



# Hivos-Triodos Fonds Annual Report 2008





# *Hivos-Triodos Fund Foundation*

ANNUAL REPORT 2008

**Hivos-Triodos Fonds**



# Table of contents

4	General information
5	Report of the Supervisory Board
7	Annual Report of the Board of Management
22	Key figures
25	Annual Accounts 2008 of the Hivos-Triodos Fund Foundation
40	Project descriptions
45	Board of Management and Supervisory Board
46	Sustainability reporting
49	Spanish translation
50	Información general
51	Informe de la Junta Supervisora
52	Memoria anual de la Junta Ejecutiva
64	Address
64	Colophon

◀ All photos in this annual report are clients of microfinance institutions from the Hivos-Triodos Fund portfolio.

# General information

## **OBJECTIVE**

The Hivos-Triodos Fund Foundation (Hivos-Triodos Fund) was formed on 22 December 1994 by the Hivos Foundation and the Triodos Foundation. Its objective is described in the articles of association as follows (article 2): 'The Foundation's aim is to provide guarantees and loans, as well as to bear the risk of participating in projects, to development cooperation enterprises and institutions in the broadest sense. The Foundation is a nonprofit organisation.'

## **GOVERNANCE**

The Board of Management of Hivos-Triodos Fund is formed by Peter Blom and Pierre Aeby who are both members of the Board of Management of Triodos Bank nv. The Board of Management is appointed, suspended and discharged by the Supervisory Board, which also supervises the Hivos-Triodos Fund policy and approves the Annual Accounts. The Supervisory Board is appointed by the Hivos Foundation and is formed by Ms Pauline Bieringa, Mr Philip de Haan, Mr Kees Izeboud, Mr Pieter van den Kerkhoff (chairman), Ms Manuela Monteiro and Mr Marc Woltering.

A contract has been entered into with Triodos Investment Management bv for the management and practical implementation of the policy. This private limited company is managed by Ms Marilou van Golstein Brouwers and Mr Hans Schut. The Fund Manager is Mr Frank Streppel.

## **MODE OF OPERATION**

New applications to Hivos-Triodos Fund are assessed as regards their financial criteria and the impact the business activities of these organisations will have in social and environmental terms. The staff of Hivos and Triodos Bank use their expertise to play a specific role in this process. Hivos evaluates the development relevancy of the applications. A positive evaluation is a precondition for providing credit or for investment. Triodos Bank staff then assess applications on the basis of their financial and institutional criteria.

Both the intake by Hivos and the financing proposal made by Triodos Bank are submitted

to the Hivos-Triodos Fund credit committee. Representatives of both Hivos and Triodos Bank are members of this committee. Final responsibility lies with the Board of Management of Hivos-Triodos Fund.

Hivos-Triodos Fund is responsible for managing the portfolio. Every borrower is reviewed at least once a year to assess whether or not the profile of the relationship still fits within the policy. The management and further development of the portfolio takes place in close consultation with Hivos. The regional offices in Harare (Zimbabwe), Bangalore (India), Jakarta (Indonesia) and San José (Costa Rica) as well as the responsible members of staff at the Hivos head office play an important role in this process.

# Report of the Supervisory Board

**T**he Supervisory Board has approved the 2008 Annual Report and Annual Accounts of the Hivos-Triodos Fund Foundation.

The result for 2008 is EUR 1,112,283 negative (2007: EUR 139,106 negative). This amount consists of an operating profit of EUR 800,602 (2007: 766,376), a negative currency exchange result of EUR 1,112,283 (2007: 905,482 negative) and an addition to the generic provision of EUR 800,602. The currency exchange result will be compensated, as agreed, by the Hivos Foundation.

In 2008, EUR 24,420 was added to the specific provision and charged to the generic provision. The addition to the generic provision of EUR 800,602 brings the level of the generic provision to 8.36% of the portfolio (excluding participations). In view of the fact that the entire addition to the generic provision comes from the operating profit, no appeal will be made to the private guarantors.

Zeist, 2 April 2009

Pieter van den Kerkhoff  
Chairman



Moris Rasik – which means ‘independent life’ in one of the ethnic languages – provides group loans to women in the rural areas of East Timor. The circumstances in which this organisation operates, are challenging. The clients live scattered and the roads are only passable with great difficulty. Electricity is scarce and generators are expensive, which means that the loan administration is often done manually. A time consuming activity in view of the more than 11,000 client the organisation currently serves. Moris Rasik is new in the Hivos-Triodos Fund portfolio. With a loan provided by the Fund, Moris Rasik can realise further growth.

# Annual Report of the Board of Management

**H**ivos-Triodos Fund is a unique cooperation in which the resources and know-how of the Hivos Foundation in the field of development cooperation is combined with the banking and fund management expertise of Triodos Bank. A powerful combination with which Hivos-Triodos Fund aims to make a real contribution to the achievement of one of the most important Millennium Development Goals: halving the number of people who have to survive on less than one dollar a day. Hivos-Triodos Fund sees a catalysing role for entrepreneurship in this and uses its investments to stimulate the development of a financial sector that is accessible to enterprising people from all income groups.

In the countries where Hivos-Triodos Fund is active as an investor, only a limited section of the population has access to financial services. This impedes the socio-economic development of these countries. Hivos-Triodos Fund finances microfinance institutions (MFIs) that are changing this situation by offering a growing number of people access to the financial system and by offering them a broad package of financial services. MFIs provide small loans to people to enable them to start up or expand their own small businesses, thus generating income and creating employment. Good MFIs do this transparently and with due care. They know their clients and make sure they do not borrow too much. In addition to this, an increasing number of regulated MFIs are offering poor people the chance to save. Saving is just as important as taking out a loan. By being able to put their savings safely away in a bank, they are able to save up to pay their children's school fees, for example, or to create a buffer so they can overcome unexpected adversity. Efficient, safe payment facilities are another important financial service. In many countries, money transferred from family members living abroad is one of the most important sources of income. But within the country too, the money people who live and work in the city transfer to family members elsewhere in the country is also essential for developing the countryside. Insurance, too, is a necessary service to protect people from unexpected events. Illness or fire can wipe out years of accumulated reserves in one go and reduce a family to poverty.

These basic financial services enable people to make a living, use their talents and ensure a good future for their children. This creates a robust, sustainable socio-economic basis in society that contributes to the further development of the country. Hivos-Triodos Fund supports this development by making capital and know-how available.

## **DEVELOPMENTS IN THE FINANCIAL SECTOR**

The year 2008 was a turbulent year for the financial sector worldwide. The credit crunch, which started in the United States in 2007, was followed by an international crisis in which many financial institutions ran into difficulty. So far, most developing countries have not felt any direct effect of the credit and financial crisis. Nonetheless, expectations are that they will be indirectly affected by:

- lower investments by international investors
- lower remittances of money from the Diaspora in developed countries (i.e. from family and friends)
- lower levels of development aid due to the pressure on budgets in developed countries.

Most developing countries have therefore already revised their forecasts for economic growth downwards. Experience has shown that bigger companies are hit harder in such situations than small-scale businesses. Consequently, MFIs will be relatively less affected by the financial crisis than commercial banks. MFIs will, however, probably be affected by the pressure on currency exchange rates and reduced availability and higher prices of capital, especially for financing borrowed capital.

Despite the challenges brought by the credit crisis, the microfinance sector worldwide experienced positive development in 2008. Many institutions again underwent strong growth, often by more than 20%. Signs of stagnation, especially from the third quarter onwards, were however visible. This was particularly true for organisations that are dependent on external financing for their growth. Many MFIs have adjusted their growth targets and are now concentrating on consolidation and intensified risk management.

The credit crisis has once again shown us that healthy economies require a balance to be struck between the three production factors: nature, labour/people and capital. This balance has been completely lost in the last few decades due to an overconcentration on capital (*shareholder value*). The focus on short-term profits led to speculation and the creation of complex derived financial products that were sold to investors without adding any actual value and without a good idea of the risk. In many cases, the direct relationship between the lender and the borrower has disappeared, despite the fact that this relationship is essential for the banking system to function transparently and well. The Hivos-Triodos Fund partners are aware that trust and a good relationship with their clients are what justify their existence. Hivos-Triodos Fund supports its partners in building up this vital relationship with their clients by being a stable financial partner itself, and by alerting the institutions to the importance of sound management of risks and transparent communication. When taking decisions on lending, Hivos-Triodos Fund will now more than ever look at the degree to which organisations have hedged their risks and the extent to which they are able to continue to finance themselves to grow further.

#### **PARTNER IN DEVELOPMENT**

##### **EXPANSION MODEL**

Hivos-Triodos Fund supports the growth of MFIs with the aim of creating a good basis from which they can develop further independently. Hivos-Triodos Fund combines banking know-how and its approach with a specific focus on development relevance. Its cooperation with Hivos enables Hivos-Triodos Fund to support an organisation from an early stage in its development until it reaches a level of independence. To this end, in collaboration with Hivos, Hivos-Triodos Fund has developed the Lifecycle Model, which is designed to meet the needs of an organisation throughout the various stages of development.

In the initial start-up phase, an organisation will generally need donations to fund its institutional capacity, as its own revenues are usually insufficient. To tackle this problem, the Hivos Seed Capital programme has been developed for the microfinance sector. This is supported with advice from the investment officers of Triodos

Bank. Hivos-Triodos Fund does not provide any finance at this stage.

#### **HIVOS SEED CAPITAL PROGRAMME**

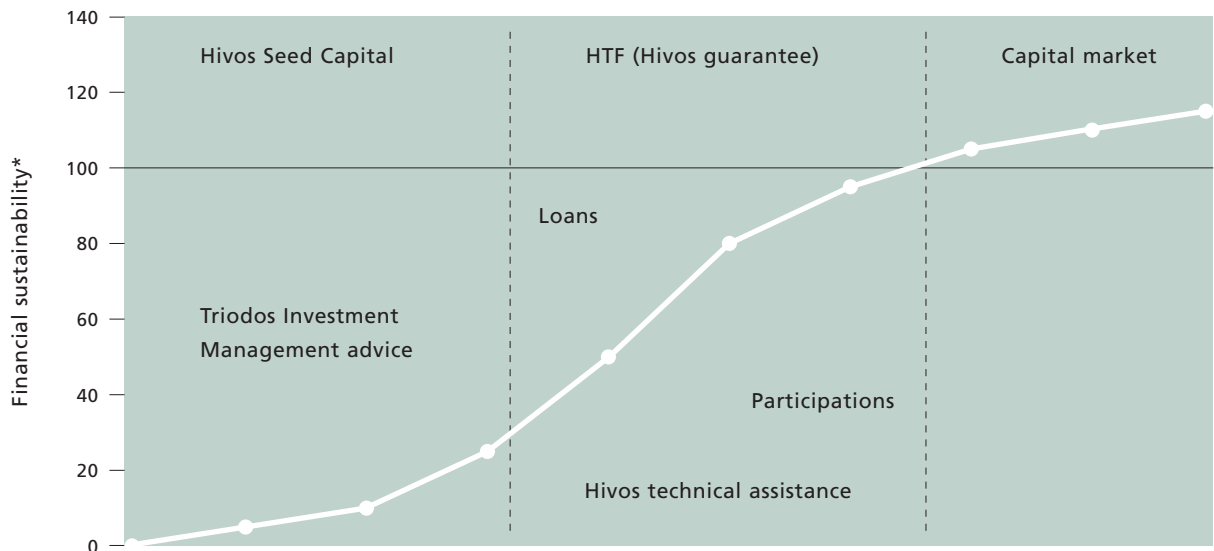
Hivos took the decision to set up a Seed Capital programme in 2001. Its aim was to improve MFIs' access to funding from Hivos-Triodos Fund and local banks. A study carried out by Hivos in 2008 revealed that 70% of emerging MFIs have expanded to become institutionally and financially sustainable MFIs with access to local or international funding with borrowed capital. Five of these MFIs are now Hivos-Triodos Fund partners. In view of the composition of this group – often unregulated non-governmental organisations with target groups who are difficult to reach, frequently viewed by commercial banks as too small and too risky – this is a very good outcome. The study further revealed that an overwhelming majority focuses its services on the lower end of the market and is active in rural and/or remote areas. The number of female clients is high in Asia and is showing clear growth in Africa and Latin America. Many Seed Capital partners provide insurance and savings products in addition to loans.

Only in the subsequent growth phase does Hivos-Triodos Fund begin providing finance to the organisations, and where necessary, Hivos can continue to support the organisation with funds for technical assistance in specific areas. Financing an organisation is still a high-risk proposition in this phase.

Once the organisation has reached the professionalisation stage, it will increasingly be able to attract finance independently on the capital market. Triodos Fair Share Fund is one of the providers in this market. Hivos-Triodos Fund views the expansion of its associates to the stage at which they can receive finance from Triodos Fair Share Fund as an important objective in the development of autonomous, independent organisations. An example of this is Small Enterprise Foundation in South Africa that was supported by Hivos for several years and received funding from Hivos-Triodos Fund, but is now being financed by Triodos Fair Share Fund.

The advantage for both Hivos and Hivos-Triodos Fund is that this Lifecycle Model regularly releases funds that can be used to finance new initiatives (see diagram).

### Lifecycle model



\* Financial sustainability is the extent to which an organisation is able to cover its total expenditure from the income it generates (excluding donations).

### MORIS RASIK OFFERS THE OPPORTUNITY FOR AN INDEPENDENT LIFE IN EAST TIMOR

A good example of the Lifecycle Model used by Hivos-Triodos Fund is the development undergone by its partner Moris Rasik in East Timor. Hivos has supported this organisation for several years through the Hivos Seed Capital programme. By providing training courses and specialised advice, this programme has enabled Moris Rasik – which means ‘independent life’ in one of the ethnic languages – to strengthen as an organisation and establish a strong foundation for further growth, reserving an important role for locally trained staff. Since gaining independence in 2002, East Timor has undergone turbulent development. The economy

grew less than had been expected and the country was affected by violence. Despite these difficult circumstances, Moris Rasik developed well. The institution provides mainly group loans to women in rural areas and now has over 10,000 clients and a network of 11 branches. Moris Rasik has developed an excellent training programme and has an experienced and very motivated team of around 150 staff. As such, it is one of the largest employers in the country. In light of its size and the professionalism of the organisation, Hivos-Triodos Fund provided Moris Rasik with a loan for the first time in 2008 to help it generate further growth.

#### CODE OF CONDUCT TO PROTECT CLIENTS

In 2008, Triodos Investment Management, the investment manager of Hivos-Triodos Fund, was one of the first capital providers in the sector to sign a code of conduct to protect microfinance clients. This code of conduct describes the minimum level of service that microfinance clients can expect from the institutions of which they are clients, including:

- an assessment of the client's repayment capacity to ensure they are not burdened by excessive debt
- transparent prices (including interest rates, commissions, etcetera)
- the collection of outstanding amounts in a way that is not intimidating, abusive or denigrating
- ethical principles for employees, including no corruption
- a clear complaints procedure
- respect for clients' privacy.

Hivos-Triodos Fund has committed itself to these principles and checks that the same applies to the MFIs Hivos-Triodos Fund invests in.

#### EXCHANGING EXPERTISE

Another of Hivos-Triodos Fund's priorities is to promote mutual exchange of knowledge and expertise between MFIs worldwide. In September 2008, for the fifth year in succession, Triodos Investment Management organised an international workshop with representatives from various microfinance banks in Africa, Latin America, and Asia. The participants were senior managers and directors of MFIs who could learn from each other and from the expert guest speakers. The open atmosphere provided a unique forum for discussing opportunities and challenges.

The three themes of this year's workshop were: international expansion, human resource management, and the recurring subject of Triple Bottom Line banking, banking with a balanced concern for people, planet, and profit.

International expansion is important for a growing number of MFIs. Leading MFIs, such as BANEX in Nicaragua and Mibanco in Peru, presented their plans and the reasons behind their expansion into neighbouring countries. Peter Blom, chairman of the board of Triodos Bank, spoke about the strategy in relation to the Triodos branches within Europe, and a partner

of McKinsey & Company contributed to the discussion by comparing the expansion of Western banks with the situation in emerging markets.

The second theme was human resource management and the key factors within this for value-driven organisations. Participants exchanged experiences on how an organisational culture can be created which is centred on the mission and values of the organisation. Feeling powerfully connected to the organisation's objectives guarantees that this culture is communicated and builds an important foundation for involving and motivating employees.

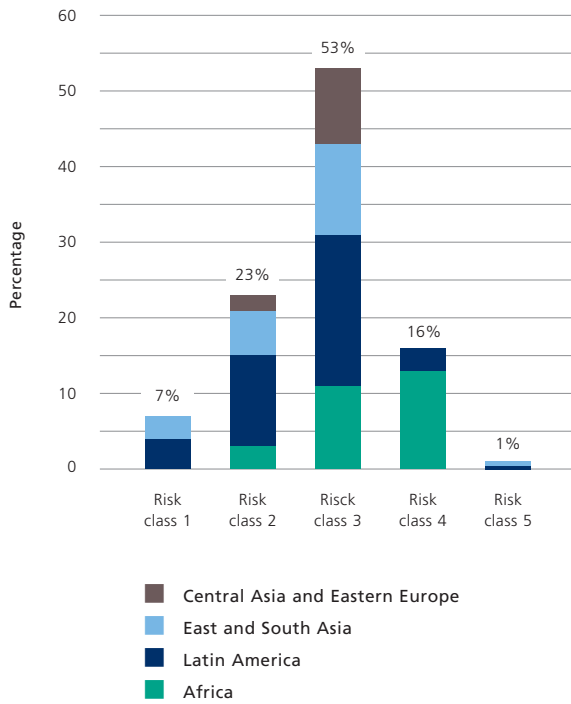
For the third theme, three of Hivos-Triodos Fund's partners from Latin America - BANEX from Nicaragua, Mibanco from Peru, and FFP FIE from Bolivia - presented a project for the development of a ScoreCard, which can be used to focus on target clients and measure the socio-economic development of these clients. The Transparency and Sustainability in Finance Project, which is partly financed by Hivos-Triodos Fund, played a facilitating role in this project.

#### SUSTAINABILITY MANAGEMENT SYSTEM

The aim of Hivos-Triodos Fund is to combat poverty by actively contributing to the development of a sustainable and accessible financial sector. Hivos-Triodos Fund does this within the risk profile established by its partners. In 2007, Hivos-Triodos Fund took an important step in objectively assessing credit risks by implementing its risk classification system. The entire portfolio is classified into risk categories, ranging from risk category 1 (low risk) to 4 (high risk). Category 5 is for clients for whom a provision has been made. The system takes into account various factors such as the country risk, level of maturity of the financial sector and the level of supervision by the regulatory authority.

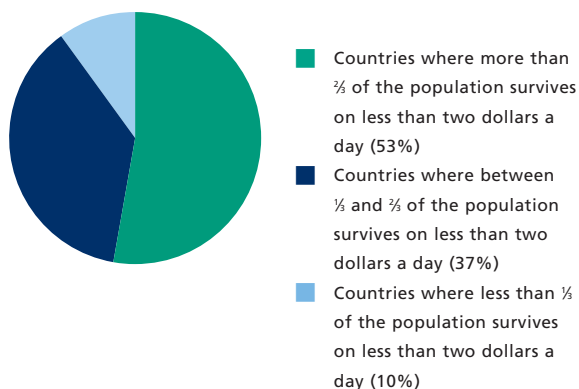
The graph below shows that the greater part of the Hivos-Triodos Fund portfolio is in risk class 3. This sets Hivos-Triodos Fund apart from many other providers who overwhelmingly finance MFIs in risk classes 1 and 2.

### Risk profile Hivos-Triodos Fund

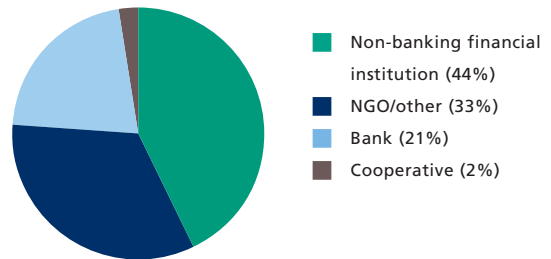


Hivos-Triodos Fund expanded its analyses further in 2008 to make the decisions Hivos-Triodos Fund makes that are relevant to development transparent. The graphs below are concrete examples of this.

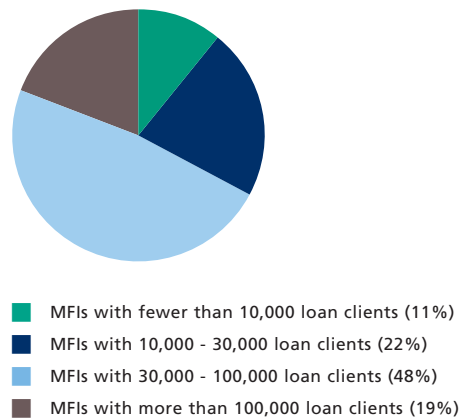
### Poverty level of the countries where Hivos-Triodos Fund is active



### Type of MFIs in Hivos-Triodos Fund portfolio



### Hivos-Triodos Fund portfolio and size of the MFIs



### Explanation

- 53% of the Hivos-Triodos Fund portfolio is in countries where more than two thirds of the population has to live on less than two dollars a day. These are the world's poorest countries with often the least developed financial structure. Most of the African countries where Hivos-Triodos Fund operates come into this category.
- Hivos-Triodos Fund makes a distinction between banks, other regulated financial institutions, cooperative organisations and other non-regulated institutions (mainly NGOs). The graph above shows that 21% of clients have a full banking licence. 35% of clients have no formal form of regulation. This high percentage is characteristic of the relatively early development stage of an organisation at which Hivos-Triodos Fund is able to provide financing.
- Hivos-Triodos Fund wants to form a bridge to financing on offer on the capital market and then reduce its position as the client realises a higher degree of independence. This policy is visible in the low percentage of clients with more than 100,000 active borrowers (19%). 33% of clients have fewer than 30,000 active borrowers.



In light of the initial fast development of microfinance in Latin America, Hivos-Triodos Fund has traditionally had a strong presence in this region. In line with its policy, Hivos-Triodos Fund has diversified its portfolio in recent years, as a result of which investments in Asia have particularly increased. The portfolio in Africa, where Hivos-Triodos Fund is only active in the east and south, again grew slightly in 2008 to EUR 12.2 million. This substantial share of the portfolio serves to set Hivos-Triodos Fund apart from other investors in the sector.

This system will be expanded further in 2009. During their due diligence activities at MFIs, investment officers will focus attention in a more structured way on issues relevant to development, such as:

- Has the institution consciously defined its development policy?
- How does the institution deal with inequalities between men and women, minorities and other disadvantaged groups?
- What is its clients' level of income and how does this compare to the national poverty line?
- Does the institution measure how clients' prosperity develops and how does it report on this?
- How does the institution include environmental issues in its own policy and in the way it deals with applications for loans?

By standardising this analysis, Hivos-Triodos Fund aims to present a sustainability profile of Hivos-Triodos Fund in addition to its risk profile from the end of 2009. Hivos-Triodos Fund wants this profile to make its high degree of development relevance transparent.

#### PORTFOLIO DEVELOPMENT

The total Hivos-Triodos Fund portfolio rose in 2008 by 20.5%, from EUR 36.2 million to EUR 43.6 million. New loans were provided to 23 MFIs, six of which were new clients. Hivos-Triodos Fund entered into one new participation and three participations were increased. Three organisations were provided with new trade finance. The establishment of the Triodos Sustainable Trade Fund, in which Hivos plays the role of catalyst, means that Hivos-Triodos Fund

will continue to reduce its trade finance contracts. Hivos-Triodos Fund financed a total of 58 clients in 2008.

Hivos-Triodos Fund's five largest outstanding finance contracts, expressed as a percentage of the total portfolio, are:

Bellwether Microfinance Fund, India	8.5%
K-Rep Bank, Kenya	6.4%
Bank Andara, Indonesia	4.8%
AMRET, Cambodia	4.1%
Bai Tushum, Kyrgyzstan	3.8%

In light of the initial fast development of microfinance in Latin America, Hivos-Triodos Fund has traditionally had a strong presence in this region. In line with its policy, Hivos-Triodos Fund has diversified its portfolio in recent years, as a result of which investments in Asia have particularly increased. The portfolio in Africa, where Hivos-Triodos Fund is only active in the east and south, again grew slightly in 2008 to EUR 12.2 million. This substantial share of the portfolio serves to set Hivos-Triodos Fund apart from other investors in the sector.

#### PARTICIPATIONS

In contrast to loans, participations are financed by means of an interest-free subordinated loan from Hivos. Hivos consequently bears the full risk of the participations, but is also the beneficiary of any return on the participations. Hivos-Triodos Fund received a total amount of

#### Portfolio by region

(amounts in thousands of euros)

	31.12.2008	%	31.12.2007	%
Latin America	15,082	34.6	12,247	33.9
Asia	11,107	25.5	7,180	19.8
Eastern Europe and Central Asia	4,646	10.7	4,768	13.2
Africa and the Middle East	12,173	27.9	11,962	33.1
Others	564	1.3	0	0.0
	<u>43,572</u>	100.0	<u>36,157</u>	100.0



Fundación Génesis Empresarial (Génesis) has been reaching out to Guatemala's microenterprise community for the past twenty years. In that time they have grown into one of Guatemala's largest provider of microfinance services, reaching 83 thousand clients. Génesis is new in the Hivos-Triodos Fund portfolio and shares the Fund's social commitment. A current project in development is a partnership between Génesis and the Ministry of Health that would allow Génesis to provide vaccination services to their clients.

EUR 728,442 in 2008 in dividends and other income from participations (2007: EUR 530,343).

In general, Hivos-Triodos Fund takes a stake of between 5% and 20% in the shares of an MFI. A senior officer of Triodos Bank is usually appointed to the Board of Directors of the institution and can thus make an active contribution to the development of the organisation. This involves a combination of strategic advice, banking expertise and sustainable planning based on the Triple Bottom Line banking principle.

An innovative participation was made in 2008 in Bank Andara in Indonesia (elaborated below). Apart from that, preparations were made to invest in a business that will enable Hivos-Triodos Fund to hedge part of its currency risk. Details of all the other participations can be found in the project descriptions starting on page 40.

#### **BANK ANDARA IN INDONESIA**

Bank Andara in Indonesia is what is known as a 'wholesale bank' which functions as a strategic partner for the microfinance sector in the country. The bank, founded in 2008, offers a whole range of financial products and other services to local MFIs, enabling them to further professionalise their activities, and offer a growing number of poor people access to loans, savings products, payment facilities and insurance. By so doing, Bank Andara is responding to an enormous need in these institutions, of which around 2,000 operate in Indonesia. The majority of them are unable to develop these services and put them onto the market without assistance due to legal obstacles, the restricted scale on which they operate and a lack of the required knowledge and expertise. This investment in Bank Andara will enable Hivos-Triodos Fund to play a more prominent role in the development of an accessible financial sector in Indonesia.

#### **LOANS**

Hivos-Triodos Fund provides loans to MFIs, which they in turn can use to provide credit to small businesses. Hivos-Triodos Fund primarily finances the growth of the loan portfolio of an MFI with medium-term loans (with an average term of between two and three years) under conditions in line with the market.

New loans were provided to 23 MFIs, six of which were new clients: AMK in Cambodia, BRAC Southern Sudan in Southern Sudan, Moris Rasik in East Timor, D-Miro in Ecuador, Fundación Génesis Empresarial in Guatemala and Mol Bulak Finance in Kyrgyzstan. These new clients all precisely match the profile of Hivos-Triodos Fund. More information about them can be found in the project descriptions.

#### **FUNDACIÓN GÉNESIS EMPRESARIAL IN GUATEMALA**

Its powerful presence in rural Guatemala and a client base primarily made up of women makes Fundación Génesis Empresarial an excellent and welcome addition to the Hivos-Triodos Fund portfolio. The institution has been playing an active role in the country's microfinance sector for over 20 years, growing to become one of the largest players with over 82,000 clients. There is great demand for its services and the loan from Hivos-Triodos Fund will enable Génesis to considerably expand its number of clients.

The table on pages 16/17 shows how the loans portfolio and the number of clients of these institutions have developed and what the percentage of female clients and the average loan is.

Overview of microfinance institutions financed by Hivos-Triodos Fund as at 31 December 2008 and 2007

Institution	Country	Number of loan clients	
		2008	2007
Akiba Commercial Bank	Tanzania	14,316	16,354
AMC	El Salvador	13,570	14,799
AMK	Cambodia	188,698	**
Amret	Cambodia	226,262	187,463
Apoyo Integral	El Salvador	37,233	32,779
Bai Tushum	Kyrgyzstan	19,466	10,538
Banco Solidario	Ecuador	147,006	136,782
Banex	Nicaragua	41,248	54,700
Bellwether Microfinance Fund****	India	943,130	*
Bereke	Kazakhstan	4,892	5,145
Bhartiya Samruddhi Finance	India	531,120	285,476
BRAC Southern Sudan	Sudan	10,402	**
BRAC Tanzania	Tanzania	80,370	64,444
BRAC Uganda	Uganda	62,286	48,405
Centenary Bank	Uganda	92,611	83,408
Crédito Amigo S.A.	Bolivia	8,464	4,009
D-MIRO	Ecuador	36,174	**
Edpyme Confianza	Peru	59,042	47,557
Edpyme Crear Tacna	Peru	*	13,372
Equity Bank Uganda	Uganda	56,148	29,604
Financiera FAMA	Nicaragua	37,296	38,723
FDL	Nicaragua	82,336	71,992
FFP FIE	Bolivia	103,584	88,641
Finca Ecuador	Ecuador	60,233	58,584
Finca MicroCredit Company	Kyrgyzstan	90,686	63,996
Finca Uganda	Uganda	49,503	45,313
Fundación Génesis Impresarial	Guatemala	82,719	**
Fundación José Nieborowski	Nicaragua	*	19,315
KazMicroFinance	Kazakhstan	26,711	27,153
K-Rep Bank	Kenya	61,303	55,006
Maquita	Ecuador	4,669	4,487
Marang	South Africa	***	46,149
Mibanco	Peru	361,085	283,361
Mol Bulak Finance	Kyrgyzstan	7,853	**
Moris Rasik	East Timor	11,229	**
KSPPP Nganjuk	Indonesia	*	*
ODEF Financiera	Honduras	26,562	22,401
Pride Tanzania	Tanzania	106,082	99,258
FFP-Prodem	Bolivia	***	85,690
ProMujer	Bolivia	93,845	90,510
Small Enterprise Foundation	South Africa	54,866	46,598
Socreemo	Mozambique	***	14,280
Thaneakea Phum Cambodia	Cambodia	97,250	73,948
Uganda Finance Trust	Uganda	17,714	16,908
<b>Total</b>		<b>3,949,044</b>	<b>2,287,148</b>

Data provided by the institutions

\* Data not available

\*\* Not financed in 2007

\*\*\* Loan paid in 2008

\*\*\*\* Number of clients relates to Bellwether Microfinance Fund's investee partners

Percentage women		Portfolio (USD x 1,000)		Average loan (USD)	
2008	2007	2008	2007	2008	2007
*	60%	24,719	20,834	1,727	1,274
60%	62%	18,303	15,255	1,349	1,031
85%	**	23,424	**	124	**
84%	83%	54,555	30,274	241	163
67%	71%	56,933	42,677	1,529	1,302
48%	*	36,897	23,504	1,895	2,231
60%	60%	236,098	224,051	1,606	1,638
51%	45%	138,828	125,398	3,366	2,293
89%	*	*	*	*	*
89%	90%	2,841	3,599	581	700
52%	*	*	52,870	*	185
100%	**	*	**	*	**
100%	100%	8,064	5,837	100	91
100%	100%	8,790	4,796	141	99
30%	*	151,490	115,148	1,636	1,381
72%	67%	2,604	1,198	308	299
67%	**	24,437	**	676	**
49%	48%	85,847	62,262	1,454	1,309
*	55%	122,970	19,924	*	1,490
*	*	45,308	23,979	807	810
70%	73%	40,887	31,368	1,096	810
56%	57%	68,793	53,262	836	740
43%	44%	246,187	161,253	2,353	1,819
77%	91%	33,269	27,465	552	469
71%	74%	50,756	33,714	560	527
62%	79%	9,877	10,198	200	225
100%	**	42,784	**	517	**
*	54%	*	18,239	*	944
73%	75%	45,510	53,544	1,704	1,972
44%	64%	79,395	80,946	980	1,471
50%	54%	7,373	7,225	1,579	1,610
***	49%	***	3,540	***	77
68%	56%	781,090	499,502	2,181	1,763
88%	**	3,950	**	503	**
91%	**	2,966	**	264	**
*	*	*	*	*	*
61%	63%	26,413	22,180	994	990
65%	65%	28,336	26,065	267	263
***	50%	***	166,580	***	1,944
95%	95%	28,012	21,402	298	236
99%	99%	7,917	8,496	144	182
***	45%	***	16,675	***	1,168
90%	89%	18,455	12,060	190	163
70%	70%	10,377	8,818	586	52
		<u>2,574,456</u>	<u>2,034,138</u>		

# Triodos Bank



In September 2008 Triodos Investment Management organised for the fifth consecutive year an international workshop with senior representatives from investee microfinance institutions from Peru, Nicaragua, Uganda, Tanzania, Madagascar, The Gambia, India and Cambodia. Hivos-Triodos Fund is a shareholder in several of these institutions. Central themes were international expansion, human resource management and banking on values.

## FINANCIAL RESULTS

### STATEMENT OF INCOME AND EXPENDITURE FOR 2008

Particularly, as a result of the growth of the portfolio, interest revenue went up by 7.9% to EUR 3.2 million.

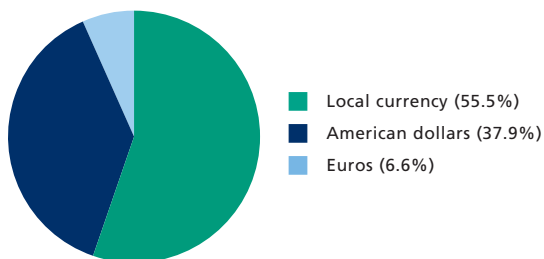
The expenditure concerns the cost of financing, management fees, publicity expenses, accountancy fees and other expenses. The operating result after deducting these expenses rose by 4.5% from EUR 766,376 in 2007 to EUR 800,602 in 2008. The operating result was added in its entirety to the generic provision.

### CURRENCY EXCHANGE RESULT

In 2008, 55.5% of the portfolio was held in local currency (2007: 53.0%). This high percentage is characteristic of Hivos-Triodos Fund.

Hivos-Triodos Fund can afford to take on this considerable risk thanks to Hivos, which is prepared to bear these currency risks. Hivos made a conscious decision to bear these risks because the mainly small-scale partners of Hivos-Triodos Fund are unable to bear or hedge these risks themselves.

### Breakdown by type of financing as at 31 December 2008



The currency risks for financing in US dollars have been hedged using forward exchange transactions. This is not possible for most local currencies. So as not to transfer the currency risks to the MFIS' clients, Hivos-Triodos Fund bears this risk for much of this financing. 2008 was a year of extreme exchange rate movements as a consequence of the financial crisis. Traditionally, exchange rate movements of various local currencies are greatly influenced by the movement in the US dollar exchange rate. Because of the increased degree of uncertainty, however, various local currencies fluctuated wildly in 2008. This resulted in a negative currency exchange rate result for Hivos-Triodos Fund, after setting off the result on forward

exchange transactions of EUR 1,112,283 (2007: EUR 905,482 negative). Hivos guarantees the clearing of this exchange rate loss.

Preparations began in 2008 for a participation in MFX Solutions LLC. MFX Solutions specialises in offering solutions to lower currency risks within the microfinance sector. From 2009, Hivos-Triodos Fund expects to be able to hedge some of its local currency positions through MFX Solutions.

### ADDITION TO THE GENERIC PROVISION

Despite the conscious decision to pursue a high risk profile, the quality of the Hivos-Triodos portfolio, in terms of payment arrears, remained high. No new additions to the specific provisions were made in 2008. The only change involved an addition as a consequence of accrued interest claims on financing already planned.

The risk profile of Hivos-Triodos Fund implies that results can be quite different from year to year, which can result in wild fluctuations in claims on the North-South guarantors. To absorb this, Hivos-Triodos Fund maintains a generic provision of between 5% and 10% of the outstanding loans portfolio. The decision was taken to add the entire operating result of EUR 800,602 for 2008 to the generic provision, bringing it to a level of 8.36%. Because this addition can be borne entirely by the operating result, once more no appeal need be made to the private guarantors for 2008.

## NORTH-SOUTH PLAN

Hivos and Triodos Bank intend their North-South Plan to give private individuals in the Netherlands the opportunity to become involved in financing projects in developing countries. This can be done in two ways:

- Private individuals can open a North-South savings account or internet savings account with Triodos Bank. The volume of these accounts is used as a source of finance for the loan Triodos Bank makes to Hivos-Triodos Fund. The North-South savings account (or internet savings account) is an easily accessible savings account with an interest rate in line with the market.
- Private individuals who want to support Hivos-Triodos Fund even further can act as a guarantor for the facility Triodos Bank grants Hivos-Triodos Fund. For each amount guaranteed by a private individual, Hivos will guarantee nine times as much. In effect, therefore, these private guarantors determine the scope for growth of Hivos-Triodos Fund and form an

important basis for the policy Hivos-Triodos Fund can pursue.

In 2008, Hivos and Triodos Bank collaborated closely to conduct a continuous campaign to generate growth in the volume of North-South savings. This led to the volume of North-South savings growing by 38.0% from EUR 36.0 million to EUR 49.7 million. The number of savers rose by 34.2% to 5,700 in 2008 (2007: 4,246). The volume of North-South guarantees (479 guarantees in total) fell by 13.0% from EUR 2,015,265 to EUR 1,752,756 as a result of the release of 10-year guarantees.

North-South savers are able to donate at least one percent of their interest income to Hivos so it can cover the additional costs associated with the North-South Savings Plan. In 2008, Hivos received a total of EUR 86,819 (2007: EUR 88,053) from North-South savers and other earmarked accounts.

## North-South funds deposited with Triodos Bank

(amounts in euros)

	2008		2007	
	Amount	Number	Amount	Number
North-South deposit accounts	2,951,560	212	2,148,801	198
North-South savings accounts	46,728,719	5,488	33,846,494	4,048
<b>Total</b>	<b>49,680,279</b>	<b>5,700</b>	<b>35,995,295</b>	<b>4,246</b>

## PROSPECTS

The current economic climate requires Hivos-Triodos Fund to look differently at the market and its clients than in previous years. A number of clients are facing challenging market conditions. Apart from that, they may find it more difficult to finance their portfolio and these developments could put pressure on the quality of the portfolio. Clients need stable partners in this climate who can offer financing to enable

their portfolio to grow and who can offer support as they strengthen their business operations. Hivos-Triodos Fund will therefore give more priority in 2009 to supporting and financing the clients it already has by providing additional funding and giving feedback on how the increased risks can be managed. With regard to new clients, Hivos-Triodos will focus specifically on young, innovative MFIs that are active in underdeveloped markets. As such, special atten-

tion will be given to Hivos Seed Capital clients and clients in Africa.

Hivos-Triodos Fund will furthermore follow developments even more closely as part of its own risk management. Extra attention will in particular be focused on such aspects as the quality of the loan portfolio, exposure to foreign currency, the management of liquidities, development of financial margins and financing of growth.

Hivos-Triodos Fund expects to be able to show comparable growth in 2009 compared to previous years. This growth will partly be funded by additions to the budget from Hivos and partly by making the best possible use of the unused portion of the credit facility at Triodos Bank. Hivos-Triodos Fund does not expect any significant change in the regional spread of its portfolio or in the ratio of loans to participations. As in previous years, Hivos-Triodos Fund expects to be able to cover all of its operating costs from its income. Hivos-Triodos Fund has not yet made any forecasts concerning the additions to provisions or the currency exchange result.

Zeist, 2 April 2009

Board of Management

Pierre Aeby

Peter Blom

# Key figures

(amounts in euros)

	2008	2007
<b>Participations</b>	12,805,313	9,543,072
<i>Number of contracts</i>	14	12
<b>Cumulative preference shares*</b>	—	—
<i>Number of contracts</i>	1	1
<b>Loans provided</b>	30,003,578	25,926,155
<i>Number of contracts</i>	66	70
<b>Total portfolio before deduction of specific provisions and including receivables from loans</b>	43,573,768	36,157,157
<b>Committed finance contracts</b>	2,546,710	4,298,022
<b>Equity**</b>	911,640	1,118,442
<b>Generic provision</b>	2,525,619	1,750,437
<b>Result</b>		
Income	3,171,190	2,938,560
Expenses	2,370,588	2,172,184
<b>Operating result</b>	800,602	766,376
Exchange rate result	-1,112,283	-905,482
Addition to the generic provision	-800,602	—
<b>Result</b>	<u>-1,112,283</u>	<u>-139,106</u>
<b>Claim on the private guarantors to set off the addition to the generic provision</b>	—	—
<b>Claim on Hivos Foundation to set off the addition to the generic provision</b>	—	—
<b>Claim on Hivos Foundation to set off the exchange rate losses</b>	1,112,283	905,482

\* The only investment in cumulative preference shares has been completely provided for since the end of 2007.

\*\* After Hivos Foundation had compensated for the exchange rate losses equity came to EUR 2,023,923.





# Annual Accounts 2008

## Hivos-Triodos Fund Foundation

- 26 Balance Sheet as at 31 December 2008
- 27 Profit and Loss Account for 2008
- 28 Notes to the balance sheet and the profit and loss account
- 39 Other information

◀ Loans from Mol Bulak Finance have enabled Valentina Ivanovna in Balykchy, Kyrgyzstan to expand her livestock.

# Balance sheet as at 31 December 2008

Before profit appropriation  
(amounts in euros)

	31.12.2008	31.12.2007
<b>ASSETS</b>		
<b>Fixed assets</b>		
Participations	12,805,313	9,543,072
Cumulative preference shares	—	—
Loans provided	30,003,578	25,926,155
	<u>42,808,891</u>	<u>35,469,227</u>
<b>Current assets</b>		
Currency forward contracts	—	740,714
Receivables and accrued income	434,876	570,381
Liquid assets	1,989,747	1,954,224
	<u>2,424,623</u>	<u>3,265,319</u>
<b>Total assets</b>	<u><u>45,233,514</u></u>	<u><u>38,734,546</u></u>
<b>LIABILITIES</b>		
<b>Equity</b>		
General reserve	2,023,923	1,257,548
Result for financial year	-1,112,283	-139,106
	911,640	1,118,442
<b>Generic provision</b>	2,526,619	1,750,437
<b>Subordinated loans taken out</b>	13,074,527	10,057,447
<b>Long-term debts</b>	23,084,022	24,084,022
<b>Short-term debts and accruals</b>	5,636,706	1,724,198
<b>Total liabilities</b>	<u><u>45,233,514</u></u>	<u><u>38,734,546</u></u>
<b>Committed financing transactions</b>		
Participations	269,211	2,302,856
Loans provided	2,277,499	1,995,166

# Profit and loss account for 2008

(amounts in euros)

	2008	2007
<b>INCOME</b>		
Income from participations	728,442	530,343
Income from participations passed on	-728,442	-530,343
Income from loans provided	3,115,018	2,914,601
Interest on liquid assets	55,509	23,774
Donations received	663	185
	<u>3,171,190</u>	<u>2,938,560</u>
<b>EXPENSES</b>		
Management fee	1,057,081	958,333
Auditors' and consultants' fees	17,326	12,801
Interest charges	1,252,116	1,163,926
Other expenses	44,065	37,124
	<u>2,370,588</u>	<u>2,172,184</u>
<b>Operating result</b>	<b>800,602</b>	<b>766,376</b>
Exchange rate result	-1,112,283	-905,482
Addition to the generic provision	-800,602	—
<b>Result</b>	<b><u>-1,112,283</u></b>	<b><u>-139,106</u></b>

# Notes to the balance sheet and profit and loss account

(amounts in euros)

## GENERAL

The Foundation was set up on 22 December 1994. These Annual Accounts represent the fourteenth financial year, which ended on 31 December 2008.

The original Annual Accounts are drawn up in the Dutch language. This document has been translated into English from the original version. In the event that differences occur between the English and the Dutch version, the Dutch version prevails.

## ACCOUNTING PRINCIPLES

### PARTICIPATIONS

Participations, which are shareholdings that do not serve the long-term interest of the Fund's business and are not similar in nature to investments, are valued at their acquisition price in euros.

Hivos Foundation provides Hivos-Triodos Fund with a subordinated, interest-free loan for financing participations. If a participation has to be revaluated downwards, Hivos Foundation shall waive a corresponding portion of the loan. When a participation is sold, Hivos-Triodos Fund will repay that part of the loan that relates to that participation. Dividends and capital gains from sales will be placed at the disposal of Hivos Foundation. Hivos-Triodos Fund does not owe any management fee in respect of participations; agreements in this respect have been made directly between Hivos Foundation and Triodos Investment Management BV.

### CUMULATIVE PREFERENCE SHARES

Cumulative preference shares are carried at their nominal value net of specific provisions for doubtful debts. Redemption of these shares takes place at their nominal value. Dividends are accounted for in the year they are received.

### LOANS PROVIDED

Loans provided are carried at their nominal value net of specific provisions for doubtful debts.

Projects financed with loans are by nature high risk. Consequently, losses on the original investments must be taken into account. A specific provision is made for anticipated loan losses and the associated payable interest in case a project actually has to be discontinued. The need to make specific provisions depends to a large extent on the quality of the information provided about the progress of the projects.

### OTHER ASSETS AND LIABILITIES

Other assets are carried at income expected. In the case of receivables, account is taken of a possible provision for doubtful debts. Other liabilities are carried at payments expected. A specific provision is made for anticipated claims on guarantees.

### GENERIC PROVISION

Given the nature and the risk profile of the projects, there is insufficient guarantee that the specific provisions created by Hivos-Triodos Fund will be adequate. There is a chance that additional losses will be incurred on outstanding financing transactions. As a result, a generic provision has been created to cover general financing risks, which will be charged to the result. The Fund aims to create a generic provision of at least 5% and at most 10% of the gross value of the cumulative preference shares, loans, guarantees and receivables from loans at the end of the financial year.

Additions to and releases from the specific provisions are charged or added to the generic provision.

#### SETTLEMENT OF LOSSES

The guarantors will be called upon to pay part of their guarantee to cover losses in the portfolio of preference shares, loans and guarantees.

Losses arising from exchange rate results will firstly be charged to the exchange rate differences reserve, entered under equity. If crediting the exchange rate result for the current financial year produces a negative balance in the exchange rate differences reserve, this negative balance will be chargeable to Hivos Foundation.

The loss arising from the addition to the generic provision will be recovered from Hivos Foundation and the private guarantors in proportion to the amount of their guarantee.

#### FOREIGN CURRENCY

Assets and liabilities denominated in foreign currency are converted using the final known exchange rate in the year under review. Movements in balance sheet items and in income and expenses in foreign currency are converted using the average exchange rate for the month in which the movements are reported. Any exchange rate differences this produces will be charged to or added to the result.

Currency forward contracts are entered into to hedge exchange rate differences in loans in US dollars, Peruvian nuevo soles and South African rand. These are recorded at the last known exchange rates in the year under review. Transaction results are charged or added to the result over the lifetime of the contract.

#### **PRINCIPLES FOR DETERMINING THE RESULT**

The result is determined based on the allocation of income and expenses to the corresponding period.

The results for the enterprises in which participations are held are not taken into account when determining the result.

## NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2008

### ASSETS

#### Participations

	2008	2007
Movements in the participations:		
Position as at 1 January	9,543,072	8,303,828
Acquisitions	3,267,023	1,239,244
Sales	-4,782	—
Position as at 31 December	<u>12,805,313</u>	<u>9,543,072</u>

#### Cumulative preference shares

	2008	2007
Movements in the cumulative preference shares:		
Position as at 1 January	38,931	40,768
Exchange rate differences	127	-1,837
Position as at 31 December	<u>39,058</u>	<u>38,931</u>
Movements in the provision for cumulative preference shares:		
Position as at 1 January	38,931	—
Addition charged to generic provision	—	38,874
Exchange rate differences	127	57
Position as at 31 December	<u>39,058</u>	<u>38,931</u>
	<u>—</u>	<u>—</u>

<b>Loans provided</b>	<b>2008</b>	<b>2007</b>
Movements in the loans:		
Position as at 1 January	26,456,244	21,875,407
Loans provided	19,361,986	16,499,121
Repayment	-14,795,227	-10,471,530
Charged to provision for loans	—	—
Exchange rate differences	-509,193	-1,446,754
Position as at 31 December	<u>30,513,810</u>	<u>26,456,244</u>
Movements in the provision for loans:		
Position as at 1 January	530,089	478,595
Addition charged to generic provision	—	75,864
Released to the benefit of generic provision	-10,716	-1,946
Exchange rate differences	-9,141	-22,424
Position as at 31 December	<u>510,232</u>	<u>530,089</u>
	<u>30,003,578</u>	<u>25,926,155</u>
Remaining term of the loans:		
overdue (payable on demand)	—	—
< 1 year	12,106,213	10,724,386
> 1 year and < 2 years	7,466,139	8,099,212
> 2 years and < 3 years	7,780,807	4,715,490
> 3 years and < 4 years	3,055,797	914,115
> 4 years and < 5 years	—	1,897,059
> 5 years	104,854	105,982
	<u>30,513,810</u>	<u>26,456,244</u>

<b>Currency forward contracts</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Specification of currency forward contracts:		
EUR Receivable	9,929,756	7,129,086
USD Payable	-9,124,134	-6,463,183
PEN Payable	-609,451	—
ZAR Payable	-265,756	—
Exchange rate differences for currency forward contracts	-69,585	665,903
Transaction results	39,716	74,811
Position as at 31 December	<u>-29,869</u>	<u>740,714</u>

These are contracts in which Hivos-Triodos Fund has made a commitment to buy or sell the agreed foreign currency amounts on the agreed dates. All contracts have been concluded with Triodos Bank NV.

At year-end 2008, sales contracts worth USD 12,773,787 had been entered into (year-end 2007: USD 9,523,500).

At year-end 2008, sales contracts worth PEN 2,680,000 had been entered into (year-end 2007: PEN 0).

At year-end 2008, sales contracts worth ZAR 3,500,000 had been entered into (year-end 2007: ZAR 0).

<b>Receivables and accrued income</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Specification of receivables and accrued income:		
Receivables from loans	215,587	118,910
Accrued interest on loans	334,537	534,235
Accrued interest on liquid assets	9,227	9,322
VAT receivable	50,487	49,048
Miscellaneous	—	1,070
	<u>609,838</u>	<u>712,585</u>
Movements in the provision for overdue interest and costs:		
Position as at 1 January	142,204	105,188
Addition charged to generic provision	35,136	43,547
Write-off	—	—
Released to the benefit of generic provision	—	—
Exchange rate differences	-2,378	-6,531
	<u>174,962</u>	<u>142,204</u>
Position as at 31 December	<u><u>434,876</u></u>	<u><u>570,381</u></u>

<b>Liquid assets</b>	<b>31.12.2008</b>	<b>31.12.2007</b>
Triodos Bank, EUR current account	596,819	506,215
Rabobank, EUR current account	102,873	189,111
Rabobank, USD current account	962,667	1,258,898
Rabobank, ZAR current account	327,388	—
	<u>1,989,747</u>	<u>1,954,224</u>

The liquid assets are at the free disposal of Hivos-Triodos Fund.

During 2008 the average interest rate percentage on the EUR current account at Rabobank was 3.1% (2007: 2.7%), while that on the USD current account at Rabobank was 1.0% (2007: 2.7%).

LIABILITIES

General reserve	2008		2007	
Position as at 1 January	1,257,548		1,722,446	
Addition of result from previous financial year	766,375		-464,898	
Position as at 31 December	<u>2,023,923</u>		<u>1,257,548</u>	

The general reserve consists of the cumulative results up to and including the previous financial year, increased by the debts remitted by the guarantors up to and including the financial year.

Composition of the general reserve at year-end 2008:

	2008
Cumulative results up to and including 2007	-4,578,178
Remission by guarantors up to and including 2008	6,602,101
Position as at 31 December	<u>2,023,923</u>

The general reserve is made up of the operating result, a loss to be recovered from the guarantors and an exchange rate differences reserve. The loss to be recovered from guarantors at year-end 2008 is the same as the amount not yet remitted by guarantors in respect of losses up year-end 2007. Since 2004, the exchange rate differences reserve has comprised exchange rate profits and exchange rate losses; a negative balance is recovered from Hivos Foundation.

	Operating result	Loss to be recovered from guarantors	Total
Position as at 1 January	1,276,987	-19,439	1,257,548
Addition of result from previous financial year	766,375	-905,482	-139,106
Remission by guarantors	—	905,482	905,482
Position as at 31 December	<u>2,043,362</u>	<u>-19,439</u>	<u>2,023,923</u>

Generic provision		
	2008	2007
Position as at 1 January	1,750,437	1,906,776
Addition to provision for cumulative preference shares	—	-38,874
Addition to provision for loans	—	-75,864
Addition to provision for overdue interest and costs	-35,136	-43,547
Released from provision for loans	10,716	1,946
Addition charged to the result	800,602	—
Position as at 31 December	<u>2,526,619</u>	<u>1,750,437</u>

The generic provision is created for general financial risks as a result of anticipated losses on cumulative preference shares, loans and guarantees. Risks arising from participations are hedged by a subordinated loan from Hivos Foundation.

Subordinated loan taken out		
	2008	2007
Position as at 1 January	10,057,447	8,329,061
Advance	3,060,583	1,732,715
Repayment	-43,503	-4,329
Position as at 31 December	<u>13,074,527</u>	<u>10,057,447</u>

The loan has been provided by Hivos Foundation to finance Hivos-Triodos Fund participations in accordance with agreements laid down in a supplementary cooperation agreement. The term of the loan is indefinite and no interest is payable.

The difference between the balance of the subordinated loan and the balance of the participations is explained by one committed participation still to be paid for which Hivos Foundation has already provided financing.

Long-term debts		
	31.12.2008	31.12.2007
Triodos Bank, loan I	4,084,022	4,084,022
Triodos Bank, loan II	5,500,000	5,500,000
Triodos Bank, loan III	2,500,000	2,500,000
Triodos Bank, loan IV	4,000,000	4,000,000
Triodos Bank, loan V	4,000,000	5,000,000
Triodos Bank, loan VI	3,000,000	3,000,000
	<u>23,084,022</u>	<u>24,084,022</u>

The interest rate for loan I from Triodos Bank amounts to 5.07% and is fixed until 1 January 2012; the loan matures on January 2031.

The interest rate for loan II from Triodos Bank amounts to 4.89% and is fixed until 1 January 2014; the loan matures on 1 January 2037.

The interest rate for loan III from Triodos Bank amounts to 4.40% and is fixed until 1 April 2010; the loan matures on 1 April 2035.

The interest rate for loan IV from Triodos Bank amounts to 4.17% and is fixed until 1 December 2010; the loan matures on 1 January 2036.

The interest rate for loan V from Triodos Bank amounts to 5.50% and is fixed until 1 June 2012; the loan matures on 1 January 2017.

The interest rate for loan VI from Triodos Bank amounts to 4.82% and is fixed until 1 December 2012; the loan matures on 1 January 2017.

#### Short-term debts and deferred income

	31.12.2008	31.12.2007
Currency forward contracts	29,869	—
Triodos Bank, current account overdraft	3,566,658	462,273
Debts to guarantors	18,745	19,439
Management fee	312,471	334,409
Auditors' and consultants' fee	16,980	10,540
Interest payable on Triodos Bank loans	329,794	314,354
Interest and repayment of loans received in advance	1,235,026	397,059
Receipts regarding trade finance and syndicated loans to be transferred to third parties	112,041	46,793
Current account with Triodos Innovation Fund	—	135,886
Miscellaneous	15,122	3,445
	<u>5,636,706</u>	<u>1,724,198</u>

At year-end 2008 the interest rate on the Triodos Bank current account overdraft was 4.32% (2007: 6.50%).

The total current account overdraft provided by Triodos Bank amounts to EUR 7,050,808 (2007: EUR 1,169,068).

The Triodos Bank loans, reported under the long-term and short-term debts are covered by guarantees from third parties. Once the annual report has been adopted, Triodos Bank will in the first instance ask Hivos-Triodos Fund to cover the losses for the financial year with respect to the portfolio of cumulative preference shares, loans and guarantees. Given that Hivos-Triodos Fund is unable to settle this debt, Triodos Bank will then call on the guarantors. After payment, the guarantors will succeed to Triodos Bank's rights in this case, which means that this sum will become a liability owed by Hivos-Triodos Fund to the guarantors. Hivos-Triodos Fund assumes that the guarantors will waive this liability, clearing the general reserve with the waived amount.

At year-end 2008, the debts owed to guarantors comprised the amounts not yet waived by the guarantors in respect of carry-over losses for the period between 1995 and year-end 2002.

## LIABILITIES NOT SHOWN ON THE BALANCE SHEET

### COMMITTED PARTICIPATIONS

	2008	2007
AfriCap Microfinance, South Africa	269,211	514,427
Bank Andara, Indonesia	—	1,500,000
Banex, Nicaragua	—	288,429
	<u>269,211</u>	<u>2,302,856</u>

### COMMITTED LOANS GRANTED

	2008	2007
BoWeevil, Uganda	—	215,000
Shares!, Uganda	—	750,000
BRAC Uganda, Uganda	938,460	351,375
Finca Honduras, Honduras	—	509,127
Maquita, Ecuador	—	169,664
BRAC Southern Sudan, Sudan	319,866	—
BRAC Tanzania, Tanzania	662,030	—
Mol Bulak Finance, Kyrgyzstan	357,143	—
	<u>2,277,499</u>	<u>1,995,166</u>

### LIABILITIES TO PRIVATE GUARANTORS

As of 2004, the new guarantee agreement makes explicit waiving no longer necessary and so Hivos-Triodos Fund applies the basic principle that the guarantors will waive the amount due in respect of carry-over losses. Private guarantors with guarantee agreements dating from prior to 2004 can still legally reclaim any waived amounts in the future. At year-end 2008, this possible liability was nil, given that no appeal was made to private guarantors in the period between 2004 and year-end 2008.

## NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE FOR 2008

### INCOME

#### Income from participations

This includes dividends and positive results on the sale of participations. As agreed, this income is made available to Hivos Foundation.

#### Income from loans provided

This includes interest received on loans provided as well as the administrative fees charged to borrowers when loans are provided.

#### Interest on liquid assets

This includes the interest received on liquid assets.

### Donations received

This includes the interest donated to Hivos-Triodos Fund by Triodos Bank clients, as well as donations from third parties.

### EXPENSES

#### Management fee

The management fee paid to Triodos Investment Management BV is made up of the following two elements:  
A fee of 3.25% (2007: 3.25%) (excluding VAT) calculated over the cumulative preference shares, loans including the exchange rate differences in currency forward contracts for US dollar loans guarantees and receivables from loans at the end of the financial year;

A fee of 2.5% (2007: 2.5%) (excluding VAT) calculated on short-term trade finance with a maximum lifetime of 12 months on the highest outstanding principal sum during the year.

#### Auditors' and consultants' fees

	2008	2007
Auditors' fee	16,940	10,540
Fees for legal advice	386	2,261
	<u>17,326</u>	<u>12,801</u>

#### Interest charges

This includes the interest charges on the Triodos Bank loans, reported under long-term and short-term debts.

#### Other expenses

	2008	2007
Publicity costs	27,995	20,000
Office expenses	16,070	17,124
	<u>44,065</u>	<u>37,124</u>

Office expenses include charges for foreign payment transactions, the cost of courier services, levies and contributions.

#### Exchange rate result

The following items are included in this result:

- Exchange rate differences on loans, liquid assets and other receivables and liabilities in foreign currencies;
- Exchange rate differences on currency forward contracts entered into to hedge the exchange rate risk on loans in US dollars, Peruvian Nuevo soles and South African rand;
- Transaction results from currency forward contracts assigned to the financial year.

## **RELATED PARTIES**

Hivos-Triodos Fund is related to the following legal entities:

- Triodos Investment Management BV manages Hivos-Triodos Fund, for which it receives a competitive management fee.
- Triodos Bank NV is the sole shareholder of Triodos Investment Management BV.
- Triodos Bank NV
  - Triodos Bank NV has provided a current account overdraft at rates in line with the market.
  - Triodos Bank NV has provided six loans at rates in line with the market
  - Hivos-Triodos Fund entered into currency forward contracts with Triodos Bank NV at rates in line with the market.
- Together with Triodos-Doen and Triodos Fair Share Fund, Hivos-Triodos Fund provides financing facilities (syndicated loans) and participations that are managed by Triodos Investment Management BV.

Zeist, 2 April 2009

Board of Management of Hivos-Triodos Fund

Pierre Aeby

Peter Blom

# Other information

## **PROFIT APPROPRIATION**

There are no provisions in the Articles of Association for profit appropriation.

The negative result for 2008 of EUR 1,112,283 is due to the foreign exchange differences result, which is recovered from Hivos Foundation.

## **TO: THE BOARD OF MANAGEMENT OF HIVOS-TRIODOS FUND FOUNDATION**

## **AUDITOR'S REPORT**

We have audited the accompanying annual accounts 2008 of Hivos-Triodos Fund Foundation, Zeist, as set out on pages 25 to 38, which comprise the balance sheet as at 31 December 2008, the profit and loss account for the year then ended and the notes.

## **MANAGEMENT'S RESPONSIBILITY**

Management is responsible for the preparation of the annual accounts in accordance with principles selected and disclosed by the entity. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

In our opinion, the annual accounts 2008 of Hivos-Triodos Fund Foundation are prepared, in all material aspects, in accordance with principles selected and disclosed by the entity, as defined in the notes of the annual accounts.

Utrecht, 16 April 2009

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA

# Project descriptions

## **PARTICIPATIONS**

AFRICAP MICROFINANCE INVESTMENT COMPANY, SOUTH AFRICA, WWW.AFRICAPFUND.COM

AfriCap Microfinance Investment Company (AfriCap) is an investment company that focuses on participations in the financial sector in Africa. After five years, AfriCap reached the end of its investment period in 2007, during which time a portfolio had been compiled with participations in MFIs in Kenya, Mozambique, Madagascar, Sierra Leone, Ghana, Senegal, Egypt, Malawi, South Africa, and Nigeria. One of the significant events that took place in 2008 is the finalization of the sales of shares in Equity Bank in Kenya and the subsequent distribution of the proceeds to the shareholders.

In 2007, AfriCap became a permanent investment company and increased its capital to USD 50 million. Hivos-Triodos Fund similarly increased its participation by USD 750,000 and is represented as an alternate director on the Board of Directors of AfriCap. Since then AfriCap has realized new investments in Cameroon, Niger, Burkina Faso and Botswana, as well as additional investments in its existing portfolio. AfriCap has already disbursed almost USD 30 million of the newly committed capital, representing 64% of total committed capital.

AKIBA COMMERCIAL BANK LTD, TANZANIA, WWW.ACB-BANK.COM

2008 was a year of drastic change for Akiba Commercial Bank. In order to enable the bank to meet the potential the Tanzanian market offers in earlier years it was recognized that the bank would need management support and access to international best practices. In close cooperation between both Tanzanian and international shareholders it was decided to seek a strategic partner. This partnership was defined as 'a party that shares the mission and vision of Akiba and contributes to the bank through management and investment'. After a long selection process Akiba was happy to welcome Accion International, a highly experienced and respected microfinance company. Accion acquired 20% of the shares and manages Akiba Commercial Bank by means of a management contract through which four top positions are filled. The new team came into force during the year and has blended well with the existing management and staff. As one of its first tasks, the team presented an updated strategic plan that focusses on consolidation and capacity building in 2009 and increased expansion thereafter. An important element of the plan is increased focus. By focussing Akiba Commercial Bank expects to better service its core clientele both with credit and non-credit services such as deposit taking and (international) payments. The bank aims to establish itself as a solid and profitable Tanzanian bank and eventually obtain a listing on the Dar es Salaam stock exchange. A senior co-worker of Triodos Bank represents Hivos-Triodos Fund and Triodos-Doen on the Board of Directors.

BANK ANDARA, INDONESIA

On 23 May 2008, a group of investors, among which Hivos-Triodos Fund, signed an agreement to establish the first microfinance wholesale bank in Indonesia: Bank Andara. The new bank was created by the acquisition and recapitalisation of Bank Sri Partha, a local retail bank in Bali. Bank Andara is an initiative of the US based NGO MercyCorps. Bank Andara aims to be the premier, pioneering financial partner of the Indonesian microfinance sector, promoting innovation and massive outreach to the un-banked and under-banked. Bank Andara is expected to give millions of Indonesians chances, by providing financing and innovative financial services, including ATM networks, mobile banking services, remittances, micro-insurance, to over 2,000 bankable MFIs throughout the country. With this investment Hivos-Triodos Fund actively supports the microfinance sector in Indonesia by focussing on the MFIs that are already there and servicing them. Bank Andara will be providing its first loans to MFIs in the first quarter of 2009.

BANCO DEL ÉXITO, NICARAGUA (FORMERLY FINANCIERA NICARAGÜENSE DE DESARROLLO S.A., FINDESA), WWW.BANEX.COM.NI

In October 2008 Findesa fulfilled all the regulatory requirements of the Nicaraguan Superintendency of Banks and became Banco del Éxito (Banex). As a bank, Banex will be able to realise a wider diversification of its products and further improve the service to its clients.

2008 was a turbulent year for Banex. The global economic and financial crisis took its toll on Nicaragua and caused national economic and political turmoil. In June 2008 a riotous credit movement broke out in the rural north of Nicaragua where creditors refused to repay their loans from various MFIs and demanded loan rescheduling

against unrealistic terms. This movement received political support. In the midst of these riots it became clear how important it is in the microfinance sector to assess the client's payment capacity in advance and anticipate with the client on difficult times. And, equally important the client should be offered sound and fair loan collection and rescheduling procedures. Fortunately, Banex had recently introduced an Ombudsman and as part of the process to become a bank, was going through a thorough revision of its loan portfolio and internal procedures. Therefore, Banex had good insight in the real problem cases that needed rescheduling and could approach these clients on a case-by-case basis without having to give in to the movement's populist demands. In 2008 the loan portfolio grew from USD 125 million to USD 139 million, serving 41,248 clients. Banex, together with Mibanco in Peru and FFP FIE in Bolivia, leads the LASOL project that aims to integrate social scoring impact into its overall business model. In 2008, Hivos-Triodos Fund purchased additional shares.

#### BELLWETHER MICROFINANCE FUND, INDIA, WWW.BELLWETHERFUND.COM

Since its foundation in 2005, Bellwether Microfinance Fund (Bellwether) has developed to become the leading microfinance fund in India. Bellwether specialises in participations in small but promising MFIs, both existing and new start-ups. In addition, the fund provides services to existing financial institutions that want to develop microfinance activities. The fund has so far invested in 14 financial institutions, allowing it to reach out to some 943 thousand small businesses. Hivos-Triodos Fund was one of the joint founders of the fund; Triodos-Doen also became a shareholder in 2007. In the coming years Bellwether will continue focusing on those areas of India where microfinance activities have not yet been developed, or only on a very limited scale.

A senior co-worker of Triodos Bank represents Hivos-Triodos Fund and Triodos-Doen on the Board of Directors and the investment committee.

#### BHARTIYA SAMRUDDHI FINANCE LTD, INDIA, WWW.BASIXINDIA.COM

The main goal of Bhartiya Samruddhi Finance Ltd (Samruddhi) is to promote entrepreneurship among people with low income. Samruddhi mainly works with economically active rural households, engaged in agriculture, livestock earning, household manufacturing or services activities. The company works in an integrated way providing credit, technical assistance and support services such as input supply or market linkages, where needed. 2008 was a good operational year for Samruddhi, the most important company within the Basix Group. Its portfolio grew, while profits went up by more than 80% compared to the year before. Furthermore, the quality of the portfolio has remained at a high level. In addition to credit facilities, Samruddhi offers its clients insurance policies and targeted agricultural and business services and training programs. In the field of agrarian support, Samruddhi promotes organic cultivation without the use of pesticides. At the end of the financial year 2008, the organisation had more than 531,000 loan clients.

A senior co-worker of Triodos Bank represents Hivos-Triodos Fund on the Board of Directors.

#### CENTENARY BANK, UGANDA, WWW.CENTENARYBANK.CO.UG

With 92,611 loan clients (2007: 83,408), 729,378 savings clients (2007: 630,210), and 32 branches (2007: 27), Centenary Bank is the second-largest bank in Uganda in terms of the reach of its services. With its low access threshold and relatively low tariffs, Centenary Bank has earned the reputation as a bank for all Ugandans. Centenary bank is the market leader in microfinance in Uganda with a rural focus. Centenary Bank continues to strengthen its customer service and is now serving more than half of its transactions through electronic channels (ATM, SMS phone banking and internet banking). In 2008 Centenary has been growing its loan portfolio quicker than its deposits and therefore has been financed by Hivos-Triodos Fund in syndication with Triodos-Doen and Triodos Fair Share Fund. The loan will enable Centenary to continue to grow its microfinance portfolio. Hivos-Triodos Fund is playing an active role in this process and is represented on the Board of Directors by a senior Triodos Bank co-worker.

#### FONDO FINANCIERO PRIVADO PARA EL FOMENTO A INICIATIVAS ECONÓMICAS S.A., BOLIVIA, WWW.FFPFIE.COM.BO

Fondo Financiero Privado para el Fomento a Iniciativas Económicas S.A. (FFP FIE) again realised a considerable growth in 2008. The loan portfolio increased by 53% to more than USD 246 million, whilst savings grew by 48% to almost USD 165 million. Despite political and economical uncertainties in Bolivia during 2008, FFP FIE expanded its network in Bolivia even further – with 69 agencies and 64 distribution centres, of which 26 are in rural areas, FFP FIE now has presence in all the provinces of the country.

In 2008, FFP FIE paid a dividend to its shareholders. In addition to the reinvestment of 80% of its share in the

2007 profit of FFP FIE, (Hivos-Triodos Fund, together with Triodos Fair Share Fund and Triodos-Doen,) purchased additional shares in FFP FIE in 2008 to ensure there was sufficient capital available for future growth.

During 2008, FFP issued a separate annual report 2007, dealing with social and environmental aspects of its operations. This being one of the outcomes of the Transparency and Sustainability in Finance project in which FFP FIE has participated in the last few years

A senior Triodos Bank co-worker represents Hivos-Triodos Fund, Triodos Fair Share Fund and Triodos-Doen as alternate director on the Board of Directors.

MIBANCO S.A., PERU, WWW.MIBANCO.COM.PE

Microfinance bank Mibanco in Peru offers a variety of credit, savings and payment products. The bank provides working capital, investment loans, and home improvement loans to micro and small business entrepreneurs, but also offers current accounts, savings accounts and deposit accounts to private individuals. Groups of businesses can also go to Mibanco, for example if a group of market stallholders want to collectively convert their open-air market into a shopping centre. Mibanco experienced significant growth in 2008. The number of loan clients grew from 283,361 to 453,188 and the loan portfolio grew from USD 500 million to USD 781 million. Mibanco added eight new offices to its network, and had 89 offices throughout the country by the end of 2008. To increase its geographical outreach, Mibanco opened two mobile offices (refurnished busses) that move around between various small villages in remote areas.

Mibanco recognizes the importance of its human capital and is committed to create a satisfactory work environment so that all employees can grow in their talents and capacities. In 2008 Mibanco, together with a local business school, set up a specialised three months training programme for senior loan officers to gain a deeper knowledge of microfinance and stimulate innovation from the bottom up. And once more Mibanco paid a dividend to its shareholders in this year. Mibanco, together with BANEX in Nicaragua and FFP FIE in Bolivia, lead the LASOL project that aims to integrate social impact scoring into its overall business model.

#### **NEW LOAN PARTNERS**

ANGKOR MICROFINANCE KAMPUCHEA LTD, CAMBODIA, WWW.AMKCAMBODIA.COM

Angkor Microfinance Kampuchea (AMK) serves the lower economic segments in Cambodia and focuses mainly on poor households in rural areas. As of December 2008 AMK has 188,698 active borrowers and operates out of 20 branches covering each province in the country. With its operations AMK covers 29% of all villages in Cambodia. The MFI distinguishes itself in the Cambodian market in terms of flexibility of products, interest rates, emergency loans and loans write off feature in case of the the death of a client. The loan provided by Hivos-Triodos Fund enables AMK to realise a further growth in the coming years.

BRAC AFRICA LOAN FUND, UGANDA, TANZANIA AND SUDAN

In 2008 Hivos-Triodos Fund invested in BRAC Africa Loan Fund. BRAC is a Bangladesh-based development organization that operates with the dual objectives of reducing poverty and empowering the poor. The BRAC Africa Loan Fund will lend debt capital to provide microfinance loans to poor borrowers in Tanzania, Uganda and Sudan. The BRAC Africa Loan Fund provides long-term, local-currency funding that will enable BRAC to extend its microfinance services to over 700,000 borrowers through over 200 branches across Uganda, Tanzania and Sudan. The Fund represents the largest single financing to date of a southern hemisphere development organization expanding into Africa. The Fund will aggregate US dollar loans from investors through a special purpose company. Hivos-Triodos Fund's investment will be used make local currency loans to BRAC Uganda, BRAC Tanzania and BRAC Southern Sudan over a period of seven years.

FUNDACIÓN PARA EL DESARROLLO MICROEMPRESARIAL D-MIRO, ECUADOR, WWW.D-MIRO.COM

Fundación para el Desarrollo microempresarial D-Miro (D-Miro) started in Ecuador as a programme of Mission Alianza, a Norwegian NGO, in 1997. Since 2006 the organisation operates as independent foundation offering microfinance through a network of eight branches in the coastal zone of Ecuador. D-Miro manages a portfolio of USD 32 million offering individual and group loans to 36,174 clients. The organisation has a strong mission to focus on the lower end of the market, especially women. In partnership with Mission Alianza D-Miro also offers microenterprise loans to people living with HIV/AIDS or their family members.

FUNDACIÓN GÉNESIS EMPRESARIAL, GUATEMALA, WWW.GENESISEMPRESARIAL.COM

The non-profit, private financial organization Fundación Génesis Empresarial (Génesis) has been reaching out to Guatemala's microenterprise community for the past twenty years. In that time they have grown into one of Guatemala's largest provider of microfinance services, reaching 82,719 borrowers of whom 80% are women. Their focus on women entrepreneurs, the lower end of the market, and their ability to reach out to individuals in more rural areas through their extensive network of 54 branches covering all of Guatemala's regions make this MFI an interesting new client for Hivos-Triodos-Fund. Génesis also shares the Fund's social commitment, a current project in development is a partnership between Génesis and the Ministry of Health that would allow Génesis to provide vaccination services to their clients.

MOL BULAK FINANCE, REPUBLIC OF KYRGYZSTAN, WWW.MOLBULAKFINANCE.KG

The mission of Mol Bulak Finance (Mol Bulak) is to provide micro entrepreneurs all over Kyrgyzstan with fast and flexible financial solutions. Mol Bulak's is strongly focused on serving rural households with income-generating activities, mostly based on farming, livestock-breeding and small-scale trade. Although a relatively young institution, Mol Bulak can already be considered as one among five main microfinance providers in the country, with a very high ambitious to provide borrowers with first-class services, fast and easy to access for everyone. In order to achieve this, Mol Bulak has decided to serve clients through its nationwide branch network 365 days of the year, a rare approach not only in Central Asia for a financial institution to satisfy its customers' needs on a high level.

MORIS RASIK, EAST TIMOR

Microfinance institution Moris Rasik, established in 2000, provides mainly group loans to women from poor households in rural and semi urban areas in East Timor. Moris Rasik operates in a very challenging environment. A poor infrastructure, limited administrative capacity and nascent institutions, and a volatile political situation makes East Timor to one of the least developed countries in the world. Throughout the years Moris Rasik has gradually expanded its activities and, by the end of 2008, operates out of 11 branch offices in 16 districts, serving 11,229 clients. Moris Rasik is an example of an institution that has expanded its activities with the help of the Hivos Seed Capital programme into an institution that is now able to cover its costs and attract more commercial sources of funding. In the light of the strength and solid growth of the organisation Hivos-Triodos Fund provided Moris Rasik with a first loan in 2008.

## **EXISTING LOAN PARTNERS**

Allpa, Peru

Amret, Cambodia

Bai Tushum, Kyrgyzstan

Banco Solidario, Ecuador

Bereke, Kazakhstan

Crédito Amigo, Peru

Edpyme Confianza, Peru

Edpyme Crear Tacna, Peru

Equity Bank Uganda (formerly Uganda Microfinance Ltd), Uganda

FAMA, Nicaragua

FDL, Nicaragua

Finca Ecuador, Ecuador

Finca MicroCredit Company, Kyrgyzstan

Finca Uganda, Uganda

KazMicroFinance, Kazakhstan

K-Rep Bank, Kenya

KSPPP Nganjuk, Indonesia

Maquita, Ecuador

Marang Financial Services, South Africa

Fundación José Nieborowski, Nicaragua

Edpyme Nueva Vision, Peru

ODEF Financiera, Honduras

FFP Prodem, Bolivia

Pride Tanzania, Tanzania  
Pro Mujer, Bolivia  
Small Enterprise Foundation, South Africa  
Socrema, Mozambique  
TPC, Cambodia  
Uganda Finance Trust, Uganda

#### **TRADE FINANCE**

In 2008 Hivos-Triodos Fund provided trade finance to pre-finance export contracts for certified organic and/or Fair Trade products to the following organisations:

bioRe Tanzania, Tanzania (organic cotton)  
Central de Cooperativas Agrarias Cafetaleras 'Cocla', Peru (organic coffee)  
Gebana Brazil and/or Gebana AG and/or Gebana BV, Brasil (organic soy)  
Rainforest Exquisite Products S.A., Bolivia (organic Brasil nuts)  
Shares! Uganda Ltd and/or BoWeevil BV, Uganda (organic sesame seed)  
Weleda AG and/or Biofresh (Pty), South Africa (essential oils)

# Board of Management and Supervisory Board

## **BOARD OF MANAGEMENT**

Mr Pierre Aeby

Mr Peter Blom

## **SUPERVISORY BOARD**

Ms Pauline Bieringa

Mr Philip de Haan

Mr Kees Izeboud

Mr Pieter van den Kerkhoff (Chairman)

Ms Manuela Monteiro

Mr Marc Woltering

## **TRIODOS INVESTMENT MANAGEMENT BV**

Ms Marilou van Golstein Brouwers

Mr Hans Schut

Mr Frank Streppel (Fund Manager)

# Sustainability reporting

Hivos-Triodos Fund is managed by Triodos Investment Management BV, which is a 100% subsidiary of Triodos Bank NV.

All investment funds report separately on their financial performance in an annual report. The co-workers involved in the management of these funds are employed by Triodos Bank. The social and environmental impacts of their activities are reported within Triodos Bank's annual report.

The 2007 Annual Report of Triodos Bank is an integral sustainability report and is produced using the Global Reporting Initiative's (GRI) sustainability reporting guidelines. These guidelines provide an internationally consistent format for information about a company's performance, particularly with regard to social and environmental issues. For reporting in 2007, Triodos Bank uses the third generation of GRI guidelines published in October 2006 and the GRI Financial Services Sector Supplements 'Environmental Performance' and 'Social Performance', first published in November 2002. More about the GRI and its reporting guidelines can be found at [www.globalreporting.org](http://www.globalreporting.org)

Hivos-Triodos Fund aims to make a real contribution to the realisation of one of the most important Millennium Development Goals: a halving of the number of people who have to survive on less than one dollar a day. Hivos-Triodos Fund sees a catalysing role here for business enterprise and stimulates with its investment the development of a financial sector that is accessible to enterprising people from all layers of the population. Furthermore, the Fund concentrates on the development of small-scale, preferably organic, agriculture through the promotion of fair trade.

Further information on the social and environmental performance of Triodos Bank and its investment funds can be found in the Annual Report of Triodos Bank, which can be downloaded from: [www.triodos.co.uk](http://www.triodos.co.uk)

## **CLIMATE NEUTRAL OPERATIONS**

Triodos Bank takes responsibility for its CO<sub>2</sub> emissions. The bank's environmental policy includes a three-step approach - firstly to reduce energy consumption as much as possible, secondly what can't be saved is sourced from renewable energy providers, and, thirdly, residual emissions (from gas consumption, paper usage, business travel and commuting) are compensated for by buying CO<sub>2</sub> credits. The credits are a mix of sequestered CO<sub>2</sub> from tree plantations and renewable energy projects. The use of volatile organic compounds and compounds that destroy the ozone layer are avoided. Triodos Bank calculates its greenhouse gas emissions by using the method detailed in the Greenhouse Gas Protocol, an initiative of the World Business Council for Sustainable Development and the World Resources Institute.

The management of funds, including Hivos-Triodos Fund, that invest in developing countries, Eastern Europe and Central Asia involves a lot of travelling, including intercontinental flights. This has a direct impact on the environment. In 2008, 66% of Triodos Bank's flight kilometres were related to the management of funds in developing countries. The resulting CO<sub>2</sub> emissions are fully compensated for.



# INCA MAR

"MHOREC"  
EVENTOS Y PIÑATAS  
BRINDAMOS SERVICIO S.L.R.  
TODOS, ESTADOS  
MESAS, SILLAS



PRINCESA 2.60

NORTEÑA (ARROZ) 2.20

VALLE I el Norte

MANEJIA RIE 2.40

FARAON NIA RENDIDO 2.90

RICO RENDIDO 2.70

5Lube.L REND 2.60

ARROZ FARAON

GLORIA

COCA COLA

# Spanish translation

**OBJETIVO, GOBIERNO, MODO DE OPERACIÓN, INFORME DE LA JUNTA SUPERVISORA Y  
MEMORIA ANUAL DE LA JUNTA EJECUTIVA**

Esta sección es una traducción del inglés de las páginas 4 a 21 de la memoria anual 2008.

◀ José Antonio Chencho Llmache es uno de los clientes del banco de microfinanza Mibanco en Perú.

# Información general

## **OBJETIVO**

La Fundación del Fondo Hivos-Triodos fue creada el 22 de diciembre de 1994 por iniciativa de la Fundación Hivos y la Fundación del Fondo Triodos. Su objetivo se describe en los Estatutos de la siguiente manera (artículo 2): 'El objetivo de la Fundación consiste en otorgar garantías y préstamos, así como también asumir el riesgo de participar en proyectos, para empresas e instituciones en el ámbito de la cooperación para el desarrollo, en el sentido más amplio de este término. La fundación es una organización sin fines de lucro'.

## **GOBIERNO**

La Junta Ejecutiva del Fondo Hivos-Triodos está integrada por Peter Blom y Pierre Aeby, ambos miembros de la Junta Ejecutiva de Triodos Bank NV. La Junta Ejecutiva es nombrada, suspendida y disuelta por la Junta Supervisora, que también supervisa las políticas del Fondo Hivos-Triodos y aprueba las Cuentas anuales. La Junta Supervisora es designada por la Fundación Hivos y está integrada por Pauline Bieringa, Philip de Haan, Kees Izeboud, Pieter van den Kerkhoff (presidente), Manuela Monteiro, Herman Schoenmaker y Marc Woltering.

Se ha firmado un contrato con Triodos Investment Management BV para la dirección y ejecución práctica de las políticas. Esta compañía de responsabilidad limitada es dirigida por Mari-lou van Golstein Brouwers en Hans Schut. El Gerente del Fondo es Frank Streppel.

## **MODO DE OPERACIÓN**

Las nuevas solicitudes dentro del Fondo se evalúan teniendo en cuenta los criterios financieros, así como el impacto que tienen las actividades comerciales de las organizaciones en el medio ambiente y en la sociedad. Con su experiencia y conocimientos, los funcionarios de Hivos y Triodos cumplen en ese sentido un papel muy específico. Hivos evalúa el contenido de la solicitud en cuanto a su importancia a nivel de desarrollo. Es una precondition contar con una recomendación positiva para el otorgamiento de un crédito o para una inversión. Los funcionarios de Triodos Bank evalúan a continuación la solicitud según los criterios

financieros e institucionales.

Tanto la opinión de Hivos como la propuesta de financiamiento de Triodos se someten a consideración del comité de créditos del Fondo Hivos-Triodos. Son miembros de este comité algunos representantes tanto de la Fundación Hivos como de Triodos Bank. La responsabilidad final recae en la Junta Ejecutiva.

El Fondo Hivos-Triodos es responsable de la administración de la cartera. Cada prestatario se somete como mínimo a una revisión anual, en la que se analiza si el perfil del cliente sigue enmarcándose dentro de la política vigente. La gestión y estructuración posterior de la cartera se realiza en estrecha colaboración con Hivos. Las oficinas regionales de Harare (Zimbabwe), Bangalore (India), Jakarta (Indonesia) y San José (Costa Rica), así como los funcionarios responsables de la casa matriz de Hivos, cumplen un importante papel en ese sentido.

# Informe de la Junta Supervisora

La Junta Supervisora ha aprobado la Memoria anual 2008 y las Cuentas anuales de la Fundación del Fondo Hivos-Triodos. El año 2008 ha arrojado un resultado negativo de EUR 1.112.283 (2007: EUR 139.106 negativo). Este resultado está formado por una ganancia operativa de EUR 800.602 (2007: 766.376), un resultado negativo por diferencias de cambio de EUR 1.112.283 (2007: 905.482 negativo) y una constitución de provision genérica de EUR 800.602. Este resultado por diferencias de cambio será, según lo acordado, compensado por la Fundación Hivos.

En el año 2008 se añadieron EUR 24.420 a la provisión específica y se cargaron a la provisión genérica. Se realiza una constitución de provisión genérica de EUR 800.602, por lo cual el nivel de la provisión genérica asciende a 8,36% de la cartera (sin incluir participaciones). Dado que el total de la constitución de provisión genérica es absorbido por el resultado operativo, no se reclamará monto alguno de los garantes particulares.

Zeist, 2 de abril de 2009

Pieter van den Kerckhoff  
Presidente

# Memoria anual de la Junta Ejecutiva

**E**l Fondo Hivos-Triodos es una única Sociedad Pública y Privada, en la cual se combinan los medios y el conocimiento de la Fundación Hivos en el ámbito de la cooperación al desarrollo con la experiencia bancaria y de gestión de fondos de Triodos Bank. Una combinación pujante, mediante la cual el Fondo procura contribuir a alcanzar los principales Objetivos de Desarrollo del Milenio: reducir a la mitad la cantidad de personas que deben vivir con menos de un dólar por día. En ese sentido, el Fondo Hivos-Triodos considera que los proyectos empresariales tienen un papel catalizador y estimula con sus inversiones el desarrollo de un sector financiero al que puedan acceder las personas emprendedoras de todos los niveles sociales de la población.

En los países en que invierte Hivos-Triodos sólo un sector restringido de la población tiene acceso a servicios financieros. Esto hace que se vean limitadas las posibilidades de desarrollo social y económico sostenible de dichos países. El Fondo Hivos-Triodos financia instituciones de microfinanzas (IMFs) que desean cambiar esta situación ofreciendo acceso al sistema financiero y un amplio paquete de servicios financieros a cada vez más personas. Las IMFs otorgan pequeños préstamos que facilitan a las personas comenzar o ampliar pequeños emprendimientos, mediante los cuales generan ingresos y fuentes de trabajo. Las buenas IMFs lo hacen de una manera transparente y cuidadosa. Conocen a sus clientes y se ocupan de que éstos no contraigan deudas demasiado grandes. Además, cada vez más IMFs reguladas ofrecen la posibilidad de ahorro a las personas menos favorecidas. Esto es tanto o más importante que el acceso al crédito. Una forma segura de ahorro en el banco permite a las personas hacer frente a los gastos de educación de sus hijos o contar con una reserva para gastos imprevistos. Otro servicio financiero importante es el pago bancario efectivo y seguro. Las remesas de familiares que viven en el exterior son una de las fuentes de ingresos más importantes en muchos países. Además, el dinero que giran las personas que trabajan en las ciudades hacia sus familiares en el interior del país son muy importantes para el desarrollo de las zonas rurales. También los seguros constituyen un servicio esencial para proteger a las personas en

situaciones inesperadas. Una enfermedad o un incendio puede consumir repentinamente las reservas guardadas durante años y dejar a esa familia nuevamente en situación de pobreza.

Estos servicios financieros básicos permiten a las personas ir construyendo su vida, aprovechar sus talentos y forjar un futuro para sus hijos. De esta forma, se logra una base social y económica sólida y sostenible, que a su vez contribuye al desarrollo integral del país. El Fondo Hivos-Triodos apoya este desarrollo facilitando capital y conocimiento.

## **EVOLUCIÓN DEL SECTOR FINANCIERO**

El año 2008 fue un año turbulento para el sector financiero a nivel internacional. La crisis crediticia, que comenzó en los Estados Unidos en 2007, derivó en una crisis internacional que tuvo consecuencias para muchas instituciones financieras. Por el momento, la crisis crediticia y financiera no se ha hecho sentir en forma directa en la mayoría de los países en desarrollo. Sin embargo, es muy probable que se vean afectados por:

- menores inversiones de parte de los inversionistas internacionales
- menores giros de dinero (remesas) de la diáspora de los países desarrollados (por ejemplo, de la familia y amigos)
- niveles más bajos de cooperación internacional debido a la presión que sufren los presupuestos de los países occidentales.

La mayoría de los países en desarrollo, por lo tanto, han corregido sus proyecciones de crecimiento económico hacia abajo. La experiencia demuestra que las empresas más grandes sufren más que las de menor envergadura en dichas coyunturas y, como consecuencia, también las IMFs sufrirán menos en términos relativos que los bancos comerciales. Las IMFs también probablemente sentirán el impacto en la presión de las tasas de cambio, la menor disponibilidad de capital y su costo más elevado, especialmente para el capital tomado en préstamo.

A pesar de los desafíos que plantea la crisis crediticia, en el año 2008 el sector de las microfinanzas ha experimentado un desarrollo positivo en todo el mundo. Muchas instituciones han

tenido un fuerte crecimiento; a menudo por encima del 20%. Pero en efecto, especialmente a partir del tercer trimestre, se muestran signos de estancamiento. Esto se observa en particular en las organizaciones que dependen del financiamiento externo. Muchas IMFs han adaptado sus objetivos de crecimiento y se concentran en consolidar o fortalecer la gestión del riesgo.

La crisis crediticia nuevamente nos ha hecho comprender que en una economía saludable debe existir un equilibrio entre los tres factores de producción: la naturaleza, la mano de obra/las personas y el capital. En las últimas décadas, se perdió por completo el equilibrio entre estos elementos por una superconcentración de capital (*shareholder value* o valor para el accionista). El enfoque en la utilidad de corto plazo dio lugar a la especulación y a la creación de complejos productos financieros, que se vendían a los inversionistas sin que se les añadiera valor real y sin prever claramente los riesgos que éstos significaban. En muchos casos desapareció la relación directa entre prestador y prestatario, mientras que dicha relación justamente es fundamental para el funcionamiento de un sistema bancario transparente y sólido. Para los socios del Fondo Hivos-Triodos, la confianza y una buena relación con los clientes es la base de su existencia. El Fondo Hivos-Triodos apoya a sus socios en la construcción de esa relación fundamental con sus clientes, siendo un socio financiero estable y asesorando a las instituciones para que realicen una gestión sólida de los riesgos y una comunicación transparente. Para la toma de decisiones respecto a financiamientos, el Fondo Hivos-Triodos más que nunca prestará atención al grado de cobertura de riesgo que tengan las organizaciones y al grado en que las mismas estén preparadas para seguir financiando su crecimiento futuro.

## **SOCIO EN DESARROLLO**

### **MODELO DE CRECIMIENTO**

El Fondo Hivos-Triodos brinda apoyo a la formación de IMFs con el objetivo de crear una base sólida para que éstas luego puedan desarrollarse en forma independiente. El fondo combina su conocimiento bancario con un enfoque que se concentra especialmente en la importancia del desarrollo. Gracias a la cooperación con Hivos, el fondo está en condiciones de apoyar a las organizaciones desde una etapa temprana hasta

que alcancen el nivel necesario para independizarse. El Fondo Hivos-Triodos ha diseñado junto con Hivos el Modelo del Ciclo de Vida, basado en las necesidades que tiene una organización a lo largo de sus diferentes etapas de desarrollo.

En la primera etapa de vida, una organización suele necesitar principalmente donaciones para formar su infraestructura, ya que sus ingresos aún son insuficientes. A tal efecto, Hivos ha desarrollado el programa de Capital Generador para el sector de las microfinanzas. En este sentido, los funcionarios de inversiones de Triodos Bank pueden cumplir un papel de asesoramiento. En esta etapa, el Fondo Hivos-Triodos aún no desempeña papel alguno como agente de financiamiento.

### **PROGRAMA DE CAPITAL GENERADOR DE HIVOS**

En el año 2001, Hivos decidió establecer el programa de Capital Generador. Su objetivo era mejorar el acceso a financiamiento del Fondo Hivos-Triodos y de los bancos locales para las IMFs. Un estudio realizado por Hivos en el año 2008 demostró que el 70% de las IMFs emergentes se convirtieron en IMFs sostenibles desde el punto de vista institucional y financiero, con acceso a financiamiento local o internacional de capital ajeno. Entretanto, cinco de estas IMFs se han convertido en socios del Fondo Hivos-Triodos. Dada la composición de este grupo – en general, organizaciones no gubernamentales no reguladas con grupos meta de difícil acceso, que a menudo constituyen un grupo de riesgo para los bancos comerciales por ser demasiado pequeños – éste es un muy buen resultado. El estudio demostró, además, que en su gran mayoría, sus servicios se dirigen a los grupos del mercado de más bajos recursos y funcionan a nivel nacional y/o en zonas alejadas. La cantidad de clientas del sexo femenino es alta en Asia y se observan claros signos de crecimiento en África y América Latina. Muchos de los socios de Capital Generador otorgan productos de seguros y ahorro además de créditos.

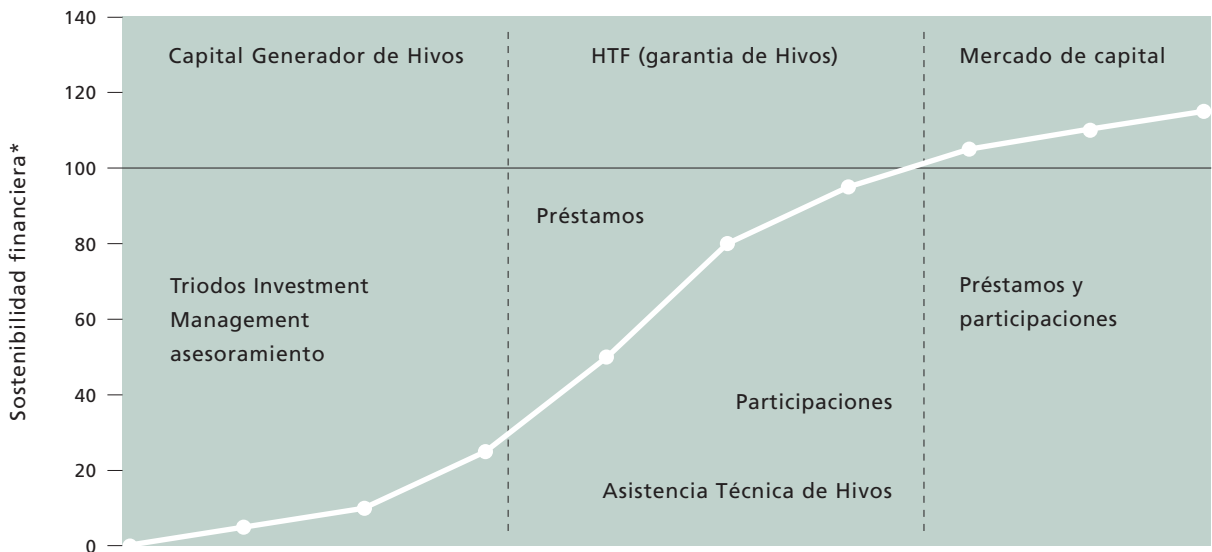
En la siguiente etapa de crecimiento, el Fondo Hivos-Triodos puede proveer financiamiento a la organización, mientras que Hivos puede seguir apoyando áreas específicas de la misma a través de fondos destinados a asistencia técnica, donde sea necesario. También en esta etapa el financiamiento de las organizaciones es aún riesgoso.

Mediante mayor profesionalización y crecimiento, la organización estará cada vez más en condiciones de atraer financiamiento en el mercado de capitales. Triodos Fair Share Fund es uno de los proveedores de este mercado. El Fondo Hivos-Triodos considera el crecimiento de la relación con Triodos Fair Share Fund como un importante objetivo en el desarrollo de organizaciones independientes y autónomas.

Un ejemplo de ello es la fundación Small Enterprise Foundation de Sudáfrica, que recibió el apoyo de Hivos y financiamiento del Fondo Hivos-Triodos durante algunos años, pero que actualmente también recibe financiamiento de Triodos Fair Share Fund.

La ventaja de este modelo de crecimiento, tanto de Hivos como del Fondo Hivos-Triodos, es que regularmente se liberan fondos para financiar nuevas iniciativas.

#### Modelo de Ciclo de Vida



\* La sostenibilidad financiera es el grado en que una organización determinada logra cubrir sus gastos a partir de los ingresos que genera (sin incluir donaciones).

## **MORIS RASIK OFRECE LA POSIBILIDAD DE UNA VIDA INDEPENDIENTE EN TIMOR ORIENTAL**

Un buen ejemplo del Modelo de Ciclo de Vida que aplica el Fondo Hivos-Triodos es la relación con su socio Moris Rasik de Timor Oriental. A través del programa de Capital Generador, Hivos apoyó durante algunos años a esta organización con formación y asesoramiento a medida. Gracias a dicho modelo, Moris Rasik – que en una de las lenguas étnicas significa ‘vida independiente’ – pudo fortalecerse como organización y construir una base sólida para el futuro crecimiento, en que se prevé un papel importante para el personal de formación local.

Desde su independencia en el año 2002, Timor Oriental ha sufrido un desarrollo turbulento. El crecimiento económico no cumplió con las expectativas y el país fue víctima de la violencia. A pesar de estas difíciles circunstancias, Moris Rasik tuvo una evolución positiva. La institución principalmente otorga préstamos colectivos a mujeres rurales y actualmente cuenta con unas 10.000 clientas y una red de 11 oficinas. Moris Rasik diseñó un muy buen programa de formación y actualmente dispone de un equipo de alrededor de 150 empleados con gran experiencia y motivación. En ese sentido, es uno de los empleadores más grandes del país. Dada la magnitud y la profesionalidad de la organización, el Fondo Hivos-Triodos otorgó por primera vez un préstamo a Moris Rasik en 2008, con el objeto de que la organización pueda seguir creciendo.

## **CÓDIGO DE CONDUCTA PARA PROTEGER A LOS CLIENTES**

En el año 2008, Triodos Investment Management, a cargo de la gestión de inversiones del Fondo Hivos-Triodos, fue uno de los primeros proveedores de capital del sector de las microfinanzas en firmar un código de conducta para proteger a sus clientes de microfinanzas. Dicho código de conducta define claramente cuál es el nivel mínimo de servicios con que deben contar los clientes de las instituciones de microfinanzas, entre las cuales se encuentran:

- la prevención de deudas excesivas mediante una

evaluación de la capacidad de devolución de los clientes

- precios transparentes (entre los cuales se incluyen intereses, comisiones, etcétera)
- el cobro de montos pendientes en forma no intimidatoria, abusiva ni denigrante
- principios éticos para el personal, incluyendo anticorrupción
- procedimientos claros para los clientes
- respeto por la privacidad de los clientes.

El Fondo Hivos-Triodos está comprometido con estos principios y verifica que las IMFs en que invierte también los respeten.

## **INTERCAMBIO DE EXPERIENCIA**

Otro de los objetivos es la promoción de intercambio de conocimientos y experiencia entre las IMFs en todo el mundo. En setiembre de 2008, Triodos Investment Management organizó por quinta vez consecutiva un taller internacional con representantes de una serie de bancos de microfinanzas de África, América Latina y Asia. Los participantes eran funcionarios sénior y directores de IMFs que pueden aprender de las experiencias mutuas y de los oradores invitados. El ámbito abierto de debate que se crea para discutir oportunidades y desafíos es único y muy valorado. Este año se trataron tres temas: expansión internacional, gestión de recursos humanos y el tema recurrente de la banca ‘Triple Bottom Line’ o Tridimensional, es decir la banca con una filosofía equilibrada entre la gente, el planeta y las ganancias.

Para cada vez más IMFs es importante la expansión internacional. Algunas IMFs influyentes, tales como Banex de Nicaragua y Mibanco de Perú presentaron sus planes y motivaciones para la expansión a países vecinos. Peter Blom, presidente de la Junta Ejecutiva de Triodos Bank, habló sobre la estrategia en relación con las filiales de Triodos dentro de Europa y un socio de McKinsey & Company hizo su aporte al debate comparando la expansión de los bancos occidentales con la situación en los mercados emergentes.

El segundo tema fue la gestión de recursos humanos y los factores clave dentro de este concepto para organizaciones cuyo fundamento son los valores. Los participantes intercambiaron experiencias sobre cómo se puede crear una cultura organizacional que se centre en su misión y en los valores. El fuerte compromiso con

los objetivos de la organización garantiza la buena comunicación de dicha cultura, formando una base sólida que a su vez genera participación y motivación de parte de sus empleados.

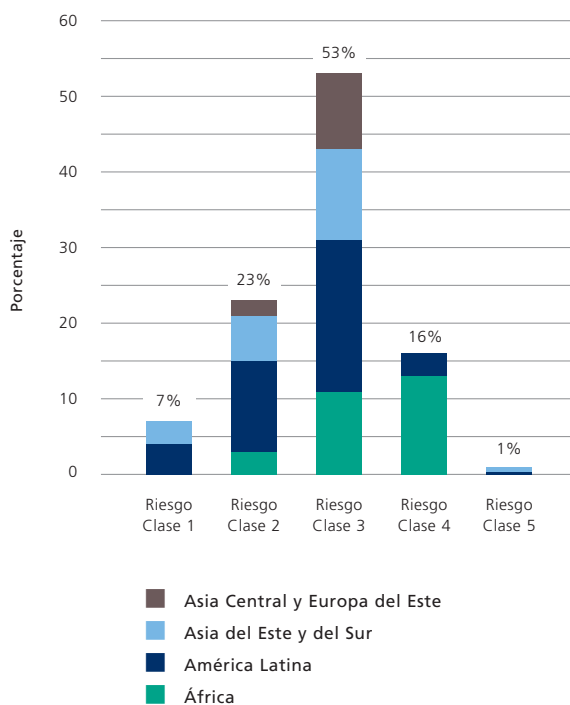
Como tercer tema, tres socios del Fondo Hivos-Triodos de América Latina – Banex de Nicaragua, Mibanco de Perú y FFP FIE de Bolivia - presentaron un proyecto para desarrollar una Scorecard que los ayude a orientarse hacia los clientes correctos y medir el desarrollo social y económico de los mismos. El proyecto Transparencia en las Finanzas y Sostenibilidad, que en parte es financiado por Hivos, desempeña un papel importante en ese sentido.

#### SISTEMA DE GESTIÓN DE SOSTENIBILIDAD

El objetivo del Fondo Hivos-Triodos es combatir la pobreza contribuyendo activamente a la construcción de un sector financiero accesible y sostenible. El Fondo lleva a cabo su misión dentro de los perfiles de riesgo establecidos por los socios. En el año 2007, el Fondo Hivos-Triodos dio un paso importante en la evaluación objetiva de los riesgos crediticios. A tal efecto, la cartera total se divide en clases de riesgo que varían entre 1 (menor riesgo) y 4 (mayor riesgo). En la clase 5 se encuentran los clientes para los cuales se ha constituido una provisión. En dicho sistema se toman en cuenta diversos factores, tales como el riesgo país, la madurez del sistema financiero y el nivel de supervisión de la superintendencia nacional.

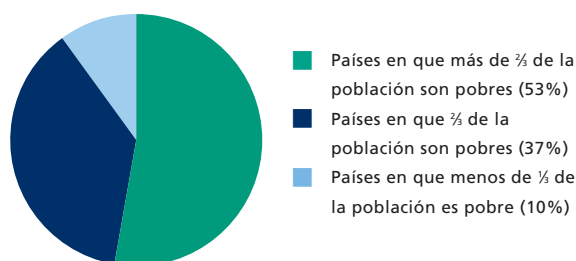
El gráfico que figura a continuación muestra que la mayor parte de la cartera del Fondo Hivos-Triodos se encuentra dentro de la clase de riesgo 3. De este modo, el Fondo Hivos-Triodos se diferencia de muchos otros proveedores, que principalmente financian IMFs en clases de riesgo 1 y 2.

#### Perfil de riesgo del Fondo Hivos-Triodos

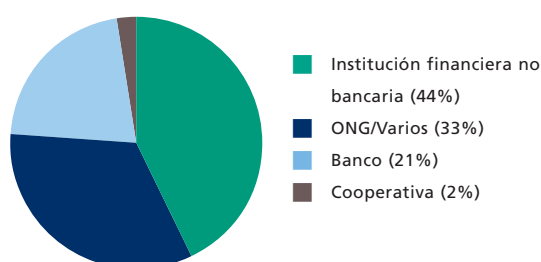


En el año 2008, el Fondo Hivos-Triodos amplió dicho análisis a fin de reflejar sus criterios de selección en relación con el desarrollo. Los gráficos que figuran a continuación ilustran el tema con ejemplos concretos.

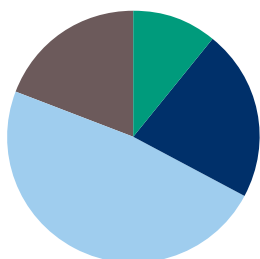
#### Cartera del Fondo Hivos-Triodos y su concentración en países pobres



#### Clases de IMFs en la cartera del Fondo Hivos-Triodos



### Cartera del Fondo Hivos-Triodos y magnitud de las IMFs



■	IMFs con menos de 10.000 clientes de préstamos (11%)
■	IMFs con 10.000 - 30.000 clientes de préstamos (22%)
■	IMFs con 30.000 - 100.000 clientes de préstamos (48%)
■	IMFs con más de 100.000 clientes de préstamos (19%)

#### Aclaración

- 53% de la cartera del Fondo Hivos-Triodos se compone de países en que más de 2/3 de la población debe vivir con menos de dos dólares por día. Se trata de los países más pobres del mundo, a menudo con la estructura financiera menos desarrollada. La mayoría de los países africanos donde opera el Fondo Hivos-Triodos entra dentro de esta categoría.
- El Fondo Hivos-Triodos distingue entre bancos, diversas instituciones financieras reguladas, cooperativas y diversas instituciones no reguladas (principalmente ONGs). El gráfico anterior muestra que el 21% de los clientes cuenta con una licencia bancaria plena. 35% de las relaciones no tiene ninguna regulación formal. Este alto porcentaje es típico de la etapa relativamente temprana en que el Fondo Hivos-Triodos comienza a otorgar financiamientos a las organizaciones.
- El Fondo Hivos-Triodos desea formar un puente hacia el financiamiento ofrecido por el mercado de capitales y gradualmente ir retirando su posición a medida que el cliente va logrando mayor autonomía. Esta política se ve claramente reflejada en el bajo porcentaje de relaciones con más de 100.000 clientes de préstamos activos (19%). 33% de las relaciones tienen menos de 30.000 clientes de préstamos activos.

En el año 2009, se ampliará dicho sistema. Durante la diligencia debida de las IMFs, los funcionarios de inversión analizarán en forma más estructurada temas relativos al desarrollo, tales como:

- Si la institución en cuestión define conscientemente su política social
- De qué forma la institución aborda la desigualdad entre hombres y mujeres, minorías y otros

grupos desfavorecidos

- Cuál es el nivel de ingresos de los clientes y cómo se puede comparar con la línea de pobreza nacional
- Si la institución en cuestión mide la evolución del nivel de vida de sus clientes y cómo informa sus resultados
- Cómo incluye la institución los temas ambientales dentro de su propia política y en la evaluación de sus solicitudes de crédito.

Mediante la estandarización del análisis de riesgo, a partir de fines de 2009, el Fondo Hivos-Triodos apunta a presentar un perfil de sostenibilidad, además del perfil de riesgo. El Fondo Hivos-Triodos se propone utilizar dicho perfil para hacer visible la importancia que le asigna al desarrollo.

#### EVOLUCIÓN DE LA CARTERA

En el año 2008, la cartera total del Fondo Hivos-Triodos experimentó un crecimiento de 20,5%, de EUR 36,2 millones a EUR 43,6 millones. Se otorgaron préstamos a 23 instituciones de microfinanzas, de los cuales seis a nuevos clientes. Se realizó una nueva participación de capital y se aumentaron tres participaciones. Se otorgaron créditos para el comercio internacional a tres organizaciones. Gracias a la creación de la Fundación Triodos Sustainable Trade Fund, con la cual Hivos cumple un papel catalizador, se irán reduciendo paulatinamente los créditos para el comercio internacional del Fondo Hivos Triodos. En 2008, el Fondo Hivos-Triodos otorgó financiamiento a un total de 56 clientes.

Los cinco financiamientos pendientes más grandes del fondo, expresados en porcentaje total de la cartera, son:

Bellwether Microfinance Fund, India	8,5%
K-Rep Bank, Kenia	6,4%
Bank Andara, Indonesia	4,8%
AMRET, Camboya	4,1%
Bai Tushum, Kirgystán	3,8%

Dado el rápido desarrollo inicial de las microfinanzas en América Latina, tradicionalmente el Fondo Hivos-Triodos ha estado muy bien representado en la región. De acuerdo con la política del Fondo Hivos-Triodos, en los últimos años se ha diversificado la cartera, por lo cual

## Cartera por región

(montos en miles de euros)

	31.12.2008	%	31.12.2007	%
América Latina	15.082	34,6	12.247	33,9
Asia	11.107	25,5	7.180	19,8
Europa del Este y Asia Central	4.646	10,7	4.768	13,2
África y Medio Oriente	12.173	27,9	11.962	33,1
Varios	564	1,3	0	0,0
	<u>43.572</u>	<u>100,0</u>	<u>36.157</u>	<u>100,0</u>

aumentaron especialmente las participaciones en Asia. En África, en que el Fondo Hivos-Triodos aún sólo opera en el este y en el sur, en el año 2008 se observa nuevamente un leve crecimiento de la cartera, a EUR 12,2 millones. Con este porcentaje substancial en su cartera, el fondo se diferencia de los demás actores del sector.

### PARTICIPACIONES

A diferencia de los préstamos, las participaciones se financian mediante préstamos subordinados libres de intereses de Hivos. De esta forma, Hivos asume el riesgo total de las participaciones, pero también es beneficiario de la rentabilidad que generen. En el año 2008, el Fondo Hivos-Triodos recibió un monto total de EUR 728.442 por dividendos y otros ingresos de participaciones (2007: EUR 530.343).

En general, el Fondo Hivos-Triodos posee una participación de entre el 5% y el 20% de las acciones de cada IMF. Un funcionario sénior de Triodos Bank suele ser miembro del Directorio de la institución y contribuye activamente al desarrollo de la organización. Las aportaciones realizadas al Directorio son una combinación de elementos estratégicos, técnicos y de sostenibilidad, que se basan en el principio de la 'banca tridimensional'.

En el año 2008, se realizó una participación innovadora en Bank Andara en Indonesia (ver cuadro aparte). Además, se está preparando la participación en una empresa que le permitirá al Fondo Hivos-Triodos cubrir parte de los riesgos por diferencia de cambio. Todas las demás participaciones se informan en la descripción de proyectos a partir de la página 40.

### BANK ANDARA DE INDONESIA

Bank Andara de Indonesia es un banco denominado 'banco mayorista', que funciona como socio estratégico para el sector de las microfinanzas del país. El banco, fundado en 2008, ofrece una amplia gama de productos financieros y otros servicios a IMFs locales, que de este modo pueden profesionalizar sus actividades y ofrecer créditos, productos de ahorro, servicios de pago y seguros a cada vez más personas de bajos recursos. De esta forma, Bank Andara responde a una gran necesidad de estas instituciones, que suman un total de 2.000 en Indonesia. La mayoría de estas organizaciones no están en condiciones de desarrollar ni de lanzar al mercado dichos productos por sí mismas, debido a obstáculos jurídicos, la escala limitada en que operan y la falta de conocimientos y experiencia necesarios. Gracias a esta inversión en Bank Andara, el Fondo Hivos-Triodos puede desempeñar un papel cada vez más prominente en el desarrollo de un sector financiero accesible en Indonesia.

### PRÉSTAMOS

El Fondo Hivos-Triodos provee préstamos a IMFs que se dedican a otorgar créditos a pequeños emprendedores. El Fondo financia principalmente el crecimiento de la cartera de créditos de las IMFs a mediano plazo (promedio dos a tres años) y conforme a las condiciones del mercado.

Se han otorgado nuevos préstamos a 23 IMFs, de los cuales seis a nuevos clientes. Los nuevos clientes son: AMK en Camboya, BRAC Southern Sudan en Sudán del Sur, Moris Rasik en Timor

del Este, D-Miro en Ecuador, Fundación Génesis Empresarial en Guatemala y Mol Bulak Finance en Kyrgyzstán. Estos nuevos clientes encajan perfectamente en el perfil del Fondo Hivos-Triodos. Para mayor información, consultar la descripción de proyectos.

#### FUNDACIÓN GÉNESIS EMPRESARIAL EN GUATEMALA

Con gran presencia en las zonas rurales de Guatemala y una cartera de clientes que principalmente se compone de mujeres, Fundación Génesis Empresarial es un excelente y oportuno complemento para la cartera del Fondo Hivos-Triodos. Esta institución desempeña un papel activo desde hace ya veinte años en el sector de las microfinanzas en el país y, con más de 82.000 clientes, se ha convertido en uno de sus principales actores. La demanda de sus servicios es grande y gracias al préstamo del Fondo Hivos-Triodos, Génesis podrá ampliar considerablemente su cartera de clientes.

La tabla que se presenta a continuación muestra la evolución de la cartera de créditos y la cantidad de clientes por institución, el porcentaje de clientas del sexo femenino y el monto del préstamo promedio.

#### RESULTADOS FINANCIEROS

##### ESTADO DE RESULTADOS 2008

Como consecuencia del crecimiento de la cartera, los intereses totales percibidos se incrementaron 7,9% a EUR 3,2 millones.

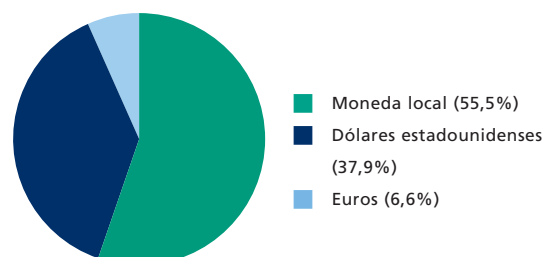
Los gastos se relacionan con los costos financieros, los honorarios por administración, gastos de publicidad, honorarios de auditoría y otros gastos. El resultado operativo, después de deducir dichos gastos, se incrementó 4,5%, de EUR 766.376 en 2007 a EUR 800.602 en 2008. El resultado operativo se añadirá en su totalidad a la provisión genérica.

##### RESULTADO POR DIFERENCIA DE CAMBIO

En el año 2008, 55,5% de la cartera se compone de financiamiento en moneda local (2007: 53,0%). Este elevado porcentaje es característico del Fondo Hivos-Triodos. El Fondo puede permitirse asumir este riesgo relativamente alto gracias a la disponibilidad de Hivos de hacerse cargo del riesgo de cambio. Se trata de una decisión tomada por Hivos a conciencia, ya que

muchos de los socios del Fondo Hivos-Triodos no están en condiciones de afrontar o cubrir dicho riesgo por sí mismos.

#### Distribución según tipo de financiamiento al 31 de diciembre de 2008



El riesgo cambiario por préstamos en dólares estadounidenses se cubre mediante transacciones de divisas a plazo. En el caso de la mayoría de las otras monedas, esto no es posible. A fin de no trasladar el riesgo cambiario a los clientes de las IMF's, el Fondo Hivos-Triodos asume dicho riesgo en el caso de muchos financiamientos. Como resultado de la crisis financiera, 2008 fue un año de muchas fluctuaciones cambiarias. Tradicionalmente, muchas divisas locales están influidas por la evolución del dólar estadounidense. En el año 2008, como consecuencia del aumento de la incertidumbre, muchas divisas locales mostraron fuertes fluctuaciones. Esto tuvo como consecuencia un resultado por diferencia de cambio negativo para el Fondo Hivos-Triodos, que luego de la compensación de resultados por transacciones de divisas a plazo, ascendió a EUR 1.112.283 (2007: EUR 905.482 negativo). Hivos garantiza la compensación de dicha pérdida por diferencia de cambio.

En el año 2008 se comenzó a preparar la participación MICRO FX Solutions LLC. MICRO FX Solutions está especializada en ofrecer soluciones para reducir los riesgos cambiarios dentro del sector de las microfinanzas. A partir de 2009, el Fondo Hivos-Triodos espera poder cubrir parte de sus posiciones en moneda local a través de MICRO FX Solutions.

Descripción de las instituciones de microfinanzas financiadas por el Fondo Hivos-Triodos al 31 de diciembre de 2008 y 2007

Institución	País	Clientes de préstamos	
		2008	2007
Akiba Commercial Bank	Tanzania	14.316	16.354
AMC	El Salvador	13.570	14.799
AMK	Camboya	226.262	187.463
Amret	Camboya	37.233	32.779
Apoyo Integral	El Salvador	19.466	10.538
Bai Tushum	Kyrgyzstán	147.006	136.782
Banco Solidario	Ecuador	41.248	54.700
Banex	Nicaragua	943.130	*
Bellwether Microfinance Fund****	India	4.892	5.145
Bereke	Kazachstán	531.120	285.476
Bhartiya Samruddhi Finance	India	10.402	**
BRAC Southern Sudan	Sudán	80.370	64.444
BRAC Tanzania	Tanzania	62.286	48.405
BRAC Uganda	Uganda	92.611	83.408
Centenary Bank	Uganda	8.464	4.009
Crédito Amigo S.A.	Bolivia	36.174	**
D-MIRO	Ecuador	59.042	47.557
Edpyme Confianza	Perú	*	13.372
Edpyme Crear Tacna	Perú	56.148	29.604
Equity Bank Uganda	Uganda	37.296	38.723
Financiera FAMA	Nicaragua	82.336	71.992
FDL	Nicaragua	103.584	88.641
FFP FIE	Bolivia	60.233	58.584
Finca Ecuador	Ecuador	90.686	63.996
Finca MicroCredit Company	Kyrgyzstán	49.503	45.313
Finca Uganda	Uganda	*	19.315
Fundación Génesis Empresarial	Guatemala	26.711	27.153
Fundación José Nieborowski	Nicaragua	82.719	**
KazMicroFinance	Kazachstán	61.303	55.006
K-Rep Bank	Kenia	4.669	4.487
Maquita	Ecuador	***	46.149
Marang	Sudáfrica	361.085	283.361
Mibanco	Perú	7.853	**
Mol Bulak Finance	Kyrgyzstán	11.229	**
Moris Rasik	Timor-Leste	*	*
KSPPP Nganjuk	Indonesia	26.562	22.401
ODEF Financiera	Honduras	106.082	99.258
Pride Tanzania	Tanzania	***	85.690
FFP Prodem	Bolivia	93.845	90.510
ProMujer	Bolivia	54.866	46.598
Small Enterprise Foundation	Suráfrica	***	14.280
Socrema	Mozambique	97.250	73.948
Thaneakea Phum Cambodia	Camboya	17.714	16.908
Uganda Finance Trust	Camboya		
<b>Total</b>		<b>3.949.044</b>	<b>2.287.148</b>

Información provista por las instituciones

\* Sin datos disponibles

\*\* No recibió financiamiento en 2007

\*\*\* Préstamo reembolsado en 2008

\*\*\*\* La cantidad de clientes es en relación con los participaciones de inversión de Bellwether Microfinance Fund

Porcentaje mujeres		Cartera (USD x 1.000)		Préstamo promedio (USD)	
2008	2007	2008	2007	2008	2007
*	60%	24.719	20.834	1.727	1.274
60%	62%	18.303	15.255	1.349	1.031
84%	83%	54.555	30.274	241	163
67%	71%	56.933	42.677	1.529	1.302
48%	*	36.897	23.504	1.895	2.231
60%	60%	236.098	224.051	1.606	1.638
51%	45%	138.828	125.398	3.366	2.293
89%	*	*	*	*	*
89%	90%	2.841	3.599	581	700
52%	*	*	52.870	*	185
100%	**	*	**	*	**
100%	100%	8.064	5.837	100	91
100%	100%	8.790	4.796	141	99
30%	*	151.490	115.148	1.636	1.381
72%	67%	2.604	1.198	308	299
67%	**	24.437	**	676	**
49%	48%	85.847	62.262	1.454	1.309
*	55%	122.970	19.924	*	1.490
*	*	45.308	23.979	807	810
70%	73%	40.887	31.368	1.096	810
56%	57%	68.793	53.262	836	740
43%	44%	246.187	161.253	2.353	1.819
77%	91%	33.269	27.465	552	469
71%	74%	50.756	33.714	560	527
62%	79%	9.877	10.198	200	225
*	54%	*	18.239	*	944
73%	75%	45.510	53.544	1.704	1.972
100%	**	42.784	**	517	**
44%	64%	79.395	80.946	980	1.471
50%	54%	7.373	7.225	1.579	1.610
***	49%	***	3.540	***	77
68%	56%	781.090	499.502	2.181	1.763
88%	**	3.950	**	503	**
91%	**	2.966	**	264	**
*	*	*	*	*	*
61%	63%	26.413	22.180	994	990
65%	65%	28.336	26.065	267	263
***	50%	***	166.580	***	1.944
95%	95%	28.012	21.402	298	236
99%	99%	7.917	8.496	144	182
***	45%	***	16.675	***	1.168
90%	89%	18.455	12.060	190	163
70%	70%	10.377	8.818	586	52
		<u>2.574.456</u>	<u>2.034.138</u>		

#### CONSTITUCIÓN DE PROVISIÓN GENÉRICA

A pesar de su perfil de riesgo deliberadamente alto, la calidad de la cartera del fondo, medida en función del nivel de préstamos en mora, continúa siendo elevada. En 2008 no se realizaron adiciones de provisión específica. Hubo algunos movimientos con respecto a la constitución como consecuencia de intereses acumulados sobre financiamientos ya provistos.

Dado el alto perfil de riesgo del fondo, sus resultados pueden sufrir grandes variaciones de un año a otro, lo cual a su vez puede significar

grandes fluctuaciones en los reclamos a las garantías Norte-Sur. A fin de poder hacer frente a dichas fluctuaciones, el Fondo Hivos-Triodos mantiene una provisión genérica de entre el 5% y el 10% de la cartera de préstamos pendientes. Para el año 2008, se ha decidido añadir el total del resultado operativo de EUR 800.602 a la provisión genérica, que de este modo se ubica en un nivel de 8,36%. Dado que dicha constitución puede ser absorbida en su totalidad por el resultado operativo, nuevamente en 2008 no se reclamará monto alguno a los garantes particulares.

#### PLAN NORTE-SUR

Hivos y Triodos Bank desean ofrecer la posibilidad a particulares en los Países Bajos de participar en proyectos en países en desarrollo. Esto se puede llevar a cabo de dos maneras:

- Los particulares pueden abrir una cuenta de ahorro Norte-Sur (internet) en Triodos Bank.

El volumen de dicha cuenta sirve como financiamiento para el préstamo que Triodos Bank otorga al Fondo Hivos-Triodos. La cuenta de ahorro Norte-Sur (internet) es una cuenta de fácil acceso conforme a las condiciones del mercado.

- Los particulares que quieran apoyar aún más al Fondo Hivos-Triodos pueden ofrecer una garantía, con el fin de avalar el crédito que Triodos Bank concede al Fondo. Por cada monto de garantías particulares, Hivos está dispuesto a ofrecer una garantía equivalente a nueve veces su valor. De hecho, las garantías particulares determinan el alcance del crecimiento del Fondo Hivos-Triodos y constituyen una base importante para determinar la política que puede implementar el Fondo Hivos-Triodos.

En el año 2008, se realizó, junto con Hivos y Triodos Bank, una campaña de marketing continua con el fin de aumentar el volumen del ahorro Norte-Sur. Como resultado de la misma, el volumen de ahorro Norte-Sur se incrementó el 38,0%, de EUR 36,0 millones a EUR 49,7 millones. La cantidad de ahorristas aumentó 34,2% a 5.700 en 2008 (2007: 4.246).

El volumen de garantías Norte-Sur (en total 479 garantías) muestra una disminución del 13,0% como resultado del vencimiento de una garantía de 10 años, de EUR 2.015.265 a EUR 1.752.756.

Los ahorristas Norte-Sur tienen la posibilidad de asignar al menos un uno por ciento de sus ingresos por intereses a Hivos para cubrir los costos adicionales asociados con el Plan Norte-Sur. En 2008, Hivos recibió EUR 86.819 (2007: EUR 88.053) de los ahorristas Norte-Sur y de otras cuentas con asignación específica.

#### Fondos Norte-Sur depositados en Triodos Bank

(en euros)

	2008		2007	
	Monto	Número	Monto	Número
Depósitos Norte-Sur	2.951.560	212	2.148.801	198
Cuentas de ahorro Norte-Sur	46.728.719	5.488	33.846.494	4.048
<b>Total</b>	<b>49.680.279</b>	<b>5.700</b>	<b>35.995.295</b>	<b>4.246</b>

## **PERSPECTIVAS FUTURAS**

A diferencia de años anteriores, la situación económica actual requiere que el Fondo Hivos-Triodos preste más atención al mercado y a sus clientes. Una serie de clientes se encuentran en difíciles circunstancias comerciales. Además, probablemente éstos tengan más dificultades para lograr financiamiento, lo cual ejercerá aún más presión sobre la calidad de su cartera.

Dadas las circunstancias, los clientes tienen necesidad de socios estables que puedan ofrecerles financiamiento para el crecimiento de su cartera y apoyo para fortalecer la explotación de sus empresas. Por lo tanto, en 2009, para el Fondo Hivos-Triodos será prioritario el apoyo y financiamiento a clientes existentes, otorgándoles financiamiento adicional y asesorándolos sobre cómo manejar la situación actual de mayor riesgo. Con respecto a nuevos clientes, Hivos-Triodos apuntará específicamente a IMFs jóvenes e innovadoras, activas en mercados subdesarrollados. Se prestará especial atención a los clientes de Capital Generador de Hivos en África. El Fondo Hivos-Triodos también seguirá esta evolución más de cerca, para el manejo de su propio riesgo. Se hará hincapié especialmente en aspectos tales como la calidad de la cartera de créditos, posiciones abiertas en divisas extranjeras, manejo de liquidez, evolución de los márgenes financieros y financiamiento del crecimiento.

Para el año 2009, el Fondo espera un crecimiento similar al de años anteriores. Dicho crecimiento será en parte financiado por un aumento del presupuesto por parte de Hivos y en parte a través del aprovechamiento óptimo del margen de crédito aún disponible de Triodos Bank.

El Fondo Hivos-Triodos no prevé cambios significativos en la distribución regional de la cartera o en la relación entre préstamos y participaciones.

El Fondo Hivos-Triodos espera poder, tal como en años anteriores, cubrir la totalidad de sus costos operativos con las utilidades. El Fondo aún no ha emitido un pronóstico con respecto a la constitución de provisiones o al resultado por diferencias de cambio.

Zeist, 2 de abril de 2009

Junta Ejecutiva  
Pierre Aeby  
Peter Blom

# Address

Hivos-Triodos Fund Foundation  
Utrechtseweg 60  
Postbus 55, 3700 AB Zeist  
The Netherlands  
Telephone +31 (0)30 693 65 90  
Telephone +31 (0)30 693 65 00 (general)  
Fax +31 (0)30 693 65 66  
[www.triodos.nl](http://www.triodos.nl)  
[www.triodos.com](http://www.triodos.com)

# Colophon

Hivos-Triodos Fund Annual Report 2008

## **Published**

May 2009

## **Graphic design of cover**

Studio Ron van Roon, Amsterdam, the Netherlands

## **Design and lay-out**

Studio van Waert, Westbroek, the Netherlands

## **Printing**

Drukkerij Pascal, Utrecht, the Netherlands

## **Circulation**

750 copies

## **Contact**

If you have comments or questions about this annual report, please contact Triodos Bank via the above-mentioned contact details.

This report is an English translation of the Dutch Annual Report for the financial year 2008.

This report can be downloaded from: [www.triodos.com](http://www.triodos.com)

This report is printed on FSC-certificated paper.



**Mixed Sources**  
Productgroep uit goed beheerde bossen  
en andere gecontroleerde bronnen.  
[www.fsc.org](http://www.fsc.org) Cert no. SCS-COC-00652-C1  
© 1996 Forest Stewardship Council





Hivos

Triodos  Bank

*Hivos-Triodos Fund is a joint initiative of the Humanist Institute for Development Cooperation (Hivos) and Triodos Bank*

