draws, primarily, from ecology, anthropology, sociology and cultural factors. The ethno-ecological approach to food security deals with how people in different locations understand the ecosystems around them, the environment in which they live in and how they relate to it.

Links ► www.kompanion.asia

17 Internal survey (draft), July 2012

18 Internal survey (draft), July 2012

Kompanion Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	0.3%	0.3%
Write-off Ratio	0.5%	0.3%
Portfolio Yield	53%	50%
Debt on Equity ratio	347%	416%
The EIR of the most representative loan product	67.83%	60.54%
Return on Equity	20%	27%
Return on Assets	5%	6%
Operational Self-Sufficiency	112%	121%
Financial Self-Sufficiency	112%	119%

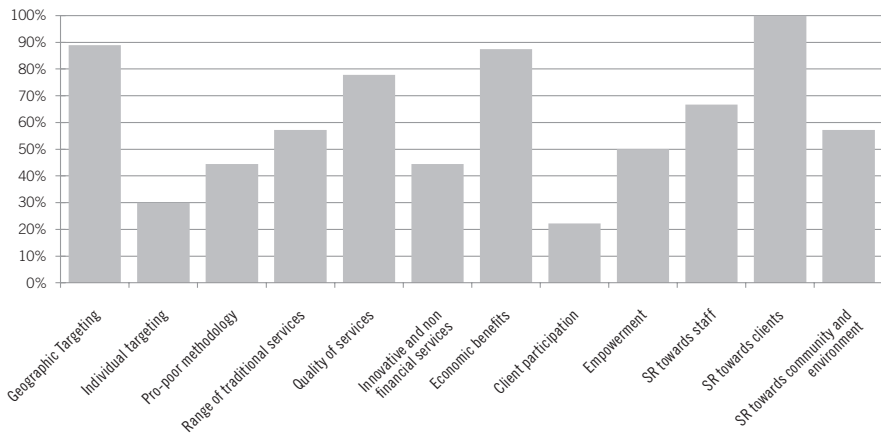
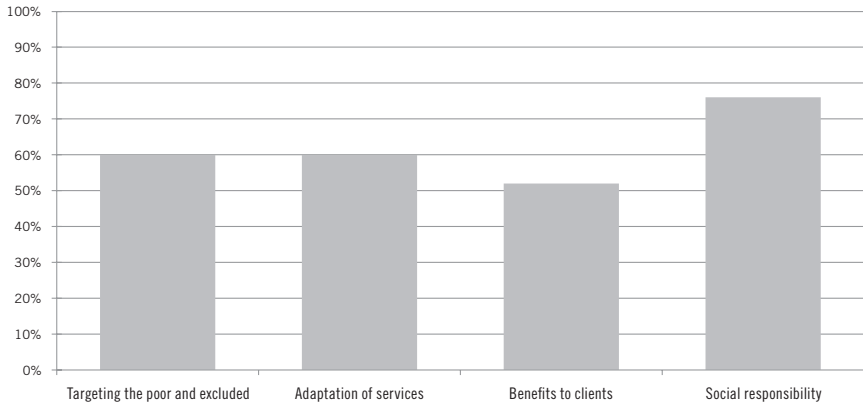
Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	119,396	137,310
% women borrowers	85%	84%
Number of voluntary savers	N/A	N/A
Number of members	N/A	N/A
Gross Loan Portfolio (€)	32,101,472	46,396,623
Deposits (€)	N/A	N/A
Number of Branches	92 offices	157 offices
% of branches located in poor areas (please see A, below)	91.7%	84.6%
% branches in places where there are no other MFIs or bank branches (please see B, below)	37.7% (32 offices)	35.7% (56 offices)
% of clients in rural areas	99.80%	99.86%
% of clients estimated to be "poor" (please see C, below)	78%	74.5%
% of portfolio for small loans (please see D, below)	93.55 %	92.38 %
Client retention rate	17%	16%
Number of male employees and number of female employees	413 male; 516 female	456 male; 582 female
Staff turn-over	16.7%	25.6%

- A) In order to verify the poverty level of its operation areas Kompanion uses national data on territorial poverty levels (www.stat.kg) and based on these identifies its office locations.
- B) To determine places where there are no other MFIs or bank branches Kompanion does market research and on-site verifications.
- C) Kompanion determines the poverty level of clients on the basis of a random sample of clients. Kompanion uses as reference values the general poverty line on consumption as determined by the National Statistics Committee: 2010 – 1618 soms (approx. \$36)/per capita/month; 2011-1744 soms (www.stat.kg).
- D) In Kompanion, small loans range from KGS 3,000 -100,000 per person within for a group loan (approx. \$65 - \$2000).

Social Performance Indicators

SPI (Cerise) results: August 2012 – total score 62/100





GROOMING PEOPLE FOR BETTER LIVELIHOOD CENTRE, NIGERIA

Nigeria agro dealers support (NADS) scheme

Legal status: ¹⁹	NGO
Country:	Nigeria
No. of clients :	193,850
Date of establishment:	2006
Portfolio:	€ 18,613,356
Average loan size:	€ 103
e-MFP supporting member:	Triodos Bank

Snapshot of the initiative

The NADS scheme built a trained and organized group of agro-inputs dealers that supplies seeds, fertilizers and other quality farm inputs to farmers in Nigeria. The NADS scheme provided credit, through Grooming Centre, and support to rural agro-dealers whose services and products are critical in increasing smallholder farmers' productivity and incomes.



Knowledge Sharing Between Agro-input Dealer and Community Farmers



¹⁹ All data was provided by the microfinance institution and refer to December 2011.

Institutional overview

Grooming People for Better Livelihood Centre was founded in 2006 when, in Nigeria, there was almost no access to financial services for the large economically active population and for those engaged in small trading and micro productive activities. Grooming's operational processes and methodologies were modelled on ASA Bangladesh and were introduced to Nigeria with the support of UNDP's MicroStart Programme. Grooming Centre is now Nigeria's 4th largest MFI in terms of number of clients and works through 168 agencies covering 10 (out of 36) states in Nigeria. The institution has shown impressive growth, more than doubling client number and portfolio size between 2010 and 2011. Grooming Centre aims at becoming a leading player in the Nigerian Microfinance market in order to continue empowering the economically active poor by taking tailor made microfinance services to their door step. Grooming has reached operational (but not financial) self-sufficiency. On its latest Social Rating Report (MicroRate Dec. 2011) Grooming Centre scores 3.5/5 highlighting a high social performance, with clear commitment to the very poor, but relatively high prices and a social performance monitoring system to be improved.

Description of the initiative presented for the Award

Grooming was involved in the NADS scheme which was a 3-year, €8 million programme funded by the Alliance for a Green Revolution in Africa (AGRA) and implemented by the International Fertilizer Development Centre (IFDC) between 2008 and 2011. The NADS scheme comprised various components aimed at helping rural agro-dealers increase the availability, accessibility and affordability of seeds, fertilizers, pesticides, insecticides and other quality agro inputs. Improvement of the agro-input business was meant to help subsistence farming activity in Nigeria grow into a viable agriculture industry. The scheme included a 4-level support to agro-dealer: (i) Capacity Building (trainings, compiling a directory of agro-dealers, enhancing the link to international suppliers), (ii) Institutional Strengthening (establishment of 4 nation-wide agro-input dealers associations), (iii) Financial Access, and (iv) Technology Transfer (training on soil testing, promotion of best agriculture practices for food security, link to extension support centres). Grooming's involvement in the NADS scheme was aimed at increasing access to finance (component (iii)) for smallholder farmers and agro-dealers. Grooming was chosen as a financial partner and was provided a guarantee fund as an incentive to establish suitable loan packages for agro dealers. With the guarantee fund amounting to more than €10,000 Grooming disbursed over €94,000 (of its own funds) to 412 agro-input dealers (as of December 2011), without recourse to the guarantee facility. 0.3% of Grooming's portfolio consists of agro-input loans, while the average loan amount is of €1,140. Although the NADS scheme ended in 2011, Grooming has continued to provide all season/all year credit facilities to agro

dealers because of its commitment to food security through crop protection and improved yields. Grooming avails credit to agro-dealers at 14% flat rate per loan term of 6 months. Loans for agro-input dealers do not require collateral. Life insurance for clients is mandatory. The screening of clients is done at two levels: firstly, at the regional agro-input dealers Associations level²⁰ (with which Grooming has a formal agreement), and secondly at the MFI level. At regional level the 4 agro-dealers associations (the North Central Agro Input Dealers Association -NOCAIDA, Kano State Agro Input Dealers Association -KASAIIDA, Oyo State Agro Input Dealers Association – OYSAIDA, and the North-East Agro Input Dealers Association -NE-AIDA) identify and introduce viable agro input dealers to Grooming and also assist borrowers in loan application. Grooming is continuing the funding relationship with the beneficiaries and extending it to new members after the official end of the NADS project in 2011. Credit allows agro dealers to take advantage of tailored finance and life insurance to expand their operations, take up new technologies and buffer against inherent volatilities in the agricultural sector. The scheme supports mainly the production of rice, sorghum, maize, cassava, cowpea, vegetables and soybeans. Grooming's credit scheme insurance package for the agro dealers is financially sustainable but does not include the cost of trainings. However IFDC ensured that agro dealers and their farmer clients keep receiving technical support from the organisation's other on-going projects in Nigeria (the ECOWAS-funded Marketing Inputs Regionally Project and the USAID-funded MARKETS II programme).

How relevant is the initiative for achieving food security in Nigeria?

With more than 160 million people, the population of Nigeria is the largest in Africa and accounts for 47 per cent of West Africa's total population (World Bank 2012). However, 84.5% of it lives under the poverty line (PPP) and, on average, each family spends 65% of their total expenditure on food, with only 58% of the population having access to drinking water. Relevant statistics on the state of food security indicate that 26.7% of children²¹ in Nigeria are underweight.

Nigeria is also the biggest oil exporter in Africa, with the continent's largest natural gas reserves. Comfortable with its new wealth based on the export of oil, the government allowed investment in agriculture to decline. This long period of neglect is reflected in the profile of its rural economy where small rain-fed farms of a few hectares contribute 90% of agriculture output, constrained by poor infrastructure, antiquated equipment and limited access to credit. The productivity of Nigerian farmers is very low and agricultural productivity is ranked among the lowest globally. Once a self-sufficient exporter of surplus food, Nigeria lost its way and has instead become one of the world's largest importers of food, especially of wheat and rice.

²⁰ These were established by the NADS scheme.

²¹ Under the age of 5.

The central solution to enhance food security in Nigeria is to recreate a modernised professional and commercial farming sector, supported by improved infrastructure and high quality seeds and livestock. However fertilizers and improved seeds are not readily available in most rural areas. The use of modern seeds and fertilizers in Nigeria is estimated to be less than 15 per cent of the market demand. Farmers must often pay high costs to travel to towns to buy needed agro-inputs. The NADS involved various players and aimed at assisting rural agro-dealers to increase the availability, accessibility and affordability of seeds, fertilizers, pesticides, insecticides and other quality agro inputs. Improvement of the agro-input business environment aims at helping subsistence farming activity in Nigeria grow into a viable agriculture industry.

What are the results of the initiative?

The NADS cash-backed guarantee facility undoubtedly assisted in the success of the Scheme because it led to multiple disbursements and all year access to investment funding for activities of Agro-input dealers.

Although the NADS scheme has ended, the selection of beneficiaries now follows laid down procedures, known to all members and without favouritism.

The number of farmers reached by NADS-trained dealers is estimated to be approximately 1 million, based on an average 500 customers for each of the 2,000 dealers reached by the scheme. Out of these 2,000, 412 received a loan (for a total disbursement of approximately \$750,000).

Client satisfaction: Surveys conducted indicated that the over 2,000 agro dealers supported were quite satisfied with their new status, especially in the area of funding and improvement in agricultural yields and food security at the community and household level, as well as their role as capacity building and technology transfer agents in dealings with farmers. The majority of Groomings' clients indicated that loans and services were substantially adequate and that repayment process acceptable. Women clients (99% of Groomings' clients are women) confirmed that their participation made them more confident, less dependent on their spouses and more respected by their community. Clients were satisfied with the quality of services and their businesses improved significantly and translated to gains in personal and social capital. 76% said it improved their capacity to purchase other assets such as land and motor cycles.

Links ► www.groomingcentre.org

Grooming People for Better Livelihood Centre Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	0.88%	0.71%
Write-off Ratio	2.10%	0.30%
Portfolio Yield	51.13%	44.55%
Debt on Equity ratio	4.67	4.36
The EIR of the most representative loan product	18.23%	18.23%
Return on Equity	45.29%	61.91%
Return on Assets	8.86%	11.33%
Operational Self-Sufficiency	111.02%	119.86%
Financial Self-Sufficiency	69.51%	67.49%

Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	93,022	193,850
% women borrowers	99%	99%
Number of voluntary savers	105,977	203,504
Number of members	105,977	203,504
Gross Loan Portfolio (€)	7,575,271	18,613,356
Deposits (€)	4,112,818	8,352,071
Number of Branches	113	160
% of branches located in poor areas (please see A, below)	60%	60%
% branches in places where there are no other MFIs or bank branches (please see B, below)	90%	90%
% of clients in rural areas	60%	60%
% of clients estimated to be "poor" (please see C, below)	90%	90%
% of portfolio for small loans (please see D, below)	94.58%	92.14%
Client retention rate	162.41%	102.69%
Number of male employees and number of female employees	213 male; 231 female	395 male; 392 female
Staff turn-over	15.46%	11.58%

A) Grooming Centre verifies the poverty level of its operational areas by based on information regarding the requested loan amounts, the level of small business operations, and residence types.

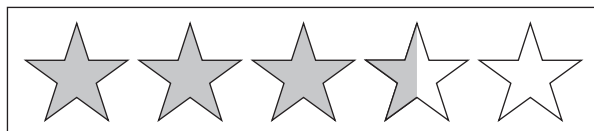
B) To determine where to open a branch, Grooming Centre decides on the basis of security of the area, population, access, and nearest Grooming Centre branch.

C) Grooming Centre determines the poverty level of clients on the basis of the requested loan amount.

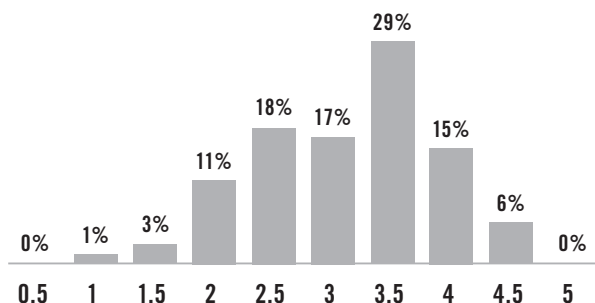
D) In Grooming Centre, small loans range from €91 to €455.

Social Performance Indicators

MicroRate total: 3.5/5 (December 2011)



High social performance, with clear commitment to the very poor. Relatively high prices. Monitoring of social performance to be improved.



Rating Rationale

Grooming is a well run, operationally sound microfinance institution. However, taking deposits from borrowers without supervision could become a serious risk for the clients, the institution and external providers.

Strong methodology and highly standardized credit operations have resulted in significant growth of the loan portfolio while retaining high portfolio quality. However, the institution could retaining high portfolio quality However, the institution could benefit from a stronger head office with more specialized administration, and timely reporting. The Organization exhibits good internal controls, a high level of productivity and efficiency.

It benefits from strong positioning in its market niche with a large potential market and few competitors. The institution is committed to its social mission and board members look to continually improve its performance. Lack of funding is jeopardizing the institution's growth and future repayments of current debt are threatening liquidity.

Grooming has so far met its pressing funding needs by mobilizing savings. Nigerian law allows unsupervised NGOs' like Grooming to mobilize deposits from their "members". But the institution is not adequately equipped for this and the practice exposes poor depositors to unacceptable risks. If Grooming could fund its growth from other sources or transform itself into a licensed institution its rating grade would improve significantly.



IDEPRO – DESARROLLO EMPRESARIAL, BOLIVIA

Financing good agricultural practices in fruit-growing

Legal status: ²²	Development finance institution - Institución Financiera de Desarrollo (IFD)
Country:	Bolivia
No. of clients :	7,803
Date of establishment:	1991
Portfolio:	€ 20,441,755
Average loan size:	€ 2,620
e-MFP supporting member:	Triodos Investment Management

Snapshot of the initiative

IDEPRO's initiative "Financing good agricultural practices in fruit-growing" supports grapes value chain providing financial and technical assistance services which are oriented at improving the production process, the productivity, the quality in an environmental perspective. It also includes the provision of services which support the value chain in the supply and the commercialisation phase.



²² All data was provided by the microfinance institution and refer to December 2011.

Institutional overview

IDEPRO – “Desarrollo Empresarial”, started operating as a development finance institution in 1991. Its mission aims at improving productivity, income and employment of small producers (farmers), micro, small and medium enterprises in urban and rural areas. IDEPRO works at national level with 17 agencies and 142 staff and offers financial and non-financial services to different value chains, particularly in rural areas. Serious attention is given to Social Performance Management: a social rating was carried out by MicroRate in May 2011 with a scoring of 3/5 which highlights a good social impact of the institution deriving from a combination of moderate social returns and good social commitment. IDEPRO has also completed the SPI CERISE tool in May 2010 (score: 52/100). IDEPRO is operationally and financially sustainable.

Description of the initiative presented for the Award

The initiative presented for the 4th European Microfinance Award supports the production of grapes in the Central Valley of Tarija and in the southern zone in Chuquisaca. The intervention in support of the grapes value chain is composed of two components: (i) the first aims at providing financial and technical assistance services on the production side: this component focuses on improving the production process, the productivity, the quality, and the environmental aspects. It includes different phases: a diagnostic study for each producer which identifies the issues he/she faces related to the value chain and adapted practices according to the BPAs ('Buenas Practicas Agricolas' - Good Agricultural Practices), a financial evaluation of the needs and the supply of the loan and technical assistance, according to the BPA; (ii) The second component comprises of services to the different links in the chain, the community and families of producers. It is oriented to strengthen the chain links of supply and marketing and to involve the producer's community and families in the responsible management of the environment and health.

The loans provided within the first component comprise 2 financial models: “Financia UVS” (*uva-vino-singani* - grape-wine-singani²³) and “Impacto UVS”. The first is a credit product for grape production where the client has access to training; the latter concerns a credit product for grape production and, in addition, the client is given an “improvement plan” for good agricultural practices tailored to his/her needs. The client is supported during an entire annual life cycle of grape production. Interest rates applied are the same for both models but the commission for Impacto UVS is higher. The annual interest rate is between 12 and 16% and depends on the loan amount, repayment schedules, and collateral. Loans provided through this initiative

23 A typical alcoholic beverage.

have a maximum period of 6 years with 3 years of grace period. Repayments are made once a year. For grape production it is only after the third year that it is possible to recover the loan. Guarantees are flexible: there is no guarantee demanded for loans up to 6,000 \$. In these cases IDEPRO analyses the repayment capacity and requires the family signature. From \$6,000 to 15,000 \$, clients need to demonstrate ownership of some physical assets (i.e. vehicles) and the endorsement of the farmers' associations. The average loan amount through the initiative is \$4,500.

The initiative is carried out together with three strategic partners: APROVICA (Grape producers association), FAUTAPO (a local NGO) and ATU (Tourism Association).

For the current initiative, credit administration costs are covered by the interest rate, costs that are necessary for the diagnostic phase and the definition of the "improvement plan" negotiated with the clients are covered by IDEPRO, while costs for consultancies, materials and trainings are covered for one-third by the clients (through a special loan) and for the remaining part by a subsidy from IDEPRO's strategic partners. According to this business model, the initiative is sustainable with a portfolio at risk of 1.70%. The financial self sufficiency of IDEPRO's branch that implemented the initiative was 154.52% in December 2011.

It is important to note that IDEPRO has two different products. The initiative is part of the product called PROCADENAS with average interest rates of 14%; the other product (PROMICRO) has higher interest rates (22% as an average), provided mostly in larger cities and to less poor clients. The costs of the initiative, which cannot be covered by the client (such as diagnostic and improvement plan), are covered by both PROCADENAS and PROMICRO credit service utilities.

How relevant is the initiative for achieving food security in Bolivia?

In Bolivia the proportion of population under the global poverty line²⁴ is of 24.9%. The population spend 38.8% of income on food consumption. In terms of food quality, the diet is not diversified (46%²⁵) with 4.5% of children underweight and a very high undernourished population even though it has decreased from 34.6% in 1990 to 24.1% in 2012²⁶.

Bolivia is among the countries of Latin America of greater inequality in income distribution. The indicators above describe the situation at the aggregate level of the

24 % of Population living under \$ 2 /day PPP (GFSI 2012 – data 2008)

25 This indicator measures the share of non-starchy foods (all but cereals, roots and tubers) in total dietary energy consumption. A larger share of non-starchy foods signifies a greater diversity of food groups in the diet.

26 "The State of Food Insecurity in the World" FAO, 2012

country, however, the situation in rural areas is much more critical than the situation in urban areas and women and the indigenous population are both more susceptible to poverty because of Bolivia's economic and cultural situation.

The Bolivian government launched an agricultural production model aimed at boosting food sovereignty by supporting small farmers, in order to generate surpluses to cushion the swings in international food prices. The new law (Law 144 - *Ley de la revolucion productiva comunitaria agropecuaria*) issued in 2011 established the institutional and political foundations for the new agricultural production model which combines modern scientific farming standards and techniques with ancestral indigenous traditions aimed at producing and storing food during periods of climate adversity and prioritizing organic production in harmony and balance "with the kindnesses of mother earth". Like the economy at large, agriculture faces major structural obstacles which keeps it from reaching its vast potential. The lack of roads and inappropriate export policies hinders farmer's access to domestic and international markets. A lack of credit for farmers is a long-standing problem caused by strict lending procedures of the commercial banking sector.

IDEPRO's intervention is totally oriented towards improving agricultural practices, and it's not aimed at obtaining the improvement of manufacture practices (wine and singani winery). The initiative is relevant for food security because it supplies fresh grapes which contains important nutrients to the Bolivians' diet for 5 months a year and processed grapes (juices, raisins, etc.). The initiative aims at changing the producers' habits through BPA approach such as the attention to proper soil handling and the use of water and therefore has a wider influence, also affecting other production. Most producers (70%) cultivate 80% of grapes and 20% of other products for self-consumption, such as potato, onion, tomato, paprika, carrot, pea, broad bean, maize.

What are the results of the initiative?

Initiative Outreach and volumes: At the end of 2011, 653 clients were benefitting from this initiative directly; at the end of 2012, 102 new clients were benefitting. Furthermore, thanks to the second component of the initiative, that includes value chain, community and family services, the beneficiaries of the initiative are the small producers' families (3500 people) and a total population of 6,326 people that live in the initiative area. The Strategic Institutional Plan 2012-2014 lays down the following goals for the initiative: an increase from 653 registered clients in December 2011, to 1,383 clients in December 2014 and an increase from 2,269,602 US\$ of the portfolio in December 2011, to 3,874,308 US\$ in December 2014. The portfolio in the initiative corresponds to 11.5% of the total portfolio of IDEPRO.

Client satisfaction: IDEPRO annually measures customers' satisfaction as well as the impact upon four indicators of the productive activity: incomes, profits, equity and employment. Also, after each technical assistance service provided, the clients' perception about the degree of achievement is registered. As a result, 82% of the clients consider that the service has fulfilled its objectives; the residual declare that the objectives were half fulfilled. In this case, a second phase of service is provided.

Links ► www.idepro.com

IDEPRO Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	9.73%	3.67%
Write-off Ratio	0.57%	3.78%
Portfolio Yield	19.74%	20.44%
Debt on Equity ratio	303.71%	395.36%
The EIR of the most representative loan product	16.43%	15.34%
Return on Equity	4.98%	10.34%
Return on Assets	1.37%	2.13%
Operational Self-Sufficiency	108.54%	118.57%
Financial Self-Sufficiency	105.61%	112.90%

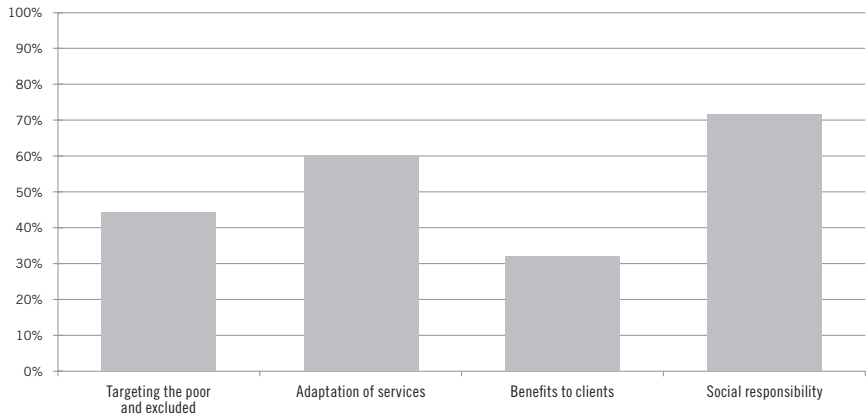
Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	6.100	7.803
% women borrowers	38%	37.83%
Number of voluntary savers	NA	NA
Number of members	NA	NA
Gross Loan Portfolio (€)	15,885,894	20,441,755
Deposits (€)	NA	NA
Number of Branches	16	17
% of branches located in poor areas (please see A, below)	47%	47%
% branches in places where there are no other MFIs or bank branches (please see B, below)	12%	12%
% of clients in rural areas	46%	48.08%
% of clients estimated to be "poor" (please see C, below)	NA	54.37%
% of portfolio for small loans (please see D, below)	18%	12%
Client retention rate	28%	21%
Number of male employees and number of female employees	66 male; 54 female	79 male; 63 female
Staff turn-over	21%	18%

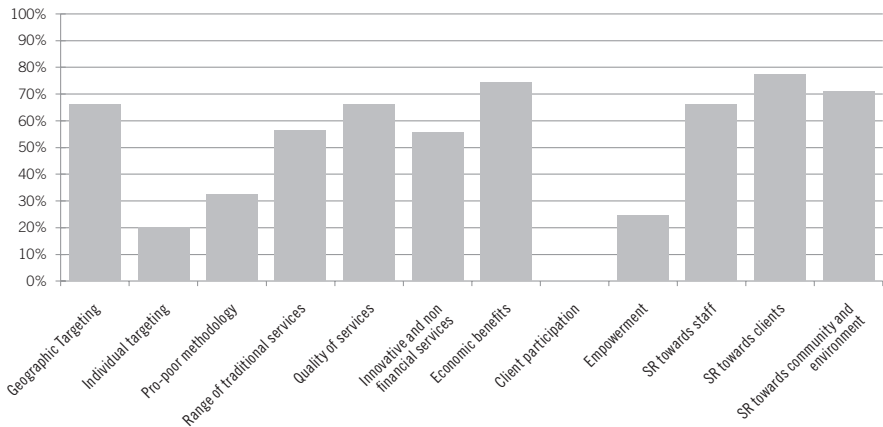
- A) IDEPRO verifies the poverty level of its operational areas based on the criterion defined by FINRURAL and the National Institute of Statistics.
- B) IDEPRO is the only company that has offices in Puerto Rico and Porvenir (Pando) to concentrate the chestnut activity, one of IDEPRO's special value chains.
- C) During the 2011 management, IDEPRO conducted a pilot test in one region (Oruro) with the PPI (Progress out of Poverty) tool to measure the client's poverty levels. The result was that 54.37 % of client surveyed were below the national poverty line.
- D) In IDEPRO, small loans range from \$100 to \$1,000

Social Performance Indicators

SPI (Cerise) results: May 2010 – total score 52/100



Results by criteria





JUHUDI KILIMO, KENYA

Dairy value chain financing

Legal status: ²⁷	MFI
Country:	Kenya
No. of clients :	4,795 borrowers, 10,325 members
Date of establishment:	2004 (start of operations), 2009 (established the company)
Portfolio:	€ 1,488,347
Average loan size:	€ 475
e-MFP supporting member:	Alterfin

Snapshot of the initiative

Juhudi Kilimo provides micro asset-financing to dairy Kenyan farmers, enabling them to acquire water storage facilities, zero grazing units, high-yield dairy cows and other assets that boost their milk productivity and provide them with long-term economic stability and growth.



²⁷ All data was provided by the microfinance institution and refer to December 2011.

Institutional overview

Juhudi began its operations in 2004 as an initiative within the K-Rep Development Agency, an NGO that performs research and product development for the microfinance sector. The initiative was for the provision of asset financing to small holder farmers, a first in the microfinance industry in Kenya. Due to the overwhelming success of the initiative, it was turned into an independent profit making company, Juhudi Kilimo, in 2009. Since then Juhudi Kilimo has continued to grow in its commitment to serve rural smallholder farmers with income generating financial products, becoming a medium size MFI in Kenya. Juhudi Kilimo—which means “effort” and “agriculture” in Swahili— provides asset-financing for small-holder farmers and rural enterprises. Juhudi’s loans are used by farmers to acquire assets such as dairy cows, drip irrigation systems, and modern beekeeping equipment that will help them generate income and boost livelihoods. Juhudi provides Kenyan farmer groups a two-month workshop on agribusiness and financial practices (such as financial literacy training and animal husbandry assistance) before offering the opportunity to apply for a loan. In addition to offering loans for rural farmers, Juhudi offers compulsory asset and life insurance to the borrower at a small cost (insurance is provided in partnership with a Kenyan insurance company).

Juhudi has recently started opening satellite offices which are 1-staff kiosks in small rural villages, to deepen its outreach to poor people in rural areas. Juhudi Kilimo has 8 branches, 2 satellite offices, and 47 staff. Juhudi has not reached operational and financial self-sufficiency although both are improving. Juhudi scored 74/100 on the self-reported SPI tool, highlighting strong pro-poor focus.

Description of the initiative presented for the Award

The initiative presented for the Award is a combination of credit (by Juhudi), technical assistance (by TechnoServe) and provision of chilling plants (by EADD²⁸) for dairy production and availability of milk on the Kenyan market all-year-round, therefore facilitating higher nutrition in the country.

Juhudi provides credit at 16-18% flat rate²⁹ to dairy farmers to purchase high yielding dairy cows which produce 10–15 litres more than local dairy breeds allowing clients to triple their daily income who sell their milk to the community-run chilling plants. Credit also allows farmers to buy water storage facilities and zero grazing units able to ensure consistent yields from the cow regardless of the season. These loans average €500 and

28 The East African Dairy Development (EADD) has provided the basic infrastructure for 21 milk chilling plants across Kenya

29 Data also available on www.mftransparency.org

are generally for a period of 12 months with a 2 month grace period. Dairy Value Chain loans account for approximately 60% of Juhudi Kilimo's total loan portfolio. Additional financing for milk chilling plants enables these to increase their capacity thus catering for milk deliveries in the boom season, and ensures zero milk wastage, consistent supplies to market and reduced dietary deficiencies in the wider population. Farmers are grouped (with the support of Juhudi) and provided with individual loans. To access the loan farmers have to save 15% of the loan amount as collateral. A group guarantee methodology is applied. Juhudi also signs an MoU with the chilling plants which are community enterprises whose operators are trained by TechnoServe, that pay the loan back to Juhudi once the farmer sells its milk to the plant. In addition Juhudi provides some asset financing to the milk chilling plants to purchase efficient milk chillers and other assets that improve their capacity.

Farmers, previous to receiving credit from Juhudi, receive business planning and technical assistance by TechnoServe. TechnoServes' training in animal husbandry includes topics such as zero grazing unit construction, disease management and artificial insemination best practices. The success of this initiative depends on maintaining strong partnerships. Juhudi has partnered with EADD which has provided the basic infrastructure for 21 milk chilling plants across Kenya and Technoserve who provides technical assistance to the chilling plant operators and to the farmers.

The initiative became sustainable in one of the pilot satellite offices (Lelean satellite office) providing loans to the cooling plant farmers, in February 2012.

How relevant is the initiative for achieving food security in Kenya?

In Kenya the poverty incidence is of 67.2%, with the average family spending 46% of their total expenditures on food consumption. In terms of food quality, national indicators highlight that protein intake and diet diversification (45%³⁰) is lacking. This is reflected in 33% of the population being undernourished, thus not receiving the minimum number of calories required, and more than 16% of children³¹, being underweight.

In Kenya 80% of the population (30 million people) derive their livelihoods from farming. Average landholding in the country continues to shrink; Kenya's average farm size is less than 2.5 hectares of land, compared with Tanzania at 3 hectares and Uganda at 5 hectares³². Given the continuing pressure on land and the resultant

30 This indicator measures the share of non-starchy foods (all but cereals, roots and tubers) in total dietary energy consumption. A larger share of non-starchy foods signifies a greater diversity of food groups in the diet.

31 Under the age of 5

32 Data from the Tanzanian Government, and FAO.

intensification of land use systems, smallholder dairy systems are making a major contribution in Kenya to food security and poverty alleviation and will continue to do so.

In fact Kenya has the largest dairy sub-sector in eastern and southern Africa which has become a very significant source of income and food for an estimated 625,000 smallholder producers and for those involved in the marketing of milk, in total approximately 25% of all households in Kenya. However, due to the seasonality of milk yields, the market either goes through booms or severe shortages. During booms, excess milk is often spilled resulting in extreme wastage. In the dry season however, cows have limited access to water and fodder resulting in low milk yields. Often milk is simply cut out of the diet during shortages which has serious nutritional implications.

Rural asset financing is an innovative approach to food security in Kenya as it provides access to wealth-creating assets, such as high yield cows and other agricultural equipment, that improve the efficiency and productivity of smallholder farms. These assets generate income to increase living standards and provide for loan repayment. By providing financing for water storage facilities and zero grazing units to smallholder farmers, Juhudi is able to ensure consistent yields from the cow regardless of the season. Additional financing for milk chilling plants enables them to add capacity thus catering for milk deliveries in the boom season. This ensures zero wastage, consistent supplies to markets and reduced dietary deficiencies in the wider population. By financing along the dairy value chain, Juhudi is able to build on the infrastructure supplied by the East African Dairy Development (EADD) and the technical assistance provided by TechnoServe.

By extending asset financing product to rural enterprises, wealth is created at a community level as well. Rural enterprises act as industry hubs for the rural areas and create a multiplier effect on the local economies.

What are the results of the initiative?

This initiative has currently been undertaken on a small scale at 7 milk chilling plants. Since piloting in March 2011, production at pilot sites has grown by 44%, and the number of clients now accessing guaranteed markets at one site grew from 11 to 96 over a 9 month period. With increased and regular supply of milk, communities are able to obtain sufficient nutrition from improved milk yields. Client surveys show that with the additional income earned by supplying a regular market, clients are able to purchase other nutritional food items they may not grow on their farms.

Client satisfaction: client surveys show that 95% of Juhudi's clients are satisfied with the products and services. Juhudi compares survey results against client retention figures to assess the reliability of responses from surveys.

Changes observed: With stable demand secured by the milk chilling plants, the main changes observed include increased uptake of loans to purchase dairy cows by smallholder farmers, vastly improved incomes of these smallholders of up to 80% and improved dairy farming practices. Both clients and Juhudi's officers have also reported improved housing conditions and clients enrolling their children in better quality schools. Changes are monitored through the use of onsite client assessments, analysis of credit application forms as well as client surveys.

Links ▶ www.juhudikilimo.com

JUHUDI KILIMO Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	2%	4%
Write-off Ratio	1.60%	3%
Portfolio Yield	28%	32%
Debt on Equity ratio	2.07	34.7
The EIR of the most representative loan product	35%	35%
Return on Equity	-79%	-322%
Return on Assets	-10%	-6.50%
Operational Self-Sufficiency	49%	61%
Financial Self-Sufficiency	49%	61%

Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	3,471	4,795
% women borrowers	44%	48%
Number of voluntary savers	0	5,530
Number of members	7,322	10,325
Gross Loan Portfolio (€)	964,979	1,513,598
Deposits (€)	0	0
Number of Branches	7	8
% of branches located in poor areas (please see A, below)	100%	100%
% branches in places where there are no other MFIs or bank branches (please see B, below)	0	1
% of clients in rural areas	100%	100%
% of clients estimated to be "poor" (please see C, below)	100%	100%
% of portfolio for small loans (please see D, below)	70%	60%
Client retention rate	83%	91%
Number of male employees and number of female employees	17 male; 20 female	23 male; 24 female
Staff turn-over	2%	6%

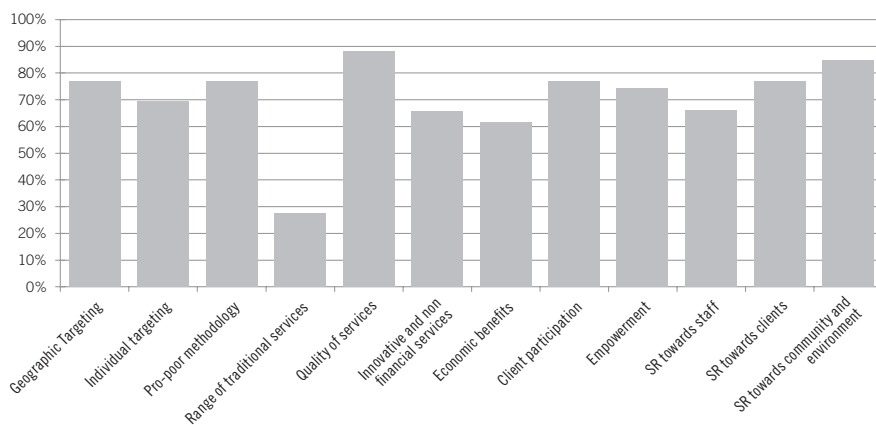
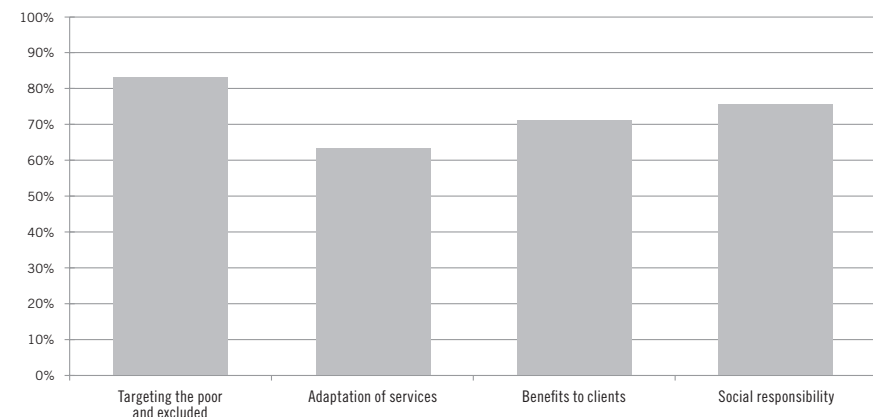
A) Juhudi determines poverty levels with the use of client interviews utilising an appraisal form developed specifically to determine income and poverty levels of rural farming communities in Kenya, as well as the Grameen Foundations' Progress out of Poverty Index (PPI) tool. Juhudi also developed relationships with government & development agencies working in the communities to obtain broader statistical information on the poverty levels of the population in the area of operation.

B) Juhudi Kilimo is able to set up satellite offices in deep rural areas. These satellite offices allow Juhudi to penetrate areas where other financial institutions cannot venture.

- C) To determine which clients are poor, Juhudi uses the PPI tool in conjunction with tailor made survey questions generating a score for each client. This score is rated against a benchmark score to determine their poverty level.
- D) In Juhudi, small loans range from €180 to €550. Juhudi's loans are larger than most MFIs due to its asset financing products

Social Performance Indicators

SPI (Cerise) results: July 2011 – total score 74/100





MIDE - MICROCRÉDITO PARA EL DESARROLLO, PERU

Women's leadership and microfinance services: a food security plan for rural families in the Cusco region, Peru

Legal status: ³³	MFI, NGO
Country:	Peru
No. of clients :	7,068
Date of establishment:	1999
Portfolio:	€ 1,860,929.4
Average loan size:	€ 267
e-MFP supporting member:	SOS FAIM Belgium

Snapshot of the initiative

MIDE's Initiative is well tailored to the needs of rural community and in particular it empowers women improving their living conditions and their production capacity through the analysis of their own situation and condition. MIDE establishes a "family development plan" and it gives the chance to access credit through group loans in order to realize the activities identified in the program.



³³ All data provided here refer to December 2011.

Institutional overview

MIDE is a small MFI working in the rural areas of the Andean Region of Peru with a focus on the poor and indigenous women population. The MFI has 9 branches and 52 staff. MIDE has 7,068 borrowers of which 97% are women, 53% are considered poor and 86% are living in rural areas. Although MIDE's branches are mainly located in and around the capital city, it has about 50 "points of attention" in remote areas (these are offices with one staff who recovers credit, plans meetings, etc.).

Social performance rating was done in April 2010 by Microrate with a score of 4/5 highlighting an excellent Social Return, through a combination of good Social Results and excellent Social Commitment that is evident in the entire organisation.

MIDE is not yet Operationally Self Sufficient.

Description of the initiative presented for the Award

The initiative presented for the 4th European Microfinance Award is called "allinkausay" which means "good living". The objective of the initiative is to comprehensively address the problem of food security in rural communities by empowering women to address their own living conditions and that of their families and to lead the process of improving the space where they live and carry out productive activities. With MIDE's support and based on an analysis of their own situation, women design a "family development plan". MIDE's "microcredit facility" finances different economic activities proposed by women as a solution to their problems, taking into account their repayment capacity as well as the seasonality of the economic activity and other support mechanisms. Loans facilitate investments in different activities such as animal raising, agriculture and cattle farming, but MIDE assures that, in their experience, the activity that mostly enhances food security is the breeding of guinea pigs ("la crianza de cuyes") and biogardens ("biohuertos").

Conditions for the loans are the followings: the loans that MIDE grants follow the solidarity groups methodology; together, women encourage and motivate themselves to improve the quality of their life in addition to engaging with the group for the work that MIDE facilitates. The loans to solidarity groups consist of loans to women who are part of a group of three, who guarantee for each other, and who have a productive activity in the area. There are two loan schemes: one for the production and housing improvement activities with an interest rate of 2.1% monthly, and one for businesses (such as breeding of "cuyes" and biogarden) with a 3.5% per month interest rate. The amount of the loans varies from 300 to 400 nuevos soles (89 – 120 euros). The loans granted by MIDE must be guaranteed with individual endorsements and solidarity groups. The average loan timeframe is 12 months.

The initiative is composed of two parts: the provision of loans and the work for the empowerment of the community - in particular women, with the definition of the plan for the improvement of the living conditions. The credit part of the initiative is profitable. The empowerment component is subsidized. ASTM from Luxembourg, is currently covering 12% of the operational costs of the initiative, while the remaining costs are covered by MIDE's own resources. Technical assistance on production or quality improvements of production is not provided by MIDE but by international cooperation entities.

How relevant is the initiative for achieving food security in Peru?

In Peru the poverty incidence is 12.70%, with the average family spending 31.8% of their total expenditure on food consumption. The number of undernourished people decreased from 7 million in 1990 to 3 million in 2012 and the proportion of undernourished to the total population has actually decreased from 32.6% to 11.2%³⁴. Despite these indicators, in terms of food quality, national statistics highlight that protein intake and diversification is still lacking (41%³⁵).

It is important to underline how these indicators at national level conceal the major differences among different socio-economic groups and do not reflect geographical distinctions. The most serious problems of food security and malnutrition are mostly found in rural communities where low incomes combined with inadequate use of food by sections of the population, mothers' poor education level and lack of access to finance. Mide's intervention mainly focuses on social and economic women's empowerment in rural communities in the Cusco Region. Developing optimal food production conditions at the household level is crucial. Limited information on the nutritional factors of local products, their real market value and commercialization opportunities, are key factors which require attention. The potential for quality organic and healthy products produced by rural communities is unknown and undervalued by local producers themselves. 'Therefore, the problem needs to be addressed at different stages. It needs to be considered holistically, with a focus on women, and issues related to the organization of the household location which the MIDE initiative does address, supporting women to design the "family development plan" and also by giving access to MIDE's "microcredit facility"'.

34 "The State of Food Insecurity in the World", FAO, 2012.

35 This indicator measures the share of non-starchy foods (all but cereals, roots and tubers) in total dietary energy consumption. A larger share of non-starchy foods signifies a greater diversity of food groups in the diet.

What are the results of the initiative?

Initiative Outreach and Volumes: In December 2011 the initiative had been implemented in 2 districts of the Quispicanchis province, in the Cusco Region, where 356 families were benefiting, with an average of 6 persons per family including the woman (2.136 persons). As a part of the process, families that have begun the changing process through the “family development plan”, are visited by other families that will reproduce the changes seen there, consequently creating a gradual multiplying effect. Regarding the volumes, MIDE has made estimations on how much the breeding of guinea pigs has enhanced the income for targeted families. The data show that MIDE's intervention has a very high impact on productivity and profitability.

MIDE's portfolio relating to the initiative is 2.30% while the portfolio at risk greater than 30 days is 0.3%.

Client satisfaction: MIDE plans meetings with women's groups which take part in the initiative and through participatory methodologies. MIDE's staff listens and learns about families' opinions and also about what they consider key factors to improve their situation. For example, one element that was very clearly experienced by MIDE's staff is the importance of engaging the whole family in the improvement process in order to achieve the expected changes such as improvements in the family diet.

Changes observed: improvement of the living space, the house is separated from the place where the animals are raised; land organisation improves, “cuy” shelters are built, cattle shelters are detached from the houses, set up of biogardens which are used for the production of vegetables consumed by the families and also sold in the market at better prices since they are organic and natural; participation of all family members.

Links ► www.midecusco.org

MIDE Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	4.6%	3.6%
Write-off Ratio	1.2%	0.7%
Portfolio Yield	35.3%	34.0%
Debt on Equity ratio	1.7%	2.1%
The EIR of the most representative loan product	42%	42%
Return on Equity	0.3%	0.2%
Return on Assets	0.1%	0.1%
Operational Self-Sufficiency	97.0%	90.1%
Financial Self-Sufficiency	97.0%	90.1%

Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	7,016	7,068
% women borrowers	98%	97%
Number of voluntary savers	-	-
Number of members	-	-
Gross Loan Portfolio (€)	1,382,517	1,860,929.4
Deposits (€)	-	-
Number of Branches	9	9
% of branches located in poor areas (please see A, below)	78%	78%
% branches in places where there are no other MFIs or bank branches (please see B, below)	0%	0%
% of clients in rural areas	88%	86%
% of clients estimated to be "poor" (please see C, below)		53%
% of portfolio for small loans (please see D, below)	64.09%	51.07%
Client retention rate	36.35%	36.10%
Number of male employees and number of female employees	50 male; 26 female	52 male; 22 female
Staff turn-over	8.3%	7.42%

A) Before starting its work in an area, MIDE conducts market surveys, in which it analyzes the social and economic situation through non-traditional methods, which produce results, not only at the economic and social level, but also on aspects of the rural women's situations. To complement the specific analysis, MIDE uses general data on human development indices (HDI), the PPI (Progress out of Poverty Index in 2009), and surveys of Unmet Basic Needs.

B) MIDE's branches are mainly located in and around the capital city; it has about 50 "points of attention" in remote areas where there are no other MFIs or bank branches.

C) To determine which clients are poor, MIDE uses a survey that combines the method of unmet basic needs and the expenditure method. The results of the survey allows MIDE to infer on the poverty level of the families; in MIDE it was applied to a sample of a total of 175 families.

D) In MIDE, small loans range from €15 to €500

Social Performance Indicators

Social rating by MicroRate – December 2009: score 4/5

General Summary

Institutional Mission

“MIDE, microfinance institution with social responsibility that promotes change processes for rural women and their families in southern Peru, through financial services and building activities.”

According to MicroRate, MIDE has fulfilled its mission successfully, the result showing strong social commitment. Combining credit products with other activities, allows to generate the development of clients' personal abilities. In addition, through a group methodology, MIDE helps communities strengthen their associations. As a result, good achievements were observed in social management.

SOCIAL RESULT

MIDE shows excellent depth of outreach³⁶ in lending operations, focusing on rural areas, where there are higher poverty rates. Products offered are valuable to clients as these have a low effective cost, although this has been directly affecting the institutions' financial sustainability. Customers have been provided adequate care, which has generated good results, without neglecting aspects related to the community and the environment.

Depth and Diversity of Services

The strong social focus is the main factor that determines the excellent depth of outreach. Operationally, products are offered to populations excluded from traditional

36 MicroRate uses the term "depth of outreach" which refers to operations that reach market segments with minimal access to financial services and limited income.

credit channels, characterized by difficult geographical access to rural areas and the lowest concentration of population. Additionally, non-financial products are offered for personal development and partnerships of customers.

Efficiency, cost for the customer and sustainability

Despite having a financial offer of mostly group loans, MIDE shows excellent levels of operational efficiency and customer cost. Nevertheless, financial instability threatens the sustainability of the institution to offer its services in the future.

Institutional Accountability

MIDE has good institutional responsibility. MIDE's staff appreciates the benefits given by the institution, but there are still important areas for improvement. Moreover, their relationship with customers has allowed achieving acceptable levels of retention. Promoting initiatives for the community and the environment are positive aspects of MIDE's work.

Social Commitment

Ever since it was established, MIDE has demonstrated excellent social commitment. This is consistent across the whole organization, showing a clear recognition of staff with corporate goals. Internally, it has appropriate processes to achieve compliance with its mission, but shows slight weaknesses related to the protection and services of customer, as well as to the PSI.



SILVER UPHOLDERS MICROFINANCE UGANDA LTD, UGANDA

A global initiative to support and promote the role of female small scale crop farmers in enhancing food security within the East African region

Legal status: ³⁷	MFI
Country:	Uganda
No. of clients :	2,111
Date of establishment:	2008
Portfolio:	€157,657
Average loan size:	€350
e-MFP supporting member:	Charles Ruys

Snapshot of the initiative

Silver Upholders Microfinance Ltd. provides Ugandan women with loans and professional assistance for pumpkin, soya bean and maize farming, considered the best for food security and livelihood enhancement. A Peer to Peer online lending platform is used to attract international social investors to contribute to resolving the food security issues in East Africa.



³⁷ All data was provided by the microfinance institution and refer to December 2011.

Institutional overview

Silver Upholders Microfinance Ltd. (Silver Microfinance) is a very small but fast growing microfinance organization based in Kampala, Uganda. It offers small loans to underserved women entrepreneurs who use the money to invest in the future of their businesses and their families. Women run the highest number of small businesses in Uganda and yet have the least access to capital. This was the reason for the Institution's founding mission: to provide women with capital to grow their businesses and through this provide for their families. The Institution currently employs 23 staff and works through 6 branches. Silver Microfinance offers financial services to low-income-generating women with both individual and group lending methodologies. Silver Microfinance funds mostly retail projects including fruit stands, clothing shops, and animal farming, and these loans are often used to purchase fixed assets like sewing machines, wood for pig pens, or inventory for a food shop. Most of the Institutions' clients use their accrued profits for better nutrition, healthcare, and education for themselves and their children.

The Institution has not yet reached financial and operational self-sustainability. Silver Microfinance presents a SPI (self-reported) score of 69/100 highlighting a high pro-poor focus (the MFI carries out annual poverty assessment surveys on existing clients) but still has to work on increasing the range of products offered to its clients, such as establishing savings products (important in helping women entrepreneurs prepare for unforeseen circumstances) as well as an individual loans for entrepreneurs graduating from group loan schemes.

Description of the initiative presented for the Award

The initiative formally started in April 2012. The initiative presented is realized by different partner and functions as follows: Nkokonjeru Co-operative³⁸ (partner in the initiative) is responsible for identifying women farmers in the rural village areas through its field staff who know well the farmers who are planting maize, soya and pumpkin. Nkokonjeru's staff identifies farmers who produce these crops at subsistence level and have potential for increasing production and improving the current levels of commercialization. The identified farmers are then referred to Silver Microfinance's staff who visits them to perform a full credit assessment which determines their suitability to receive a loan. Those applications that successfully pass the credit assessment are then uploaded on the Inuka.org micro-lending portal with a full history and background of the farmer and his/her loan requirement. Global social investors (mainly European, as Inuka.org is based in the UK) may then review and fund part of

38 The Nkokonjeru Savings and Credit Cooperative is a member-owned financial services cooperative in Nkokonjeru, Uganda. Nkokonjeru is a small town, about two hours from the capital of Kampala.

the loan over a 30-day period. Once loans on the portal are completely funded³⁹, Silver Microfinance receives the funds through its Foreign Exchange partner INTL⁴⁰. Funds are then immediately disbursed to the women farmers. Loans are used to purchase seeds, fertilizers, and farming equipment. Agriterra, with its specialised team (supported by Dutch donors), then starts delivering a technical assistance training program to the farmer on sustainable farming techniques (modules duration is of 2-3-weeks)⁴¹. The aim of Agriterra's technical assistance is the application of sustainable farming methods that can help to increase the level of farming output; the identification of suitable post-harvest storage methods for maize, pumpkin and soya; the assistance to farmers to sell their products in more efficient markets and improve the level of entrepreneurial skills in agri-business. Loans to women farmers are offered at a 20-23% interest rate with monthly instalments. Average loan period is of 6-12 months with a 2 months grace period. Silver Microfinance does not require farmers' guarantee or collateral but bases its repayment schedule on the actual repayment capacity of farmers. Although Silver Microfinance has group loans, this initiative only considers individual loans. Approximately 40% of Silver Microfinances' portfolio is devoted to this initiative which started in April 2012. The initiative could have reached break-even with the grant from the e-MFP Award.

How relevant is the initiative for achieving food security in Uganda?

Uganda has experienced steady economic growth, compared to many other African nations, with GDP growth increasing from 6.5% per year in the 1990s to over 7% per year in the 2000s. Uganda also surpassed the Millennium Development Goal of halving its poverty rate by 2015, with the proportion of people living in poverty falling from 56% in 1992 to 24.5% in 2010 (World Bank). Despite this progress, the absolute number of poor people has increased due to high population growth, one out of five Ugandans do not receive the minimum number of calories required (22% of the population is undernourished), and more than 16% of children⁴², are underweight. In terms of food quality, national indicators highlight that protein intake, measuring the presence of the nine essential amino acids in the national diet, is lacking.

39 In case loans are not completely funded through the Inuka platform, Silver Microfinance may decide to directly fund the client with its own funds.

40 This is done through INTL and Inuka's linked online transfer technology portal in local currency direct to Silver Microfinance's bank account.

41 Silver Microfinance is currently changing the process and running the training before disbursement of the loan as they see it is a very important activity to boost farmers' productivity.

42 Under the age of 5

Uganda therefore still faces a wide range of development challenges, among them regional and seasonal food insecurity and varying degrees of adult and child malnutrition.

87% of Ugandans live in rural areas, including hundreds of thousands of subsistence farmers. Women, who the custodians of food in Uganda, contribute to farming to improve their family's living conditions but are largely marginalized and often the victims of domestic violence. Lack of access to inputs and infrastructure, such as roads, as well as weak market linkages, prevent many farmers from benefiting from the country's steady economic growth. Highly variable rainfall and soil fertility also pose challenges for agricultural productivity. In addition, and like many people around the world, Ugandans are finding it increasingly difficult to afford a balanced diet.

Based on this evidence, Silver Microfinance decided to focus on an initiative which would create long term food security by channelling help to Uganda's small scale women crop farmers which would help them increase food production for subsistence and for sale. After consultation with AGRA and FAO in the region, soya bean, maize and pumpkin crop farming were identified to be the key crops that could contribute towards food security as well as economic empowerment of women in Uganda.

What are the results of the initiative?

This initiative was started by Silver Microfinance only in April 2011 and activities are only at their initial stage. The Inuka.org platform (which started its operations at the end of 2010) was able to completely fund 15 loans by December 2011 while the process (assessment, loan disbursement and training) has been completed for 5 women farmers. As of December 2011 the Nkokonjeru Cooperative had identified approximately 400 additional women farmers who could initiate the process.

Changes observed: Silver Upholders organises a farmer's forum where ideas are shared among clients; because of this forum, the production of food crops has increased due to the linkages created among clients. Clients in towns now sell what farmer clients produce, and this is highly appreciated by all. Increased household incomes can be observed as many of the clients are now able to purchase modern equipment, such as freezers for milk, or purchase land of their own rather than hiring it.

Links ► www.silverupholders.org

Silver Upholders Microfinance Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	0.216	0.219
Write-off Ratio	0.06	0.078
Portfolio Yield	0.746	0.745
Debt on Equity ratio	1.03	1.83
The EIR of the most representative loan product	25%	25%
Return on Equity	25.26	40.53
Return on Assets	13.42	28.85
Operational Self-Sufficiency	167.62%	201.34%
Financial Self-Sufficiency	N/A	N/A

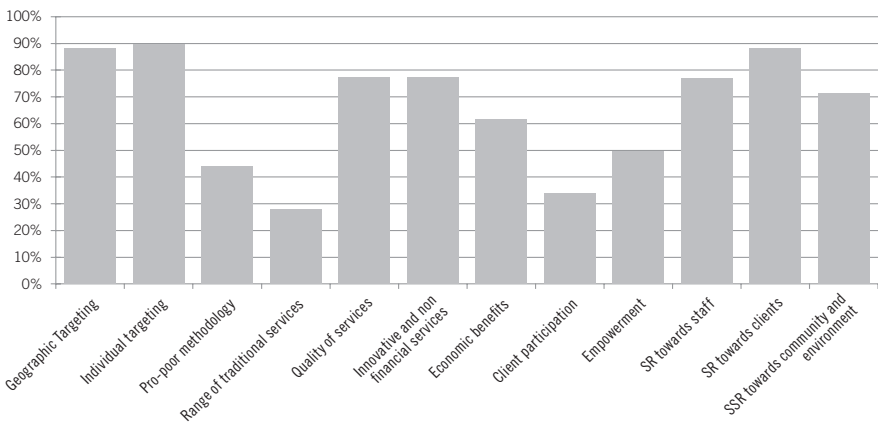
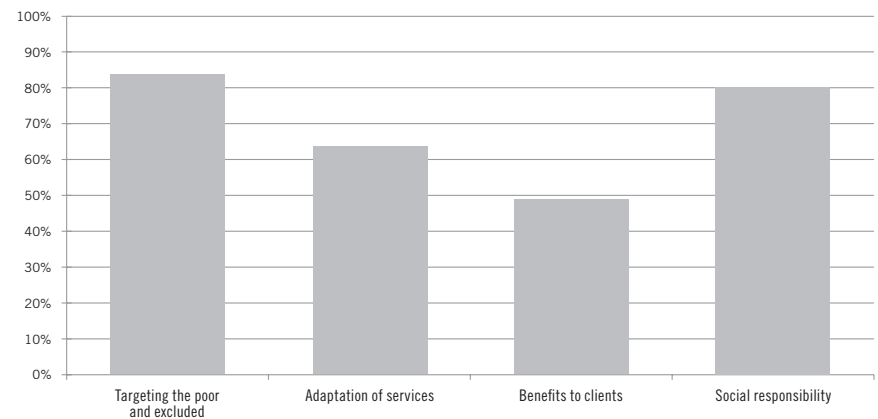
Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	958	2111
% women borrowers	100	100
Number of voluntary savers	N/A	N/A
Gross Loan Portfolio (€)	58,588	157,657
Deposits (€)	N/A	N/A
Number of Branches	3	6
% of branches located in poor areas (please see A, below)	80%	90%
% branches in places where there are no other MFIs or bank branches (please see B , below)	100%	100%
% of clients in rural areas	68%	78%
% of clients estimated to be "poor" (please see C, below)	97%	98%
% of portfolio for small loans (please see D, below)	100%	100%
Client retention rate	98%	98%
Number of male employees and number of female employees	1 male; 7 female	2 male; 12 female
Staff turn-over	0	0

- A) To verify the poverty level of its operation areas, Silver Microfinance carries out poverty assessment surveys using specific indicators that help them determine the level of poverty and capital need in the areas where its branches are or will be located. These indicators comprise housing type, land ownership, food security and vulnerability, access to health services and household size.
- B) Silver Microfinance target areas to locate branches where there are no pre-existing microfinance institutions. In addition, it also focuses on areas where there is a high concentrations of women with small businesses.
- C) The key method used by Silver Microfinance to determine what percentage of clients are poor is the baseline surveys (this assess poverty levels in the areas) and house visits performed by field and loan officers. A poverty assessment is carried out twice a year.
- D) A small loan size for Silver Microfinance clients is considered to be between €10 - €50. The majority of our clients will request for loans between €10 - €500.

Social Performance Indicators

SPI (Cerise) results: August 2012 – total score 69/100





TUBA RAI METIN, EAST TIMOR

Pioneering efforts of “lending cum financial literacy” for agricultural activities in East Timor

Legal status: ⁴³	NGO
Country:	East Timor
No. of clients :	6,862
Date of establishment:	2002
Portfolio:	€1,342,096
Average loan size:	€438
e-MFP supporting member:	Grameen Credit Agricole Microfinance Foundation

Snapshot of the initiative

Tuba Rai Metin's initiative offers financial literacy, sustainable agriculture training programs, and provides flexible loan terms for women farmers who can only make repayments after their harvests.



⁴³ All data was provided by the microfinance institution and refer to December 2011.

Institutional overview

When East Timor became an independent nation in 2002, 80% of the Country's infrastructure was damaged or destroyed and there was no functioning access to financial services. In this context, a new financial services industry began to establish itself. Twelve years on, three donor-founded microfinance programs have achieved operational sustainability, with two of them, including TRM, reporting solid profits. Tuba Rai Metin (TRM) aptly translates to "stand firmly on the ground," a fitting name given its history providing financial products to the poor despite many challenges. TRM began operations in 2001 from a Save The Children Fund (SCF) and CRS project (see box). TRM is one of the few MFIs in East Timor that have demonstrated the ability to sustain operations despite security problems and uncertainty in the market. TRM is a small but fast-growing MFI that targets poor women and delivers small loans, mostly in rural areas. Now TRM has 99% women borrowers and tends to focus on group lending which represents the major share of their total borrowers. TRM requires members to open savings accounts which serve as loan guarantees. East Timor is divided into 13 districts and TRM has its operations in all 13 of them. The Company has a total of 97 staff and 11 branches of which 9 are located in rural areas and one in a nearby Island along with a branch in the capital city of the country. From the branch in the capital city TRM operates in the nearby Island of Ataru. Women farmers are also requested to subscribe to a life microinsurance which, if a borrower dies, pays off her outstanding loan balance and her family receives USD 500 or an amount equal to the loan (whichever is higher). If a borrower's husband dies, the family receives a minimum of USD 250 or an amount equal to 50% of the loan (whichever is higher), but the loan must still be repaid.

TRM has achieved both operational and financial self-sufficiency although both indicators have decreased due to the institution's high growth rate. TRM began a partnership with BASIX (an Indian MFI), through Microlead (a UNCDF initiative), in 2009. BASIX will provide technical assistance and capacity building until end of 2014. TRM uses grant funds to improve staff capacity.

TRM scored 72/100 on the self-reported SPI, highlighting a high pro-poor focus both due to its processes and to its adapted products and services. The PPI index is also included in their MIS.

BOX: Arising from a Save The Children Fund (SCF) and CRS projects, TRM is now independently run. It all started when SCF left their microfinance program to CRS in February 2002 who, in May of the same year, registered it into an independent institution. Following the civil conflicts of 2006 and 2007 CRS and its employees left the country. Local staff working in the microfinance institution decided to take up the challenge and run the institution by themselves: this turned out to be a success. The crisis years of 2006 & 2007 wiped out 13 MFIs in Timor Lesté. In the face of adversity, the TRM team managed the institution recording constant growth and profitability.

Description of the initiative presented for the Award

The initiative was piloted by TRM between October 2010 and March 2012 and is now being scaled up in all of TRM's branches. The initiative proposed by TRM integrates financial products and financial literacy programs which aim at changing the farming orientation from subsistence to income- generating, leading to better household food security. The initiative consists of offering loans to women small farmers, and also providing them with financial literacy trainings and technical assistance on sustainable farming techniques. This is a pioneer effort in the country although it is widely accepted by other MFIs in East Timor that clients' low financial literacy is a real constraint to expansion of financial inclusion activities⁴⁴.

Financial literacy focuses on literacy and numeracy, training on basic financial management, economy of farming and marketing for farming family members. Financial literacy is provided to women, being targeted clients (with a focus on illiterate poor rural women), which indirectly boosts the well-being and education level in the whole family. The training is delivered by a partner of the initiative, ETDA⁴⁵.

Technical assistance to enhance sustainable farming practices is undertaken through the implementation of selected pilot household farms which are used as demonstration farms for the rest of farmers. The training aims at getting away from subsistence farming and is delivered by a partner, Prometil NGO.

The initiative supports mainly the production of maize, cassava, rice, vegetables and dry fish production as assessments have shown that significant opportunities exist to increase the yields of such crops, which would thus improve food security for Timorese families.

⁴⁴ Note that an estimated 50% of its adult population (of 15 years and older) is illiterate.

⁴⁵ East Timor Development Agency

The credit activity of the initiative comprises two loan products: a short term loan (up to \$200, with – group lending methodology, interest rates of 2% per month, loan period of less than 6 months), and a long term loan (less than \$1,000, individual or group lending methodology, interest rate of 2% per month, loan period of less than 2 years) for which there is no collateral required. The two loan products are adapted to the particular needs of farmers. Due to seasonal income, farmers cannot repay loans on a weekly basis and with equal instalments. A Field Officer visits each family and works with the farmer to establish a repayment schedule that reflects his/her particular crop production and expected monthly income (balloon payments or equal monthly instalments - EMI). The higher repayment instalments coincide with the higher income months for the family. In this way, loans are aligned to the farmers' cash flow and the MFI is more likely to get back the capital and is able to efficiently capture a new segment of population.

Financial sustainability of the loan services has been achieved during the pilot phase but financial literacy trainings are still being supported with external grant funds. Also technical assistance on sustainable farming practices will be supported with grant funds as it has been seen to be very resource consuming due to the fact that in East Timor agriculture is done at subsistence level and therefore needs intensive training to industrialize.

How relevant is the initiative for achieving food security in East Timor?

East Timor continues to suffer the aftereffects of a decades-long independence struggle against Indonesia, which damaged infrastructure and displaced thousands of civilians. It is placed 147th out of 185 by the Human Development Index (HDI). Nonetheless it is expected to have the sixth largest GDP growth in the world for 2013. Half the population lives below the basic needs poverty line of US\$0.88 per person per day, as compared with 36% in 2001 and around two-thirds is considered food insecure. 70 % of the population had insufficient food for at least one month per year, the figures being almost 80 % in rural areas⁴⁶. Projections of basic food production up to 2015 (maize, rice and tubers) (World Bank, 2009) shows a deficit. Food insecurity is clearly reflected in the poor nutritional status of children and women, which has been a serious problem in East Timor for many years. For example, anthropometric data on height and weight based on the Demographic and Health Survey 2009-10 shows that 58 % of children under age 5 are undersized, and 33 % are severely undersized. The Survey also shows that 19 % of children under age 5 are malnourished, and 7 % are severely under-sized.

46 UN System High-Level Task Force on the Global Food Security Crisis, 2009.

More than 80% of the population live in rural areas and derive their livelihood from agriculture, livestock, forestry, and fisheries.

Unsustainable agricultural practices and lack of access to resources (i.e. financial services, information, technology, education, and financial services) are among the main causes of food insecurity and poor economic situation of farmers in East Timor. A lack of information and education for example, prevents farmers from knowing the important connection between a varied diet and hygiene and health, which contributes to malnutrition and food insecurity. Similarly, the inappropriate use of local resources (soil, water, forest) and the lack of low cost agricultural technology lead to low crop productivity and resource degradation.

The lack of financial services is another important constraint that prevents farmers from improving their farms and their productivity. Banks and MFIs do not consider most of the farmers in East Timor as potential clients because they consider them to be a risk segment due to their seasonal income. Hence, most farmers are not able to invest in their farms, increase their production or aggregate value to their crops.

Overall, about 63% of households in East Timor are engaged in crop production, with rice, maize, cassava and vegetables being the most produced crops. Significant opportunities exist to increase the yields of on these crops and improve food security for Timorese families.

With predominantly male migration from rural areas, it is increasingly women who are left to make a living from farming, with constraints in accessing credit and education, and burdened by household work and child-bearing.

Based on the food security analysis of the country, in coordination with the work of international NGOs, and in line with the government food security development goals, the initiative piloted by TRM focuses on improving the living conditions of farmers' families in the piloted district (Liquiça). The "lending cum financial literacy" offered credit, financial literacy training, and training on sustainable agriculture practices to farming families in the Liquiça District⁴⁷ of Timor-East to improve their economic and food security situation, and is now being scaled up to other locations sustainably by TRM. Since targeted clients are producers but also players along the supply chain, the initiative adds value to the process and enhances consumption of agriculture products by the population. The crops targeted have been chosen to address food security in the country. Rice is a staple food for East Timor and, due to low production, has to be

47 In Liquiça District, 85% of the population works in the primary sector, mainly subsistence farming and fishing. The illiteracy rate in the district for people above 15 years old is 48% for women and 35% for men (UNIFEM 2005).

imported from abroad. The initiative tested a methodology that brought good results by increasing yields from 1.5 t/ha to above 4.5 t/ha but at testing level which needs to be taken at scale at farm level. Maize consumption has grown in East Timor and it is possible to increase its productivity and storage practices. Livestock farming is also important. In addition, there is large demand for dry fish to enhance food nourishment in up-hill areas and remote habitats, which, for now, is largely imported. The dry fish techniques also adds value and earn extra income for the fishing community and better supply of indigenous protein source.

What are the results of the initiative?

The initiative ended its pilot phase in March 2012 and is now being scaled up in all of TRM's branches. During the pilot phase 156 farmers were supported with a total disbursement of \$24,600. With the current scale-up phase the aim is to reach over 3,500 clients in 5 years. The scaling up will include the loan products, the financial literacy training (two manuals in Tetun language were produced) but not the training on sustainable farming due to lack of resources.

Links ► www.tubaraimetin.com

Tuba Rai Metin Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	3.7%	4.52%
Write-off Ratio	5.5%	1.98%
Portfolio Yield	52.4%	47.1%
Debt on Equity ratio	46.0%	146.0%
The EIR of the most representative loan product	3.00% per month	2.25% per month
Return on Equity	N/A	N/A
Return on Assets	11.3%	3.7%
Operational Self-Sufficiency	131%	113.8%
Financial Self-Sufficiency	105.5%	100.9%

Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	3,862	6,862
% women borrowers	98.72%	98.74%
Number of voluntary savers	2,735	5,148
Number of members	na	na
Gross Loan Portfolio (€)	686,463	1,342,096
Deposits (€)	163,797	484,880
Number of Branches	9	11
% of branches located in poor areas (please see A, below)	89%	91%
% branches in places where there are no other MFIs or bank branches (please see B , below)	No	No
% of clients in rural areas	74%	84%
% of clients estimated to be "poor" (please see C, below)	71%	66%
% of portfolio for small loans (please see D, below)	25.2%	29.0%
Client retention rate	58.6%	91.77%
Number of male employees and number of female employees	67 male; 16 female	81 male; 16 female
Staff turn-over	10.8%	13.4%

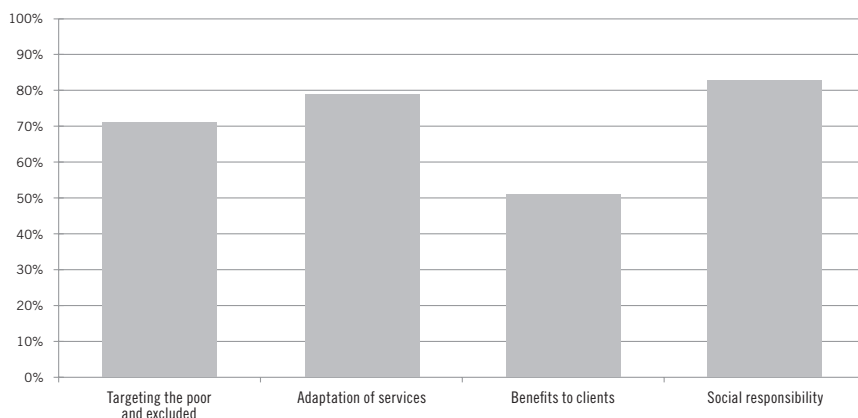
- A) In order to verify the poverty level of the operation areas TRM utilizes rating scores following the list provided within the Poverty Performance Indicators (PPI).
- B) TRM has information on villages covered by other MFI and banks. Bank branches are still confined to district headquarters. TRM also undertakes surveys of the locations for potential branch setup.

C) TRM considers poor those clients taking part in group requesting for loans which amount up to US\$500. In 2011 TRM undertook a limited survey with sample size of 5% of its total clients and observed that in more than 90 % of the cases, where the loan size is below USD 500, clients are actually are poorer⁴⁸.

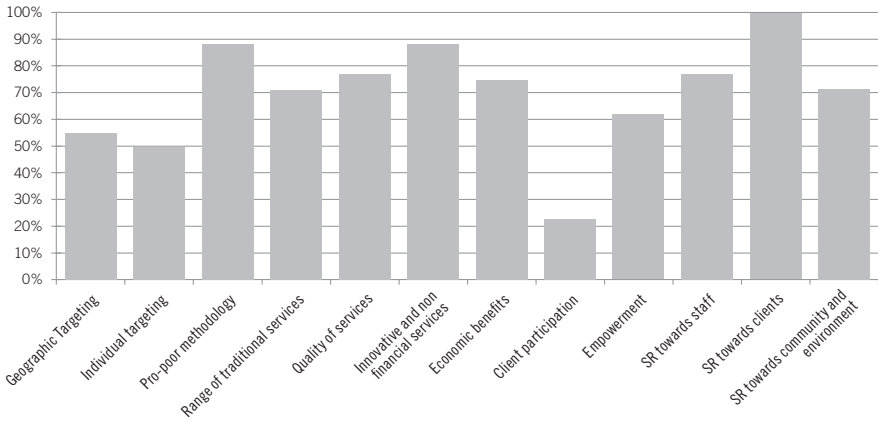
D) In TRM, loans from US\$50 to US\$500 are considered small loan and given to groups.

Social Performance Indicators

SPI (Cerise) results: August 2012 – total score 72/100



⁴⁸ Recently the 10 PPI indicators of East Timor have been incorporated into TRM's regular MIS within the client information form. This will give a good indication of poverty level as well as tracking of the indicators during different loan cycles.





UNION EL EJIDO - COOPERATIVA DE AHORRO Y CREDITO, ECUADOR

Millennial agricultural practices of Imantag

Legal status: ⁴⁹	Cooperative
Country:	Ecuador
No. of clients :	8,146 (members); 1,971 (borrowers); 6,924 (savers)
Date of establishment:	1975
Portfolio:	€ 4,939,478
Average loan size:	€ 2,475
e-MFP supporting member:	Alterfin

Snapshot of the initiative

The initiative “Millennial Agricultural Practices of Imantag” allows the indigenous community in Imantag to buy through group loans, the land made available by the selling of a big local farm (hacienda). This, avoids selling the land to foreigners and allows them to keep and support traditional farming practices and the traditional economic systems.



49 All data was provided by the microfinance institution and refer to December 2011.

Institutional overview

Union El Ejido is a small Cooperative established in 1975 in Ecuador. It has always provided financial services to its clients, but from 2008 it has been providing microcredit in a more technical and professional way. Union El Ejido has expanded in terms of members (creditors and savers) and portfolio. It works in rural and urban areas. The operation area (cantón Cotacachi) comprises a high number of different ethnicities. The Cooperative has 17 employees, 8 agencies of which 2 are in areas where there are no other financial institutions. The Cooperative offers saving and credit products. Particular attention is given to social responsibility by the institution. Union El Ejido has done an internal social audit and has compiled SPI CERISE tool (score: 72/100). The SPI tool shows particular attention to the geographic targeting with 75% of branches located in poor areas and 59% of clients in rural areas, a good range of traditional services (loans and savings), big client participation to the institutional life and a high social responsibility to employees.

Description of the initiative presented for the Award

The aim of the initiative presented for the 4th European Microfinance Award is to keep and support traditional farming practices, and traditional economic systems. The initiative presented relates to a specific indigenous community in Imantag (on the slopes of a volcano). The intervention started in 2010 when Union El Ejido opened an agency in the area of Imantag. The community was facing a big challenge and Union El Ejido searched for possible solutions. The indigenous community in Imantag wanted to buy the land made available by the selling of a big local farm with an extension of 476 ha. The community wanted to buy this land in order to continue its traditional agriculture practices. The owners of the “hacienda” gave the benefit of preference to the local community of Imantag to buy the land of the “hacienda” but, if the community did not manage to buy it, they would have sold it on the open market.

The initiative consists of a group loan with a specifically designed social guarantee from the community. Members of the MFI coming from the same community form a solidarity group of 3 to 7 persons; the group receives loans provided on an individual basis to buy land and to initiate production (loans are not of the same dimension, it depends on the needs). The group is responsible for the entire loan amount. Within the group the individual farmers cross guarantee each other, with one group member being the contact person for the MFI. Union El Ejido can ask the mortgage of a member's property that guarantees for the group loan. This is possible because the initiative is carried out in a community where group-work (mingas) is an ancestral practice. The initiative provides technical assistance that does not consist in offering training but in supporting exchange of experiences among community farmers. The interest rate for the initiative was lower (14%) than the other product (17%) in 2010;

in 2011 the general interest rate of the institution decreased being now 15%. The average size loan for this products is \$3,000 per family and term of 24 months. The main supported products are beans, tree tomato, avocado, barley, peas, sweet corn, quinoa, amaranth, pepper, among others, all these with organic practices. They supply the provincial markets and the capital of Ecuador, Quito. The Cooperative, to support this initiative, also supports community work (such as “mingas”). The initiative is sustainable and it has reached the break-even point.

How relevant is the initiative for achieving food security in Ecuador?

10.6% of the Ecuadorian population lives in poverty and the percentage of people with access to clean water is high (94%). The number of people undernourished remains stable from 1990 to 2012 with 3 million people, while the proportion of undernourished to the total population has actually decreased from 24.4% to 18.3%⁵⁰.

The primary threats undermining Ecuador's food security are unequal distribution of resources and regional differences and especially ethnic differences that reflect a high prevalence of under-nutrition in indigenous groups. In some groups and in some areas of the country the families' economic exposure limits access to healthy nutrition, to the soil, to irrigation water, productive techniques, credit for agricultural production, to healthcare, education and other basic needs.

Union El Ejido's Microfinance initiative for Food Security supports the Indigenous community members that have set the challenge of protecting the slopes of Cotacachi, preserving typical agriculture of their land through their work and community efforts of all members.

The financial assistance offered to the communities of Imantag makes it possible for them to buy the available land and keep it within the community, so that local know-how and techniques used in the past, as well as traditional crops can be recuperated. In this way, local population can produce organic food and make it available and accessible for their Canton. This operation prevents the arrival of external capital that would start intensive productions as it is happening in nearby areas (mainly large flower cultivations) and it allows to protect the environment by contamination sources. Furthermore it discourages migration from rural areas to the city and it subsidizes local traditional production, defending agrobiodiversity.

50 “The State of Food Insecurity in the World”, FAO, 2012.

What are the results of the initiative?

Initiative Outreach and Volumes: The initiative counts, on the 31st of July 2012, 393 members with 105 loans for an amount of \$ 302,389. The initiative accounts for 3.5% of the Cooperative's portfolio.

Client satisfaction: The cooperative in Imantag plans meetings with people interested in learning about the services and benefits, and organizes frequent visits and inspections. Currently Union El Ejido can claim to have obtained confidence from the community. The members of the MFI are responsible for transmitting the information received and are inviting their neighbours, friends and family to open an account and become members of the Cooperative.

Union El Ejido Indicators

Financial Indicators

	Dec2010	Dec2011
Portfolio at Risk (PAR30)	3.7%	2.7%
Write-off Ratio	(2009) 0.2%	0.54%
Portfolio Yield	17.2%	13.5%
Debt on Equity ratio	6.2%	6.1%
The EIR of the most representative loan product	17%	15%
Return on Equity	17.2%	10.1%
Return on Assets	3.9%	2.2%
Operational Self-Sufficiency	106.2%	105.5%
Financial Self-Sufficiency	115%	108.4%

Outreach and Social Indicators

	Dec2010	Dec2011
Number of active borrowers	1,539	1,971
% women borrowers	46%	48%
Number of voluntary savers	5,743	6,924
Number of members	6,756	8,146
Gross Loan Portfolio (€)	4,515,698	6,351,395
Deposits (€)	3,528,057	4,720,239
Number of Branches	7	8
% of branches located in poor areas (please see A, below)	75%	75%
% branches in places where there are no other MFIs or bank branches (please see B , below)	25%	25%
% of clients in rural areas	31%	36%
% of clients estimated to be "poor" (please see C, below)	32.8%	28.6%
% of portfolio for small loans (please see D, below)	30%	33%
Client retention rate	89%	96%
Number of male employees and number of female employees	8 male; 7 female	9 male; 8 female
Staff turn-over	0	0

A) The information used by El Ejido refers to the INEC, (Instituto Nacional de Estadísticas y Censos - National Institute of Statistics and Censuses). The indigenous sector in Cotacachi is where there is greater concentration of poverty, with poverty level of up to 80% in Imantag.

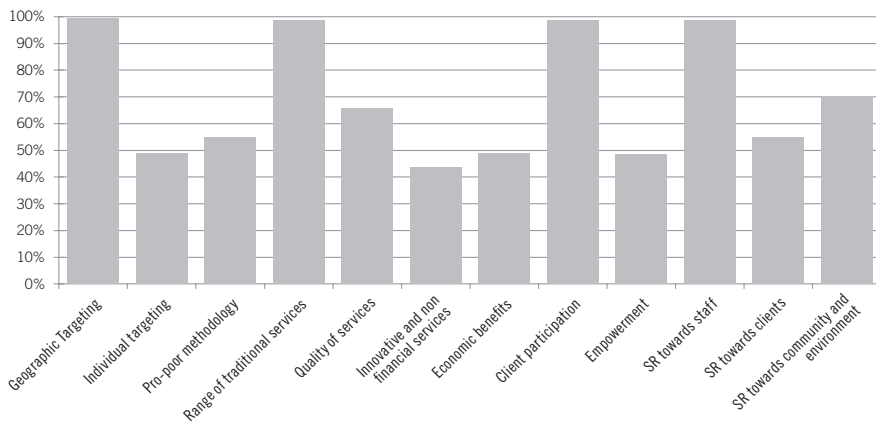
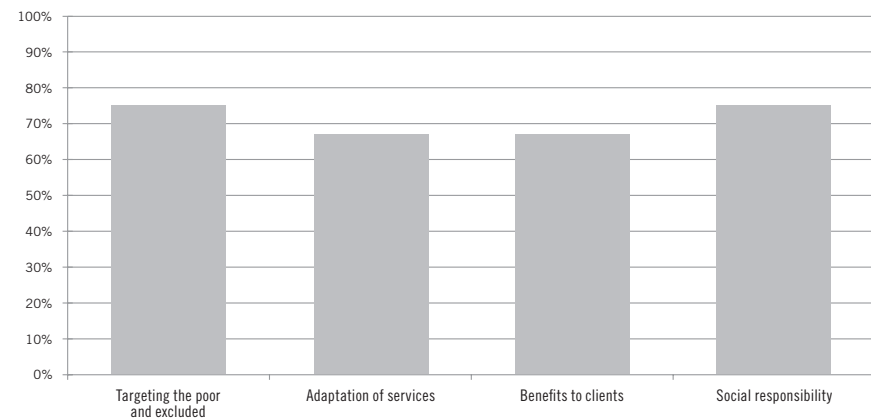
B) Of the 8 offices that Union El Ejido runs, two are located in places where there are no other MFIs or bank branches.

C) Union El Ejido determines the poverty level of clients on the basis of direct visits to their clients. El Ejido's staff has good knowledge of the situation and of the living standard of each member in rural areas.

D) In Union El Ejido, small loans range from \$ 500 to \$1,500.

Social Performance Indicators

SPI (Cerise) results: December 2011 – total score 72/100



CONCLUSIONS

The most important elements/features of the 10 shortlisted interventions considered important for the promotion of food security⁵¹

MFIs which participated in the European Microfinance Award have shown great commitment to the financial inclusion of rural communities and to working closely with farmers, livestock herders, women and indigenous populations. Expanding access to financial services for rural communities means targeting those populations that are most vulnerable to food insecurity and have lower access to financial services. This obliges MFIs to expand their intervention beyond their traditional focus on trade and micro-enterprises and making their services more suited to the needs of agricultural-based households.

Provision of financial services in rural areas is challenging from an organizational and risk perspective. Financial institutions are often reluctant to lend for agricultural activities for numerous reasons which include the challenges of managing weather risks, market price fluctuations, and the increased cost of serving remote clients. The shortlisted MFIs have shown how to address these risks and have proved that microfinance can make a difference in these contexts, constantly expanding access to food and its availability (i.e. Grooming, ASKI, Banco FIE – insurance schemes). They have also revealed innovative approaches to bringing financial services nearer to the most marginalized areas and populations (i.e. Juhudi Kilimo, MIDE - 1-staff satellite offices).

The design of products and services for rural-based economic activities in particular agriculture⁵², have to be carefully designed and monitored, as shown by the initiatives which participated in the Award. In particular, loan period and repayment schedule have to be flexible taking into account the repayment capacity as well as the seasonality of the economic activity (i.e. MIDE – loans adapted to family development plans; Tuba Rai Metin – flexible loan term) and adapted to, for example, the crop production cycle

51 Conclusions prepared by Francesca Agnello and Ilaria Caramia, with contributions from Cécile Lapenu - Cerise, Michaël De Groot - Rabobank, Kaspar Wansleben - Luxembourg Microfinance and Development Fund, and John Bliet - TRIAS

52 Agriculture, as utilized in this document, includes both crop and non-crop agriculture, livestock, fishing, etc.

(i.e. IDEPRO – 6 year loan period). The loan guarantee chosen is the most appropriate to the capacities of the targeted communities (i.e. Banco FIE, ASKI – no physical guarantee; IDEPRO - endorsement of farmer's association; Kompanion, Mide, Union El Ejido - use of group solidarity schemes). Interest rates are based on the riskiness of the initiatives, but often with a discounted rate to take into account the lower profitability rate of the agriculture sector or of rural-based economic activities.

The 10 shortlisted initiatives also highlight the capacity of MFIs to create an enabling environment for **local production** and local value chains to serve the cities and the local population. The potential, in terms of food security, of quality local crops produced by rural communities is high and frequently undervalued. There is often limited information on the real market value of local products and their nutritional factors. Shortlisted MFIs have shown how to support local crop production and how their role in supporting food access and food utilization can be valuable for their clients, for the economy of the country, and for the MFIs themselves (i.e. Union El Ejido – enhancing traditional agriculture practices). In addition, they have demonstrated how the integration of cultural values within local productions (i.e. Kompanion - ethno-ecological approach) and a strong commitment to working with **women** clients (i.e. MIDE, Silver Microfinance, Tuba Rai Metin) can have positive results on enhancing food security.

The initiatives highlight the importance of combining financial facilities with other services by partnering, in most cases, with other actors to **provide non-financial services**. In particular the focus of these services is on farming techniques and livestock raising (i.e. Juhudi Kilimo – training in animal husbandry; Tuba Rai Metin- financial literacy courses), support to market access (i.e. ASKI), or even interventions to empower families and communities (i.e. MIDE –family development plans). Partners of the shortlisted MFIs belong to both the public (government programs) and the private sector (NGOs, commercial banks, etc.).

Some of the projects which were presented for the Award focus on the transformation of smallholder agriculture into a viable agriculture industry through funding and additional services (i.e. Grooming – focusing on availability of seeds, fertilizers, pesticides, insecticides and other quality agro inputs). They offer a response to resolving the current and future imbalances in food supply by tapping into the underused agricultural production potential of small-scale farmers at the Bottom of the Pyramid.

The evaluation of the initiatives presented for the Award gave special attention to assessing how committed the participating MFIs were in bringing change, in a sustainable way, to their clients' lives and to society in terms of food security. In order for microfinance interventions to be effective, it was considered very important that

MFIs have a clear understanding of the needs of the target groups and adapted services. This requires solid analysis. Only through such a thorough process can MFIs discern and be able to monitor the desired impact both in terms of outreach and in terms of depth of the impact. Evaluators therefore assessed whether MFIs consciously targeted specific groups and tried to follow up their progress, and whether the intervention in favour of food security were really integrated into the MFI's core business in the form of sustainable business models.

Box 1: MFIs that have participated in the European Microfinance Award have shown:

- a great commitment to **financial inclusion of rural communities**;
- careful design of **products and services for agriculture**;
- innovative ways to bring their services near (**proximity**) to the most marginalized area and populations (1-staff branches, credit officers reaching clients by boat, etc.).
- a strong commitment to working with **women** clients to enhance food security;
- the importance of credit plus other services by **partnering** with other actors to also provide non-financial services;
- the creation of an enabling environment for **local production** and local value chains to serve the cities and the local population;
- the need to tap into the underused agricultural production potentials of **small-scale farms**;
- the need for long-lasting contributions to food security in the form of **sustainable business models**;
- the importance of committing to **bringing visible change to their clients' lives** in terms of food security (consciously targeting specific groups, monitoring their progress, having the social change as part of their internal mission);
- the importance for MFIs to have a clear understanding of the **desired impact** (through a solid analysis of client's food security needs);
- how MFIs can **address the risks** involved in working in the rural/agriculture sector.

Issues on which MFIs and other actors in the microfinance sector should focus in order to foster food security

The most reliable projections of the United Nations predict a world which, in 2050, will hold a little more than 9 billion people. There will be many challenges for the planet and among them the achievement of food security is one of the most crucial.

To promote and ensure food security and nutrition for all human beings, coordination of action and policies by a wide range of stakeholders in support of global, regional and country-led action is necessary. Decision and policymakers are responsible for the development and implementation of policies and programmes for delivering food security and nutrition. There is a progressive realization of the right to an adequate food supply and the need to act on the key factors that may contribute to hunger and malnutrition such as governance, economic and production issues, demographic and social issues, climate change and the environment.

A number of emerging challenges in food security and nutrition will need to be addressed. These include, in particular⁵³:

- meeting the food and nutritional needs of growing urban and rural populations, with changing dietary preferences;
- increasing sustainable agricultural production and productivity;
- enhancing resilience to climate change;
- finding sustainable solutions to the increasing competition for natural resources.

It is obvious that it is not possible to achieve increased agricultural production and solve the current and future imbalances in food supply without tapping into the underused agricultural production potentials of small-scale farmers at the Bottom of the Pyramid, and without ensuring that farmers and producers' organisations can integrate the consequences of climate change by adopting new products, and introducing ways to reduce meteorological and epidemic risks.

In this complex landscape, in which each actor is called upon to do its part, MFI's can play a crucial role in breaking the farm low-income trap of smallholders at the bottom of the pyramid within a framework of inclusive business models. MFIs need to push the frontiers of microfinance and introduce innovative financial products and services such as agricultural microinsurances, support to new products, providing more adequate and adapted products for marginalized groups, create innovative and adapted loans, savings, and technical assistance products and strengthen the resilience of small holders farmers in response to climatic or seasonal shocks.

53 Committee on World Food Security, Global strategic framework for food security and nutrition, Sept.2012.

Within this context, MFIs and their partners who want to undertake a specific intervention to enhance food security should:

- develop specific interventions which contribute to food security as a **long term commitment** for the MFI. In this regard, specific attention should be given to the **financial management** of these interventions as most MFIs are still struggling with sustainability issues and, at the same time, with the need to avail medium to long term credit .
- fine tune their social performance management efforts as a deliberate attempt to achieve, for example, improved food security in the area where the MFI operates. This requires particular attention and effort in areas such as **targeting, product design and monitoring of results**. This effort not only contributes to the success of the intervention for the client, but also for the MFI itself in an ever more competitive microfinance market.
- **increase their networking capacities**. Building the right **partnerships**, for a value chain or stakeholder approach which although may result in short term cost, will contribute to long term sustainability and credibility of the MFI and the sector as a whole.

In general, microfinance interventions for food security are facing the challenge of reaching scale. Many of the candidates for the Award were still operating on a limited scale and many product innovations and partnerships in this field were fairly new. We hope to see more examples of MFIs that, after having developed appropriate products and partnerships, focus on reaching scale and ultimately making a difference. The responsibility to contribute to a microfinance industry able to foster food security rests with all of us.

Box 2: The main challenges highlighted by the experts are the following:

- adaptation and innovation, by providing more adequate, **adapted products and services for marginalized groups** to enhance food security.
- making sure that farmers and producers organisations can integrate the consequences of **climate change** (adaptation of new products, more meteorological or epidemic risks).
- the need for MFIs to play a role in breaking the farm low-income trap and enhance financial inclusion of **smallholders** at the bottom of the pyramid.
- **financial sustainability** of the institution and of specific interventions
- closer attention to an MFI's **social performance management** as a deliberate effort to achieve a social return (i.e. improved food security).
- an **integrated approach**, which requires an increase in partnerships (for example through a value chain or multi-stakeholder approach) is essential for (long term) success and sustainability.
- facing the challenge of **reaching scale** as many product innovations and partnerships are fairly new.

THE EUROPEAN MICROFINANCE AWARD

The European Microfinance Award is organised jointly by the Luxembourg Ministry of Foreign Affairs - Directorate for Development Cooperation, the Luxembourg Round Table on Microfinance and the European Microfinance Platform (e-MFP) to promote microfinance initiatives and highlight their contribution to the development of the sector.

EUROPEAN MICROFINANCE PLATFORM

The European Microfinance Platform [e-MFP] was founded formally in 2006. e-MFP is a growing network of over 140 organisations and individuals active in the area of microfinance. Its principal objective is to promote cooperation amongst European microfinance bodies working in developing countries, by facilitating communication and the exchange of information. It is a multi-stakeholder organisation representative of the European microfinance community. e-MFP members include banks, financial institutions, government agencies, NGOs, consultancy firms, researchers and universities.

e-MFP's vision is to become the microfinance focal point in Europe linking with the South through its members.

Executive Secretariat

Christoph Pausch, Executive Secretary

European Microfinance Platform (e-MFP)
2 rue Sainte Zithe
L-2763 Luxembourg
contact@e-mfp.eu
www.e-mfp.eu

This publication is protected by the law from the 18th April 2001 of the Grand Duchy of Luxembourg concerning copyright, databases and related laws. It is strictly prohibited to reproduce an article from this publication, in whole or in part, without the written consent of the author. The articles represent the author's opinion, the latter is therefore solely responsible and liable for his/her works.

Copyright © European Microfinance Platform, June 2013

With the support of



GRAND DUCHY OF LUXEMBOURG
Ministry of Foreign Affairs

Directorate for Development Cooperation



THE GOVERNMENT
OF THE GRAND-DUCHY OF LUXEMBOURG
Ministry of Finance

EUROPEAN MICROFINANCE PLATFORM
2 rue Sainte Zithe
L-2763 Luxembourg
Tel: +352 2627 1355
contact@e-mfp.eu
www.e-mfp.eu

ISSN 1999-4400