



## Oikocredit AGM 2010

Report to the JGER UNIT  
United Church of Canada

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Oikocredit is an international banking cooperative which receives investments mostly from sources in the global north and offers credit to generally “unbankable” people mostly in the global south. Oikocredit was founded as the Ecumenical Development Cooperative Society in 1975 as a result of a vision originating in the World Council of Churches to have churches around the world invest in the poor in keeping with their mission mandates. The churches responded with great reluctance; generally investing only token amounts. Today Oikocredit has more than 500 church members, holding less than 15% of Oikocredit assets. The bulk of Oikocredit assets are held by Support Associations, organizations made up of individual investors and small groups including some local church congregations. In Canada, the United Church holds an investment of \$800,000 while Support Associations hold about \$5 million. Globally, Oikocredit assets total about \$700 million. Oikocredit assesses its effectiveness in two areas: fiscal viability and social performance; both receive equal attention. Loans are provided to people living in poverty, often through micro-finance institutions or cooperatives which meet criteria based on social performance, environmental and economic sustainability. Investors receive a fiscal dividend of 2% and a “social” dividend reflected in the improved lives of people pulling themselves out of poverty.

The Oikocredit AGM, along with associated meetings, was held in Foz de Iguassu, Brazil, from June 7<sup>th</sup> to 10<sup>th</sup>, 2010. Two days of site visits and consultations with project partners followed on June 11<sup>th</sup> and 12<sup>th</sup>. In conjunction with the AGM, I represented Oikocredit Canada at meetings of the Support Associations; I represented the United Church at a meeting of Church Members, and I represented both Oikocredit Canada and the UCC at plenary sessions (including the AGM itself). Following the meetings, I joined 15 other delegates on visits to project partners in Paraguay on June 11<sup>th</sup> & 12<sup>th</sup>.

## Highlights of the Church Members Meeting:

There were about 20 delegates (out of a possible 500+) representing church members, and the majority of these (like myself) were actually Support Association representatives carrying proxies from the churches. There were two delegates representing United Church global partners: Mr. Hugo Garrido Gomez from the Conferencia de Iglesias Evangelicas de Guatemala and Mr. Bright Mawudor from the All Africa Conference of Churches based in Nairobi. Each of them passed on their very warm greetings to JGER staff and the United Church of Canada.

Several of the church representatives expressed an interest in sharing ethical investment criteria among the churches. The Evangelical Church of Hessen & Nassau in Germany has recently developed such criteria and has offered to share & discuss these with the rest of us.

A draft proposal from the Oikocredit management team received a lot of attention & discussion. The proposal is to raise the minimum investment required for Oikocredit membership from the current €200 to €25,000 for members in the south and €50,000 for members in the north. This would serve to clear inactive churches from the membership roll. Increases would be implemented in stages over several years. Those churches not wishing to increase their investments would have the option to become members of a Support Association. Most of us agreed with the proposal in principle, but several of us voiced strong opposition to a two-tiered north/south membership structure, especially since Oikocredit operates on a one member – one vote equal membership principle.

Another proposal aims to calculate dividend earnings on a daily basis rather than on a simple once a year basis as has been Oikocredit's custom. Most members agreed with this proposal.

Management also reported on conversations that are taking place with a select number of churches with a view to creating an instrument with a higher dividend which would then qualify for church investment portfolios which currently view Oikocredit's 2% dividend as being too low. This was a highly contentious issue receiving vigorous opposition from some of the Support Associations. Investigation into this possibility will continue.

## Highlights of the AGM:

The AGM began with a presentation of accomplishments and challenges in 2009. Accomplishments included:

- the financing portfolio grew by 8 %
- in December 2009, Oikocredit reached the landmark of €1 billion in cumulative loans and investments since its operations began in 1975. Over the past 34 years tens of millions of people have moved out of poverty with help from capital provided by Oikocredit
- Oikocredit became the first micro-finance lender to do a comprehensive social audit
- The number of investors grew to 34,000 (direct members + indirect members through Support Associations)

Challenges included:

- many players are entering the microfinance realm, many have very little experience, some are unscrupulous, some are “loan-sharks;” the reputation and effectiveness of microcredit is being challenged in some areas
- the economic downturn had a small effect, raising portfolios at risk slightly but write-offs remained at 0.1% of the total financing portfolio

Elected to the Oikocredit Board:

- Ms. Dr. Nune Darbinyan (Armenia) – re-elected for 2<sup>nd</sup> term
- Ms. Kristina Hergren (Sweden) – re-elected for 2<sup>nd</sup> term
- Mr. Sergio Roschel (Brazil) – re-elected for 2<sup>nd</sup> term
- Mr. Heinrich Wiemer (Germany) – re-elected for 2<sup>nd</sup> term
- Ms. Martina Straub (Switzerland)

Elected to the Audit Committee

- Ms. Ruth Waweru (Kenya)

Elected to the Nominations Committee

- Mr. Bright Mawudor (Ghana)
- Ms. Ulrike Chini (Germany) – re-elected for 2<sup>nd</sup> term
- Mr. Nils-Gunnar Smith (Sweden) – re-elected for 2<sup>nd</sup> term

Tributes were given to those retiring from key positions including a tribute to Ms. Jo Jamieson (Canada) who is stepping down from the Audit Committee.

It was announced that Mr. Tor Gull, Oikocredit’s Managing Director since 2001 will be stepping down following next year’s AGM

Other actions endorsed by the AGM:

- 2% dividend on investments held in 2009
- the formation and official launch of the new Social Performance Department:  
<http://www.oikocredit.org/socialperformance/en/home>
- a renewed focus on investment in Africa with a goal of reaching at least 20% of the financing portfolio
- concentration on agriculture and organic farming
- the launch of new house styles and logo
- launch of the third phase of “Futura” long range planning

The 2009 Annual Report and some other Oikocredit documents can be downloaded from the bottom of the following webpage:

<http://www.trinitystpauls.ca/content/mission>

## Visits to Project Partners in Paraguay:

- SOJA RICA is a family-run, socially responsible private company founded by a woman who started to produce cereal products from locally grown soybeans and corn. Oikocredit has provided a loan for the construction of a small factory now producing soy flour, soy coffee, cornpuffs, grits, maize semolina and corn bran. 45 locals are employed in the factory; 1000 low income farmers are receiving 60% higher prices for their products than they got previously from wholesalers.

-COOP OVIEDA is a 16,500 member coop providing credit services, technical assistance, education, and health care to its members who are producing a range of organic products for local consumption + organic sugar cane for export. Oikocredit has provided loans for the manufacturing of organic sugar and related products for export through Fair Trade Networks.

ESCUELA AGRICOLA SAN FRANCISCO de ASIS is an agricultural school and hospitality centre run by the Fundación Paraguaya, a leading edge social enterprise that seeks to develop innovative solutions to poverty and unemployment. Oikocredit is providing financing for its agricultural and educational initiatives.

