

ACTIVITIES OF SIDI AND ITS PARTNERS IN 2001



INTERNATIONAL INVESTMENT AND DEVELOPMENT COMPANY

TABLE OF CONTENTS

| | |
|-----------------------------------|--------|
| A MESSAGE FROM THE PRESIDENT..... | Page 3 |
|-----------------------------------|--------|

| | |
|--|--------|
| FINANCING AND SUPPORT FOR PARTNERS IN 2001 | Page 4 |
|--|--------|

| | |
|---------------------------------|---|
| SIDI'S ACTIVITIES IN 2001 | 4 |
|---------------------------------|---|

| | |
|-----------------------------|---|
| SIDI AND ITS PARTNERS | 6 |
|-----------------------------|---|

| | |
|-----------------------------|----|
| FOCUS ON NEW PARTNERS | 13 |
|-----------------------------|----|

| | |
|---|---------|
| REINFORCING SIDI'S INSTITUTIONAL STANCE IN 2001 | Page 21 |
|---|---------|

| | |
|---|---------|
| SIDI'S FINANCIAL STATEMENTS AS OF DECEMBER 31, 2001 | Page 24 |
|---|---------|

GLOSSARY

ACAD : Arab Center for Agricultural Development (Palestinian Territories)

AFD : Development French Agency (France)

AMOS : Oued-Srou Microfinance Association (Morocco)

AOS : Oued Srou Association (Morocco)

ASPRODEB : Association Sénégalaise pour la Promotion du Développement à la Base (Sénégal)

BANCOSOL : Banco Solidario (Bolivia)

CCFD : Catholic Committee against Hunger and for Development (France)

CCSP : Credit Co-operative to support Small Producers (Laos)

CDC : Caisse des Dépôts et Consignations (France)

CEP : Capital aid fund for Employment of the Poor (Vietnam)

CERUDEB : Centenary Rural Development Bank (Ouganda)

COD-EMH : Co-ordination of Development Operations - Methodist Church (Haiti)

CONSOLIDAR : Cooperativa CORFAS de Credito Solidario (Colombia)

CORFO : Corporación de Fomento a la Producción (Chile)

EDAPROSPPO : Equipo de Aseroramiento a Actividades Productivas de Sectores Populares (Peru)

EMT : Ennatien Moulethan Tchonbebat (Cambodia)

ENDA : Environmental Development Action for the Third World (Vietnam)

ESD : Epargne Solidarité Développement Association

UNCDF : United Nation Capital Development Fund

FONHSUD : Haitian Fund to promote Local Development in the Southern Province (Haiti)

IADB : InterAmerican Development Bank

INDES : Inversiones para el Desarrollo (Chile)

KNFP : National Council for Grassroot financial system (Haiti)

LA-CIF : Latin American Challenge Investment Fund (South America)

MAE : Ministry of Foreign Affairs (France)

MAIN : Microfinance African Institution Network

MENNGOS : MicroEnterprise Network NGOs (South Africa)

NGO : Non Government Organisation

OMIPA : (Uganda)

PUFS : Swiss Fund Implementation Project (Togo)

SCC : Swedish Co-operative Center (Sweden)

SELFINA : Sero Lease and Finance Company (Tanzania)

SIPEM : Investment Company for Investment Promotion in Madagascar (Madagascar)

TISE : Investment Company for Social and Economic initiatives (Poland)

ITEM : Union of credit and savings local associations (Madagascar)

TTO : Triple Trust Organisation

UE : European Union

UGPM : Union of Peasant Associations from Meckhe (Senegal)

TO STRENGTHEN THE FINANCIAL SOLIDARITY CHAIN...

Sincere thanks to all shareholders for their renewed confidence and for having enabled SIDI to close financial year 2001 with reinforced financial resources. This sustained commitment allows us to face new challenges and to establish stronger partnerships.

The new resources bolster our means for continuing our technical assistance and support mission to local partners, together with appropriate financial solutions for the numerous initiatives in favour of small producers and entrepreneurs in developing countries.

Fortunately, we are not alone. We are building this solidarity alongside other experiences that are burgeoning throughout the world, hoping to contribute to a real economy of solidarity. Thus, among these alternatives, the local and mutual assistance financing networks are helping to change the living conditions of thousands of people, by supporting the development of self-employment and income generating activities, the benefits of which contribute to improving access to healthcare, housing and education...

.... here,

In France, several thousands savers and many cooperative financial institutions are mobilising their forces. They are all convinced that the financing of development passes by way of local and solidarity savings products. They invest according to their ethical convictions and turn over their money to sectors abandoned by traditional financing networks.

....over there,

SIDI continues its activity among creditworthy partners in the South who are carrying out real projects, with a democratic operating method, real transparency, qualified and motivated agents, who are developing financial structures or products adapted to the needs of entrepreneurs in their country. Throughout 2001, the partners of SIDI have shown a commitment to incorporate their financial approach within a wider reflection. Because, unfortunately, financial services are not the only tool that helps get things immediately and quantifiably off the ground and brings a noticeable change in the living conditions of beneficiary households.

With the review of the year 2001....

In 2001, SIDI gave concrete form to the confidence of its shareholders by developing activities :

- strengthening its partnerships in priority intervention areas (Africa, the Mediterranean Basin, Haiti, the Mekong and Andean countries). €662,000 of new financial commitments were allocated to 12 financial institutions.
- consolidating a "multi-partnership" approach in Cambodia, Haiti, Lebanon, Madagascar, Morocco, Uganda, and Senegal, to increase the impact of its activity in the country.
- bolstering its operational alliances with European institutions : ALTERFIN (Belgium), CORDAID (the Netherlands), MISEREOR (Germany), OïKOS (Denmark), OïKOCREDIT (the Netherlands), TRIODOS (the Netherlands)... , to obtain significant leverage on resources mobilised in favour of the partners.

Beyond the financial and technical cooperation relations, SIDI also pursued and encouraged exchange of experiences between its partners : support to the African network MAIN, seminar in Asia (Ho Chi Minh City), etc.

In a period when development tasks are changing, the SIDI operating team, supported by its partners, has pursued a global reflection on financing tools. It has expanded the types of partnership, which now include local organisations initiated by rural actors, and offer financial products or develop financial links with groups of people living in remote areas of the country. In this case, the financing provided by SIDI stimulates, rather than replaces, the existing internal mechanisms.

En 2001, in order to strengthen the institutional dimension of its interventions, SIDI increased its dialogue with CCFD in operational CCFD matters. This step has led in particular to:

- The search for complementary actions in certain countries, in order to contribute to a more efficient cooperation among the partners.
- The continued promotion of savings products in France.
- The increase of the share capital by €2 million, to increase its investment capacity.
- The consolidation of the FID, a risk-guarantee fund (to cover exogenous financial risks, like the exchange risk).

... To prepare the future ...

In 2001, we identified priorities that will be elaborated in the course of 2002, as part of the 2003-2005 action plan:

- financing the rural environment becomes a major stake to confront the issue of poverty. Currently, many financing requests come from rural areas. To meet this demand, SIDI must upgrade its approach with new tools and skills to meet with this reality : the need to strengthen internal know-how, identify external competencies, and mobilise new alliances. Thanks to internal coordination, it is already possible to analyse the existing actors offering financial services in rural areas, in particular in West Africa. In view of the political and economic integration process pursued by the States of this sub-region, SIDI has undertaken a regional approach to improve access to the financing of the poorest rural populations.
- To accompany this reflection, the analysis of the impact of financial services on customers will play an important role. The current achievements (risk management, independence of partners, etc.) will need to be capitalised, to define - in consultation with the partner organisations - the means of measuring the social impact of their activities on the final beneficiaries.
- Strengthening of the relations among the different "links" of the solidarity chain defined in October 2001 in the course of the SIDI forum. Strong recommendations pertaining to the strengthening of the elements that favour the dynamic links of this chain, between shareholders and savers on the one hand, and micro-entrepreneurs and rural producers, on the other.
- Implementation of a concerted strategy within the "CCFD Group" and development of joint communication and lobbying actions to obtain a better response in terms of solidarity development, comprising in particular links with fair trade and other components of social economy.

For better tomorrows.

The awareness of the general public concerning matters relating to micro-finance and social investment has changed a great deal since SIDI was created. Initiatives have multiplied in France and in the world. It is important to be watchful of this development to support partners "over there" who are capable of taking on the challenges of poverty-reduction by promoting access to employment and decent incomes and to contribute to raising the awareness of public opinion "here" about the issues of development.

To present our successes, difficulties and hopes better, I invite you to read about the activities of SIDI and its partners in the light of these different questions, to try and understand better the stakes and challenges we are all facing in trying to build a better future.

Christian SCHMITZ
Chairman of the Board of Directors
Paris, June 7, 2002

FINANCING AND SUPPORT FOR PARTNERS IN 2001

Overview of SIDI's commitments in 2001

SIDI's task is to consolidate local financial institutions in developing countries in order to provide access by deprived populations to savings and loans services. Against this background, its activities can be broken down into the following two complementary categories:

- **advice and support for partner organisations** to boost their operational autonomy; involvement in governance or advice and support for internal administration (staff training, development of management tools), and the management of micro-finance activities (loan disbursement methodology, portfolio monitoring, etc.);
- **the financing of these same partners** through the acquisition of shares in their capital and loans, so as to contribute to their financial independence and increase their intervention resources.

The priorities set for the 2000-2002 period give preference to a partnership approach for the mutual benefit of SIDI and the local organisation.

SIDI works with a total of 35 institutions in 28 countries, and three institutions of continental scope¹.

In 2001, SIDI's activities mobilised resources worth 1,614,000 Euro, a 9% increase over the previous year, and 43% more than in 1999. These resources come from:

- its own capital, held by CCFD (founding shareholder), and private shareholders (both institutions and individuals);
- shared returns from solidarity investments proposed by CCFD;
- international financial partners.

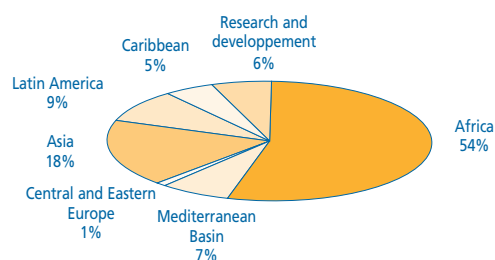
Advice and support to partners

In 2001, SIDI stepped up its advice and support, which now amounts to 952,000 Euro (see Table 1). The priority areas, confirmed in the 2000-2002 strategic plan, are Africa, the Mediterranean Basin and the Caribbean. In 2001, they received 66% of the resources allocated to partner advice and support (see Table 1 and Diagram 1).

This year, SIDI has signed new partnerships with 5 new local financial institutions: HATTHA KAKSEKAR in Cambodia, CONSOLIDAR in Colombia, the Soc Trang Women's Union in Vietnam, NAJDEH in Lebanon, and OMIPA in Uganda. At the same time SIDI, responding to new appeals, has continued its identification work.

Table 1 and diagram 1:
Geographical breakdown of SIDI resources for advice and support to partners

| | TOTAL en 2001 en K€ | TOTAL en 2000 en K€ |
|---------------------------------|---------------------|---------------------|
| Africa | 518 | 453 |
| Mediterranean Basin | 66 | 65 |
| Caribbean | 51 | 71 |
| Central and Eastern Europe | 14 | 7 |
| Asia | 167 | 162 |
| Latin America | 82 | 71 |
| Research / Developpement | 55 | 59 |
| TOTAL | 953 | 888 |
| (of which additional financing) | 332 | 305 |



Advice and support to partners also includes backing for specific projects they wish to include in their activities. Wherever possible, SIDI has sought **additional sources of financing ("co-financing")** for these projects from both French and international institutions. In 2001, SIDI mobilised **332,000 Euro** in financing, a 9% increase over 2000, to cover 35% of its advice and support activities. The priority areas received 82% of this financing (see Table 2 and Diagram 2).

Of this financing, 109,000 Euro was transferred directly to the partners to consolidate their activities,

The multi-partnership

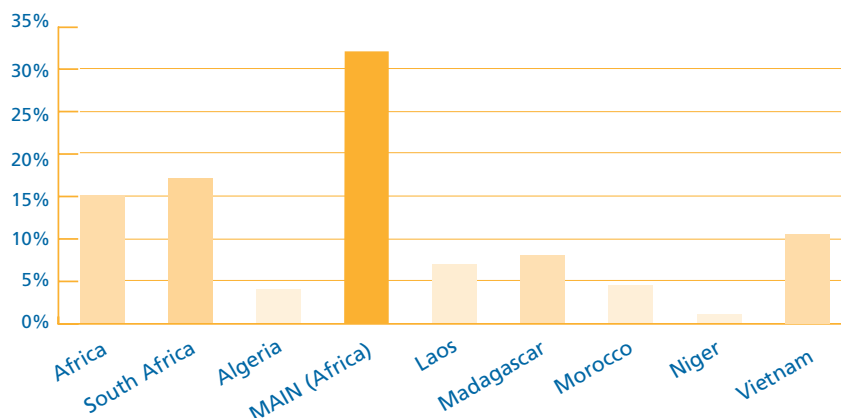
In accordance with the 2000-2002 business plan, the multi-partnership strategy enables SIDI to:

- conclude contracts with partners of a different size, status, clientele and location;
- better understand the local financing networks;
- promote synergies between the different actors, thanks to a dynamic exchange of experiences (Antananarivo seminar in October 2000, work plan of the MAIN network for 2001, Dakar seminar in April 2001...);
- strengthen its impact in a given country;
- initiate the search for complementarities between its partners.

(Box 1)

Table 2 and Diagram 2:
Geographical breakdown of additional financing in 2001

| | en K€ |
|-----------------------|------------|
| Africa | 51 |
| South Africa | 56 |
| Algeria | 13 |
| MAIN network (Africa) | 108 |
| Laos | 25 |
| Madagascar | 26 |
| Morocco | 15 |
| Niger | 3 |
| Vietnam | 36 |
| TOTAL | 332 |



enabling them to carry out training schemes in South Africa, Laos and Niger, as well as to provide institutional support to Morocco. Substantial financing amounting to 108,000 Euro help pay for support work for the MAIN network in Africa. The balance was used by SIDI itself for the seminar in Vietnam and for advice and support to its partners in Madagascar and Algeria (see pages 7-16) in support of jointly-developed action plans.

Particular emphasis has been placed on support for partners' **network** initiatives, a strategic action for which SIDI has been highly praised. In that connection, SIDI supported a pro-active exchange of experiences between local and international partners through its support for the MAIN network, the exchange seminar in Asia and the SIDI Workshops in October 2001.

Financing of partners

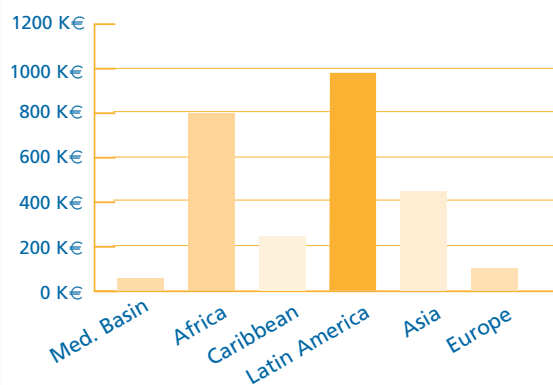
SIDI's loans to, and share acquisitions in, local partners are a medium and long-term tool that contributes to the sustainable consolidation of their resources. In general, SIDI's financial support is combined with backing, also from SIDI, to reinforce local institutional initiatives through participation in management bodies. This is a specific feature of SIDI's commitment to local financial institutions.

At 31 December 2001, SIDI's financial commitment amounted to 2,686,000 Euro, a 7% increase over 2000, 38% of which in **loans** and 62% in **equity investments** (see Table 3 "Gross portfolio of SIDI" p.25).

This increase was achieved thanks to the successful conclusion of identification work in Africa and southeast Asia (see Diagram 3).

In 2001, a pivotal year of the strategic plan, SIDI achieved 94% of its financing objectives (a total of 708,000 Euro in the 2000-2002 action plan). As in previous years, these good results were mainly achieved in the often-lengthy identification stage that takes place before new partnerships are finalised.

Diagram 3 :
Gross portfolio of SIDI as of December 31, 2001
(equity investments, loans and claims) *



(* This diagram is accompanied with table 3 "Gross portfolio of SIDI" p. 25)

However, the unfortunate political situation in Palestine and the difficult political climate in Algeria show that the goodwill shown by SIDI and local institutions is not always enough to achieve their jointly-agreed objectives. Furthermore, SIDI's current examination of the financing needs submitted by peasant organisations and rural sectors will have to advance further before new partnerships can be concluded.

SIDI's action has also had **significant leverage effect** in 2001 by multiplying the financial resources available to the partners. SIDI's financial and technical support has boosted partners' credibility in the eyes of other financing sources. This strategic support, which has always underpinned SIDI's interventions, has led to the mobilisation of financing from the following institutions : ALTERFIN (Belgium) for the Nigerian institution KOKARI in the form of a 19,000 Euro loan ; CORDAID (The Netherlands) which granted a direct loan of 152,450 Euro to SIPEM in Madagascar; and the SICAV Nord Sud Développement [North-South Development Unit Trust] for a direct loan of 1,134,687 Euro to BANCO SOLIDARIO in Ecuador.

Investments and portfolio revenue

New investments in 2001 totalled 662,000 Euro, 53% of which went for the acquisition of shares (350,000 Euro) and 47% for loans (312,000 Euro).

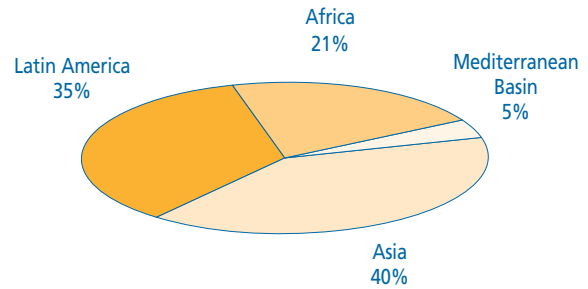
In 2001, SIDI withdrew from some of its partnerships, selling off its stake in RCP (Thailand) and SERFINDES (Colombia). In all, SIDI disbursed capital amounting to 264,600 Euro. In Colombia, SIDI reinvested the proceeds from its shares in CONSOLIDAR, another local institution.

In 2001, the income from SIDI's portfolio was 88,233 Euro, of which 37,797 Euro in interest from loans. Dividends from shares generated 50,435 Euro, essentially from BANCOSOL (Bolivia), INDES (Chile), CERUDEB (Uganda) and TISE (Poland).

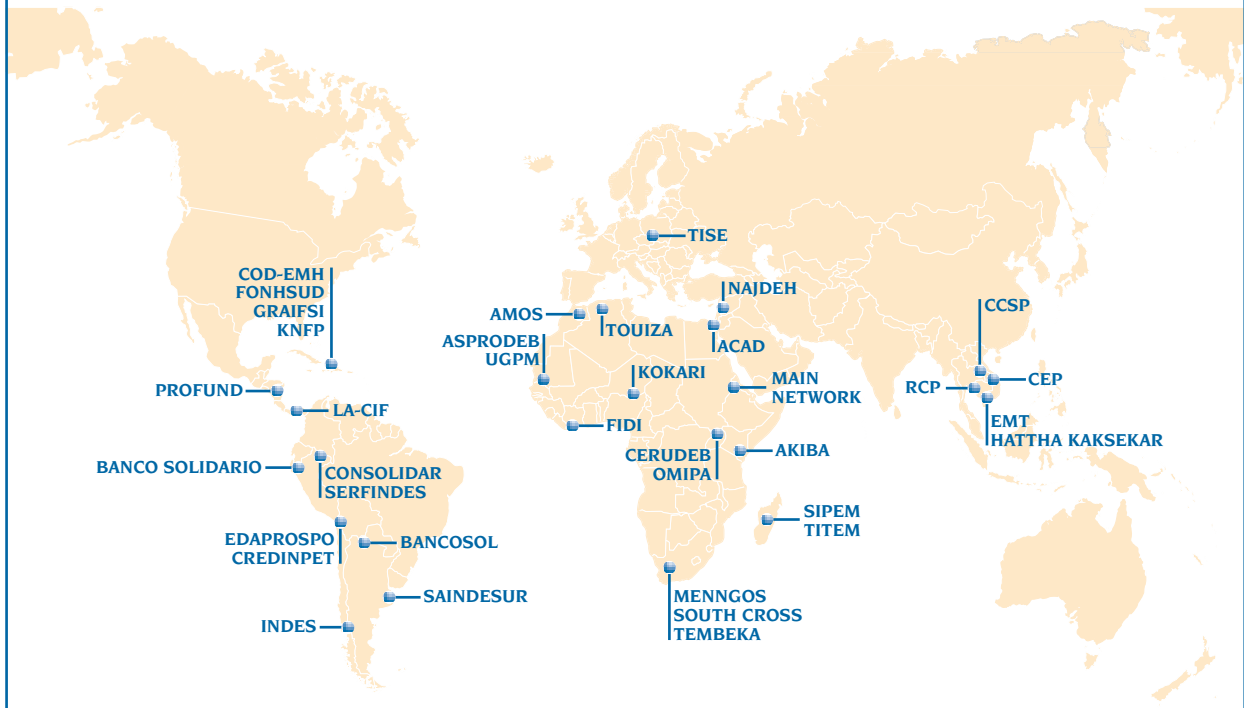
A net financial result of 126,791 Euro was generated essentially by an increase in income from the investment of IDF funds, foreign exchange gains, interest on loans and dividends from shares. That result was achieved despite the portfolio-management prudential measures introduced in 2000, which were continued the following year. In 2001, under those same measures, a 289,500 Euro allocation to the reserve was made from loans and shares. At the same time, the board of directors made an assessment, coinciding with the development of the legal framework for the solidarity economy in France and in Europe, of how SIDI could in future benefit from tax measures in keeping with its activity as a solidarity investor in developing countries.

Table 4 and Diagram 4:
Geographical breakdown of SIDI resources mobilised
for the new financing of partners in 2001

| | TOTAL in 2000 in € K | TOTAL in 2001 in € K |
|---------------------|----------------------|----------------------|
| Africa | 137 | 260 |
| Mediterranean Basin | 27 | 30 |
| Caribbean | 0 | 195 |
| Asia | 268 | 46 |
| Latin America | 231 | 65 |
| TOTAL | 662 | 596 |



MAP OF SIDI'S PARTNERS PER INTERVENTION COUNTRY



IN ASIA

In 2001, SIDI stepped up its activities in the Mekong region. The institutionalisation¹ of micro-finance programmes in Laos and Cambodia opened up a privileged field of intervention. Concurrently, greater attention was paid to the support of regional exchange among the three Mekong countries. The 4th meeting of SIDI partners was held in Vietnam, in May 2001.

In Cambodia,

Whereas Asia is characterised by a high density of urban population, Cambodia has a singularly rural physiognomy. In 2001, SIDI consolidated its support in Cambodia to two micro-finance organisations, EMT and HATTHA KAKSEKAR, both of which have embarked on a process of institutionalisation. In choosing to support two institutions in the same country, SIDI followed the idea of "clusters," developed in the 2000-2002 business plan, thereby giving concrete form to its multi-partnership strategy.

EMT is by far the leading micro-finance institution in Cambodia, with a team of 200 people covering nine provinces, a credit portfolio of €5,675 million, and a portfolio of more than 75,000 outstanding loans, at the end of 2001. With technical support provided by GRET from the outset, in 2000, EMT obtained formal approval under the new regulations governing micro-finance institutions, in Cambodia. In 2000, SIDI acquired a 19% stake in the capital of EMT, alongside GRET. The partnership was continued in 2001 with regular and active participation on the part of SIDI in the board of directors, and a loan of €170,882, which enabled the institution to meet a temporary shortage of cash-flow given the sustained demand for loans. In July 2001, the director of EMT undertook a study trip to Bolivia, with the logistical support of SIDI, which enabled him to visit various local MFIs. At present, EMT is diversifying its shareholding with the arrival of new shareholders, in particular Lafayette Finance and PROPARCO, who have confirmed their willingness to subscribe.

SIDI's multi-partnership in Cambodia materialised with the acquisition of a stake in the capital of HATTHA KAKSEKAR, amounting to €16,984 (cf. page), an institution active in the provinces around the Tonle Sap Lake, with outstanding loans of €1.7 million and 8,000 active clients, as at December 2001. HATTHA KAKSEKAR obtained its official approval in October 2001.

Since the publication of the decree two years ago, EMT and HATTHA KAKSEKAR are the only two officially recognised Cambodian institutions.

In 2001, HATTHA KAKSEKAR entered a new phase of growth which requires the search for credit and operating funds. The participation of the director of HATTHA KAKSEKAR in the 4th meeting of SIDI partners in Asia and the SIDI Seminar in Paris, offered him an opportunity to meet European development institutions.

In Vietnam,

In spite of the high concentration and dynamism of micro-enterprises in this country, the institutional environment remains nonetheless difficult for the development of micro-finance. The 4th meeting of SIDI's partners in Asia held in Ho Chi Minh City, in May 2001, was a high point which at the same time revealed the limits that the Vietnamese regulatory framework imposes on the activity of NGOs and social institutions.

Co-organised by SIDI and Capital aid fund for Employment of the Poor (CEP), this seminar afforded an opportunity for fruitful exchanges among the 80 delegates from various countries: Vietnam (half of participants), Cambodia, Bangladesh, Laos, Thailand and France. The discussions underscored the importance of links between micro-finance programmes and the eradication of poverty, as well as the need to strengthen the professionalism of different actors.

As at previous meetings, to provide an insight in micro-finance practices in other parts of the world, SIDI invited an "outsider" - the manager of PROFUND to give a presentation.



Photo : SIDI

In Vietnam, SIDI has been working since 1999, in association with CEP, the co-organiser of these meetings. In spite of an agreement to increase the amount of the SIDI loan, granted in 1999, due to the absence of sufficient growth in the CEP portfolio, no increase was granted. SIDI continued its technical support in 2001 through its local representative, geared in particular to the monitoring and evaluation of microenterprises that receive financing.

Furthermore, to strengthen its support to Vietnam, SIDI granted a loan of €21.709 to the **Women's Union of the Province of Soc Trang**, one of the poorest provinces in Vietnam, and contributes to the training of loan officers and the monitoring of loan beneficiaries.

¹ Institutionalisation is the process whereby a development programme is transformed into an independent entity, with a legal formal recognition, which can provide financial services (savings and/or loans) in the long term.

In Thailand,

Announced long ago, SIDI has completed its withdrawal from RCP. In 2001, SIDI accepted RCP's proposal to sell 50% of its stake to PSCH Food Company, a local shareholder, and to private individuals, and to transfer the remainder at no further cost. In the recent years of SIDI's commitment to RCP, the development of a new phase of cooperation based on the operational priorities of both parties had become less apparent. Nevertheless, the quality and seniority of the relations established have always remained alive, as attested by the participation of RCP's manager at the 4th meeting of SIDI partners in Asia.

In Laos,

2001 was a year of contrasts, characterised by financial difficulties, although activity continued to grow.



Photos : C. Ayrault

More specifically, the CCSP network (Coopératives de Crédit pour le soutien aux Sociétés Paysannes) has continued to expand throughout the country: three new cooperatives were established, i.e. nine in all, in seven provinces of the country. The activities were intensified in the course of the year with the training of teams and the establishment of solidarity groups for micro-finance activities. Some 500 micro-entrepreneurs were granted a loan in 2001 and more than 800 savers deposited their savings with CCSP. Their economic activities in fish-farming, weaving, fruit drying, and small-scale processing of agri-foodstuffs are waged in liaison with several thousands of producers.

The establishment of a Cooperative Fund, a refinancing institution for the CCSP network, continued with the study of the legal arrangements for the fund. Several work meetings were held in Vientiane with the banking authorities, the Ministry of Finance and SIDI, representing all the international partners. The creation of this fund as a public limited company was confirmed for January 2002.



Photo : SIDI

Since September 2001, SIDI has also conducted various consultations and negotiation meetings with its European alliances (MISEREOR, GILLES Foundation, ALTERFIN, CORDAID), regarding their contribution in the form of equity participation or donation to the Cooperative Fund, and to consolidate the technical assistance programme.

In anticipation of the creation of this fund, the Laotian partners expressed the wish that SIDI, in partnership with ALTERFIN, would maintain, in the very least, the financial volume attained in December 2000. SIDI has therefore decided to maintain the outstanding loans of €222,000, an amount necessary to allow a sufficient credit offer for farmers and small entrepreneurs.

In 2001, interventions in Mekong countries represented a new investment of €267,575. These new financial partnerships are accompanied by ambitious institutional objectives : participation in the establishment of emerging institutions and implementation of apex financial tools. In view of its intervention, independence and its long-term commitment, SIDI has a real advantage in its support for this institutionalisation process. In 2002, SIDI will step up the institutional support of its Asian partners. Moreover, if the opportunity arises, SIDI will also examine new applications.

IN AFRICA

SIDI has intensified its activities in Africa, as a core priority of its 2000-2002 business plan. Three major policy lines are being developed, in consultation with CCFD and the European partners:

- consolidation of its "multi-partnership" approach and identification of leads in new countries ;
- enlargement of the types of partners which henceforth include financial organisations from the rural world ;
- support of a dynamic process of exchange with and training of its African partners.

In West Africa,



Photo : SIDI

The scope of poverty in Africa calls for massive and innovative solutions. SIDI has undertaken a regional approach to provide better access to financing for the poorest rural populations. This new approach for West Africa is materialising through:

- support for the craftsmen's network (CAAO) and the network of peasant organisations of West Africa (ROPPA) in their discussion with the West African Development Bank, to create a regional tool for the financing and investment;
- the consolidation of its partnerships in Niger and Senegal;
- the creation of a "West Africa working group inside SIDI to intervene in a more important and concerted effort in the countries of the West African Economic and Monetary Union and the Economic Community of West African States.

In Senegal,

The year 2001 bolstered the multi-partnership strategy. The diversification of SIDI partners in Senegal opens up a privileged reflection for SIDI on financing tools for the rural world originating from within the rural populations themselves. SIDI entered a partnership with two institutions that offer financial services to rural populations.

- **UGPM** (cf. page 15), a union of 70 groupings of Senegalese producers. In 2001, it received the second instalment of a loan (€15,245) and technical support to computerise its portfolio;
- **ASPRODEB**, a coordinating body of rural organisations, which manages economic and financial programmes. It has signed a partnership agreement with SIDI for the creation of a department specialising in the setting-up of decentralised financing structures, controlled by rural entities.

In Niger,

SIDI strengthened its financial and technical partnership in 2001 with KOKARI, a savings and loan cooperative in the service of farmers, in a difficult country particularly sought after by donors. After the release of the second instalment of the loan granted by SIDI and ALTERFIN, KOKARI increased its loan portfolio from €580,000 to €625,000 with more than 15,000 members from 3000 peasant organisations.

Faced with overdue loans, in a highly competitive credit environment, KOKARI received sustained support from SIDI in 2001 to introduce a computerised accounting system and from CCFD for the computer hardware. The application for subsidies from the E-BAS programme of the European Union, if accepted, should help strengthen the accounting function.



In the Ivory Coast,

Further to the restructuring of the activities and renewal of FIDI personnel, contacts resumed with this partner specialised in the financing and support of micro-entrepreneurs. Furthermore, the restoration of peace in the country made it possible to undertake missions to identify new partners.

In East Africa,

The multi-partnership strategy also led to a new partnership in Uganda in 2001, with the support to **OMIPA**. SIDI maintains its presence with **CERUDEB**, a Ugandan commercial bank specialised in micro-entreprise financing. The partnership between **CERUDEB** and **AKIBA**, a Tanzanian institution, is also working in the field of personnel training

In Uganda,

Created at the end of the 1980s, **OMIPA**, a network of rural savings and loan associations, is singularly rural both in terms of its location as well as its staff and clientele (cf. page 14). In 2001, SIDI granted a loan of €56,750 to **OMIPA**, the first instalment of which will be released in January 2002, before agreeing on support in the longer term. In parallel, **CERUDEB** continues its operational development by opening new branches (19 in all), increasing its credit portfolio (€15 million) and serving 12,000 active borrowers at the end of 2001. Nevertheless, in the course of the year, the governance of **CERUDEB** was deeply disturbed by the death of the General Manager, in May 2001, whose motivation and professionalism had stamped the development of the institution, and by the renewal of the board of directors in September 2001. SIDI continued its institutional support through its active participation in the board of directors – support that proved all the more timely during this period of reorganisation of human resources and visions.

Thus, the new partnership with **OMIPA** enabled SIDI to expand its outreach over the Ugandan population, from micro-entrepreneurs, the usual public of **CERUDEB**, to underprivileged rural families, which are catered to by **OMIPA**.

In Tanzania,

The commercial bank **AKIBA** continues to grow by managing a restructuring phase that has entailed the opening of branches in working class areas and a drop in the overdue rate. Refocused chiefly on a clientele of small entrepreneurs, **AKIBA** had about 3,000 active borrowers and 8,000 savers at the end of the year. SIDI participates actively in the institutional monitoring of **AKIBA** by sitting on the board of directors, with **TRIODOS** Bank, and by supporting the management of its portfolio. In view of the growth, in 2001, SIDI approved an increase of its shareholding by €87,915, bringing its total stake to 6%. Furthermore, the partnership between **CERUBEB** and **AKIBA** remains fruitful, with the training of new **AKIBA** loan officers by **CERUDEB**.

In the Great Lake District,

At the request of CCFD, in 2001, SIDI assumed the responsibility for conducting the "financial support for the start-up

of income-generating activities" in the Great Lakes area (Burundi, Kivu and Rwanda), based on the second phase of a co-financing agreement with the French Ministry of Foreign Affairs, the drive of. This support should make it possible to strengthen the existing financial institutions and to coordinate their services with the activities of local development NGOs.

In Southern Africa and Indian Ocean

In Madagascar,



In this country, two additional partnership have now been established, in particular around the new alliance with **CORDAID**.

The historical partner of SIDI in Madagascar, **SIPEM**, offers micro-credit services for urban entrepreneurs at the very heart of the Malagasy capital. After a three-year consolidation phase, it continues its institutional and operational growth. Under a new agreement with **CORDAID**, SIDI assisted **SIPEM** in the start-up of the loan granted by **CORDAID**, released in a single instalment in 2001 (€164,285) with the introduction of management and guidance tools. Objectives achieved: the contribution of these additional resources has made it possible to open a fifth neighbourhood branch and the financial year 2001 closed with a surplus.

In a context of enhanced activity between local micro-finance institutions, **SIPEM** and SIDI have continued a prospective reflection on two strategic subjects: the geographic extension of **SIPEM** in a secondary city and its application for approval as a credit institution. Agreed at the end of 2001, the extension is planned for 2002, after mobilisation of new resources.

In entering a partnership with **TITEM**, SIDI and its European partners, **CORDAID** (the Netherlands) and **Entraide & Fraternité** (Belgium), have opted to support a financial organisation for Malagasy farmers. A structure arising from a farmers' trade union, **TITEM** became independent in 2001 from the parent association. Under a cooperation scheme with **CORDAID**, the technical assistance and guidance by SIDI to **TITEM** pertains to the elaborating a development plan. Nevertheless, several

cyclical elements related to an insufficient rice crop and a hesitant solidarity among the farmers, appear to have weakened the association in 2001 and to have led to high overdue rates.

Thanks to the enlargement of the SIDI partnerships, 2001 turned out to be a fruitful year in Madagascar. Nevertheless, the political crisis that hit the country in the beginning of 2002 may leave deep traces on the country's economy and by extension on the micro-finance institutions.

In South Africa,

2001 saw the strengthening of the institutional links between SIDI and its South Africa partners, even if few operational activities were conducted.

The South African environment remains uncertain regarding the development of micro-finance institutions, in a country where State intervention is highly present.

With **MENNGOS**, SIDI concentrated its effort on the organisation of the second phase of the "rural project", in concerted action with CCFD. This support will be continued in 2002. After refocusing its activity on micro-credit, **MENNGOS** provided advice and guidance to Western Cape associations on access to micro-finance services

SOUTH CROSS started the year in a dynamic fashion with the finalisation of the strategic plan. Unfortunately, the association was unable to renegotiate its partnership with **KHULA**, the governmental financing agency, which had a sizeable claim on **SOUTH CROSS**. Its firm demand for full, and immediate reimbursement entailed closing the association, at the beginning of 2002.

Based on the agreement of the founding South-Africa members of **TEMBEKA**, SIDI will guide its re-launch to establish an institution for the refinancing of local initiatives by extending the initial impetus of **SOUTH CROSS**. In 2002, SIDI will continue to identify partners that implement financial services initiatives and will optimise the role of **TEMBEKA** to finance such activities.

At continental level,

In April 2001, SIDI took part in the consultation meetings organised by CCFD with its African partners in Dakar to reinforce the complementarity of the 2 organisations, on this continent. SIDI relied actively on the **MAIN network** which continued its activities with the same drive as in 2000. Thanks to the strong "marketing" conducted by the coordinator and the founding members, the **MAIN network** has more than thirty member institutions, active in fifteen countries in the Indian Ocean, Africa and the Middle East.

Four training seminars were organised in 2001, on the following themes :

- governance of micro-finance institutions, in Addis-Ababa (Ethiopia), in March 2001, which regrouped some twenty institutions from 13 African countries;
- the use of information technology in financing institutions, in Dakar (Senegal), in May 2001,

- management of a micro-finance institution, in Uganda, in July 2001;
- control in financing institutions and fraud detection, in Cape Town (South Africa), in November 2001.

MAIN, the action of which is increasingly recognised at the international level, was able, with SIDI's support, to expand its network of financing partners which henceforth include **MAE** and **FPH** (France), **MISEREOR** (Germany), the **GILLES Foundation** (Belgium), and **COR-DAID** and **HIVOS** (Netherlands).



In 2001, SIDI intensified its opening in West Africa and the rest of the continent. The anchoring of its partnerships in Africa positions it as a credible and efficient actor in the social economy. Its cooperation is sought to gain access to financing and to develop partnerships in the long-term that are representative of shared visions and actions. A new field of innovation is opening up around the financing of peasant organisations and the rural world in general, and issues relating to interest rates, appropriate services, impact analyses, etc....

The continuation of exchange with the MAIN and CCFD network will make it possible to respond to new financing requests, in 2002.

IN SOUTH AMERICA

The recession in the United States and the spectre of bankruptcy in Argentina – and in Brazil, the second engine of South American business activity – have been felt in most of the countries in the region. Nevertheless, new challenges are emerging that are making the Andean countries an important and active intervention area. The professionalism and important leverage effect of regional financing instruments (PROFUND and LA-CIF), in which SIDI is involved as a founding member, give it a position of privileged observer and participant in the micro-finance sector which has reached a higher stage of maturity in this region of the world.

In Chile,

The country did not escape the economic slowdown that hit Latin American countries. In this context, discussions concerning the start of a withdrawal of SIDI from the capital of **INDES**, a company which provides leasing loans for small Chilean enterprises, were not at the centre of strategic considerations.

For its part, **INDES** continues its search for new shareholders. The Triodos-Hivos fund which has already granted a loan of €500,000 over five years, could possibly be approached. In this vein, and with the prospect of attracting new investors, **INDES** proceeded to a first distribution of dividends, on the results for financial year 2000.

The close links between SIDI and **INDES** have been strengthened with the participation in the SIDI seminar, in 2001, of one of the Directors of **INDES**, and of a representative of the *Fundacion para el Desarrollo* – the other reference shareholder – close to the diocese of Santiago of Chile.

In Bolivia,

The political climate continued to be eventful in 2001, chiefly due to the weakness of the acting president and the absence of economic growth.

One of the consequences of enhanced competition in the micro-finance sector has been a worsening of the debt burden of borrowers. Created in 1992, **BANCOSOL**, in which SIDI is a founding shareholder, was not spared. The control of growth and overdue loans remained management's priority in 2001. The year closed with a portfolio of 55,505 active clients.

The presence of SIDI in **BANCOSOL** was reinforced by the appointment of its local representative to the board of directors, as a proxy. While maintaining its confidence in the action of **BANCOSOL**, and the strong leverage effect that this investment provides at present, SIDI is also considering the opportunity of initiating a partnership with another Bolivian institution which could reap a larger benefit from such support.

In Colombia,

SIDI completed its withdrawal from **SERFINDES** at the end of the year, as the latter institution maintained venture-capital financing at the heart of its strategy, to which SIDI is no longer willing to commit. The amount recovered constituted the initial contribution to the capital of **CONSOLIDAR**, a savings and loan cooperative that offers financial services to micro-entrepreneurs, who are also its members. With the acquisition of a stake worth €70,055, representing 9.6% of the capital, SIDI is starting an initial partnership with the cooperative milieu in this part of the world. After three difficult years, in 2000 **CONSOLIDAR** reduced its "scale", in particular by closing provincial branches, to cut its operating costs and thus establish the conditions for re-launching its activities. On 31 December 2001, the portfolio of **CONSOLIDAR** amounted to at least US \$170,000 with 400 clients, 63% of whom are women. The energy and effort deployed by the **CONSOLIDAR** team were reinforced by a contribution of financial resources from **CORDAID**. As of now, the future development of the cooperative can be envisaged.

In Ecuador,

SIDI and **BANCO SOLIDARIO** improved their mutual acquaintance, in 2001. Wishing to increase its stake in this Ecuadorian commercial bank, in 2001 SIDI acquired the shares held by **SCDF** and also subscribed to



Photo : SIDI

convertible bonds. These operations brought SIDI's equity participation to 1.7% of the bank's capital, for a total amount of €137,730.

Thanks to the signing of a cooperation agreement with the Spanish Federation of Savings Banks, with has branches throughout Spain, BANCO SOLIDARIO continues to affirm its spirit of creativity with the launch of a savings project aimed at the Ecuadorian immigrant community in Spain. At the end of 2001, with 21,000 borrowers and 36,000 depositors, BANCO SOLIDARIO was well on its way to making "micro-finance" its principal activity. SIDI's desire to bolster support for BANCO SOLIDARIO led to its intervention with the "SICAV Nord Sud Développement", managed by CDC Asset Management, in Paris, for a financing in favour of this institution. By a happy coincidence, the release of this financing coincided with the opening of the SIDI Seminar, which was attended by a representative of the bank.

In Peru,

The activities of CREDINPET could not resume in 2001 because all merger negotiations with the MACROSUR group or another buyer, were definitely halted. After a period of political uncertainty, the main creditors of CREDINPET will proceed to liquidate the organisation. This could enable SIDI and CORDAID to recover part of their holdings, at a future date.

Conversely, SIDI strengthened its ties with EDAPROPO, by renewing the loan of €90,775 for a period of two years. At the end of 2001, this association offers a credit service to more than 3000 micro-entrepreneurs among the poorest. In a competitive environment, and in spite of its modest size, EDAPROPO maintains an honourable performance and manages to cover its operating expenses. In 2002, with the support of SIDI, this NGO will continue to work on the institutionalisation of its financial activities so as to access new sources of financing and expand its services to a larger number of beneficiaries.

Continental institutions

PROFUND, in Costa Rica, and LACIF, in Peru, two continental schemes that provide financing to micro-finance institutions, continued their development in 2001.

PROFUND plays the role of private investor for 17 MFIs in the region located in eleven countries. On a cumulated basis, PROFUND has contributed to a total portfolio of micro-credits of more than US\$ 292,858 for 300,000 micro-entrepreneurs. PROFUND has also started to think about its self-liquidation, programmed after ten years, in the articles of association. To the extent that PROFUND, through its stake in the capital of the MFIs, is directly feeling the consequences of the economic and financial climate of its environment, in the absence of considerable improvement of macro-economic indicators, its shareholders could decide to extend its term for two years. Nevertheless, PROFUND, the leading fund of its kind, has contributed to the development and maturity of the micro-finance sector in Latin America.

For its part, LA-CIF is now recognised as a bench-mark institution, thanks to its methodology and rigorous analyses. After a cautious start-up period, LA-CIF has moved closer to its MFI clientele, and has undertaken to extend its financing periods (336 days on average in 2001), while controlling the inherent risks. Several new international institutions have shown interest in participating in its capital (for a total amount of about US \$ 1 million). In parallel with its stake in PROFUND, its method of intervention through the granting of financing (credits and guarantees), enables LA-CIF to better control its risk and to generate regular income to cover its operating costs, while affording MFIs access to working capital, according to their needs.

Based on an aggregation of the figures of MFIs it finances, LA-CIF has contributed to a portfolio of US \$ 230 million benefiting 289,000 clients with 117 "service windows."



Photo : SIDI

In 2001 SIDI was able to embark on the reconfiguration of its portfolio in South America by exiting from SERFINDES, and a total new investment of €231,000. It was thus able to reposition itself as a local financial institution, closer to its core business and target populations. In 2002, SIDI will continue its search for appropriate divestments, undertaken in full co-ordination with its partners, and redeployment of the funds recovered. redevelopment. To this end, it will continue to pay close attention to innovative experiences and organisations, so as to open its network to new partners.

IN THE CARIBBEAN

In this region, SIDI is active in Haiti. In 2001, the political situation worsened and at the end of the year an attempted coup d'état was staged that was later used as a pretext to prolong the crackdown on the opposition and the press. The constant devaluation of the local currency, the gourde, in relation to the US dollar, has sharply increased the cost of living in Haiti. Many of Haitians have fled the country to escape the economic situation that has been exacerbated by the suspension of all foreign aid. In spite of the gloomy circumstances, SIDI has strengthened up its support for its partners who have responded with redoubled dynamism.



Photo : SIDI

In the year 2000, SIDI's support was chiefly focused on the Conseil National de Financement Populaire (KNFP), which was created on the initiative of three Haitian organisations - COD-EMH, GRAIFSI and KOFIP. The KNFP was created with the aim of promoting and studying popular financing. The KNFP took part in the setting up of a mobile training institute (IMOFOR), dedicated to technicians and the elected officials of financing initiatives as well as community members seeking to develop their own financing instruments. The project has been presented to several financial institutions and the plan was to have it up and running in 2002, but the adverse political situation and the freeze on aid may well delay its start-up.

At the same time, cooperation with FONHSUD, a partner association of CCFD, which works with peasant organisations, has continued under the partnership agreement. In response to the current situation, FONHSUD has decided to develop its activities in the country's southern district, mainly focusing on solidarity credit unions, which now number around a hundred, double that of the year 2000. Applications for refinancing from credit and savings unions in order to boost their lending capacity have increased, and at the end of 2001, more than thirty of them benefited from refinancing that was repaid on time (see insert 5 p. 17 on solidarity credit unions).

The partnership between SIDI and COD-EMH, an association that grew out of the Methodist Church and promotes village banks, has continued on the right track. While this institution had originally planned to create an umbrella organisation, it decided, after evaluating all the options, to strengthen its network of village banks before undertaking new projects.

GRAIFSI, an association that grants loans to individuals and grassroots organisations, is continuing to grow in the northeast and southeast of the country. More than thirty credit and savings unions have been refinanced in the southeast, and some thirty in the northeast. In addition to its financing activity, GRAIFSI has also undertaken a literacy project for the members of credit and savings unions. Relations with KOFIP, a network that groups some forty associations working in the field of financing, have continued, mainly in an effort to secure financing.

While Haiti is the first country where SIDI developed a multi-partnership approach, the activities carried out with local partners continue to be prone to local political developments. In this context, SIDI today would like to strengthen its operational alliances with the CCFD and other European partners, so as to be able to respond to new applications and to promote sustainable solidarity financing. At the SIDI workshops in October 2001, CORDAID announced its intention to develop, in cooperation with SIDI, alliances focusing on Haiti.



Photo : SIDI

IN THE MEDITERRANEAN BASIN

The strengthening of SIDI's activity in the Maghreb and Mashriq countries remains a priority, albeit highly susceptible to the political and economic contexts.

In the Maghreb,

In Morocco,

SIDI has continued providing its financial and technical support to **AMOS**, an association that, in partnership with the AOS (a founding association of AMOS), combines development activities in the form of training for women, literacy, education, with financing in the form of micro-credits. In 2001, AMOS registered strong growth in its credit activities thanks to the financial contributions of the Hassan II Foundation and Italian cooperation. Because AMOS doubled its loan portfolio between 2000 and 2001 to 340,290 Euros, it is now serving more than 2,400 clients. This growth has been accompanied by a geographical expansion and the launch of a new type of loan, i.e. an individual urban micro-credit. While SIDI's technical support has concentrated on assessing delinquent loans caused by bad weather conditions and the introduction of performance charts, CCFD has provided financial encouragement to AMOS via a subsidy for the purchase of computers and accounting software. AMOS has fully reimbursed the bridge financing granted by SIDI and wishes to continue its cooperation with SIDI on the same basis.



Photos : SIDI

In Algeria,

In spite of the tense economic and social context, SIDI strove in the year 2000 to meet the needs of TOUIZA and support its organisational efforts by providing technical training for its staff and a legal framework for its activities. In spite of certain difficulties in carrying out the mission in Algeria, SIDI, in partnership with the French Foreign Ministry, has maintained its support, in particular for the drafting of the articles of association for the **Mutuelle Algérienne de Développement Solidaire (MADES)** and guidance tools for its activity.

In the Mashriq,

SIDI has continued providing support to organisations in Lebanon and Palestine against a political backdrop that at times has been difficult.

In Lebanon,

In spite of the deterioration of the socio-political climate in Lebanon, NAJDEH's micro-credit programme for Palestinian refugees in the country's southern camps continued to develop (see page 18), in particular thanks to a loan of 26,899 Euros granted by SIDI in 2001. The portfolio's growth has enabled the programme to fully cover its operating and financial costs. The relationship between SIDI and CCFD, as well as with Handicap International, is founded on sound cooperation. Over the course of the year, contacts were also made with other micro-finance institutions that provide support to disadvantaged people in Lebanon.

In Palestine,

Everyone is well aware of the war that broke out in the Middle East in 2001, jeopardising the peace process and imposing economic hardship on the Palestinian people. The situation has had a direct impact on ACAD, a rural savings and loan association, which was obliged to drastically curtail its activities because it simply could not follow-up its customers, particularly in the Gaza Strip.

On the request of its partner, SIDI temporarily suspended its ACAD financing projects and expressed its solidarity with and support for ACAD by allowing it to take part in a number of events, such as the training course organised by MAIN in Uganda and the SIDI workshops in October. Moreover, in order to come to terms with the political risks, SIDI examined the ways to set up a risk-coverage mechanism specific to Palestine, enabling ACAD to meet its business clients' need for loans. Contacts are also under way with the Multilateral Investment Guarantee Agency (MIGA), a subsidiary of the World Bank.

The events in the Middle East create added difficulties for many associations and institutions working locally to implement their programmes. They highlight the complications in coordinating development projects and overcoming complex crises. The technical advice and support provided by SIDI, in addition to the promotion of dynamic exchanges, strengthen solidarity, which is vital in a period of isolation. SIDI's examination of local financing in this region must explore new avenues, such as human rights and risk management, so as to better respond to the needs of the most vulnerable populations.

UGANDA OMIPA



Photo : SIDI

A network of associations in an isolated rural context ...

A new partner of SIDI in Uganda, the Oruchinga Micro-finance Promotion Agency (OMIPA), originated from the institutionalisation of a project run by ACORD, a consortium of European NGOs of which CCFD is a partner in this region of Africa. Further to a request by CCFD, SIDI became acquainted with OMIPA in 1999, during a visit to the ACORD programme, which was partially financed by CCFD, at that time. Since then, SIDI has since embarked on a partnership relationship with these associations, in the process of institutionalisation.

OMIPA is based on a network of some twenty savings and loans associations in a rural area South-West of Kampala, towards Tanzania. The associations were established more than ten years ago in an isolated region, with the support of ACORD. In 2001, ACORD promoted the independence of the associations which were endowed with a central body, OMIPA, in the form of a cooperative society. The two Ugandan salaried employees of the ACORD project assumed the duties of manager and accountant of OMIPA.

... in the service of less favoured farmers

OMIPA is situated two hours from Mbarara track road (the country's second city), 300 km to the south of the capital. All the members of the associations are farmers with an income of less than a dollar a day. They grow plantains, cassava, beans and some tropical fruits. Their livestock consists of goats and one or two cows. The produce is sold to merchants who criss-cross the valley, on local rural markets, or more rarely, on the market of Mbarara, which is difficult to access because of the lack of means of locomotion.

Human and farming potential in the service of group solidarity

The success of OMIPA is based on several factors: the complementarity of the farming and regional development programme (soil conservation and water-harnessing) conducted by ACORD in the same region; and the quality control work carried out by the two permanent managers of OMIPA, who

supervise and continuously encourage the managers and members of the associations. Such advice and guidance has enabled the emergence of local leaders who have led to the creation of new associations "twinned" with the old ones.

OMIPA practices a "tandem" loan system: it lends to its member associations, who in turn lend to their members. The associations also collect savings (€58,000 as at the end of October 2001), which are used as guarantee for the loans granted by OMIPA and for loans to their members. The remuneration of savings motivates the members of the association to increase savings. It has a rate of overdue amounts of less than 1%. Each association defines its operating rules, has a credit committee and a management committee, and keeps savings and loans ledgers, which are audited by OMIPA.

A multi-partnership in Uganda

In January 2002, the relationship developed between OMIPA and SIDI led to a financial partnership, in the form of a three-year loan in local currency equivalent to €56,750, making it possible to increase the loan portfolio of the network, which today amounts to €107,825.

Thus, in 2001, SIDI was able to finalise its multi-partnership approach in Uganda, where SIDI has long supported CERUDEB, a historic, bank-type partner with 19 branches in the country. With an intervention in isolated rural areas, a farming clientele and a co-operative type of methodology, OMIPA is complementary to CERUDEB.



Photo : SIDI

Consequently, it is not excluded that at some future date, CERUDEB will in turn grant financing to OMIPA, with possible technical assistance and support to extend the associations into other rural regions, from one of its own successful local branches. This will enable CERUDEB to gain access to expertise and relay organisations to reach the most isolated populations.

SENEGAL

UGPM



Photo : SIDI

Self-promotion by farming communities

They were some ten young farmers. In the 1980s, they decided to create a grouping. Through their contacts with FONGS¹, they formed their own as well as other groupings in neighbouring villages. Today, the Union of Farmer Groupings of Meckhe (known by the French acronym UGPM) has more than fifty groupings. The central objective of UGPM is the self-promotion of and by farmers.

Its actions initially pertained to agriculture and animal husbandry: re-introduction of the cultivation of cassava, establishment of a food security stock, endowment of farmers with farming equipment, establishment of seed stocks, reconstitution of livestock, with the operation "one woman, one animal." The union has also worked on the processing of agricultural products: installation of millet mills, dissemination of the oil press, oil and soap production techniques. As water resources are a major problem in this region to the north of Thiès, an hour and a half from Dakar, in the middle of a peanut growing basin, the association has also contributed to the drilling of four wells in the villages, three of which are equipped with manual pumps.

... to the creation of a co-operative financing tool

These investment efforts were soon thwarted by the absence of financing. The union therefore looked to creating its own savings and loan association. Having visited various experiments in West Africa, UGPM finally found its solution at a workshop organised by CNCR² on mutual assistance associations in 1995. It then initiated the creation of mutual assistance associations (cf. Box 2) in neighbouring villages.

Today 82 villages have opted to create their mutual association and receive methodological and refinancing support from UGPM. During the four years of refinancing mutual associations, UGPM has not encountered default, in spite of the precarious nature of the sector.

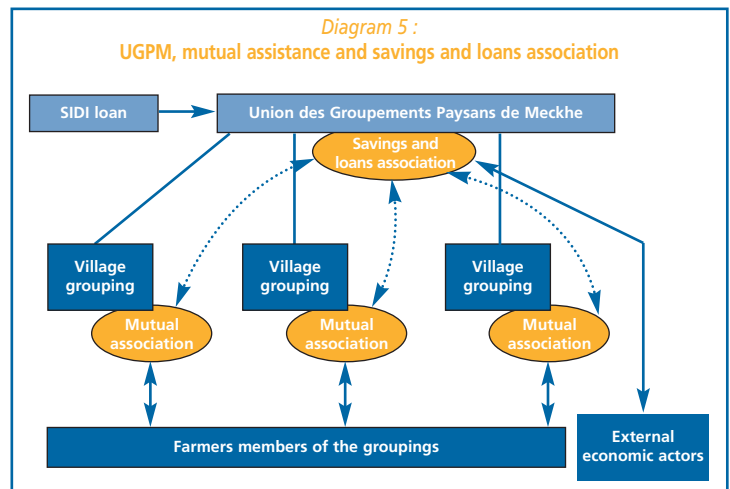
Mutual associations encompass some 5000 persons, 60% of whom were granted credit, which at the end of 2001 amounted to FCFA 54.7 million (€83,390). The savings collected by mutual associations amounted to FCFA 37 million (€56,406) at the end of 2001.

SIDI supports a dynamic process full of promise for fertile tomorrows

Part of the UGPM refinancing to the mutual associations comes from a SIDI loan of FCFA 25 million (€38,112), granted in two instalments at the end of 2000, and 2001.

Beyond the relatively modest figures in terms of the amount, UGPM deserves serious attention: with relatively small means and resources, the association has enabled thousands of people to access financing. The activity of the mutual association is carried out by farmers who have put themselves at the service of grass-roots communities. A dynamic process has been triggered, as mutual associations have created a savings and loan association that collects savings. In the long run, this new association will assume financial operations hitherto conducted by UGPM.

Diagram 5 :
UGPM, mutual assistance and savings and loans association



Finally, in recent months, UGPM has examined how to improve the financing of family-owned farms in the Meckhe region. In a context where the gap between harvests are becoming ever longer and difficult to bridge³, rural residents must diversify their activities: cash crops or food crops, small seasonal trade, grazing, wage-earning employment in town, emigration, handicrafts. This diversification can only be achieved if the farmers can invest, have the benefit of an operating fund but also a line of credit that could respond to temporary cash-flow difficulties. The programme under development is to be called "Kiiraayu kër gi" which means: "everything we do ourselves contributes to our protection". SIDI has decided to provide technical assistance and support to this new programme. The partnership agreement signed in 2000 between UGPM and SIDI has thus been enriched by new approaches.

Mutual associations Green, red and blue coffers...

This is a simple savings and loan structure, of which the internal financial rules are fixed by its members. The inhabitants of a village contribute to a green box, and use this money to lend to each other. The savings collected always belongs to the depositors and serve as "retirement" capital for its members.

The members of the mutual association deposit the definitive contribution in a red coffer; these are used to make donations to those in need. The red box is the insurance system of the village.

Finally, if the association works well, a second-level structure, in this case UGPM, grants a loan to it, which is deposited in a blue box, to differentiate the money belonging to the members, from money borrowed from the outside. The blue box is one of financial communication with the outside world.

(Box 2)

1 Federation of NGOs in Senegal, one of the main farmer federations of Senegal, of which UGPM is a member.

2 "National Cooperation and Consultation Council of Rural Residents", a confederation of 19 farming organisations, of which FONGS is a member.

3 Beginning in February, many farmers run debts with merchants while awaiting the October crop.

SOUTH LEBANON

NAJDEH

A look at the Palestinian refugee camps in South Lebanon ...

NAJDEH, a Palestinian NGO and partner of CCFD, has been working for 20 years to improve the living conditions of Palestinian refugees in camps situated in South Lebanon. Driven by a socio-economic vocation, it implements programmes geared to vocational training, pre-school education, health, etc. In its work for the community life in the camps, refugee women and their children are the priority targets of NAJDEH's activities.

The economic life of the refugee camps which are situated in cities or their surroundings, is organised around shops, production workshops, and service micro-enterprises (telecommunications, IT, etc.), which service the Palestinian and Lebanese populations. These camps are not partitioned places, as their name might suggest, but engaged in trade with the outside world.

... and a socio-economic integration programme

Wishing to capitalise on local economic opportunities, NAJDEH implemented a micro-credit programme in three camps of the Tyre region (Al Bass, Borg and Rashidiye) with the support of the French NGO Action Nord Sud (ANS), in 1995.

- Managed independently of the other activities of the association, this programme is led by a team of three women loan officers and an accountant, all from the camps. Two types of loans are offered for the implementation of economic activities: short-term loans for solidarity groups and medium-term personal loans.

At present, the programme serves more than 600 people, of whom more than 60% are women, with an amount outstanding, as at the end of 2001, of €85,000, partially financed by a loan of €28,4000 from SIDI. Since the implementation of this loan, the programme has covered its operating and financial expenses, with rates for late payment below 2.5%.

SIDI marks a solidarity commitment

Traditionally, SIDI provides advice and support to institutions specialising in local financing. Although based on a different reasoning, more to do with the diversification of its predominantly social activities, the programme developed by NAJDEH received SIDI's attention for several reasons :

- the professionalism and motivation of the team ;
- the contribution that NAJDEH makes to improving the economic conditions of the refugees;
- the complementarity of this micro-finance programme with vocational training schemes organised by NAJDEH, with the financial support of CCFD.

Furthermore, the financial approach developed by NAJDEH testifies a real impact on the life of the clients at different levels:

- the economic level, by allowing the refugee populations to develop an income generating activity;

- the socio-economic level, by promoting self-employment for women, thereby reducing inequalities;
- finally, the psychological and identity level: by giving hope to populations, whose future has - for the most part - been uncertain, since 1948.

The technical support of SIDI, like its financial support (in the form of loans), has enabled NAJDEH to extend its service to a greater number of clients while maintaining the quality of its portfolio. In 2002, NAJDEH would like to conduct an evaluation of its Tyre programme, so as to measure its impact on the clients, to improve its product offer, and to study the possibility of extending the programme to other camps. In this respect, it has applied for financial and methodological support from SIDI, ANS and CCFD.

A Mediterranean Basin priority under construction

The partnership with NAJDEH is in line with SIDI's objective to strengthen support to Palestinian populations of the region and to build a Mediterranean Basin priority region (Morocco, Algeria, Palestine and Lebanon), where SIDI currently supports three partners. The action conducted in these countries is nonetheless dependent on developments in the local political context.



CAMBODIA

HATTHA KAKSEKAR

19

The beginnings in an integrated rural development project

In 1994, HATTHA KAKSEKAR was the financing division of a rural development project in the Sampov Meas district, Pursat Province, financed by the Canadian Government's overseas aid programme. The promoters chose this name which in Khmer means literally "farmer's hand," but could also be construed as "hold out one's hand to the farmer."

Since 1996, the "financing" division was transformed into an autonomous NGO, duly registered with the Cambodian authorities. In October 2001, HATTHA KAKSEKAR received the approval of the National Bank of Cambodia to operate as a licensed micro-finance institution (MFI), within the framework law passed the year before. The capital of this new entity, HATTHA KAKSEKAR, Ltd., is held by :

- The founding NGO
- Staff members – having put away savings for this purpose – organised as an association
- An individual (non-Cambodian) shareholder.
- SIDI.

To this day, HATTHA KAKSEKAR is only the second credit programme in Cambodia to have obtained such approval, which should enable it to access refinancing credits from the Rural Development Bank and from other international organisations.

A financial tool for rural populations

HATTHA KAKSEKAR has assumed the ambitious mission of :

- promoting employment in agricultural businesses, small shops and production;
- endeavouring to reduce the usurious interest rates usually applied on loans;
- providing advice and guidance to farmers on ways to constitute savings;
- targeting in particular underprivileged women and households so as to enable them to improve their income.

After seven years, HATTHA KAKSEKAR pursues its operations through 5 branches in 3 provinces, comprising 15 districts, 68 municipalities and 654 villages.

To maintain a light operating structure with a regular supervision of credit beneficiaries, HATTHA KAKSEKAR has developed a methodology in partnership with the Commune Committees in which the intervention of local elected official is remunerated through commissions. Up to a specified amount, the loans are granted by decision of the credit committee of the local branch of HATTHA KAKSEKAR, supported by the commune committee. In a country where social structures have been decimated by the long civil war, and land registries maltreated, the intervention of the commune committee frequently enables HATTHA KAKSEKAR clients to obtain the required certificates of land and home ownership and good conduct. Beyond this local level of authorisation, the loan must be approved by the General Manager, who will evaluate it on the basis of the real risk.

An individual credit methodology for several thousand clients

In addition to the pilot savings project, HATTHA KAKSEKAR proposes two types of credits :

- small loans, from €55 to €5,500, with monthly reimbursements over a maximum term of two years, for working capital needs
- agricultural loans between €55 and €1,150 with reimbursement in fine, over a maximum period of twelve months.

All loans are granted on an individual basis, under the sole responsibility of the borrower. The average amount is about €300.

At the end of 2001, HATTHA KAKSEKAR had a portfolio of nearly €1.6 million, up 30% from the previous year, with 8,155 active clients. The loan portfolio represents 82% of total assets. On the same date, savings amounted to about €95,000 (up by 62%), deposited by more than 9,000 savers.

Today, HATTHA KAKSEKAR is entering a new phase of its existence. Its formal status – certainly a source of pride – also puts it under the supervision of the national financial authority, with added obligations in terms of regular reporting, maintaining prudential ratios and others. Computerisation and networking of operations and accounts are becoming a priority, as well as a consolidation of the structure and search for new sources of financing, to ensure continued sound growth.

A financial and institutional partnership to be continued

For SIDI, Cambodia is a country where the partnerships "opened"¹ recently. They are in line with the geographic multi-partnership strategy (cf. Box n°1), in accordance with the 2000-2002 business plan. Even if its stake in the capital is not very high², SIDI wishes to furnish strong technical support and is currently seeking appropriate co-financing. SIDI already participates in the governance of this institution as an active member of the board of directors.

At the Asia Network seminar held in Vietnam in May 2001, the manager of HATTHA KAKSEKAR presented the methodology of his institution. He also intervened in the SIDI seminar in October 2001, in Paris, and has started contacts with SIDI's European alliances of.

Promoter accompanied by HATTHA KAKSEKAR

A family working together for a better tomorrow...

Nga Sear is a 28-year old guy from the village of Prey Kdey Krom in Kandieng District of Pursat Province. He is single but feels responsible for his old parents, a widowed older sister with 2 children, a younger sister and brother.

With only a primary education, Sear thought it better to concentrate on cultivating the small rice field at the back of his family's house rather than seek employment. In addition, with the help of his siblings, he started a vegetable garden on the higher portion of the land. Presently, the garden's yield is more than enough for their food requirements and also brings an added income from sales to neighbours and market.

Dedicated to improving his family's economic life, Sear kept on thinking of other means to earn more income. With borrowed capital from HATTHA KAKSEKAR, he is almost through with his second loan, he added a small rice mill, engaged in rice trading, cultivated a fish pond and started a battery charging business. His family members also contributed to changing their family's economic life. His widowed sister started raising pigs and chickens and the others take turns in cooking rice bran as fish feeds.

Now, he says his family can earn a monthly income of \$100 instead of \$25 before, more than enough to live decently and send his brother and sister to school and his nephews in the future.

Excerpt from the HATTHA KAKSEKAR 2000 Annual Report (Box 3)

1 The beginning of the partnership with EMT, another Cambodian micro-finance institution, dates from the year 2000.

2 Less than 20%, so as to remain below the level which a shareholder is considered as being "influential" according to Khmer law, and open to liabilities beyond its equity participation.

VIETNAM

Capital Aid Fund for Employment of the Poor (CEP)

Vietnam, an atypical context for local financing

The socio-political environment of the country continues to defy the ideal categorisation, generally accepted as the most favourable for the development of private initiatives in the social sphere, in particular those connected to local financing services.

Not because poverty has been eradicated, nor through any lack of entrepreneurial activity. Quite the contrary. Rare are the countries that can be proud of such a wealth of small, income generating activities – individual, domestic or entrepreneurial. The numerous micro-finance activities operating in Vietnam are for the most part managed by people's organisations, whose principal mission is social, according to the vision spurred by the State. This explains why, sizeable funds allocated by traditional financiers (the World Bank, Asian Development Bank, etc.) remain undischursed while awaiting the implementation of regulatory and financial reforms.

CEP, an organisation that wants to help reduce poverty

It is within this framework that the originality of CEP lies. Established since November 1991 by the Confederation of Workers of Ho Chi Minh City, and formally recognised by the People's Committee of the city as a social organisation, CEP engages chiefly in savings and loan activities. Its mission is thus focused on "providing micro-finance services to the poorest citizens to enable them to start their own activity; reducing poverty by facilitating the creation of income generating activities".

CEP has a certain operating autonomy from the Confederation, with an independent team composed of a director, an accountant, a treasurer and loan officers. In its search for additional financing, CEP also offers its services to international donors and funding organisations to establish credit programmes in the different neighbourhoods of Ho Chi Minh City.

Loans for solidarity groups

Having adopted the methodology of the Grameen Bank from the outset, CEP has also adopted the charter of sixteen guiding commitments for its agents. The loan granting methodology comprises the following characteristics:

- organisation of solidarity groups based on the principle of mutual guarantee
- collection of prior savings (up to 10% of the amount, to serve as guarantee prior to granting the loan)
- A gradual approach to the granting of the loans (increase of sums by cycle with a low initial amount)
- A relatively low interest rate (which does not cover the expenses)

CEP also grants consumer loans to city civil servants.

In the ten years since it was created, CEP has increased the credit fund at its disposal from a few million Vietnamese Dongs (VND)¹, to VND 44 billion², in August 2001. To this must be added financing lines from international organisations under administration³.

Since last year, CEP has also received sizeable support from the Australian Government's Overseas Aid programme (AUSAID) – both for the financing of loans and its institutional consolidation.

If a policy towards formal encouragement of support is adopted, CEP will have every chance of legal recognition.

A technical and financial partnership for the promotion of micro-enterprises

SIDI became acquainted with CEP in 1998, at a time when previous cooperation schemes with various organisations in the country seemed to have reached their limit. The cooperation with CEP started with a loan in VND, for the counter value of US \$20,000 (about €22,000) for an initial term of two years. Its main objective was to promote larger size businesses to those usually served by CEP.

To date, the result of this cooperation between SIDI and CEP is still relatively modest, and amounts to: 122 loans for 3 to 6 months, for a cumulated amount of VND 1.767 billion (about €130,000). The figures are communicated regularly to SIDI and are strictly relative to activities financed by its contributions. Nevertheless, such a mechanism, geared to a clientele close to SIDI's target clientele, deserves to be supported and to develop in the particular environment of Vietnam. The sound cooperation with the management team and the continuous technical support, provides for direct contact with and support for the customers.

Organisation of the 4th Asia network seminar

In 2001, CEP and SIDI co-organised a seminar on micro-finance in Ho Chi Minh City, with the participation of some sixty local and regional organisations (Cambodia, Laos, Thailand).

This event, which is part of the informal network of SIDI partners in Asia, allowed each participant to express himself with a great deal of spontaneity their daily micro-finance (Box 4) practices within the specific operating context of the country and share their experience with the others.

Micro-finance and poverty reduction

The participants of the Ho Chi Minh City seminar proposed two objectives for micro-finance:

- reduce poverty by offering credit to the poorest citizens, accompanying this financial service with social services (health, nutrition, etc.)
- reduce poverty by offering credit to some poor citizens to enable them to develop self-employment and income generating projects. [...].

Within this general framework, the intervening parties from the world of micro-finance have a tendency to set up a local version of the Grameen Bank model. In an uncertain environment, the solidarity groups provide (i) loan recovery assurance (group pressure), and in certain cases (ii) voluntary participation from the beneficiaries. Nevertheless, as the Vietnamese situation shows, this model is not without shortcomings. The guarantees provided by the group are viable up to a limited loan amount, and for an identical credit offer for each individual of the group.

Excerpted from the report of the 4th meetings of SIDI partners in Asia, Ho Chi Minh City, Vietnam, p. 17, SIDI, May 2001.

Box 4

1 Exchange rate for the period: US \$ 1 = VND 10,000 to 15,000

2 About US \$300,00.

3 It is worth noting that, as a "social" entity, CEP does not benefit from any external audit.

The year 2001 witnessed an increase of SIDI's capital, agreed at the Extraordinary General Meeting of Shareholders, held in October. As at 31 December 2001, the total equity attains € 5.32 million (FRF 35 million), as a result of a major mobilisation of funds to strengthen the financing for technical assistance and support of social investment in developing countries. SIDI was keen on underscoring the importance of this event by organising the SIDI Seminar, as a historic reference, with all its partners - in the North as well as in the South.

THE SOLIDARITY CHAIN FOR FINANCING :

A MEETING BETWEEN FINANCING ACTORS

The SIDI Seminar showed that the partnership promoted by SIDI is based on a real "solidarity chain." This chain symbolises the relations established and cultivated by SIDI between its partners in countries in the South and the savers and shareholders in the North, who contribute to its existence.

A chain composed of solidarity links....

- "in the North" : ethically-motivated private individual savers, and private and institutional shareholders. These subscribers make SIDI's work possible. The financial, but also moral and spiritual base of SIDI, they contribute their savings and share the income generated.
- "in the South" : institutions as diverse as commercial banks, savings and loan associations, cooperatives, associations of producers, NGOs - offering financial services for their clients or members. All of them, actors who attest to the wide range of financial intermediation methods endeavouring to provide financial services for less favoured entrepreneurs. These partners, with their projects and their vision, are at the core of SIDI's work.

...And dynamic bonds

All the "links of the chain" were present at the SIDI Seminar.

For the North, the founding shareholder, CCFD, shared its vision of solidarity and the place of this financing solidarity chain, at the heart of its mission and its strategy of intervention.

Private savers underscored the importance of sharing with underprivileged populations in choosing this type of investment.

Through their presence at this event, institutional investors (Caisse des Dépôts et Consignations, CORDAID, ALTERFIN) showed their adherence to SIDI's approach, in opening-up areas of innovation and reflection on all investment issues :

- financial, with the performance of the partners;
- social, by the strengthening of local actors who place themselves at the service of a population excluded from traditional financial services. In this regard, the SIDI Seminar highlighted the need to evaluate the impact of this activity and reiterated its social dimension ;

- institutional and strategic, with the support that SIDI tries to provide to the governance of local institutions.

To change the lives of thousands of persons...

The partners of the South presented their activities and the methodology they had chosen to furnish an appropriate solution to the demands of their clientele – composed of small urban entrepreneurs, peasant or handicraft organisations. They also elaborated on the mobilisation and diversified origin of their resources : shareholding, borrowing, savings, contracting public resources. The seminar also provided food for thought on the mobilisation of capital of the South to finance local institutions. Thus, the Haitian and South African partners have undertaken a study on the manner of setting-up investment funds in their country in support of social programmes, by establishing links with the diaspora.

On the basis of live testimonials, the Seminar enabled the links of the chain to get reinforce their acquaintance : between the North and the South, among the organisations of the South themselves and among investors. Above all, the Seminar made it possible to give each participant reasons to continue its commitment and extend this solidarity chain for development further.



Photo : G. Spica

1. THE INCREASE OF SIDI'S CAPITAL

At its Extraordinary General Meeting of Shareholders, the capital of SIDI was increased to €5.32 million, to amplify its capacity to meet the financial needs of its partners. The 13,000 new shares, which brought the previous 22,000 shares to 35,000, for an amount of €1,976,000, were fully subscribed. This increase of capital is a testimony of the confidence that SIDI enjoys among its shareholders and a guarantee of sustainable financial resources.

At 31 December 2001, the capital of SIDI is held by the following shareholders: (cf. diagram 6)

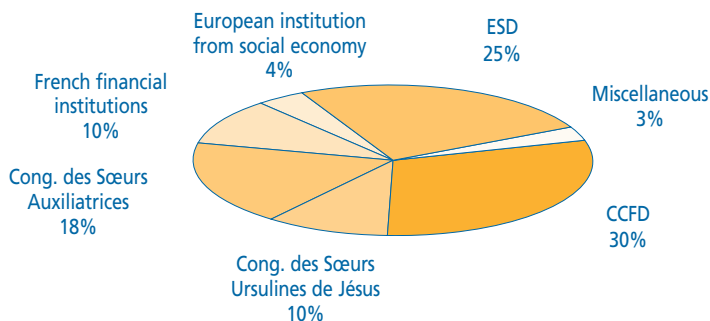
- The "Comité Catholique contre la Faim et pour le Développement", the founder shareholder, the "Congrégation des Sœurs Auxiliatrices," the "Congrégation des Sœurs Ursulines de Jésus," together hold 58% of the capital. These three institutions have sealed their determination to maintain the social objective and mission of SIDI by signing a shareholders' pact.
- French financial institutions: Agence Française de Développement, Caisse des Dépôts et Consignations, Crédit Coopératif, SICAV Nord Sud Développement, Société Coopérative Autonomie et Solidarité, which together hold 10% of the capital.
- The association "Epargne Solidarité Développement" with more than 400 individual and associative members. Its aim is to promote the action of SIDI and its partners in developing countries and to attract new shareholders.
- European social economy institutions: ALTERFIN – Belgium, CORDAID – the Netherlands, OIKOCREDIT – the Netherlands, OIKOS – Denmark.
- Other individual and associative shareholders, congregations, and foundations.

ESD, an essential link in the solidarity chain for financing

361 individual or associative shareholders controlling a little more than a quarter of the capital of SIDI have mandated the association ESD - Epargne Solidarité Développement (Savings – Solidarity – Development), to represent them in the various governing bodies of SIDI. They have thus delegated to this association the care of being, on their behalf, attentive to the mission, strategies, operations and results of SIDI. In the course of the financial year 2001, ESD played an active role in the increase of SIDI's capital, and deployed considerable effort to communicate among its members, and contribute to the promotion of social investment. Its interventions have focused in particular on the social yield of the investment, the importance of the service rendered by the partner structures to the poorest populations and to warn against mission-drift, which is not always easy to avoid. Its action is currently being continued by the search for openings to other components of the social economy.

Henry Klipfel, President of ESD
(insert 5)

Diagram 6 : Geography of SIDI's Capital as of 31 December, 2001



2. THE RESOURCES OF SOCIAL INVESTMENT, IN FRANCE

The resources of social savings in France are mobilised by CCFD, its regional correspondents, and ESD, in co-operation with SIDI. As a complement to investments in the capital of SIDI, these additional funds strengthen SIDI's ability to commit itself to its partners in countries of the South, in a sustainable manner, by providing resources for its functioning.

The promotion of social savings is undertaken via the shared investment fund, proposed by CCFD. This income generated from the fund provides SIDI with the financial resources to carry out its mission among its partners. The mutual fund "Faim et Développement", managed by the Crédit Coopératif, which offers subscribers three ways of managing their savings, reached an €45 million in 2001, with 4500 subscribers. To support the CCFD's projects in Central and Eastern Europe, the regional correspondants also promote the another fund - Eurcosolidarité, managed by the Crédit Lyonnais, which today has net assets valued at €30 million.

At the end of 2001, the association FINANSOL, the French network dedicated to social economy ranging from operators, banking and financial institutions and qualified individuals, accorded its label to SIDI's shareholding and to the investments in "Faim et Développement". This label vouchsafes the ethical and transparent nature of investments.

3. CONSOLIDATION OF THE GUARANTEE FUND : A Development Inducement Fund

In the course of 2001, SIDI continued its reflection on the issue of risk coverage, underlying its financial operations : political risk, exchange rate risk due to the frequent fluctuations of local currencies, counterpart risk, as well as micro-finance sectoral risk.

SIDI has had to establish provisions every year for these different types of risks, thereby increasing the cost (interest rate) of these interventions. The FID-Development Inducement Fund was created to mitigate this cost. The resources generated by this fund enable SIDI to cover part of the cost of provisions, thereby contributing to the reduction of the rates applied to loans to partners. Revenue from these funds amounted to €137,100 in 2001, covering 47% of the provisioning needs.

In 2001, this approach was bolstered by the creation of a second fund of €305,000, endowed by the Caisse des Dépôts et Consignations. On 31 December 2001, the total amount of resources reached €2,897,000, in the form of loans from shareholders. The investment criteria for these funds meet ethical considerations.

Additional resources will be sought in 2002 to support the growth of the portfolio.

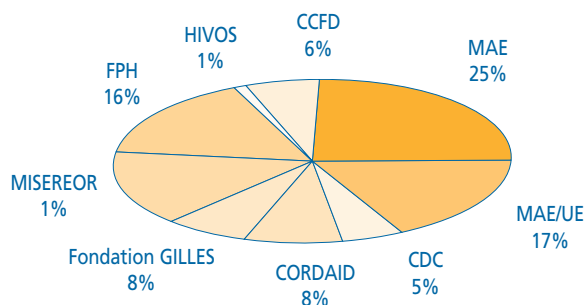
PURSUIT OF ALLIANCES

In addition to the increase of capital, specific additional resources were mobilised among members of the alliances in the North (mostly European).

A total of €332,000 from different organisations (cf. diagram 7), made it possible to support partners in the South and to follow-through specific projects (cf. Part I p. 4). In addition to the financial impact, these alliances offer a cohesive framework among the institutions of the North, who share the same vision of social economy, to increase the aid and to allow local institutions to leverage larger resources. The product of this strengthened partnership, a sizeable amount of €1,306,137 was granted directly to partners in the South, in order to strengthen their financial independence.

Furthermore, in 2001, SIDI maintained the confidence of its alliances by borrowing financial resources from three institutions, to limit the impact of fluctuations of the dollar in relation to the euro (loan from the CALVERT Foundation, USA), and to maintain financial links with European institutions likely to finance local partners (loan from OIKOS, Denmark, and ALTERFIN, Belgium).

Diagram 7 :
Sources of donor fund mobilised to provide additional support for partners in 2001



FINANCIAL STATEMENTS AS OF DECEMBER 31, 2001

SIDI BALANCE SHEET AS AT 31 DECEMBER - IN THOUSANDS OF EUROS

1 Euro = 6,55957 FF

| ASSETS | | | | LIABILITIES | | | |
|---|-------------|-------------|-------------|---------------------------------------|-------------|-------------|-------------|
| | 2001 | 2000 | 1999 | | 2001 | 2000 | 1999 |
| Uncalled subscribed capital | 574 | | | Capital | 5320 | 3354 | 3354 |
| Net tangible assets | 37 | 32 | 44 | Balance carried forward | -410 | -461 | -489 |
| Net financial assets | 2174 | 1817 | 1534 | Profit / loss for the year | 13 | 40 | 28 |
| <i>of which shares</i> | 1755 | 1750 | 1465 | Total equities | 4923 | 2933 | 2893 |
| <i>of which loans and claims</i> | 1041 | 855 | 756 | Provisions risks and charges | 164 | 129 | 105 |
| <i>- Provisions on shares and loans</i> | -621 | -787 | -687 | Loans for activities | 635 | 447 | 465 |
| Total fixed assets | 2785 | 1849 | 1578 | FID - Internal guarantee fund | 2592 | 2592 | 396 |
| Claims (net value) | 1091 | 416 | 361 | C.D.C. funds | 305 | | |
| Cash assets | 6047 | 5830 | 2962 | Funds dedicated to Palestine | 507 | 507 | 481 |
| TOTAL | 9923 | 8094 | 4901 | Contributions for increase of capital | | 1015 | |
| | | | | Other debts | 797 | 471 | 560 |
| | | | | TOTAL | 9923 | 8094 | 4901 |

SIDI INCOME STATEMENT AS AT 31 DECEMBER - IN THOUSANDS OF EUROS

1 Euro = 6,55957 FF

| | | 2001 | 2000 | 1999 |
|----------------|--|----------------|----------------|----------------|
| INCOME | TOTAL | 1354,2 | 1265,9 | 1369,7 |
| | Services (CCFD and additional financing) | 1342,7 | 1204,5 | 1351,9 |
| | Other products | 11,5 | 61,4 | 17,8 |
| CHARGES | TOTAL | -1400,1 | -1290,6 | -1319,2 |
| | Current operating charges | -654,1 | -521,1 | -593,4 |
| | Wages and salaries | -621,2 | -569,9 | -446,8 |
| | Depreciation expense | -15,3 | -16,6 | -22,6 |
| | Additional financing transferred to partners | -109,4 | -183,0 | -256,4 |
| | OPERATING PROFIT / LOSS | -45,9 | -24,7 | 50,5 |
| INCOME | TOTAL | 871,6 | 445,1 | 200,6 |
| | Income from portfolio (loans and shares) | 88,3 | 94,1 | 30,2 |
| | Income from current assets | 99,8 | 73,3 | 39,1 |
| | Investment securities - FID resources | 137,1 | 62,2 | |
| | Exchange rate gains | 79,5 | 77,1 | 63,6 |
| | Provisions reversal | 466,9 | 138,4 | 67,7 |
| CHARGES | TOTAL | -565,7 | -294,8 | -206,2 |
| | Provisions for risks on shares and loans | -289,5 | -205,6 | -118,2 |
| | Interest on loans | -23,1 | -20,7 | -28,1 |
| | Loss on loans | -159,8 | | |
| | Conversion rate adjustment | -91,2 | -61,3 | -53,9 |
| | Exchange rate losses | -2,1 | -7,1 | -6,0 |
| | FINANCIAL PROFIT / LOSS | 305,9 | 150,3 | -5,6 |
| | Exceptional income | 88,8 | 13,6 | 321,8 |
| | Exceptional charges | -272,7 | -62,1 | -302,5 |
| | EXCEPTIONAL PROFIT / LOSS | -183,9 | -48,6 | 19,3 |
| | Income taxes | -63,4 | -37,1 | -36,0 |
| | NET PROFIT / LOSS | 12,7 | 39,9 | 28,2 |

«HLB SOFIDEEC Agency, external auditor, member of the Paris CRCC, represented by his Chairman, Mr Fouad EL M'GHAZZLI, certified without reservations financial statements of SIDI for the fiscal year ended December 31, 2001.»

Table 3 : Financial support of SIDI to local financing systems
Gross portfolio as of 31 December 2001 – in € K

| Country | Partners | Equity Investments | Loans and claims to associated entities | TOTAL at 31/12/01 |
|--------------------------------|-----------------|--------------------|---|-------------------|
| LEBANON | NAJEDH | | 28 | 28 |
| MOROCCO | AMOS | | 39 | 39 |
| Mediterranean Basin | | | 67 | 67 |
| SOUTH AFRICA | TEMBEKA | 3 | | 3 |
| MADAGASCAR | SIPEM | 176 | | 176 |
| NIGER | KOKARI | | 38 | 38 |
| UGANDA | CERUDEB | 226 | 69 | 295 |
| SENEGAL | UGPM | | 38 | 38 |
| TANZANIA | SELFINA | 45 | | 45 |
| TANZANIA | AKIBA | 196 | | 196 |
| Africa | | 647 | 145 | 792 |
| HAITI | GRAIFSI | | 32 | 32 |
| HAITI | FONHSUD | | 59 | 59 |
| HAITI | COD | | 170 | 170 |
| Caribbean | | 0 | 261 | 261 |
| BOLIVIA | BANCOSOL | 77 | | 77 |
| CHILI | INDES | 126 | 23 | 149 |
| COLOMBIA | CONSOLIDAR | 70 | | 70 |
| COSTA RICA | PROFUND | 281 | | 281 |
| ECUADOR | BANCO SOLIDARIO | 165 | | 165 |
| URUGUAY | SAINDESUR | 109 | | 109 |
| PERU | LA-CIF | 37 | | 37 |
| PERU | EDAPROSO | | 91 | 91 |
| Latin America | | 865 | 114 | 979 |
| CAMBODIA | EMT | 19 | 170 | 189 |
| CAMBODIA | HATTHA KAKSEKAR | 17 | | 17 |
| LAOS | SMED | | 2 | 2 |
| LAOS | CCSP | | 222 | 222 |
| VIETNAM | CEP | | 23 | 23 |
| VIETNAM | WUSOP | | 23 | 23 |
| Asia | | 36 | 439 | 475 |
| POLAND | TISE | 111 | | 111 |
| Eastern Europe | | 111 | 0 | 111 |
| Total Portefolio in € K | | 1660 | 1026 | 2686 |
| % of total | | 62 | 38 | 100 |

(shares in European institutions are not indicated in this table).

Exchange rate for 1 Euro, as of December 31, 2001

| | |
|-------------------------------|----------|
| South Africa (Rand) | 10,4302 |
| Algeria (Algerian Dinar) | 67,9294 |
| Bolivia (Boliviano) | 5,99144 |
| Cambodia (Riel) | 3387,23 |
| Chili (Peso) | 574,412 |
| Colombia (Colombian Peso) | 2060,26 |
| Ecuador (US Dollar) | 0,8813 |
| France (French Franc) | 6,55957 |
| Haiti (Gourde) | 23,0385 |
| Laos (Kip) | 6680,53 |
| Madagascar (Malagasy Franc) | 5682,86 |
| Morocco (Dirham) | 10,223 |
| Niger (CFA Franc) | 655,957 |
| Uganda (Shilling) | 1521,88 |
| Peru (New Sol) | 3,02837 |
| Poland (Zloty) | 3,49530 |
| Senegal (CFA Franc) | 655,957 |
| Tanzania (Tanzanian Shilling) | 30,8335 |
| Vietnam (Dong) | 13249,60 |

AFRICA

MAIN

Abidjan Office – Ivory Coast
c/o FIDI - 04 BP 2237 - ABIDJAN 04
Addis Ababa Office - Ethiopia
B.P. 278 - Addis Ababa
Email : mainafrica@aol.com /
fantaw@telecom.net.et
web : www.mfi-ain.org

SOUTH AFRICA – MENNGOS

45, Castle Street - 3rd Floor
PO Box 24121 – Cape Town 801
Phone: 00 27 21 424 1775
Fax: 00 27 21 424 1841
Email: menngos@mweb.co.za

SOUTH AFRICA - TEMBEKA C/O SOUTH CROSS

135 Main Road - 1st Floor
B.P. 2337
Claremont 7740 – Le Cap
Phone : 00 27 21 683 71 00
Fax : 00 27 21 683 71 03

IVORY COAST– FIDI

Riviera Golf - Immeuble N'ZI - 2nd Floor -
App 489 - 04 BP 2237 - Abidjan 04
Phone: 00 225 22 43 52 23
Fax: 00 225 22 43 61 89
Email : fidi-ong@globeaccess.net

MADAGASCAR – SITEM

Immeuble SANTA LOT III - 24, rue
Naka Rabemanantsoa Antanimena
B.P. 8616 – Antananarivo 101
Phone : 00 261 20 22 300 98
Fax : 00 261 20 22 355 34
Email : titem@bow.dts.mg

MADAGASCAR - TITEM

Lot IVM 7 – Ambodivona
B.P. 1291 – Antananarivo 101
Phone : 261 20 22 658 67
Fax : 261 20 22 658 67
Email : titem@bow.dts.mg

NIGER – KOKARI

B.P. 473 - Niamey
Phone/Fax : 00 227 75 25 12
Email: kokaris@intnet.ne

UGANDA – CERUDEB

Plot 7, Entebbe Road - P.O. Box 1892 -
Kampala
Phone : 00 256 41 232 393
Fax : 256 41 251 273 or 278
Email : crdb@imul.com

UGANDA - OMIPA

KABINGO
MBARARA
Phone : 00 256 48 52 07 77
Email : necdp@africaonline.co.ug

SENEGAL - ASPRODEB

8, boulevard de l'Est X - rue 2 bis Dakar
Tél : 00 221 825 56 65
Fax : 00 221 824 48 73
Email : fkdio@cyg.sn

SENEGAL – UGPM

B.P. 43 - Meckké
Phone : 00 221 955 51 13
Fax : 00 221 955 52 86
Email : ugpm@sentoo.sn

TANZANIA - AKIBA Commercial Bank

TDFL Building (Phase II)
P.O. Box 669 - Dar es Salaam
Phone : 00 255 222 11 83 40
Fax : 00 255 222 11 41 73
Email : Akiba@cats-net.com

TANZANIE – SELFINA

P.O.Box 31310 - Dar Es Salaam
Phone : 00 255 22 2 700 817
Fax/Phone : 00 255 22 2 700 816
Email : sero@raha.com

MEDITERRANEAN BASIN

ALGERIA – TOUIZA

18, rue Abdelaziz Mouzaoui - 16027 Alger
Phone : 00 213 2 64 99 92
Fax : 00 213 2 61 81 05
Email : Touiza.Solidarite@wanadoo.fr
(Marseille) or touiza@wissal.dz

LEBANON - ASSOCIATION NAJDEH

P.O. Box 113-6099 - Beirut
Phone: 00 961 1 30 20 79
Fax: 00 961 1 70 33 58
Email : najdeh@cyberia.net.lb

LEBANON - AL MAJMOUA

Spears Area – Zaris Street
Green Building – 1st floor
P.O. Box 11-3483 - Beirut
Phone : 00 961 1 840 248
Fax : 00 961 1 840 248
Email : contact@almajmoua.org.lb

MOROCCO – AMOS

2, rue 26, Quartier Amalou - Khénifra
Phone/Fax : 00 212 55 38 23 71
Email : aosmck@iam.net.ma

PALESTINIAN TERRITORIES – ACAD

P.O.Box Al-Beireh – 3816 – Jérusalem
51001
Phone : 00 972 2 298 93 50 or 51
Fax : 00 972 2 298 93 52
Email : acad@palnet.com

CARIBBEAN

HAITI – COD/EMH

Delmas 95 - # 15 Frères - P.O.Box 6 -
Port-au-Prince
Phone : 00 509 257 75 44
Fax : 00 509 257 92 28
Email: idurandis@cod-emh.org

HAITI – FONHSUD

Rue Berne, # 19, Bois Vernet - BP
1041 - Port-au-Prince
Phone : 00 509 245 42 86
Fax : 00 509 222 39 38
Email : fonhsud@workmail.com

HAITI – GRAIFSI

17, ruelle O, Turgeau - Port-au-Prince
Phone/Fax : 00 509 245 4819
Email: Dlustin@hotmail.com

HAITI – KNFP

c/o COD - Delmas 95 - N° 15, Frères -
P.O. Box 6 – Port-au-Prince
Phone : 00 509 57 74 44
Fax : 00 509 57 92 28
Email: idurandis@cod-emh.org

SOUTH AMERICA

BOLIVIA – BANCOSOL

Casilla 13176 - Calle Nicolás Acosta
N° 289
Esq. Cañada Strongest/Plaza San
Pedro - La Paz
Phone : 00 591 2 39 28 10
Fax : 00 591 2 39 19 41
Email : KKoenigsfest@bancosol.com.bo

CHILE – INDES

José Miguel Carrera N° 143 - Santiago
de Chile
Phone/Fax : 00 562 696 09 16
Email : indes@terra.cl

COLOMBIA – SERFINDES

Calle 545 # 10-81 - Piso 3ro -
Apartado postal 090723 – Santa Fé
de Bogotá
Phone : 00 571 348 14 07
Fax : 00 571 348 14 04
Email : serfindes@empresario.com.co

COLOMBIA - CONSOLIDAR

Calle 54 # 10-81 - Piso 2
Santa Fé de Bogotá
Phone : 00 571 212 10 88
Fax : 00 571 348 14 06
Email : consolid@latino.net.co

COSTA RICA – PROFUND

P.O.Box 769-1005 - San José de Costa Rica
Phone : 00 506 220 4122 / 290 2404 /296
8004
Fax : 00 506 290 2345
Email : asilva@intercentro.com

ECUADOR – BANCO SOLIDARIO

Av. Amazonas 3887 y Corea - Edificio
Grupo Enlace - PBX : 260260
Phone : 00 593 2 26 85 34
Fax : 00 593 2 26 88 43
Email : bsolidario@enlace.fin.ec

PERU – LA-CIF

Bolivar # 472 - bureau 702/703 – Lima 18
Phone : 00 511 446 8877
Fax : 00 511 446 8585
Email : lacifluc@amauta.rcp.net.pe or
fernandol@cyrano-management.com

PERU – EDAPROSPRO

Octavio Bernal 598 - Jesús María –
Apartado Postal : 110325 - Lima 11
Phone : 00 511 463 4173 / 00 511 461
6014 - Fax: 00 511 463 0776
Email: david@edapr.org.pe

URUGUAY – SAINDESUR

Bulevar Artigas 1119 - SUBSUELO -
Montevideo
Phone/Fax : 00 598 2 402 27 80
Email : indesur@adinet.com.uy

ASIA

CAMBODIA – EMT

72/74, rue 598 – Boeng Kok II - Toul
Kok
BP 57 - Phnon Penh
Phone : 00 855 23 881 342
Email: emt@bigpond.com.kh
fred.emt@everyday.com.kh

CAMBODIA – HATTHA KAKSEKAR

Road No 4 Peal Ngei I Village
Phteash Prey Commune -
Sampovmeas District
Pursat Province 50 m from highway 5
Phone/fax : 855 52 951 404
Email : Kaksekar@camintel.com

LAOS – CCSP

271, rue Nongbone – Ban Phonxay
BP : 7437 – Vientiane
Phone : 00 856 21 41 54 57
Fax : 00 856 21 215 628 via BOX 03
Email : CCSP@laonet.net

THAILAND – RCP

2044/21 New Petchburi Road - Khet
Huai Khwang - Bangkok 10310
Phone: 00 662 321 57 18
Fax: 00 662 718 07 53
Email : trrm@bangkok.com or
sifudf@mail.gsb.or.th

VIETNAM – CEP Fund

14, Cach Mang Thang Tam - 8 st -
Dist. 1 - Ho Chi Minh City
Phone : 00 848 822 33 21
Fax : 00 848 824 56 20
Email: cep@saigonet.vn

EASTERN EUROPE

POLAND – TISE

UL. Nalewki 8/27 – 00-158 Varsovie
Phone : 00 48 22 636 07 40
Fax : 00 48 22 636 29 02
Email : inwestycje@tise.com.pl

SUPERVISORY BOARD

Xavier LAMBLIN

Chairman of the Supervisory Board

Chairman of the CCFD (Catholic Committee against Hunger and for Development)

Philippe MESNY

Vice-Chairman

Antoon BIERINGS

Jean PERE

Jean-Pierre PLUQUET

Arthur POTOCKI

Association Epargne Solidarité Développement

Represented by Henry KLIPFEL

Caisse Centrale du Crédit Coopératif

Represented by Karol SACHS

Caisse des Dépôts et Consignations

Represented by Hocine TANDJAOUI

Congrégation des Sœurs Auxiliatrices des Ames du Purgatoire

Represented by Sœur Geneviève GUENARD

Congrégation des Ursulines de Jésus

Represented by Sœur Christiane GROSSIN

DIRECTORATE

Christian SCHMITZ

Chairman of the Directorate

Marc BERGER

Bernard MAZZASCHI

AUDITOR

Fouad EL M'GHAZLI

HLB SOFIDEEC



Label d'épargne solidaire

**Société d'Investissement
et de Développement
International**

47 Quai des Grands Augustins
75006 PARIS

Phone. 33 (0) 1 40 46 70 00

Fax. 33 (0) 1 46 34 81 18

e.mail : comsidi@aol.com

web site : www.sidi.fr



Photo : G. Spica

