



Strength in numbers

- Farmers in control in Ghana
- Technology bridges the gap

Cooperatives
special



Cover Picture: Kuapa Kokoo Farmers Union has 62,000 members who together own part of chocolate companies in the UK and USA. Photo: Elizabeth Hudson/Divine Chocolate

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Guest editorial



Andres González Aguilera, General Manager of Cooperativa Manduvirá Ltda, Paraguay.

Cooperativa Manduvirá was founded in 1975, and started with 39 members. Today, it has 1,500 members, 850 of which produce sugarcane, sesame, cotton, stevia, fruit, vegetables - all of them organic. It has had certification from the Fairtrade Labeling Organization since 1999, and is aware of the need to protect the environment. Therefore, all Manduvirá production, both agricultural and industrial is organically certified.

The cooperative has become a loan partner of Oikocredit to achieve its dream: owning an environmentally-friendly plant to assist in the production of organic sugar.

“My father is a sugarcane grower and cooperative member. When I finished high school and we didn’t have the money for further education, I helped him with the farm. I was a good student in primary and secondary school, so the directors of Cooperativa Manduvirá asked me to work as an office assistant. By doing my job with dedication, and seizing my opportunity to continue studying, I climbed through different positions until I became General Manager.

Our cooperative makes a difference in the lives of our members in three ways: economically, socially and environmentally. I think the most precious capital we have is the trust of the members. All the producer-members are sure the cooperative will support them and that it will continue to do so.

When we started to try and make the first part of our dream real - to rent a factory to produce organic sugar and export directly - many people said it was impossible. Some mocked us saying we were mad, that we were going to bankrupt the cooperative and that we were ‘yagua’i estrella’: Guarani for ‘a puppy barking at the moon, believing he could reach it’. Now, seven years later, we export to 18 countries, and we are building our own organic sugar factory. What they didn’t expect was that this puppy was going to get a rocket and reach the moon.

I’d like to tell the small-scale producers all over the world not to be afraid to fight for their dreams. More important than having the money, is the good idea, the vision. Only in the dictionary does the word ‘success’ come before ‘work’. If you are certain of where you wish to go, using determination, work, effort and sacrifice, nothing can stop you.”

Andres González Aguilera

Bridging the gap with a mobile phone



SACCO members can make financial transactions from remote areas.

With the touch of a button, members of a Kenyan savings and credit cooperative (SACCO) can now receive important health information and make bank transactions quickly and safely. A joint mobile banking project between Oikocredit and its partner Samburu Teachers SACCO has resulted in vital improvements in financial services and access to information for people in this remote district in Kenya’s north.

Poor road infrastructure, remote areas and security risks mean travelling 50 km to a bank branch could take up to five hours.

“To overcome these challenges and serve its clients well, Samburu Teachers SACCO needed to be innovative in the way it does its business,” said Oikocredit East Africa’s capacity building coordinator Elikanah Nganga. “It was out of this realization that they asked Oikocredit to support the mobile banking project.”

Banking from a phone

The mobile banking technology runs on any mobile phone, and processes in real time using Global System Mobile Communications (GSM) technology. The menu offers banking options including deposits, withdrawals, balance enquiries, money transfers and mini-statements. It allows clients and members to open accounts and make transactions without travelling to a SACCO branch.

An essential part of the programme’s success was for local mobile provider Safaricom to agree to link its money transfer service – M-PESA – with the SACCO’s mobile phone platform.

“The link to M-PESA was critical to ensure clients and members of the SACCO could access their funds and make deposits via M-PESA agents, who are located at kiosks in most villages in the region,” said Mr Nganga. The programme has also seen benefits for the teachers’ cooperative. The ease of the new mobile banking facilities has dramatically increased the number of new members and cashflow has improved because of more accessible deposit facilities. Mobile banking has also resulted in reduced operational costs as bank branches now require one staff member. These savings for

the SACCO mean more resources for community projects including food security, building classrooms and community training.

Offering more than finance

Oikocredit committed € 20,000 from its capacity building funds to develop this mobile banking project over two years. The funding will be accompanied by ongoing advice and support from Oikocredit Kenya’s country staff. The cooperative itself will contribute € 7,500 to cover other operational costs including training, travel, computer and servers. Oikocredit has allocated almost € 500,000 to its capacity building fund, which will finance additional projects in agricultural finance, social performance management, risk management and market development in coming years.

A solid partnership

The SACCO was established in 1980 to provide savings and credit to teachers, but has since expanded to include other community members in Kenya’s Samburu region. The 700 cooperative members are divided between production (agriculture and manufacturing), services and commerce industries, and many are located in remote areas. About 90% of people in the area live on less than USD 2 each day. Part of the SACCO’s mission is to utilize new technology and innovative banking solutions. By providing a safe, branchless method of financial transactions, clients can be in control and closer to their savings and credit. Samburu Teachers SACCO has been an Oikocredit partner since it received a loan of KES 28.8 million (around € 255,000) in 2004. A second loan of KES 35 million was issued 2008 with the aim of increasing lending capacity to members and clients. Last year, Kenya was hit with the worst drought in five decades. Oikocredit donated € 5,000 to Samburu Teachers SACCO to assist them in their emergency efforts.

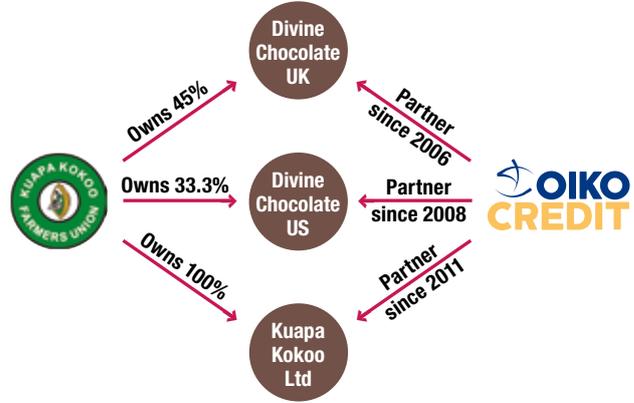
Ghanian farmers in control



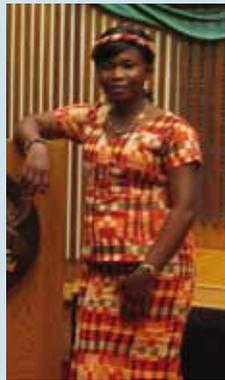
The delicious link in the value chain - Divine Chocolate hits the supermarket shelves.

What does it take to get a Fair Trade product on to the supermarket shelf? Every link in the value chain plays an important role – including the farmer, buyer, manufacturer and consumer.

In October last year, Oikocredit completed its support to a Fair Trade cocoa value chain, when it disbursed a local currency loan to Kuapa Kokoo Limited in Ghana. This cocoa buying company is 100% owned by Kuapa Kokoo Farmers Union, a cooperative of 62,000 cocoa farmers. Kuapa Kokoo Farmers Union is also the majority shareholder in Divine Chocolate UK, and owns one third of the shares in Divine Chocolate US. These two Fair Trade chocolate companies have been Oikocredit partners since 2006 and 2008 respectively, and buy Kuapa's cocoa and manufacture the chocolate products under the Divine Chocolate label. This producer-ownership across the value chain is described as a "strengthening component of small farmer organizations becoming more stable and secure in volatile markets" in research commissioned by the Fairtrade Foundation. Kuapa Kokoo supports its communities with more than market access, offering agricultural and health education. The cooperative provides training to assist farmers in producing items in the off-season, including making soap. The cooperative also takes a strong stand on the issues of children's education and child labour in the cocoa sector. In 2011, Kuapa Kokoo teamed up with the International Labour Organization (ILO) to identify, prevent and create awareness on child labour. The cooperative has already highlighted the need for education by building schools where children can prepare for their future while parents work their farms. "If you go to the district now, we have a big school building for the children," said Kuapa Kokoo member and cocoa farmer Felicia Mensah. "Previously, they attended school under a tree, which was very, very bad. So the cooperative has done a lot for the farmers." Kuapa Kokoo will use the new Oikocredit loan of GHS 5.7 million (€ 2.55 million) to build its working capital to increase the purchase of cocoa beans from its member farmers.



Meet the farmer



Name: Fatima Ali
Occupation: Cocoa farmer
Country: Ghana
Member of Cooperative: Kuapa Kokoo Farmers Union

How did you join Kuapa Kokoo?
 I joined Kuapa Kokoo when I completed secondary school in 2000. It's a good company, owned by the farmers. The farmers share the profit among themselves. Kuapa Kokoo also uses some of the profits to establish projects so the farmers can benefit.

What is your role in the cooperative?
 As a member of the National Executive Council, we meet to discuss how our company will improve, how our company will grow. We also sit down to think about our farmers. How will we improve their lives? How will they improve their productivity? How will we train them?

What is the best thing about Kuapa Kokoo?
 What I like the most is the women's training. Because of that, we, the Kuapa Kokoo women, always have money in our hands. At Kuapa Kokoo, they don't say 'she is a woman, so she should sit down'. In the old days, men didn't want women to come and stand in front of them to train them or anything like that. Now, thanks to this training, we have so many women. Even at the National Executive Council, we have six women and five men. It makes me feel happy to be at Kuapa Kokoo.

To read the complete interview with Kuapa Kokoo farmers Felicia Mensah and Fatima Ali, visit www.oikocredit.org

Ukrainian farmers get essential finance from cooperative

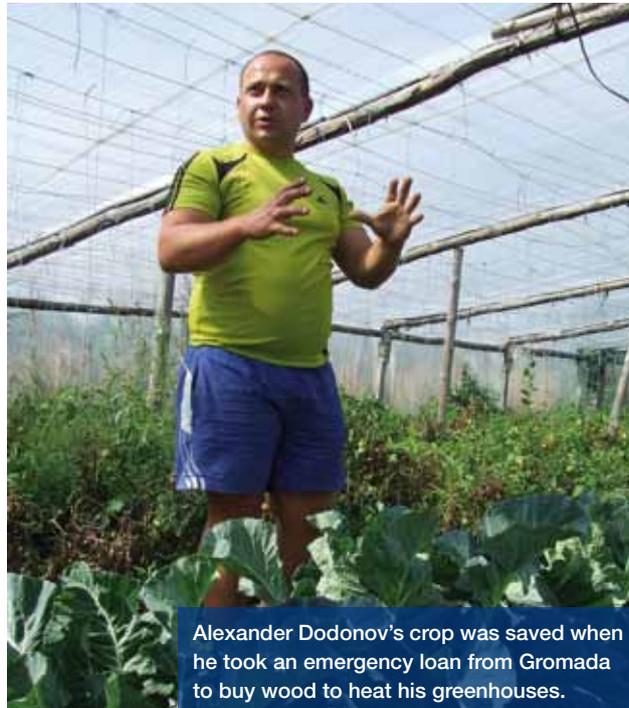
After the Soviet Union disbanded, Ukraine experienced a dramatic drop in economic output, and a majority of the population plunged into poverty. After many people lost their jobs, they began working as microentrepreneurs to survive. Throughout the recession in the 90s, the country experienced severe hyperinflation, but began to improve economically from 2000. Tough times struck again in 2008 when the economy dropped and unemployment soared from 3% to 9.4% in only nine months. Today 35% of the Ukraine population lives below the poverty line.

Supporting rural communities with more than finance

In 1996, four women started a cooperative with the aim of providing small consumer and trade loans to market traders. Unable to approach traditional banks, farmers also began to turn to the women for support with their agricultural projects. Today, the cooperative Gromada serves more than 5,000 members, in the rural sea-side regions of Kherson and Mykolaiv. Gromada continues to support its members both financially and socially, through savings, loans, training, advisory services and youth programmes.

Emergency loan gets Alexander through the harvest time

Alexander Dodonov has now been farming for a decade, and the thought of taking out a loan to support his farm made him anxious. It was only after he found he could make the repayments that he grew confident and saw the benefits of being a cooperative member and microfinance borrower. Approaching traditional banks was never an option for Alexander, who says banks' interest rates are higher, and loan conditions less flexible than those of Gromada Credit Union. Now, seven years on, Alexander is on his fifth loan cycle, and has used Gromada loans to run and expand his farming. Alexander relies on three greenhouses



Alexander Dodonov's crop was saved when he took an emergency loan from Gromada to buy wood to heat his greenhouses.

to grow tomatoes, cucumbers and cauliflower, and an irrigation system. An unusually cold spring struck two years ago, meaning Alexander drew on more wood supplies than usual. Realizing he was short on fuel for the months ahead, Alexander applied for a short-term emergency loan with Gromada. The loan was approved and disbursed within two days; on the exact day he ran out of fuel. With the combination of his hard work, knowledge and loans from Gromada, Alexander has built up his farm and

become a source of knowledge for his fellow members. "People come to me for advice because I have a good feel for what the plants need. I give tips on what seeds and fertilizers to buy, and where to get them," Alexander said. "But in future, I want to own a store where my fellow members can get what they need. As soon as I manage to save half the money to open a store, I will borrow the remaining half from Gromada."

Supporting Ukraine's agricultural entrepreneurs

Oikocredit opened its Ukraine office in 2005 after it saw the need to support Ukraine's microentrepreneurs by financing credit cooperatives, microfinance institutions and agricultural farms. Today the strategy for Oikocredit in Ukraine remains the same: support microentrepreneurs via agricultural partners. Gromada Credit Union was the first agricultural credit cooperative Oikocredit financed in Ukraine. To date, Gromada has received five loans from Oikocredit. The most recent local currency loan of UAH 3.5 million (around € 333,000) will be used to support the cultivation of produce including vegetables and grains, and purchase livestock.



A cooperative to support cooperatives

The International Year of Cooperatives is underway, giving the worldwide community a chance to reflect on the important role cooperative organizations play. Oikocredit supports 290 cooperatives around the world in every sector, from agriculture to finance. As an international financial cooperative, Oikocredit has brought together thousands of world citizens with the goal of achieving financial inclusion and contributing to the positive development of the poor.



Oikocredit has 595 members from around the world.

The very essence of Oikocredit is its cooperative spirit. Founded more than 35 years ago, Oikocredit members continue to share its mission and values. Oikocredit was established to provide an alternative investment instrument which supported enterprises that served the poor. Today, that goal remains and Oikocredit invests in microfinance institutions, fair trade organizations, cooperatives and small and medium-sized businesses. Concern for the community, equal rights and democratic governance continue to be at the forefront of all operations.

individuals and communities by allowing members to be involved, respected and valued. Women and men of varying ages gather, often promoting more than business opportunities to members and surrounding communities and share services like education and health care. These organizations work to empower individuals within communities, and build strong relationships between those who may not have otherwise come together. By taking joint action, individuals both benefit themselves and their community.

Internationally operating cooperative

Oikocredit is one of few truly international cooperatives, with almost 600 members from around the world. Each member can attend the Annual General Meeting to propose resolutions, participate in dialogue and debate, and use their equal right to vote.

Supporting cooperatives for development

Oikocredit values community and equal rights in its own operations and partners with many cooperatives that contribute to socio-economic development. Fair trade, agricultural, production, and finance cooperatives work to address the common goals of their members and support employment creation, food security and empowerment of women.

Mobilizing communities

The cooperatives Oikocredit invests in play an essential role in mobilizing both

Final figures for 2011 released

Oikocredit has concluded another year of solid return for its members and partners, demonstrating its strength in a diverse portfolio. 2011 proved a positive year for Oikocredit which remains one of the world's largest private microfinance financiers. There was an 8% increase in money in the field, as Oikocredit's development finance portfolio reached € 520 million - up from € 481 million in 2010. Investors demonstrated their commitment to development finance by providing Oikocredit with a net capital inflow of € 40 million. Oikocredit's 45,000 investors will share in its final 2011 result of € 15.9 million, with € 9.7 million (2% on member capital) to be proposed as dividend.

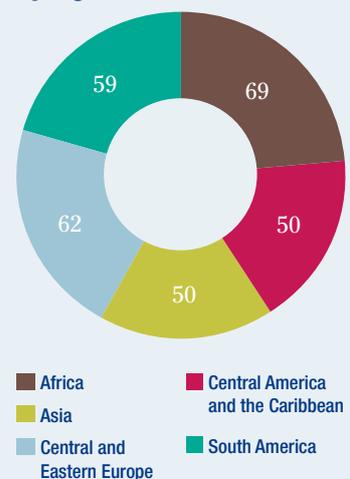
Oikocredit partners

290 at 31 December 2011

By sector

	Financial services	181
	Agriculture	76
	Trade	12
	Livestock/fishery	8
	Manufacturing	7
	Other	6

By region



For videos, stories, events and updates on Oikocredit's cooperative partners visit www.oikocredit.org/international-year-of-cooperatives

Key figures portfolio

at 31 December 2011

● total capital outstanding	€ 520 million
● total number of partners	896
● microfinance partners (of total number of partners)	607
● number of investments since inception	2,396
● average loan size total portfolio	€ 406,287
● average loan size to microfinance institutions	€ 454,597

Social performance

preliminary figures at 31 December 2011

Social performance management is a priority for Oikocredit. We monitor certain social performance indicators to ensure our microfinance partners reach the right target groups and provide services that work towards a positive change in people's lives.

Clients reached by Oikocredit's microfinance partners	over 26 million
● % female clients	84%
● % rural clients	50%
People employed by social enterprises	78,528
● of which permanent jobs	62,630

Latest deals*

at 31 December 2011

RUSSIA – REZERV – RUB 5 million (€ 119,501)

Rezerv is a credit cooperative that provides its members with both financial and non-financial services including loan, savings products and consultation on financial, business and legal matters. The cooperative works with microentrepreneurs living in the rural settlements of the Tomsk region, an area in southeastern West Siberian Plain which is made predominantly inaccessible by thick woods and swamps. Rezerv provides financial services to its members who are workers, employees, pensioners and entrepreneurs with limited or no access to banking services, or average to low income individuals. Rezerv aims to provide an opportunity for its clients to improve living standards, create credit histories and develop their businesses.

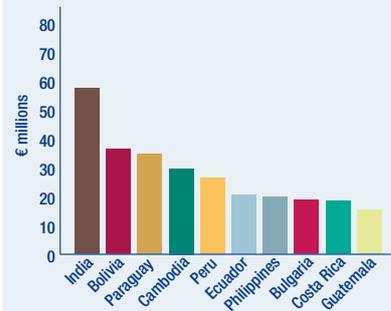
COSTA RICA – FUNDEBASE – CRC 200 million (€ 286,240)

Fundación para el Desarrollo de Base (FUNDEBASE) was founded in 1995 by leaders from five rural organizations working separately to assist small farmers and rural microentrepreneurs. The group combined their efforts to create an organization committed to supporting production, services or agriculture micro enterprises. FUNDEBASE provides its clients with credit, training and technical assistance and facilitates access to financial and donation sources. This first loan from Oikocredit will be used to increase the organization's credit portfolio. The credits will be granted to low-income, micro and small entrepreneurs in rural areas.

* based on approved loan amounts

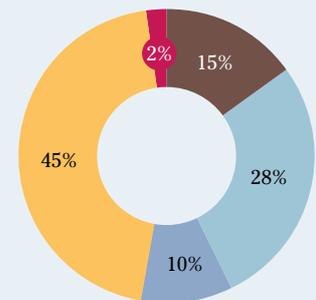
Countries with highest capital outstanding

at 31 December 2011



Funding by region

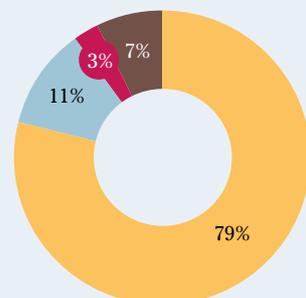
at 31 December 2011



■ Africa
■ Asia
■ Central and Eastern Europe
■ Latin America
■ other regions

Funding by sector

at 31 December 2011



■ microfinance*
■ agriculture
■ trade
■ other

* including microcredit, SME finance and wholesale funding

“We want our money to have a positive influence on the world”



From left to right: Peter Püspök, Franziska Ortner, Günter Lenhart with COCOVICO women's market president Rosalie Botti from Côte d'Ivoire at the 20th anniversary of Oikocredit Austria in 2010. Last year, COCOVICO was awarded the Grand Prize for Solidarity from French newspaper Le Monde and social investing network Finansol.

A regional group of the Catholic Women's Movement based in Austria Ranshofen, supported Oikocredit in an effort to encourage greater gender equality. We asked representative Franziska Ortner why the group chose to invest in Oikocredit.

What was your motivation for buying Oikocredit shares?

We wanted our money to have a positive influence on the world. For us, Oikocredit's mission seems a very sensible escape from the regular 'viscous cycle' of financial transactions, which often put financial return as the top priority. Oikocredit is an ethical investment which also emphasizes the sustainable use of money. So we know our money is working with a good conscience.

How do you think the role of women in the world could be strengthened?

The role of women can be strengthened with access to education and economic independence from men.

What links do you see between the Catholic Women's Movement and Oikocredit?

Oikocredit partners' end-clients are approximately 80% female, and so this is a major contributor to women's global solidarity. Like Oikocredit, the Catholic Women's Movement also supports women's projects in many countries in the South. We are also keen to strengthen awareness of responsible and supportive behavior towards women.

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About us

Oikocredit is one of the world's largest sources of private funding to the microfinance sector. We provide credit and equity to small businesses through microfinance institutions across the developing world and directly to trade cooperatives, fair trade organizations and small-to-medium sized enterprises (SMEs).

We offer a dual return to our investors: social and financial. In addition to earning modest financial returns, investors are secure in the knowledge that their money is being used to fight poverty, promote fair trade and respect our planet's natural resources.

Participation

Interested in participating in Oikocredit?
Please contact the Oikocredit International office:

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