



ECLOF
INTERNATIONAL

PROMOTE SOCIAL JUSTICE
& HUMAN DIGNITY

ANNUAL REPORT 2019

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ECLOF INTERNATIONAL
IS A SWISS FOUNDATION
ESTABLISHED IN GENEVA
IN 1946

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OUR MISSION

ECLOF has a clear mission to promote social justice and human dignity through microfinance.

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

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

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

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

OUR VALUES

HUMAN DIGNITY

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

SOCIAL JUSTICE

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

SOLIDARITY

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

PARTICIPATION

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

CHAIRMAN'S STATEMENT

KIMANTHI MUTUA · CHAIRMAN



On behalf of the board of directors, I am delighted to present ECLOF's annual report for 2019 built around the strategic themes of Innovative Client Services, Churches and Communities Support and Rural and Agricultural Outreach. These themes position the ECLOF network as a socially orientated and client centric network, which focuses on the financial and non-financial inclusion of vulnerable and marginalised communities.

We welcome the 12% growth in the 2019 network micro loan portfolio to a level of USD 46.38 M benefiting 139,000 clients, and are pleased that the growth remained focused on vulnerable communities with 64% of the network loans serving rural clients, and 68% of the loans disbursed to women. While we remain a small network, we are proud of the commitment and consistency of our network to the ECLOF values of human dignity and social justice.

We are delighted to share examples of the ECLOF work, and how the network delivers on these values, in the Report. We hear about the work undertaken in the Dominican Republic to create opportunities for young people, and the comprehensive approach to rural development in Myanmar, which goes beyond the simple concept of only delivering financial services. Our efforts towards a cleaner environment are also captured with stories about impacting lives through green energy loans in Kenya, training clients in hydroponics as a sustainable agricultural technique in Colombia, and promoting organic farming methods in rural areas of the Philippines and Ecuador.

In 2019, we made further progress towards forming partnerships for sustainable growth as ECLOF Kenya transformed its legal structure into an equity-based company, with ECLOF International acquiring a majority shareholding. This is the fourth ECLOF network member adopting an equity-based structure, which presents opportunities to expand services & outreach and attract new equity partners. This

is a major development going forward as we seek to identify and work with equity partners whose values and mission are consistent with ECLOF.

We are grateful for encouragement from our partners as expressed in the Report by Jeannette Lara from the Primate's World Relief and Development Fund. We appreciate our partners' trust in supporting our mission, values and our social performance management that puts clients at the centre of all strategic and operational decisions within the ECLOF network. I would invite readers to visit the ECLOF website (www.eclof.org) where you will find our Social Performance Reports that reflect how individual ECLOF network members deliver on their commitment to be socially responsive organisations.

I write this statement in the middle of the Covid-19 Pandemic, which has had devastating consequences across the entire world, and which will not only negatively impact upon ECLOF in 2020, but will persist beyond 2020. It is the poorest and vulnerable who are impacted the most by this crisis, and ECLOF has a duty and a responsibility to respond to their needs. We, as a network, are working tirelessly to address the needs, but it is also important that governments, international development organisations, funders and donors engage in a pro-active manner. We simply cannot allow the marginalised to be left behind yet again! While we face into an uncertain future at this time, the mission, values and work of ECLOF are more than ever valid and we must be prepared to meet these new challenges.

I would like to convey my gratitude to the ECLOF International Board for their wonderful support, and the ECLOF International staff for their dedication and professionalism throughout the year. I would also acknowledge and thank our network members for their commitment and all the network clients for their trust and confidence in ECLOF.

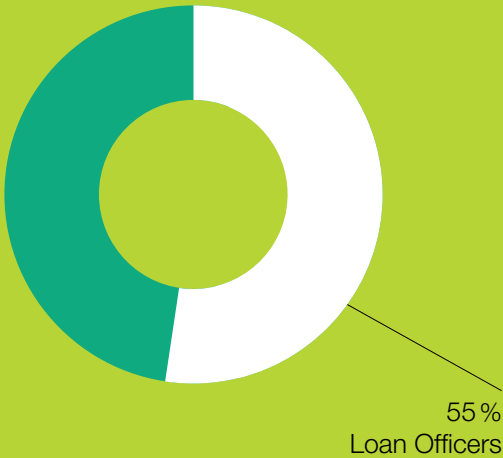
ECLOF NETWORK IN 2019

USD 46.38 M global portfolio
7 % of portfolio at risk > 30 days

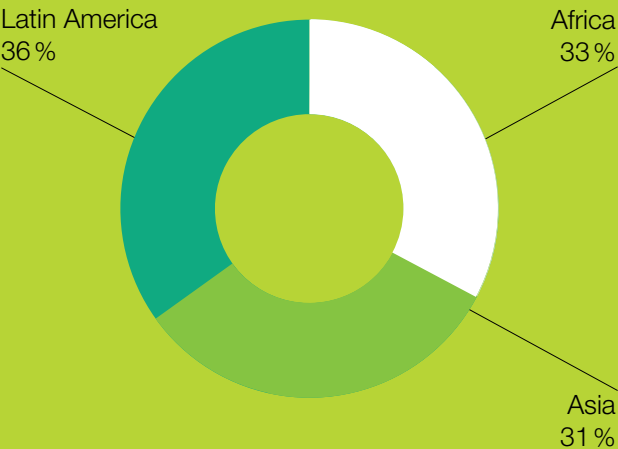
138,622 clients

97 branches
1,014 staff
555 loan officers (55 % of staff)

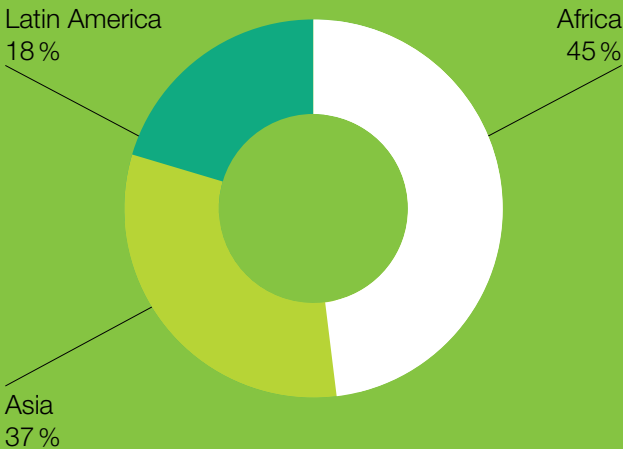
PERCENTAGE OF LOAN OFFICERS



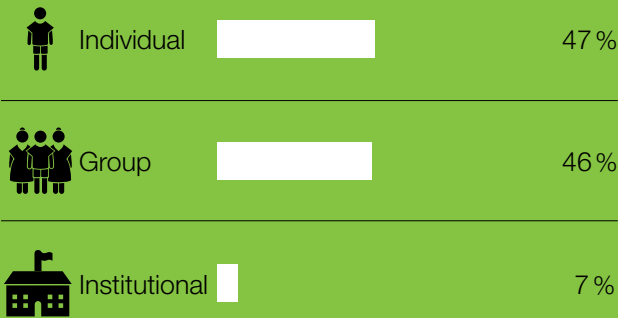
LOAN PORTFOLIO DISTRIBUTION



CLIENT DISTRIBUTION



LOAN PORTFOLIO COMPOSITION



SOCIAL OUTREACH TO BORROWERS



REGIONAL REPRESENTATION



Individual
Group



Institutional



Women
Youth



Rural
Agricultural

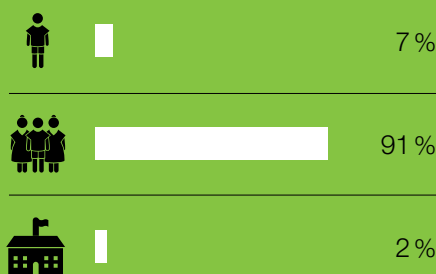
AFRICA

USD 15.39 M loan portfolio
7 % of portfolio at risk > 30 days

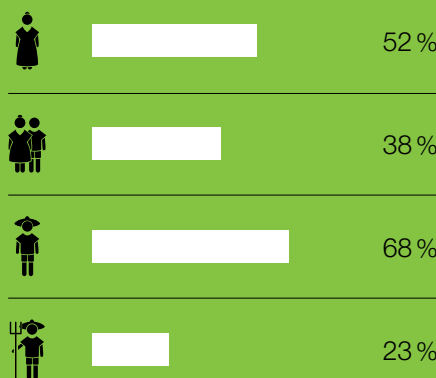
62,944 clients

27 branches
347 staff
185 loan officers (53 % of staff)

LOAN PORTFOLIO COMPOSITION



SOCIAL OUTREACH TO BORROWERS



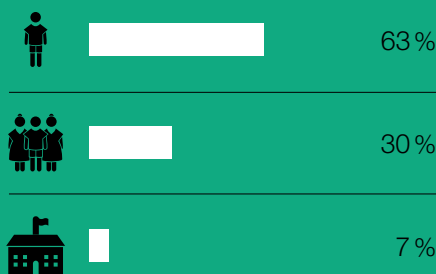
ASIA

USD 14.49 M loan portfolio
9 % of portfolio at risk > 30 days

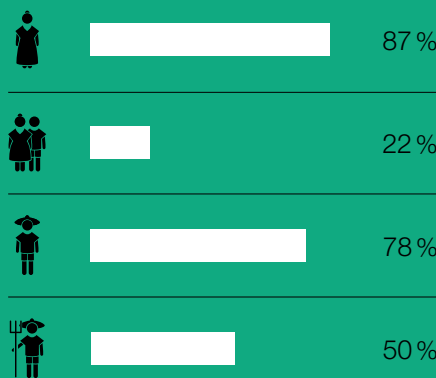
50,597 clients

42 branches
447 staff
266 loan officers (59 % of staff)

LOAN PORTFOLIO COMPOSITION



SOCIAL OUTREACH TO BORROWERS



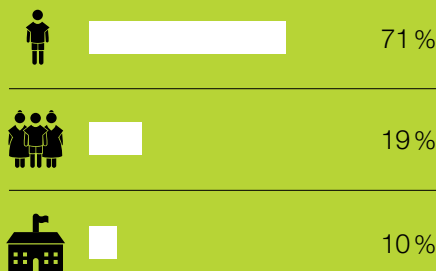
LATIN AMERICA

USD 16.50 M loan portfolio
5 % of portfolio at risk > 30 days

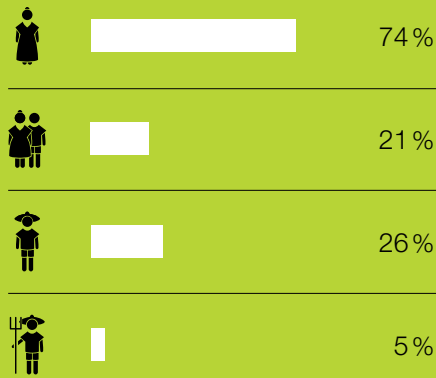
25,081 clients

28 branches
220 staff
104 loan officers (47 % of staff)

LOAN PORTFOLIO COMPOSITION



SOCIAL OUTREACH TO BORROWERS





ECLOF STRATEGIC THEMES

INNOVATIVE CLIENT SERVICES
CHURCHES AND COMMUNITIES SUPPORT
RURAL AND AGRICULTURE OUTREACH



INNOVATIVE CLIENT SERVICES

ECLOF places high emphasis on understanding the needs and preferences of different groups of low-income clients and adapting services and delivery mechanisms to them. Designing products and services that meet those needs is not just a main principle of social performance in microfinance, it is also a driver for success and outreach of microfinance institutions.

One group ECLOF targets specifically are young people: while they form the largest human resource, it is es-

timated that 8 in every 10 youngsters worldwide are excluded from the economic and financial system. An example from the Dominican Republic illustrates how accessible loans from ECLOF combined with training have an empowering effect on young entrepreneurs.

It is generally accepted in the industry that building the capacity of clients greatly enhances the chance of attaining positive social impact. A key part of the service ECLOF delivers to clients is training: in areas like financial management and budgeting, entrepreneurship, home improvement or sustainable agriculture. These services benefit clients and their families—but they also improve repayment performance and increase the loyalty clients feel towards ECLOF.

For example, in Brazil ECLOF has started offering housing loans tailored to the way poor people improve their homes: progressively and over time. And to build the clients' capacity to manage their renovation works, an engineer accompanies the project.

Finally, investing in green energy, clean water and sanitation is becoming ever more important to ECLOF's clients in Africa. Case studies from Kenya and Uganda highlight this.



ECLOF DOMINICAN REPUBLIC

CREATING OPPORTUNITIES FOR YOUNG PEOPLE

Youth unemployment is a worrying issue across Latin America but especially in the Dominican Republic. According to figures from Ceduca, the Centre for Education and Development, the country tops regional statistics with five in ten youngsters aged 15 to 29 unemployed. Sidelining young people from economic and social inclusion has a high cost—both on society and the individual. It cripples a great human resource that could be productive and energetic, thereby weakening the national economy. And it affects youngsters by curtailing their dignity and self-confidence, which can lead to anti-social behavior and health risks.

Microfinance can empower youth through collaboration, giving them responsibility and building skills. A 23-year old client of ECLOF Dominican Republic is a shining example how accomplishment leads to pride and self-esteem.

CLIENT STORY EZEQUIEL

Ezequiel comes from Villa Mella, a poor semi-rural district North of Santo Domingo. His mother raised the 9 children alone when their father died early. At the age of 15 Ezequiel started selling candy with a friend in his neighbourhood to generate some income. Three years later he learned that ECLOF offers small startup loans together with advice on how to run a business. And unlike other financial institutions in the country, ECLOF offers this to young people like him with no credit history. With the first 200 dollars, he purchased inventory for his candy trade. He has had 7 consecutive loans from ECLOF since. He and his partner invested the money in machines for making churros (elongated sweet donuts). Profits were always reinvested to expand the business. They now run four points of sale in the city under the name "El mejor churro" and have hired

four young employees. A new delivery van helps distribute supplies to the different sites. But Ezequiel doesn't stop there: next he plans to set up a small "pica pollo" restaurant.

Ezequiel encourages budding young entrepreneurs to approach ECLOF who offer a chance to motivated people and products adapted to their needs. Thanks to his success, Ezequiel can now support his family and the community where he was born. He is proud to have created jobs and serves as a coach for his young staff whom he keeps reminding: "Work and fight for your dreams, I am the example that where there is a will, there is a way".

ECLOF BRAZIL

INCREMENTAL HOUSING IMPROVEMENT THROUGH A LOAN AND TECHNICAL ASSISTANCE

Shelter is a basic human need that helps people maintain health and personal safety. But many families in the Brazilian state of Bahia live in precarious conditions: in cramped dwellings made of basic materials and often without access to utilities. At the same time, money to make a big investment in their home is scarce, as is reliable technical information. Often clients have been using standard but unsuitable business loans to carry out the work in their house.

The new home improvement loan from ECLOF Brazil (Ceade) offers a solution that fits with the way poor people build: progressively and over time, renovating or adding a bathroom, laying a water or gas pipe, changing a window or replacing a tin roof with a tiled one. The loan offers low interest rates and a term of up to 24 months. The application process is simple and quick. And ECLOF even sends an engineer who assesses the budget and feasibility of the project and accompanies the client throughout the construction phase.

In the last two months of 2019, 27 vulnerable families have benefited from this

new product. They are enthusiastic about a service from ECLOF that empowers them to live in a dignified home.

CLIENT STORY MS. IVA FERREIRA DOS SANTOS

Iva's parents lived in great poverty. From early age, Iva had to work on someone else's farm instead of going to school. As a teenager, she married a farmer whom she helped in the fields. In her spare time, she embroidered and repaired clothes to supplement the family's income.

With 9 children, the Dos Santos family was constantly struggling to make ends meet, even with welfare payments from the government. But Iva and her husband worked enough to afford her a sewing machine so that she could develop her own business. In 2017, Iva joined ECLOF and took a first loan of 200 dollars for sewing materials. With consecutive loans she expanded her sales of tailored clothing. The earned money she invested in the education of her children.

But as a mother she was cooking for her family in a small and unhygienic kitchen. The ceiling was low and one small window barely allowed for ventilation on hot days. On rainy days, the broken roof was leaking. She remembers having to place buckets everywhere to collect the water and still the room stayed steamy for days.

Then her loan officer from ECLOF Brazil offered Iva a new product which was still in the pilot phase: an affordable and unbureaucratic loan of 950 dollars coupled with expert advice on home improvement. With the loan she suspended the ceiling, enlarged the window and covered the walls with ceramic tiles. ECLOF's engineer advised her on the works and the budget from start to finish.

Now the family enjoys better hygiene, air circulation and more light in the kitchen. The walls stop water from entering the kitchen. And everything looks so much nicer than before. For Iva this means a status she could not have dreamed of a few years ago. It fills her with pride and joy. Gratefully she claims that "ECLOF has funded my dream."

ECLOF UGANDA

GROWING THROUGH GREEN TECHNOLOGY

CLIENT STORY RONALD MULINDWA

Ronald Mulindwa, a graduate in electrical engineering, runs a small business selling and installing solar products. He believed from the start that renewables were the future of energy—and growing market demand has confirmed his convictions. Since he started back in 2015, he's steadily been expanding with investment loans from ECLOF. His customers value the many advantages his products offer: they replace dangerous and harmful light sources such as

candles or paraffin oil lamps. They pay off over time from savings on traditional energy sources. And even in on-grid areas, they help bridge the frequent power outages.

Ronald and ECLOF share a mutual collaboration: ECLOF regularly sends him interested customers and in return Ronald recommends ECLOF to customers looking for loan funding for green energy devices. According to Ronald, ECLOF's companionship is "financial, technical and moral". ECLOF loans are adapted to customer needs and dis-

bursed in time. It was with the guidance from his ECLOF loan officer that he felt encouraged to grow his business to the point where he is today: operating four outlets and employing 11 staff. The business has sold and installed solar panels to over 4,200 households.

Ronald is proud to have successfully built his business and created jobs while promoting environmentally friendly technology. With the profits he bought land where he started growing pine-apples—and plans to build a house for his wife and two young children.



ECLOF KENYA

IMPACTING LIVES THROUGH GREEN ENERGY LOANS

In rural Sub-Saharan Africa, 600 million people live without access to electricity. Among them are many of the 40,000 clients ECLOF serves in rural Kenya. They still rely on kerosene, firewood or charcoal for lighting and heating. Those sources are expensive to operate and harmful to the health of the user, not to mention that of the planet. They also pose fire risks. Health problems such as respiratory system infections or eye problems mainly affect women and children who spend more time at home.

To offer clients an affordable alternative, ECLOF Kenya makes loans for green energy, water and sanitation in partnership with local providers. Green energy loans for example are used for investing in solar energy or clean cooking solutions such as clean stoves from Lake Gas Company. Low on carbon emissions and free of fine particles, they preserve the user's health and save them money in operation. In 2019, ECLOF Kenya disbursed 506 green loans with an average amount of 75 dollars.

CLIENT STORY MARTHA NAFULA KHAOYA

Martha is a single mother of six children aged 8 to 26. She's been raising them alone since her husband died in a traffic accident four years ago. Martha joined ECLOF Kenya in 2010 as member of a women's self-help group in her hometown of Kimillili.

Since then she's been developing her business trading cereals, beans and sugar cane, much of which she cultivates herself. She hires four to six seasonal workers to help her plant and harvest, package, transport and sell her produce. She mainly delivers in her region, but sometimes even rents a truck to travel 600 km to Turkana where demand is higher.

In December 2019, her group applied for green loans from ECLOF to purchase gas cookers. Martha got one for herself and another one for her mother for Christmas. She found cooking with liquefied petroleum gas to be cheaper

and faster. Instead of lighting the firewood, she can now dedicate more time to managing her business. While there was an initial investment, she saves money every day on the combustible. She doesn't worry about fire risk anymore and her children can cook safely in her absence. She also feels reassured about the health of her family members who no longer inhale toxic substances. Martha gladly testifies: "These gases are cheaper compared to other suppliers in the market and the accessories are of good quality. I just want to express my gratitude to ECLOF Kenya as a whole for the support they granted me. Thanks to them, I was able to educate my daughter so that she could go to university. I hope that one day she will have the opportunity to also work with the ECLOF Kenya family. Thank you very much ECLOF Kenya and may God bless you all."



CHURCHES AND COMMUNITIES SUPPORT

ECLOF assists micro entrepreneurs and farmers in their activities in the poorest and most remote areas. Because ECLOF applies a solidarity group methodology, forming and empowering groups of local actors is an important theme in our work. In Myanmar, ECLOF takes a comprehensive and participatory approach to rural development: by engaging with villagers to draft a “Village Book” that drives their own development, by operating a Welfare Program for the poorest members of the community and by protecting clients who experience disaster through a self-managed insurance scheme, the Welfare Fund. But ECLOF brings people together in very practical ways as well, as shown in the cases of the century-old value chain of the Palmyra tree in Sri Lanka and the self-help groups of craft women in India.

Churches and communities play a key role in ECLOF's work: through financial assistance and providing tools and materials to support the entrepreneurs' work, thus enhancing the impact of the loan; through linkages with their network of partners; and by connecting ECLOF with potential beneficiaries. Our work would not be possible without the support of Church partners from the global North like the Anglican Church of Canada: Jeannethe Lara from the Primate's World Relief and Development Fund explains how partnership with a microfinance organisation like ECLOF contributes to attaining the international development objectives of the Church: to improve health, food security and livelihoods for the most vulnerable people.



ECLOF MYANMAR

A COMPREHENSIVE APPROACH TO RURAL DEVELOPMENT – ORGANISING PEOPLE IN THEIR COMMUNITIES

ECLOF in Myanmar defines as its mission to “provide responsible financial services to marginalised people who do not have access to quality finance through a program that promotes community development and well-being”. Hereby ECLOF takes a comprehensive approach to rural development that goes beyond plain microfinance services: with training and social programming. ECLOF’s social programming ranges from addressing broader issues like village development to maintaining a safety net for individuals.

To propel local development, ECLOF organises people in villages so as to access ECLOF services together—but also to claim their rights as a group. A key tool used by ECLOF to support and assess individual villages is socio-economic mapping. Mapping leads to a “Village Book” for the village, with base line indicators, participatory success indicators and village development plans. The Village Book enables development actors – both state and non-state – to understand the scenario in the village and to intervene according to people’s expressed needs. It can feed into Township development plans, leading to the state/regional and ultimately national development plans. On the ground ECLOF partners with

the government’s Rural Development Department in creating and following up on the Book, because it is the Rural Development Department which actually carries out development activities. So far data collection and analysis were done for 22 villages, and nine books have been printed and published. All Village Books are recognised by the Department and uploaded to the regional government’s website to inform the development work in the respective villages.

An area that ECLOF serves is Seik Phyu Township, one of the poorest parts of the Dry Zone region. In partnership with Act Church of Sweden, ECLOF has embarked on a mission here to equip clients with the tools needed to lift themselves out of poverty, earn income and build resilience against external shock: the Kyee Ywa Beneficiary Welfare Program. One of the Program’s objectives is to develop grassroot structures for the social protection of vulnerable people within a community. To identify villages, ECLOF invited proposals from several Village Development Committees—a local self-governance body elected by villagers themselves. Six villages were accepted into the Program. Cash grants funded by Act Church of Sweden benefit the

most vulnerable people in their village as selected by the Committee. So far, they have financially supported 26 elderly or disabled people, three pregnant women during their delivery and 50 children for their education.

92% of the nearly 8,000 clients currently served are rural women. Given their vulnerable position in life and society, they face existential risks every day: from accident and illness over animal pest to crop and weather risk. The last thing they need when calamity arises is an unpaid credit. To take this risk away from them, ECLOF operates its own risk mitigation mechanism for clients: the Beneficiary Welfare Fund. If a client inadvertently falls into default due to medical or natural disaster, then the Fund will cover their loan balance so that the client can restart their business. It cushions risks like loss of life, fire, flood, erosion, storm, land slide or loss of livelihood assets. If there is loss of life, the Fund will cover not only the unpaid loan balance but also pay for funeral services. The mechanism is financed by a 1% contribution from each client at loan disbursement. ECLOF tops that up with another 1% from its own income. Since 2013 the Fund has helped 332 clients, paying out more than 20,000 dollars.



ECLOF SRI LANKA

BOOSTING THE ECONOMY OF THE PALMYRA TREE

Up to 30 meters tall, the iconic palmyra (or toddy) palm is synonymous with the livelihood of the Northern people of Sri Lanka. During three decades of conflict in the North of Sri Lanka the palmyra trees suffered, in many areas only trunks remained. The tree thrives in arid conditions and has numerous positive effects on its environment: it controls erosion, stores water for times of drought and shelters many species in its spathe. For local communities palmyra is a sustainable source of a host of products: edibles such as fruits, juice, jaggery (unrefined sugar), arrack (palm wine), even folk medicines, pickled fruits and vinegar; its timber and leaves are used in construction and remains feed cattle. The handicraft and household items made from palmyra are important for the local economy: brooms, mats, and baskets are used by rural people for their daily chores.

In Sri Lanka's Mannar region, ECLOF has long been financing groups of craftsmen and women who produce palmyra products. Recently ECLOF

Sri Lanka with support from the local government's Development Officers expanded its financing and training activities to cover the whole value chain around palmyra: those who prepare raw material from the tree, those who produce the items, who market them locally and others who ship products to other places.

One of the solidarity groups is Velankanni Small Group from Chavattkaddu, Mannar, originally formed by Suman, an award-winning skilled craftsman. The membership of the group is 10 (5 women and 5 men) and they come from different families who've been doing palmyra works for generations. One family can produce 350 pieces monthly. But still all group members have to supplement their income with different side jobs: preparing food, running a grocery shop, or working as a security officer. Each night the group gathers for four to five hours to cut and colour the palmyra branches and produce the items. They share the workshop, buy raw material and market their products together.

20 children depend on the group. When the group was formed ECLOF staff noticed that they had almost no savings. During ECLOF's on-boarding process, they were encouraged to get into the habit of saving a little every day. Now that the group has savings, members can tap into them in times of emergency and don't need to rely on pricey money lenders. Also ECLOF has connected the group with others who engage in adjacent stages of the palmyra value chain like supplying the raw material or distributing finished products. Consequently joining in a group through ECLOF has brought the members not only access to loans and training but also business synergies and spiritual support among each other.

The members of the group plan to take out another loan to open a retail shop so they can sell their products directly. And the group is poised to grow shortly as five new members want to benefit from the brand name the group has made for itself—and from access to loans from ECLOF.



ECLOF INDIA

FINANCING LIVELIHOODS THROUGH TRADITIONAL CRAFTS

The South-Indian town of Kanchipuram is a religious centre where traditional crafts and small industries flourish. ECLOF India serves around 1,700 women through 150 self-help groups in the area. One of those groups is called “Senthura” and it gathers mostly women who earn a living making pottery. While their products continue to find a market as favorites in rural and semi-urban kitchens, the raw material clay becomes increasingly difficult to source for the women artisans. So most of them diversify their businesses to survive. And they turn to ECLOF not only for credit but also for advice on running their business. Here are two women from the group:

CLIENT STORY MRS. K. PREMA, THE FOUNDER OF THE GROUP

Mrs. Prema, 52, lives with her husband and son. The family runs a small pottery shop on a plot of land rented from the local temple authorities. They also raise goats to supplement their income. But they lacked the financial means to grow the business.

In order to access a loan from ECLOF, Mrs. Prema recruited other women of similar profile and they created a self-help group. Each woman got a loan of around 300 dollars. Ms. Prema invested it in raw material for pottery. With a second loan of 450 dollars she expanded her store and bought new goats. Today, the family's financial situation is much more comfortable and Mrs. Prema can finance her son's education at the university.

CLIENT STORY MS. VALLI

Ms. Valli runs a dual business with her family. She specialises in the manufacture of small mud lamps which are used to make offerings in temples. She also sells flowers which she braids into garlands that women wear on their head or use for religious ceremonies.

A big concern of Ms. Valli's was that the family wouldn't be able to afford their second daughter an appropriate wedding. These costly events are socially significant in India, and the family's reputation depends on it. With the income earned from her business, she finally managed to earn enough—and held a memorable wedding.



RURAL AND AGRICULTURE OUTREACH

Rural dwellers need to be able to save, borrow, invest and protect their families against risk. But with little income or collateral, they are often barred from access to loans from banks and other formal financial institutions. And to those willing to bridge the gap, challenges abound: infrastructure is scarce or non-existent in rural areas, clients are far flung, transaction costs are high, and the agricultural yields can fluctuate depending on uncontrollable factors.

ECLOF addresses these issues through locally-rooted financial and non-financial services to rural dwellers and farmers. More than 60 % of ECLOF's clients worldwide reside in rural areas, and 30 % of the loan portfolio is dedicated to agricultural loans. ECLOF offers tailored products and services that are accessible to clients at

the bottom of the pyramid, help them build capacities and increase yields through training and market linkages and reduce risks through micro insurance and emergency loans.

There are 500 million smallholder farms in the world. In Sub-Saharan Africa and Asia, they produce around 80 % of the food consumed. At the same time, most of the world's poor reside in rural areas of developing countries. Enhanced smallholder agriculture can offer a route out of poverty for rural populations while increasing food security. But it needs to be commercially viable and environmentally sustainable.

Organic production methods are on the rise among the smallholder farmers ECLOF attends to. Whether it be in Armenia or Ecuador, local farmers benefit from ECLOF's financial and non-financial assistance in "going organic". With its certified-organic demonstration farm, ECLOF propels this movement in the Philippines. And an example from Colombia illustrates how ECLOF microfinance institutions drive innovation in farming techniques with organic hydroponics.

BEEKEEPING – SARIBEG’S PROFESSION AND PASSION

CLIENT STORY

MR. SARIBEG GASPARYAN

Bees and other pollinators play an essential role for biodiversity and food security. Scientists and agriculturalists around the world worry about the declining bee populations caused by insecticides, the disappearance of natural habitats due to monocultures and climate change. In an effort to raise awareness, in 2017 the United Nations established World Bee Day on May 20. Armenians are fond of their bees and honey is one of the most typical agricultural products in the country. The climate and the Great Plains and forests are favorable factors and many Armenians practice beekeeping on an amateur or

professional level. Obviously, the character and taste of honey depends very much on the region and the specific situation of the hives.

Saribeg Gasparyan started beekeeping in 2,000 in his village of Lusakunk with just 40 beehives. From 2017 onwards, loans from ECLOF allowed him to invest in 50 additional hives. With the earned income he bought two hectares of land as a beekeeping garden.

During the pollination period, Saribeg moves his hives in order to diversify the type of flowers pollinated and obtain polyfloral honey. The quality of his certified organic honey is known far beyond

his region. People come from other provinces to buy it, and he has been steadily growing his production to keep up with demand. In 2019, ECLOF invited Saribeg to an agricultural fair where he found new partners and received offers to export his products to Russia.

Today, he manages 120 hives with his two sons who have studied business and beekeeping. Saribeg is passionate about his profession, and he never stops learning to develop his products. He is described by ECLOF Armenia staff as someone who is motivated, committed, dedicated and hard-working, which are keys to his success!

ECLOF ECUADOR

ORGANIC FARMING AS AN ALTERNATIVE TO FLOWER MONOCULTURE IN THE HIGHLANDS

For centuries the people of Florencia Baja have been farmers of vegetables, corn and fruit. Located 2,300 meters above sea level, the community cultivates over 5,000 hectares of fertile land.

In recent years, however, many youngsters have been migrating from the countryside to the cities in search of jobs. Agriculture did not generate enough income, in part due to the lack of infrastructure such as irrigation. Instead multinational companies have started growing flowers in monoculture, paying labourers a meagre income and flooding the fields with pesticides that harm the harvest hands—most of whom are women.

Through micro loans and training, ECLOF supports the inhabitants of this region in building alternative income sources. Many have only basic education. They feel valued and proud to learn. They are eager to develop personally and professionally. Workshops on topics such as organic farming, personal develop-

ment and leadership attract an average of 70 people per course. And 90% of the women choose to attend ECLOF's courses on rights and self-esteem. During 2019, 108 clients from 20 families have participated and 270 more are waiting. Thereby ECLOF empowers the community members to make a decent living from their soil while staying healthy. This has even drawn some family members back from the cities.

CLIENT STORY

MARCELO CALIGULLIN

For generations the family of Marcelo has been farming the traditional way. Now 43 years old, he himself started at an early age and became a tomato farmer. Two years ago, Marcelo decided to test sustainable methods in spite of harsh meteorological conditions and potential pests. With help from ECLOF, he first carried out a fertility study on a

model plot. He chose rotational crops and replaced pesticides and chemical fertilizers by organic matter. After this successful experiment, he built his own greenhouse that allows cultivation at all times regardless of weather. This construction was only possible with a loan. Marcello was a pioneer and his successful journey inspired other members of his community to follow this path, too. His clean products which he sells on the regional market are very popular. The income has allowed him to finance the development of his agricultural projects as well as the education of his young children.



ECLOF PHILIPPINES

ECLOF NATURE AND ORGANIC FARM: A CERTIFIED REFERENCE CENTRE FOR ORGANIC AGRICULTURE

ECLOF in the Philippines strongly believes that organic agriculture is a crucial investment for communities as it fosters respect for the environment, community health and sustainable livelihoods for farmers. Moreover, local consumers trust the promise of healthier organic food and are willing to pay a premium.

But for farmers the decision to go organic requires determination, sufficient capital and a lot of new theoretical and practical knowledge. This is why ECLOF created the ECLOF Nature and Organic Farm (ENOF) training centre in the province of Palawan in 2014. The centre has become a pole of learning, research, and pooling of knowledge and techniques on organic farming. In 2019, 333 participants went through six organic training courses.

In August 2019, ENOF was awarded organic certification from the OCCP (Organic Certification Centre of the Philippines) for the second consecutive year. As the first local certification body in the country, the OCCP is responsible for ensuring that organic farming procedures comply with standards. It is accredited by the Ministry of Agriculture and works in networks with international certification bodies. This token of national recognition of ECLOF's work has boosted the centre's credibility and popularity, both in terms of the trainings and its own organic production.

Right now only one third of the available land is under cultivation and for 2020 a new plant nursery, new crops and livestock are planned. ENOF is also in the process of becoming an Accredited Agricultural Training Institute (ATI) of

the Department of Agriculture. As an official learning site, they will host their students for the practical part of their training, on-the-job trainings for ATI's scholars and field visits.

The centre sells its certified organic products on local markets and shops. This finances its operation and expansion but it also builds reputation and regional outreach. In 2019, local authorities invited the centre twice to share their expertise with representatives from 70 cities and municipalities in organic farming congresses. These recognitions confirm ECLOF in its choice to invest in organic farming and in the promotion of healthy, safe and sustainable methods.



ECLOF COLOMBIA

TRAINING CLIENTS IN HYDROPONICS AS ANOTHER OPTION FOR ORGANIC FARMING

In Colombia ECLOF offers a whole range of services—financial and non-financial—that are tailored to smallholder farmers adopting organic methods. Some go organic to save on costs and increase earnings while others want to improve their health and lower their ecological footprint. Regardless of their motivation, in ECLOF's trainings they learn how to rotate crops, recycle natural raw materials and make organic fertilizer. And they learn to avoid chemical inputs, genetically modified organisms and synthetic fertilizers.

A new service in this line-up was developed in 2019: training on organic hydroponic cultivation. A technique where the plants' roots are kept in a reconstituted organic environment detached from the soil which in turn allows tight control of temperature and water influx to the

plants. The technique saves on space and water; synthetic chemical fertilizers can be replaced by organic fertilizers. Farmers who don't have access to vast lands can use the technique to earn a living, or they use it to grow produce while their traditional fields rest. Since hydroponics can be practiced in-doors, it is less susceptible to weather risk.

Goal of the training is to equip apprentices as thoroughly as possible so that they are autonomous later on. That's why the hydroponic training is structured as an add-on to previously attended fundamental training on organic farming. Participants will leave the workshop with a sample to cultivate and an ECLOF staff member assigned to coach them during the implementation phase and answer their questions. In summary, this new service offers small-

holders another option to improve their yields while caring for the environment.

CLIENT STORY MS. ROSA SUSPÉS

Ms. Rosa Suspés participates in ECLOF's organic hydroponics program. For the past three years, she has been a client of ECLOF and has attended several training courses to learn how to best run her farm. With hydroponic techniques she hopes to increase her production and generate additional income to support her family.

INTERVIEW

“HOW ECLOF PUTS THE SUSTAINABILITY OF CLIENTS AT THE CORE IS KEY FOR LONG-TERM IMPACT”

JEANNETHE LARA
Primate's World Relief
and Development Fund (PWRDF)



JEANNETHE, PLEASE TELL US ABOUT PWRDF AND WHAT YOUR ROLE IS.

PWRDF is the Anglican Church of Canada's agency for sustainable development and relief. Since 1958 we've been working towards a truly just, healthy and peaceful world. PWRDF works in countries where needs are greatest, partnering with local organisations that serve the most vulnerable. As a Program Coordinator, I manage a diversity of projects, mainly in Africa and Latin America.

WHAT ARE SOME OF THE INTERNATIONAL DEVELOPMENT OBJECTIVES OF YOUR CHURCH, AND HOW DO YOU SEE ECLOF CONTRIBUTING TO THESE OBJECTIVES?

We aim to improve health, food security and livelihoods for vulnerable people. We always look for partners with a transformative impact on the lives of people and communities. ECLOF's approach of supporting smallholder farmers has a really positive impact because it helps farmers diversify their production while increasing their long-term capacity.

For instance in Colombia where we partner with ECLOF to train over 700 smallholder farmers and micro entrepreneurs annually on topics ranging from financial literacy over sustainable agricultural practices to social skills. Or in Kenya where we support ECLOF demo farms run by farmers for farmers. PWRDF sees ECLOF as an organisation that puts the sustainability of their clients at the core of every intervention. This is key for long-term impact. And ECLOF itself also works hard at independence, which is often a difficult balance to achieve in development.

IN YOUR VIEW, WHERE DOES THE ECLOF NETWORK STAND OUT FROM OTHER MICROFINANCE PROVIDERS?

PWRDF had other opportunities to collaborate with microfinance institutions, but what attracted us to ECLOF was first the strong focus on social justice and improving the life of

farmers, women and youth, with not only financial services but also building their capacity.

Secondly, the range of services provided is very appropriate. Themes such as financial literacy, best agricultural and livestock practices, climate mitigation and reduction of environmental damage, and clean water & sanitation, all improve the production of small farmers and quality of life of their families. ECLOF's use of local human resources is also very sustainable and creates local ownership. All technicians and trainers are local. And ECLOF follows a sound strategy of securing collaboration with local government and academic institutions. Finally, the fact that ECLOF is a member of ACT Alliance and part of the Ecumenical family is a positive asset for PWRDF: we're interested in pursuing ecumenical collaboration.

WHAT WERE YOUR IMPRESSIONS MEETING ECLOF CLIENTS AND STAFF IN COLOMBIA RECENTLY?

The visit confirmed that our partnership is effective and that we complement each other's goals and strategies. When we spoke with farmers, they emphasised that ECLOF's staff and services showed real interest in people and their well-being, unlike other financial institutions focused on handing out money. In a workshop on organic hydroponics we attended, ECLOF gathered 13 farmers varying in age, seven of them women, and all with the desire to learn good farming practice. Serving youth and women is important given that women need further financial independence and security and youth need improved capacity to stay in rural areas, work the land and create business instead of migrating to cities where they face great poverty.

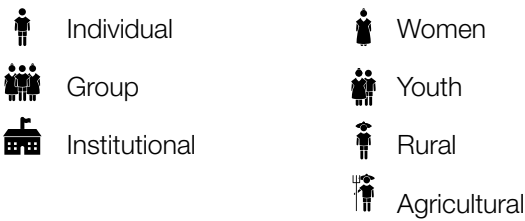
All in all, our partnership is a joint effort to build a better world, where the disadvantaged have an opportunity to address issues affecting their food security, their health, gender inequalities and their environmental conditions. It is a good way to work!











































ECLOF KEY DATA
















NETWORK KEY FIGURES
FINANCIAL STATEMENTS
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NETWORK KEY FIGURES



LATIN AMERICA

	DATA	LOAN PORTFOLIO COMPOSITION		SOCIAL OUTREACH TO BORROWERS	
BRAZIL 	USD 0.18 M portfolio 510 clients 1 branch 7 staff 59 % loan officers	  	94 % 6 % 0 %	   	72 % 27 % 62 % 21 %
COLOMBIA 	USD 2.78 M portfolio 2,576 clients 3 branches 22 staff 44 % loan officers	  	100 % 0 % 0 %	   	51 % 21 % 52 % 27 %
DOMINICAN REPUBLIC 	USD 10.68 M portfolio 20,487 clients 21 branches 180 staff 46 % loan officers	  	78 % 15 % 7 %	   	78 % 21 % 21 % 0 %
ECUADOR 	USD 2.53 M portfolio 1,251 clients 1 branch 7 staff 80 % loan officers	  	8 % 61 % 31 %	   	62 % 14 % 31 % 31 %
JAMAICA 	USD 0.30 M portfolio 257 clients 2 branches 4 staff 50 % loan officers	  	77 % 0 % 23 %	   	55 % 6 % 31 % 7 %

AFRICA	DATA	LOAN PORTFOLIO COMPOSITION	SOCIAL OUTREACH TO BORROWERS
KENYA	 USD 14.32 M portfolio 61,195 clients 24 branches 317 staff 54 % loan officers	 2 %	 51 %
		 97 %	 38 %
UGANDA	 USD 1.07 M portfolio 1,749 clients 3 branches 30 staff 47 % loan officers	 1 %	 69 %
		 72 %	 55 %
		 11 %	 25 %
		 17 %	 24 %
			 16 %

ASIA	DATA	LOAN PORTFOLIO COMPOSITION	SOCIAL OUTREACH TO BORROWERS
ARMENIA	 USD 3.85 M portfolio 2,809 clients 5 branches 38 staff 47 % loan officers	 80 %	 51 %
		 0 %	 23 %
		 20 %	 100 %
			 54 %
INDIA	 USD 1.09 M portfolio 5,890 clients 9 branches 18 staff 50 % loan officers	 1 %	 100 %
		 99 %	 19 %
		 0 %	 59 %
			 6 %
MYANMAR	 USD 1.32 M portfolio 7,712 clients 4 branches 39 staff 51 % loan officers	 0 %	 92 %
		 100 %	 20 %
		 0 %	 100 %
			 69 %
PHILIPPINES	 USD 6.77 M portfolio 24,294 clients 15 branches 311 staff 63 % loan officers	 88 %	 81 %
		 9 %	 24 %
		 3 %	 73 %
			 60 %
SRI LANKA	 USD 1.44 M portfolio 9,892 clients 9 branches 41 staff 56 % loan officers	 9 %	 98 %
		 88 %	 20 %
		 3 %	 80 %
			 35 %

FINANCIAL STATEMENTS

BALANCE SHEET

In CHF as at December 31, 2019 and 2018

ASSETS	2019	2018		2019	2018
CURRENT ASSETS			LONG TERM ASSETS		
SHORT TERM RECEIVABLES			LONG TERM LOANS		
FROM NECS			Long term loans to National		
Bank balances			ECLOF Committees (NECs)		
Short term loans to National	1,919,555	2,805,625	From NECs in which the		
ECLOF Committees (NECs)			entity holds an investment	5,841,969	5,496,952
From NECs in which the			From other NECs	8,787,763	11,611,650
entity holds an investment	1,777,265	730,299	Provision on long term loans		
From other NECs	877,273	2,196,188	From NECs in which the		
Short term interest			entity holds an investment	0	0
receivable from NECs			From other NECs	-1,876,136	-1,984,877
From NECs in which the			TOTAL LONG TERM LOANS	12,753,596	15,123,726
entity holds an investment	15,663	17,143			
From other NECs	10,981	8,071	INTEREST RECEIVABLE		
Management fees and other			Interest Receivable from NECs		
receivables from NECs	54,169	51,351	From NECs in which the		
Provision on management fees	-19,456	-43,075	entity holds an investment	155,113	182,388
NET SHORT TERM			From other NECs	67,759	322,879
RECEIVABLES FROM NECS	2,715,895	2,959,977	Provision on interest receivable	-15,893	-260,875
			NET INTEREST RECEIVABLE	206,980	244,392
OTHER RECEIVABLES					
AND ACCRUED INCOME			LONG TERM INVESTMENTS		
Other short term receivables			Equity Investment with NEC, net	3,632,492	668,948
and prepaid expenses	3,324	7,217	Investment with Oikocredit	13,080	13,172
Accrued income	387,758	189,438	TOTAL LONG TERM INVESTMENTS	3,645,572	682,120
Total other receivables					
and accrued income	391,082	196,655			
TOTAL CURRENT ASSETS	5,026,532	5,962,257	TOTAL LONG TERM ASSETS	16,606,147	16,050,238
			TOTAL ASSETS	21,632,679	22,012,495

INCOME STATEMENT

In CHF as at December 31, 2019 and 2018

LIABILITIES AND FUND BALANCES	2019	2018		2019	2018
CURRENT LIABILITIES AND PROVISIONS			OPERATING INCOME		
Short term loans	40,000	40,000	Contributions from donors	213,923	131,260
Short term interest-bearing loans payable	2,518,318	1,329,748	Management and other fees	328,923	358,412
Accrued expenses	70,942	84,954	Interest income on loans	995,633	982,999
TOTAL CURRENT LIABILITIES AND PROVISIONS	2,629,260	1,454,702	Other income	8,838	23,189
			TOTAL OPERATING INCOME	1,547,317	1,495,860
LONG TERM LIABILITIES			OPERATING EXPENSES		
Interest-bearing loans payable	2,663,433	3,734,492	Operating expenses	-290,127	-260,833
TOTAL LONG TERM LIABILITIES	2,663,433	3,734,492	Employees, consultants and related costs	-708,587	-834,032
FUNDS			Reversal provision on management fees receivable	23,619	10,775
UNRESTRICTED FUNDS			Allocation of contribution technical assistance fund	-184,578	-104,076
Capital fund	15,320,077	15,223,488	TOTAL OPERATING EXPENSES	-1,159,673	-1,188,166
General fund	115,585	113,050	OPERATING RESULT	387,644	307,693
Currency risk fund	481,300	481,760	Financial expenses	-237,940	-184,452
Technical assistance fund	43,787	75,898	Exchange gain/(losses)	-34,118	-10,192
Guarantee fund	368,750	488,683			
TOTAL UNRESTRICTED FUNDS	16,329,501	16,382,879	PROFIT FOR THE YEAR	115,586	113,050
RESTRICTED FUNDS					
Technical assistance fund	10,485	20,576	GENERAL FUND AT DECEMBER 31	115,586	113,050
Guarantee fund	0	419,846			
TOTAL RESTRICTED FUNDS	10,485	440,422			
TOTAL FUNDS	16,339,986	16,823,301			
TOTAL LIABILITIES AND FUND BALANCES	21,632,680	22,012,495			

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