



# **Alterfin cvba**

**Cooperative Society with Limited Liability**

**Presentation April 2007**

Vlasfabriekstraat 11  
1060 Brussels  
BELGIUM  
tel: +32.2.538.58.62  
fax: +32.2.538.37.90  
e-mail: [alterfin@alterfin.be](mailto:alterfin@alterfin.be)  
web: [www.alterfin.be](http://www.alterfin.be)

## The Origin

At the end of 1994, Alterfin was established in Belgium as a co-operative society with limited liability. The initial shareholders consisted of an umbrella-organisation of NGO's (11.11.11), 8 NGO's and 2 banks. Today, Alterfin has more than 1.000 shareholders, including 76 institutional shareholders and with the remainder private shareholders.

## Mission and Objectives

Alterfin's mission is to contribute to the development of local financial networks in the South, working with disadvantaged or oppressed groups in society.

Alterfin's focus is providing finance - mainly through credit, but also through guarantees and temporary share participation. In addition, Alterfin also provides and mobilises technical support.

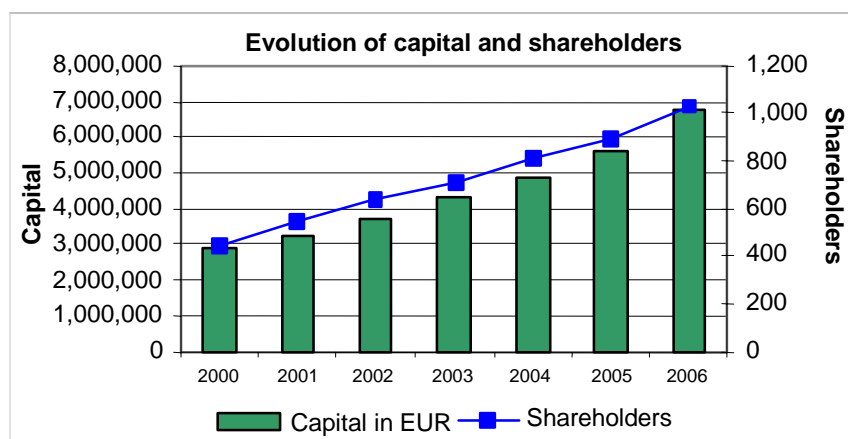
In Belgium Alterfin is promoting a new, more ethical, way of dealing with both money and capital. Alterfin develops financial products offered to both private and institutional investors that consider the ethical aspects of their investments. With these financial products we mobilise resources used to finance our investment activities in the South.

The financial means of Alterfin are first constituted by its capital of shares that is brought by co-operators or shareholders.

## Equity Capital and Shareholders

The most important source of financial resources is Alterfin's equity capital. Individuals can subscribe to shares of EUR 62,50. Associations and companies can subscribe to shares of EUR 250,00.

As it can be seen from the chart below equity capital has experienced remarkable growth. Another striking development is the gradual growth of individual shareholders. They have increased over time to currently provide more than 70% of the share-capital. At the end of 2006, Alterfin's equity capital amounted to EUR 6,7 millions brought by more than 1.000 shareholders.

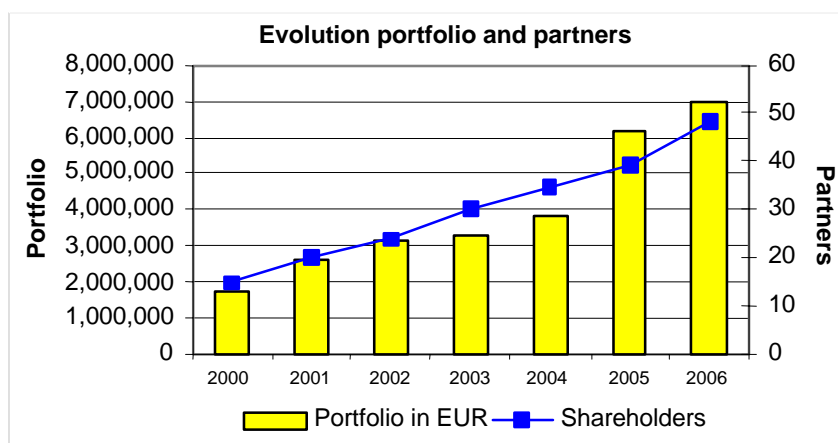


## Credit Activities

With the financial resources we are mobilising, we finance initiatives in the South. As mentioned above, Alterfin’s aim is to contribute to the development of local financial networks in the South oriented towards opportunity-poor or oppressed groups in society. Therefore, our primary target-group is micro-finance institutions (MFI’s) with a clear social vision. At this time, about 75% of our credit-portfolio consists of credits towards MFI’s (see annex 1). The other 25% consists of credits towards producers (or their associations) associated with the fair trade movement in Europe. These are Small or Medium Enterprises (SMEs), often cooperatives, involved in the production and/or processing of agricultural products or manufactured goods.

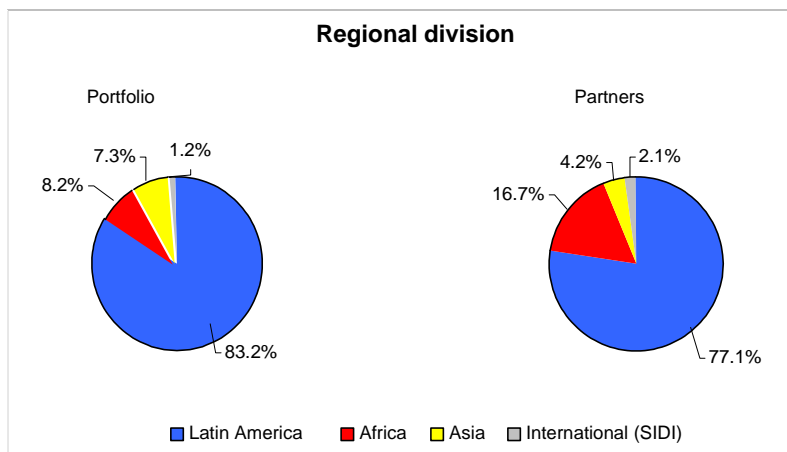
MFI funding requests are screened according to the following: social relevance, savings and credit-policy, management, portfolio-indicators and financial performance. If the MFI fits in the Alterfin’s target-group, a credit-offer is given. This offer takes into account a risk-analysis and the appropriate guarantees. Interest rates typically range between 6% and 10% (on USD or EUR).

Per 31<sup>st</sup> December 2006, Alterfin was managing a portfolio of credits and participations worth around EUR 7 million, spread over 48 partners in 16 countries (see annex 1).



The division of the portfolio is as follows (31 December 2006):

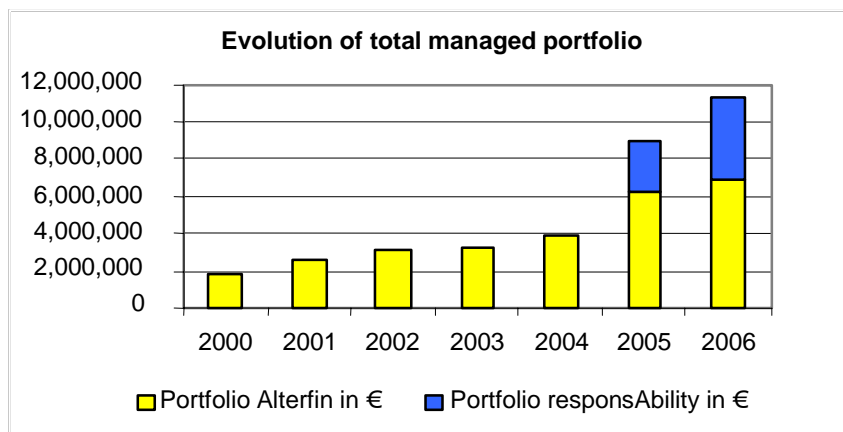
- The portfolio is divided over 48 partner organisations in the South, 37 of which are from Latin America, 8 from Africa and 2 from Asia. Geographically speaking, Alterfin is mainly active in Latin America (83.2% of the portfolio volume). Nicaragua leads with 19.0% of the portfolio, followed by Peru (17.5%), Honduras (11.5%), Ecuador (10.8%) and Bolivia (10.6%). Although merely 8.24% of the portfolio is invested in Africa, nearly 17% of Alterfin’s partners are in that continent.



- 79% of the portfolio is invested in MFI's. The rest (21%) is channelled to farmers' cooperatives that trade products through the fair trade circuit in Europe (coffee being the main product, with 15% of the portfolio).
- Financing partner organisations in the South mainly takes place through credits; at the end of the year, the participation in partners' capital amounted to EUR 301,306, which is a mere 4.3% of the portfolio.

## Portfolio management

Since March 2005, Alterfin manages a portfolio under the authority of the Swiss investment fund responsAbility. This activity is part of Alterfin's growth strategy. In 2006, the responsAbility portfolio grew from USD 3,450,000 to USD 5,780,000 (or EUR 4,377,892). ResponsAbility's resources are used in 3 countries (Peru, Nicaragua and El Salvador) to finance 8 of Alterfin's existing partners. Over 80% of that portfolio is invested in the microcredit sector. The remainder is used in the fair trade sector.



## Technical Support

Since 1994 Alterfin has been offering technical support to MFI's and other development organisations in the South. This technical assistance concerns:

- organization, management and assessment of saving and credit programs
- sustainable financing of the development
- financial management
- impact studies

## Bodies of Alterfin

Body	Composition	Meeting frequency	Decisions
Secretariat	7 permanent employees + temporary support from NGO's and Financial Institutions	Daily	Daily management of commercial and credit activities.
Credit committee	8 members coming from: - shareholder NGOs - shareholder financial institutions - + independent experts	Monthly	Analysis (and decision) of applications for loans or investments.
Board of directors	10 members coming from: - shareholder NGOs - shareholder financial institutions - + independent experts	Bimonthly	Strategic decisions on lines of action, activities and management at medium- and short-term.
Shareholders' General Meeting	All shareholders of Alterfin cvba	Annual	Approval and modification of articles, of annual reports and accounts. Strategic decisions on lines of action and activities at long-term.

**Annex 1: Portfolio information per 31<sup>st</sup> December 2006**

Partner organisation	Type	Equivalent in EUR	Sector	Country	Percentage
AMC	Credit	136.335,75	Microcredit	EL SALVADOR	1,95%
AMSSF	Credit	80.000,00	Microcredit	MOROCCO	1,15%
APECAFE	Credit	113.613,12	Fair trade: coffee	EL SALVADOR	1,63%
CAC ACOPAGRO	Credit	37.871,57	Fair trade: cocoa	PERU	0,54%
CAC ORO VERDE	Credit	39.329,03	Fair trade: coffee	PERU	0,56%
CAME	Credit	53.019,46	Microcredit	MEXICO	0,76%
CASIL	Credit	11.870,94	Fair trade: coffee	PERU	0,17%
CCCH	Credit	227.226,25	Fair trade: coffee	HONDURAS	3,25%
CECOCAFEN	Credit	381.534,87	Fair trade: coffee	NICARAGUA	5,47%
CEPESIU	Credit	64.380,77	Microcredit	ECUADOR	0,92%
COMIXMUL	Credit	310.542,54	Microcredit	HONDURAS	4,45%
CONFIANZA	Credit	302.968,33	Microcredit	PERU	4,34%
CONFIANZA	Participation	114.922,13	Microcredit	PERU	1,65%
CONSOLIDAR	Participation	78.813,27	Microcredit	COLOMBIA	1,13%
CRECER	Credit	151.484,17	Microcredit	BOLIVIA	2,17%
DEL CAMPO	Credit	483,89	Fair trade: sesam	NICARAGUA	0,01%
EDAPROSPO	Credit	75.742,08	Microcredit	PERU	1,08%
ENLACE	Credit	90.890,50	Microcredit	EL SALVADOR	1,30%
ESPOIR	Credit	90.890,50	Microcredit	ECUADOR	1,30%
FADES	Credit	378.710,42	Microcredit	BOLIVIA	5,42%
FAPECAFES	Credit	153.244,27	Fair trade: coffee	ECUADOR	2,20%
FDL	Credit	460.562,62	Microcredit	NICARAGUA	6,60%
FOLADE	Credit	25.449,34	Microcredit	COSTA RICA	0,36%
FONDECO	Credit	208.290,73	Microcredit	BOLIVIA	2,98%
FONDEP MICROCREDIT	Credit	300.000,00	Microcredit	MOROCCO	4,30%
FONDESURCO	Credit	132.548,65	Microcredit	PERU	1,90%
FONDS COOPERATIF	Participation	17.876,09	Microcredit	LAOS	0,26%
FRONTERA DE SAN IGNACIO	Credit	-2.413,57	Fair trade: coffee	PERU	-0,03%
FUNDACION CAMPO	Credit	265.097,29	Microcredit	EL SALVADOR	3,80%
FUND. JOSE NIEBOROWSKI	Credit	302.968,33	Microcredit	NICARAGUA	4,34%
HATTHA KAKSEKAR	Credit	492.323,54	Microcredit	CAMBODIA	7,05%
INMAA	Credit	25.000,00	Microcredit	MOROCCO	0,36%
KOKARI	Credit	43.447,96	Microcredit	NIGER	0,62%
KOKARI	Participation	3.429,77	Microcredit	NIGER	0,05%
LA FLORIDA	Credit	-55.355,97	Fair trade: coffee	PERU	-0,79%
MCCH	Credit	288.063,74	Fair trade: cocoa	ECUADOR	4,13%
MICROFUND	Credit	20.009,52	Microcredit	TOGO	0,29%
PRESTANIC	Credit	181.781,00	Microcredit	NICARAGUA	2,60%
RONDESA	Credit	49.232,35	Microcredit	PERU	0,71%
SAGRADA FAMILIA	Credit	200.000,00	Fair trade: wine	CHILE	2,86%
SALINAS	Credit	75.742,08	Microcredit	ECUADOR	1,08%
SAN JUAN DEL ORO	Credit	189.355,21	Fair trade: coffee	PERU	2,71%
SAN MARTIN DE PORRES	Credit	287.819,92	Microcredit	PERU	4,12%
SIDI	Participation	86.262,31	Microcredit	INTERNATIONAL	1,24%
TANAADI	Credit	50.308,18	Microcredit	NIGER	0,72%
TIMPAC	Credit	15.244,51	Microcredit	TOGO	0,22%
TOCACHE	Credit	37.871,04	Microcredit	PERU	0,54%
TROCAIRE - CREDISOL	Credit	265.097,29	Microcredit	HONDURAS	3,80%
UCMECS	Credit	38.112,25	Microcredit	TOGO	0,55%
UROCAL	Credit	83.316,29	Fair trade: banana	ECUADOR	1,19%
<b>TOTAL 31 December 2006</b>		<b>6.981.314,33</b>			<b>100,00%</b>

## **Annex 2: Examples of Alterfin partners in the South**

### **❖ FONDESURCO / Peru**

In the Southern part of Peru, in the region close to Arequipa, peasants do not have access to regular bank-facilities. Nor private, nor governmental banks are accessible for these peasants. However the situation changed in 1994 when 4 Peruvian ONGs created FONDESURCO. FONDESURCO is an MFI that provides small loans to the peasants. Thanks to these loans, peasants could improve their crops and sell their products on the market. Credits are available from USD 100 onwards. To get these small loans, various families organise themselves in groups in which they guarantee the loans of their fellow members in the group. This program is designed mainly for families. Every credit must be approved and accepted by the husband as well as by the wife. Since the beginning of 1999 this program has been widened with the credit of Alterfin, thanks to which about 300 other families have had access to credit each year.

### **❖ HATTHA KAKSEKAR / Cambodia**

Hattha Kaksekar Ltd (HK), in the Khmer language literally translates as "Farmer's Hand", a licensed micro-finance institution regulated by the National Bank of Cambodia since October 2001, operating in 4 provinces of Cambodia with its headquarters in the Pursat province. HK specialises in supporting the economic development of low-income people, mainly women, in rural areas of Cambodia, through cost-efficient credit and savings products. All loans are provided on an individual basis with the borrower being individually responsible for loan repayment. Individual borrowers with small loans below US\$ 100 are required to form groups of maximum five members. No loan processing fees are charged. The client must have a solid reputation as being responsible and honest, verified by interviews. A strong preference - 68% of clients - is given to women entrepreneurs. Loans are for clients who live in areas that have a high concentration of low-income rural households and where there are no other financial services providers. Since the beginning of 2002 Hattha Kaksekar is using a loan from Alterfin to expand its credit activities in the provinces of Banteay Meanchey and Battambang.

### **❖ COOPERATIVA AGRARIA CAFETALERA SAN JUAN DEL ORO / Peru**

The main economic activity of the Co-operative San Juan del Oro is the cultivation and the commercialisation of coffee, mainly for the external market. The co-operative was created in 1961 and is currently composed of 816 associate members. The current area under production reaches 2800 hectares. The total number of families (member and non members) involved in the activity of coffee through the co-operative reaches 900. Most of the work in the plantations is carried out by family members. Since the year 2000 San Juan is using a loan from Alterfin in order to pre-finance its harvest that is used for export to fair-trade importers in Europe and the USA.