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ECLOF Fair Credit to promote human development



Reaching Rural Markets through
networking

About ECLOF

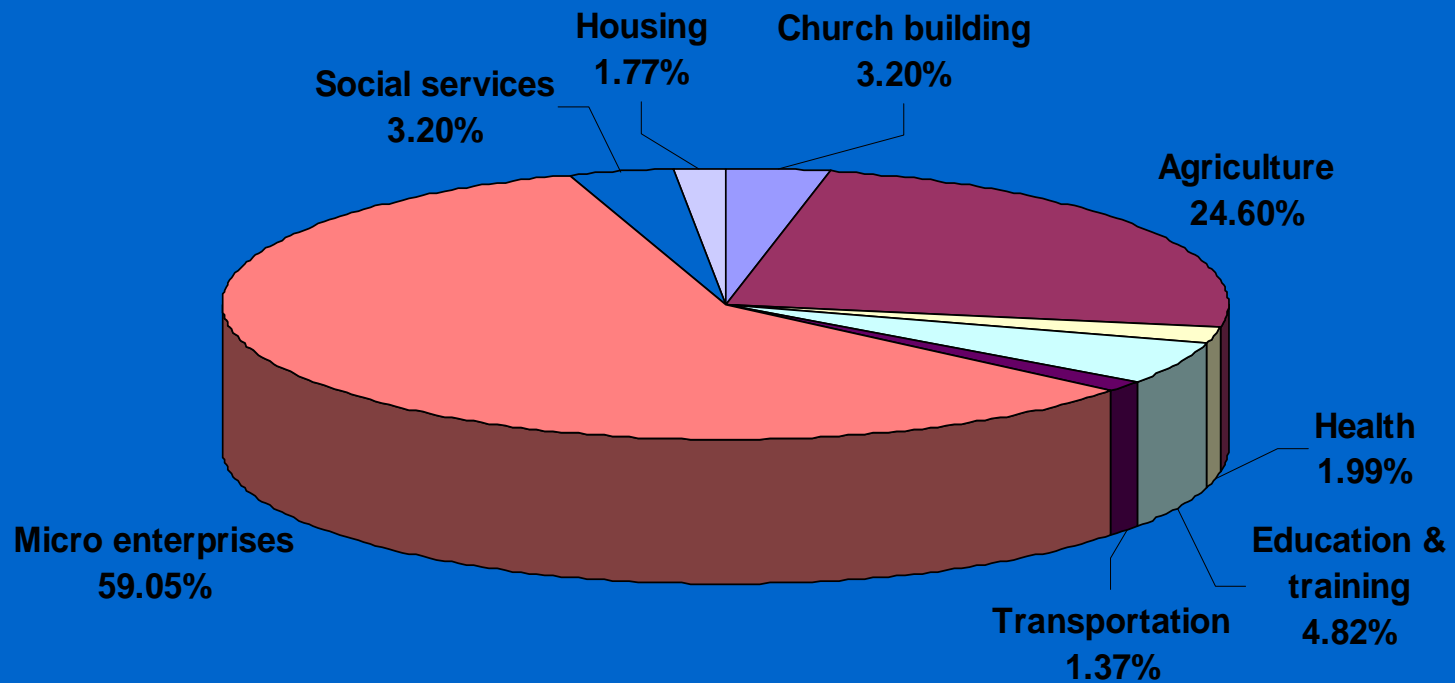
- Global network of Microfinance Institutions
 - Africa
 - Asia
 - Latin America
 - 30 MFIs around the world
- Secretariat in Geneva provides:
 - Oversight, maintains standards
 - Training
 - Financing

ECLOF Mission

- ⤴ Make fair credit widely available for poor, excluded groups regardless of race or religion
- ⤴ Provide loans to organizations without access to credit
- ⤴ Strengthen solidarity and self-reliance
- ⤴ Create capacity, not dependency

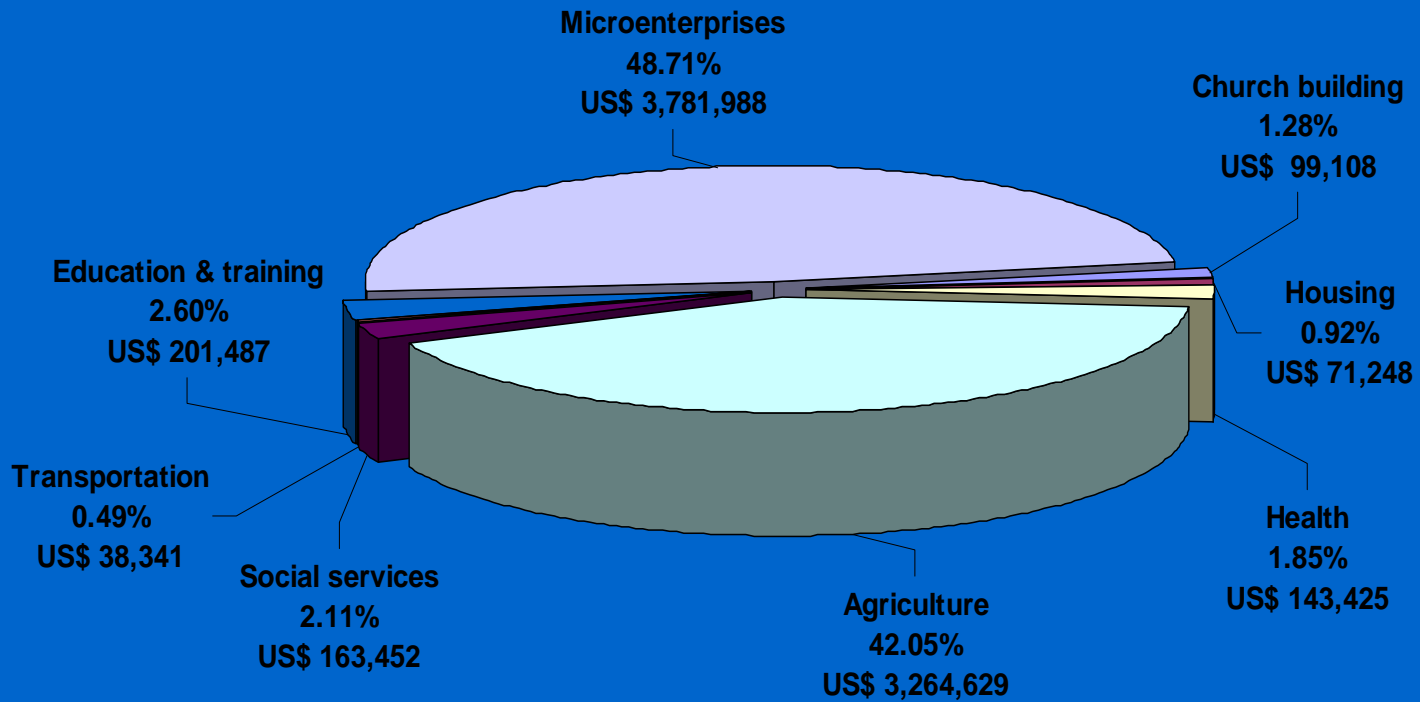
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ECLOF total loans 2002 by value and category (US\$ 13,582,889)

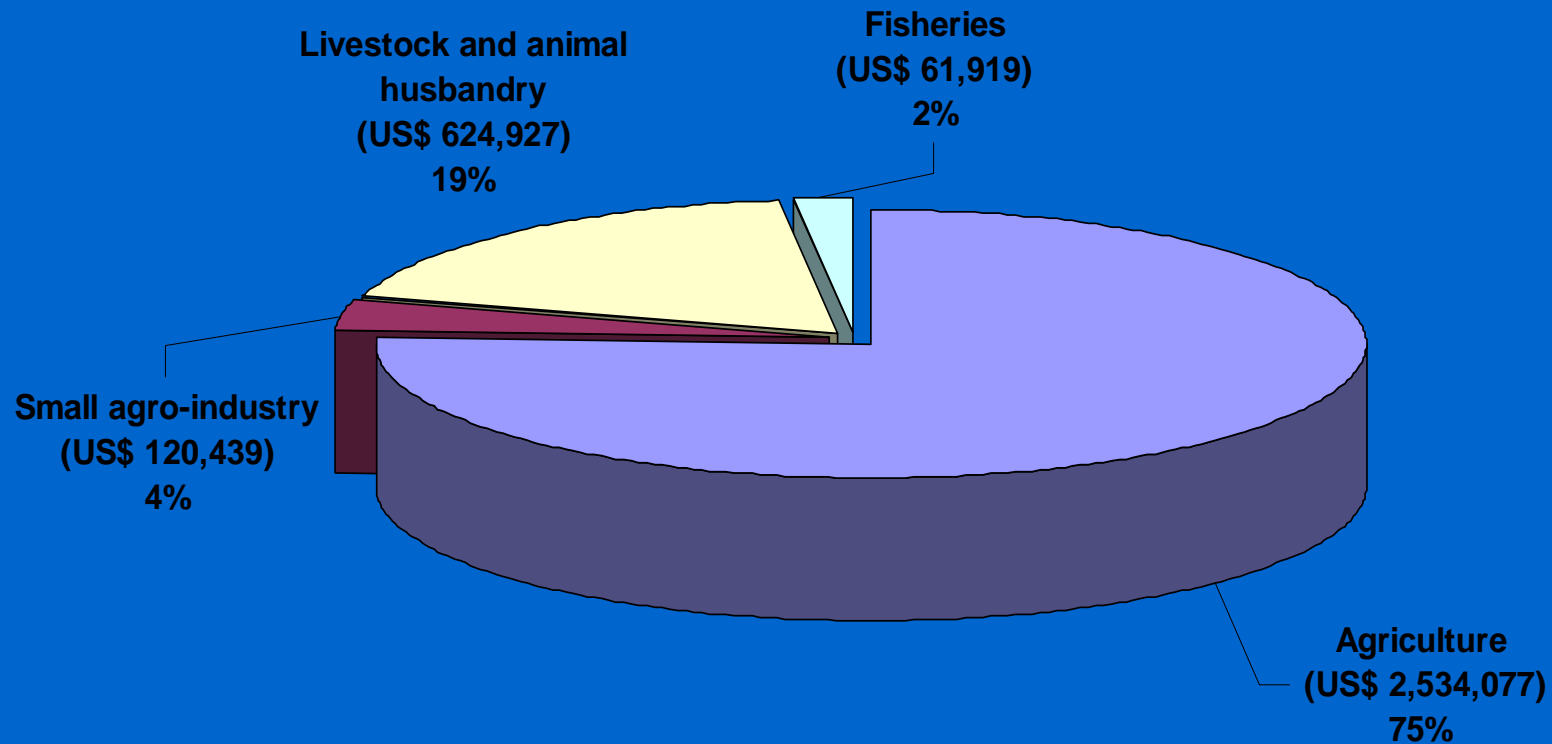


ECLOF Activities 2002

Rural loans by category (US\$ 7,763,678)



ECLOF Agriculture and Fisheries Loans in 2002 (US\$ 3,341,362)



Risks & Barriers in Agricultural Lending

- Staff
 - Urban and Univ Educated staff don't want to work there
- Designing the right loan product
 - Agriculture knowledge?
- Costs in reaching low population areas
 - Travel, electricity, security, lack of banks
- Markets for the producers
 - Is there a market and are the producers organized to exploit it?

Overcoming the barriers

- Networking with NGOs and Coops
 - NGO trains clients and ECLOF lends directly
 - NGO has established presence in a community and is working with groups. The NGO presents groups that are ready to ECLOF.
 - Insurance
 - ECLOF can include insurance as part of the interest rate (depending upon the interest of insurance co.s).
 - NGO trains clients, Agricultural coop provides seeds and market and ECLOF lends.
 - As above, but here a coop assists with purchase of inputs and marketing.

Overcoming the barriers

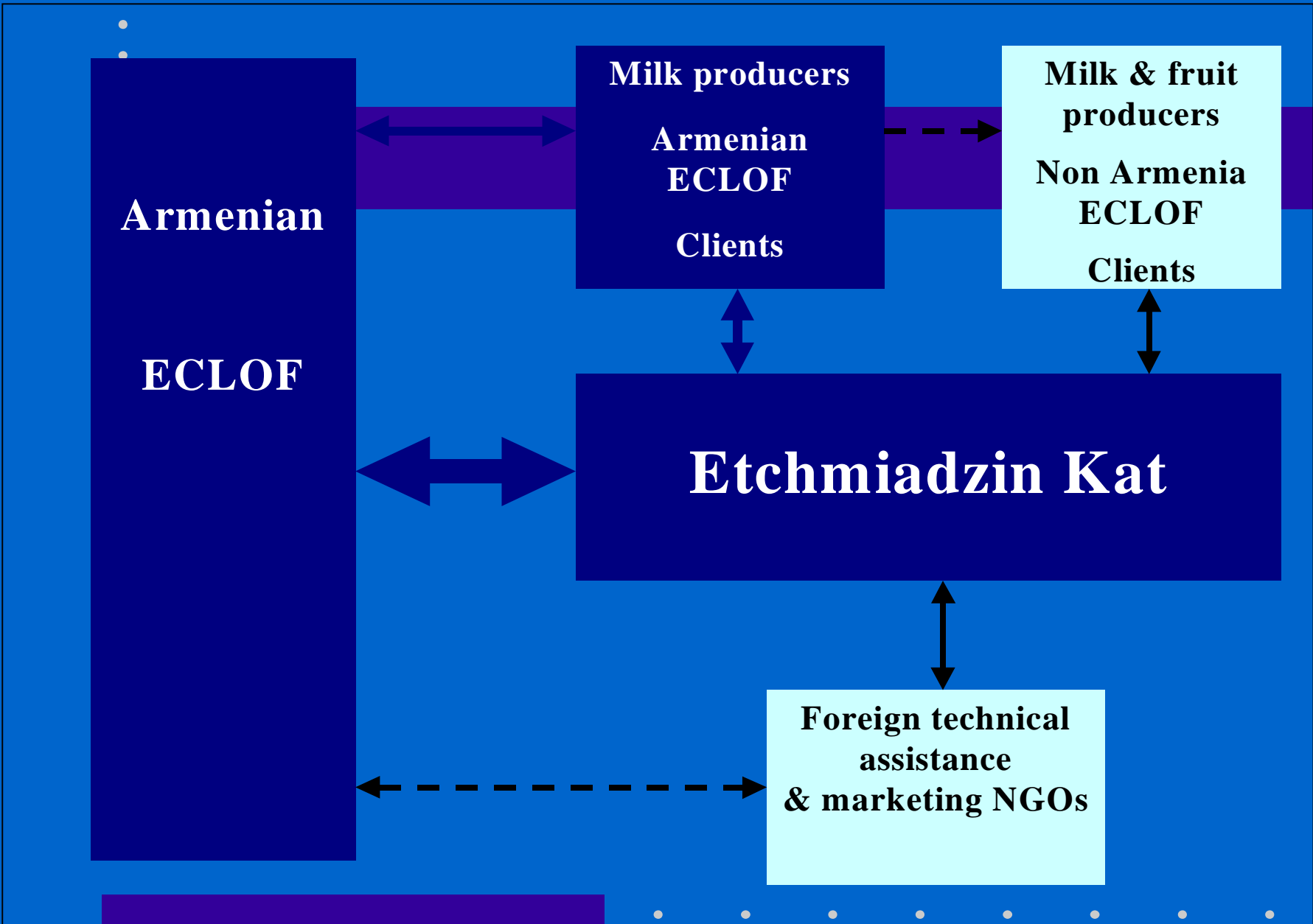
- NGO trains clients and hires specific staff to serve as agent for ECLOF
 - NGO or Coop sign contracts and disburse and collect loans on behalf of ECLOF.
- Coop disburses loans for ECLOF.
 - ECLOF analyses and approves loans. Coop disburses loans from their office. ECLOF clients save with and graduate to the coop.
- SME loans to Ag. Coops
 - Up to US\$ 50,000 this expands market for farmers
- In all cases infrastructure is shared
 - offices, vehicles, sometimes staff,

ECLOF Peru & Instituto de Investigación y Promoción Regional

- IPR / ECLOF Peru agreement stipulates that ECLOF Peru provides financial facilities and IPR provides technical, financial and administrative assistance.
- IPR has been working in the region since 1993. They know the region and the farmers groups. IPR (a) assists with the formation of the farmers solidarity groups and enterprise networks; (b) designs the General Plan of Production and Payments; (c) signs contracts with the suppliers of plántulas; (d) signs a contract with the suppliers of natural fertilizers; (e) signs contract with buyer; and (f) in total, they sign an agreement with the agriculturists, Processor, ECLOF and Regional Government to carry out investigations applied for the productivity of the culture artichoke.

Milk Processing in Armenia

- A milk processing plant in Etchmiadzin, Armenia was founded in 1998. Demand grew consistently to the point that today, the plant supplies a total of 90 retail outlets.
- The processing plant received an ECLOF loan of US\$25,000 to expand production in 2001. In order to grow, *Etchmiadzin Kat* needed not only to buy additional raw milk and a large supply of fruit but also a bigger packaging machine and more packing materials. In 2002 a second ECLOF loan for US\$50,000 was taken and, together with US\$60,000 of its own cash, bought more fruit and raw milk, as well as an extra packaging machine and materials.
- The company buys raw milk from farms in a number of villages in the Armavir Province including some Armenian ECLOF small-scale family solidarity groups. The plant buys fruit from about 100 small, family farmers. Armenian ECLOF also has clients who gather wild fruits and sell them to the plant as a supplementary source of income to their own sale of milk.



Armenian

ECLOF

Milk producers

Armenian

ECLOF

Clients

Milk & fruit

producers

Non Armenia

ECLOF

Clients

Etchmiadzin Kat

**Foreign technical
assistance
& marketing NGOs**

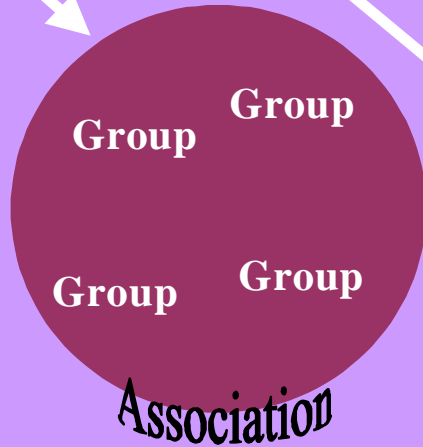
Zimbabwe - Paprika

- Farmers organized and trained through the Zimbabwe Farmers Union
 - ZFU approached ECLOF and even gave ECLOF their staff
- ECLOF lends to the farmers who then market it for export
 - ECLOF has organized competitions for farmers
 - ECLOF is starting non agricultural lending

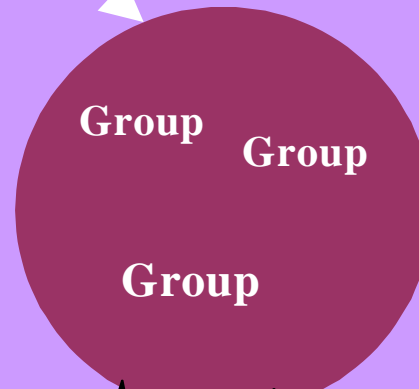
Finance & Credit
- ECLOF Zimbabwe –
credit & marketing advice

Zim. Farmers’
Development
Trust

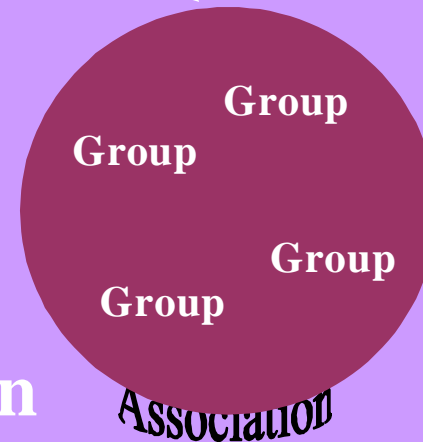
Technical
assistance



Association



Association



Association

Member of
ECLOF Zimbabwe

Zimbabwe Farmers’ Union

Typical average first loan per member US\$ 238